momentum
METROPOLITAN

INTEGRATED REPORT

2023

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CONTENTS

OUR REPORTING SUITE

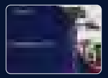
Our reporting suite provides us with an opportunity to share our achievements for the year ended 30 June 2023. This suite is supplemented by various online publications, stakeholder communications and additional information available on our website.

Integrated Report

The Integrated Report is our primary report to stakeholders. It includes relevant information on our strategy, performance and outlook, and our approach to creating and sustaining value.

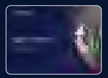
Annual Financial Statements

Our full Annual Financial Statements detail the Group's financial performance and are supplemented by our Financial Results Announcement.



Sustainability Report

Our Sustainability Report targets all our stakeholders wanting insight into our sustainability framework and related performance.

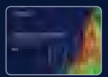


King IV™ application summary

Our application summary includes our governance philosophy, leadership, and efforts to embed an ethical culture.

Stewardship Report

Our Stewardship Report demonstrates the extent to which we have integrated responsible investment practices aligned to the UN Principles for Responsible Investment (UNPRI).

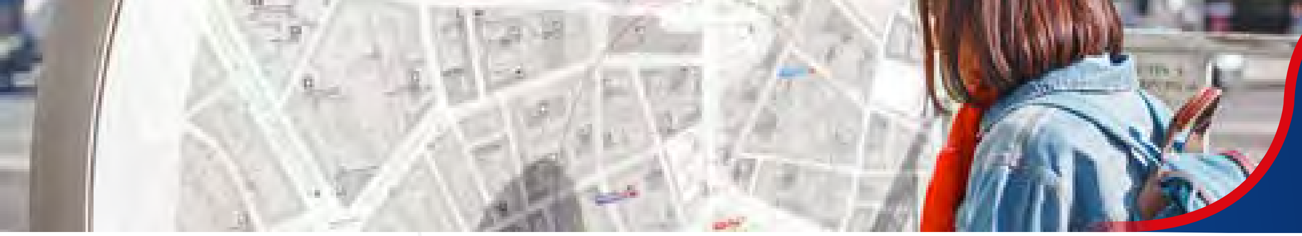


Task Force on Climate-related Financial Disclosures (TCFD) Report

This report is prepared in accordance with the recommendations of the TCFD and details climate change risks and adaptations, decarbonisation plans, and our adoption of renewable energy. The 2022 TCFD Report is available online from November 2023.

Feedback

Your feedback is important to us, and we welcome your input to enhance the quality of our reporting. Please send your comments and questions to InvestorRelations@mmltd.co.za.



NAVIGATING OUR REPORT

HOW WE REPORT

This Integrated Report has been designed for an enhanced digital experience and ease of use. The landscape layout supports readability on computer screens and tablets, while the digital navigation capability in the report will assist you, the reader, to easily move between different sections or topics.

NAVIGATION ICONS

Interactive PDF

- Home/Contents
- Back
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Click points of interest
Text highlighted in **blue** refers to more information in this report.

This icon refers to additional information available on our website www.momentummetropolitan.co.za

The capitals

- Financial capital
- Productive capital
- Intellectual capital
- Human capital
- Social and relationship capital
- Natural capital
- Identifies the application of King IV™ principles
- JSE principles

Our reinvent strategic objectives

- Grow existing channels
- Establish new channels
- Accelerate digital
- Product and service leadership
- Transformation
- Reinvent and Grow
- Reinvent
- Grow

Material themes

- Impact of the volatile economic and regulatory environment
- Business resilience
- Innovation, technology, digitalisation and cybersecurity
- Attract and retain scarce ACI skills
- Responsible ESG stewardship
- Uncertain socio-political environment

ABOUT THIS REPORT

SCOPE AND BOUNDARY

Momentum Metropolitan is one of the largest diversified financial services companies in South Africa. Our 2023 Integrated Report is our primary communication with all our stakeholders. It provides a balanced, transparent and integrated review of Momentum Metropolitan's financial and non-financial performance during the financial year from 1 July 2022 to 30 June 2023. Any material events after this date and up to the Board approval date of 11 September 2023 have also been included in this report.

Our integrated reporting boundary covers the risks, opportunities and outcomes arising from:

Our material themes and matters	**(Pages 17 - 24)**
Our business strategy	**(Pages 25 - 28)**
Our business model	**(Pages 29 - 31)**
Our stakeholder engagement	**(Pages 32 - 35)**
Our purpose-driven governance	**(Pages 89 - 91)**

Our stakeholders:
- Investor community
- Clients
- Intermediaries
- Employees and contractors
- Suppliers
- Industry bodies
- Government and regulators
- Communities in which we operate

(Pages 32 - 35)

Financial reporting boundary further reading
Momentum Metropolitan Holdings (MMH)

Subsidiaries | Associates | Joint ventures

MATERIALITY

This Integrated Report provides current and prospective investors, and other stakeholders, with the information they need to make an informed assessment of Momentum Metropolitan's ability to create and preserve enterprise value. To ensure we achieve this, the matters we identify as being most material to our ability to create or preserve enterprise value for stakeholders in the short, medium and long term, and those matters that could erode value if not managed effectively, form the basis of our reporting.

To identify these matters, we run a Group-wide internal and external **materiality determination process**, which is an integral part of our ongoing efforts to apply integrated thinking principles in Momentum Metropolitan.

The Board considered materiality for the purposes of this Integrated Report and the effect that the presence or absence of an item of information might have on the accuracy or validity of a statement in the report, or a decision by a stakeholder. The Board is of the view that matters published in this report offer a balanced mix of information, allowing readers to assess Momentum Metropolitan's performance and prospects.

REPORTING FRAMEWORKS

Our integrated reporting process and the content of this report have been guided by the:
- International <IR> Framework
- Johannesburg Stock Exchange Limited (JSE) Listings Requirements
- King IV Report on Corporate Governance for South Africa 2016 (King IV^{TM})*
- South African Companies Act, 71 of 2008 (Companies Act)

Certain financial information included in this report has been extracted from our audited consolidated Annual Financial Statements, which have been prepared in accordance with the International Financial Reporting Standards (IFRS).

COMBINED ASSURANCE Ⓚ[15]

We use a **combined assurance model** to ensure the information we provide, and our underlying processes, support the integrity of information used for internal decision-making and the credibility and integrity of our reporting.

The **Audit Committee** is responsible for assessing Momentum Metropolitan's internal control environment. It monitors the execution of our combined assurance plan and reports to the Board quarterly and to shareholders annually in our Annual Financial Statements.

TIMEFRAME CLASSIFICATIONS

Timeframe classifications used in this report can vary depending on the nature of the business. For the short-term business of the Group, the planning horizon for management of risks is shorter. Conversely, for products that fall into a longer-term horizon, such as life products and annuities, the planning horizon is longer.

We use the following general classifications when making timeframe references in this report:

Short term	The short-term horizon is 12 months or less
Medium term	The medium-term horizon is one to three years
Long term	The long-term horizon is three years and beyond

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking information with respect to Momentum Metropolitan. While these statements represent our judgements and future expectations when preparing this report, several risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance. Words such as “believe”, “anticipate”, “intend”, “seek”, “will”, “plan”, “could”, “may”, “endeavour”, “project” or similar expressions are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, such forward-looking 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 is of the view that, to the best of its knowledge and belief, our integrated reporting addresses matters material to our stakeholders’ decision-making and provides readers with a balanced and transparent view of how the Group has applied the stock of our six capitals, considering how the availability of these capitals, along with the constrained nature of the operating context, have influenced our ability to preserve and create sustainable enterprise value for stakeholders.

The consequent outcomes, impacts and trade-offs are described in our **business model**, through which we have also indicated where we have been able to create or preserve value and where value has been eroded.

The Board collectively acknowledges responsibility for ensuring the integrity of this report. We have applied our collective mind to its preparation and presentation and are of the opinion that it is in accordance with the <IR> Framework. We have critically assessed the assurance obtained and are satisfied that the assurance in place confirms there is an adequate and effective control environment, which supports the integrity of information used for internal decision-making by management, the Board and its committees, as well as the integrity of the information contained in this Integrated Report.

The Board approved this report on 11 September 2023.

Paul Baloyi
Chair

Hillie Meyer
Executive Director

Jeanette Marais (Cilliers)
Group Chief Executive Officer (CEO)

Risto Ketola
Group Finance Director (FD)

Peter Cooper

Linda de Beer

Nigel Dunkley

Seelan Gobalsamy

Stephen Jurisich

Frannie Leautie

Paballo Makosholo

Phillip Matlakala

David Park

Tyrone Soondarjee

GROUP OVERVIEW

WHO WE ARE

Momentum Metropolitan is one of the largest diversified financial services companies in South Africa.

We provide protection (life and non-life), investment and long-term savings solutions, and healthcare administration through a portfolio of specialised and empowered businesses through the Momentum, Metropolitan and Guardrisk brands.

THE VALUES UNDERPINNING OUR PURPOSE

We have an explicit set of values that play a key role in shaping the culture of the Group and the behaviour of our employees.

Accountability
Integrity
Innovation
Diversity
Excellence
Teamwork

We operate in

Outside South Africa, we operate in five African countries through Momentum Metropolitan Africa, which includes Botswana, Ghana, Lesotho, Mozambique and Namibia. Momentum Investments has operations in the United Kingdom and Guernsey.

The Group has a health insurance joint venture in India and Guardrisk has businesses in Gibraltar and Mauritius.

Our purpose

To enable businesses and people from all walks of life to achieve their financial goals and life aspirations.

Protection

- Life insurance and life cell captives
- Non-life insurance and non-life cell captives

Building long-term wealth

- Asset management and property management
- Investments and savings
- Employee benefits including administration and consulting

Healthcare solutions

- Health administration
- Managed care and wellness services

F2024 REINVENT AND GROW STRATEGIC OBJECTIVES

- Grow existing channels
- Establish new channels
- Accelerate digital
- Product and service leadership
- Transformation

- Normalised headline earnings (NHE) of R4.6 to R5 billion
- >R500 million in cost efficiencies
- Non-life insurance contributes 20% of NHE
- Market share +1% to +6%
- Return on equity of 18% to 20%

OUR BUSINESSES AND THEIR SOLUTIONS

We create value through our synergistic portfolio of strategically aligned and sustainably managed businesses.

momentum life

Solutions
- Protection through Myriad, the life insurance product
- Savings through Investo and traditional product ranges
- Traditional products administration (closed life book)
- Advice through Momentum Financial Planning
- Estate administration and estate liquidity benefits through Momentum Trust

Clients
Lifetime value propositions for clients in the middle, upper and high-net-worth markets.

Distribution
Our distribution capability includes our own agency force, digital platforms and independent financial advisers (IFAs).

momentum investments

Solutions
- Retail investments (local and offshore investment platform products, guaranteed investments, annuities, structured products, collective investments, discretionary fund management)
- Institutional investments (multi-asset solutions, single-asset class funds, alternative investments, administrative platform)
- Global investments (multi-asset and single-asset class solutions, and investment consulting for South African, United Kingdom and expat markets)
- Eris, a fully integrated property services company, manages shareholder and policyholder direct property exposures

Clients
Helping individuals, businesses and retirement funds invest with confidence, and stay invested.

Distribution
Distribution capability includes its own agency force and IFAs in the retail segment and a direct distribution team focusing on the institutional market.

METROPOLITAN Together we can

Solutions
- Funeral solutions
- Life and disability cover
- Retirement savings solutions
- Discretionary saving solutions
- Annuities and capital protection solutions
- Customisable discretionary savings for life goals
- Hospital cashback solutions

Clients
Needs-based solutions for our clients in the emerging and middle-income markets.

Distribution
Metropolitan Life's solutions are distributed through a combination of tied agents, supporting IFAs, an outbound call centre and digital distribution.

momentum corporate

Solutions
- FundsAtWork umbrella fund
- Group insurance
- Structured investments and annuities
- Advice and administration
- Member solutions

Clients
Momentum Corporate provides holistic solutions for the needs of employees and employers across various corporate and public sector entities.

Distribution
Solutions are distributed through large specialist actuarial consultants, employee benefits brokers, smaller intermediaries in the small and medium enterprise (SME) space and an in-house business development team.

Momentum Metropolitan health business

Solutions
- Integrated health administration and managed care and wellness services
- Wellness and reward programmes to incentivise healthy behaviour

Clients
The business manages the health of more than 2.5 million South African beneficiaries.

Distribution
Through advisers and directly. Medical schemes and employer group contracts are secured through tenders.

GUARDRISK TAILORED RISK SOLUTIONS

Solutions
- Cell captives (life and non-life cell captives), and alternative risk solutions
- General insurance (corporate, specialist and commercial underwriting solutions)
- Life and non-life microinsurance (economic inclusion using our cell captive expertise)

Clients
Corporate and commercial entities.

Distribution
Corporate and commercial insurance brokers and underwriting managers in niche sectors.

momentum Insure

Solutions
- Car, home, contents, and portable possession cover for individuals
- Bespoke cover for high-net-worth individuals
- Tailored cover for individuals older than 55
- Comprehensive business insurance solutions for the small, medium and micro-enterprise (SMME) market

Clients
Momentum Insure provides retail non-life insurance to the middle, upper and high-net-worth market segments and small to medium businesses.

Distribution
Non-life retail insurance solutions are distributed through tied agents and IFAs and direct-to-consumer marketing campaigns.

Momentum Metropolitan Africa

Solutions
- Life insurance
- Non-life insurance
- Healthcare
- Asset management
- Pension administration

Clients
Our insurance solutions are mostly targeted at the retail mass segment, as well as public and private employee groups across our six chosen markets on the continent.

Distribution
The distribution models in each country are tailored to the needs of the local market across tied agents, brokers, IFAs, call centres and bancassurance.

OUR FEDERATED OPERATING MODEL

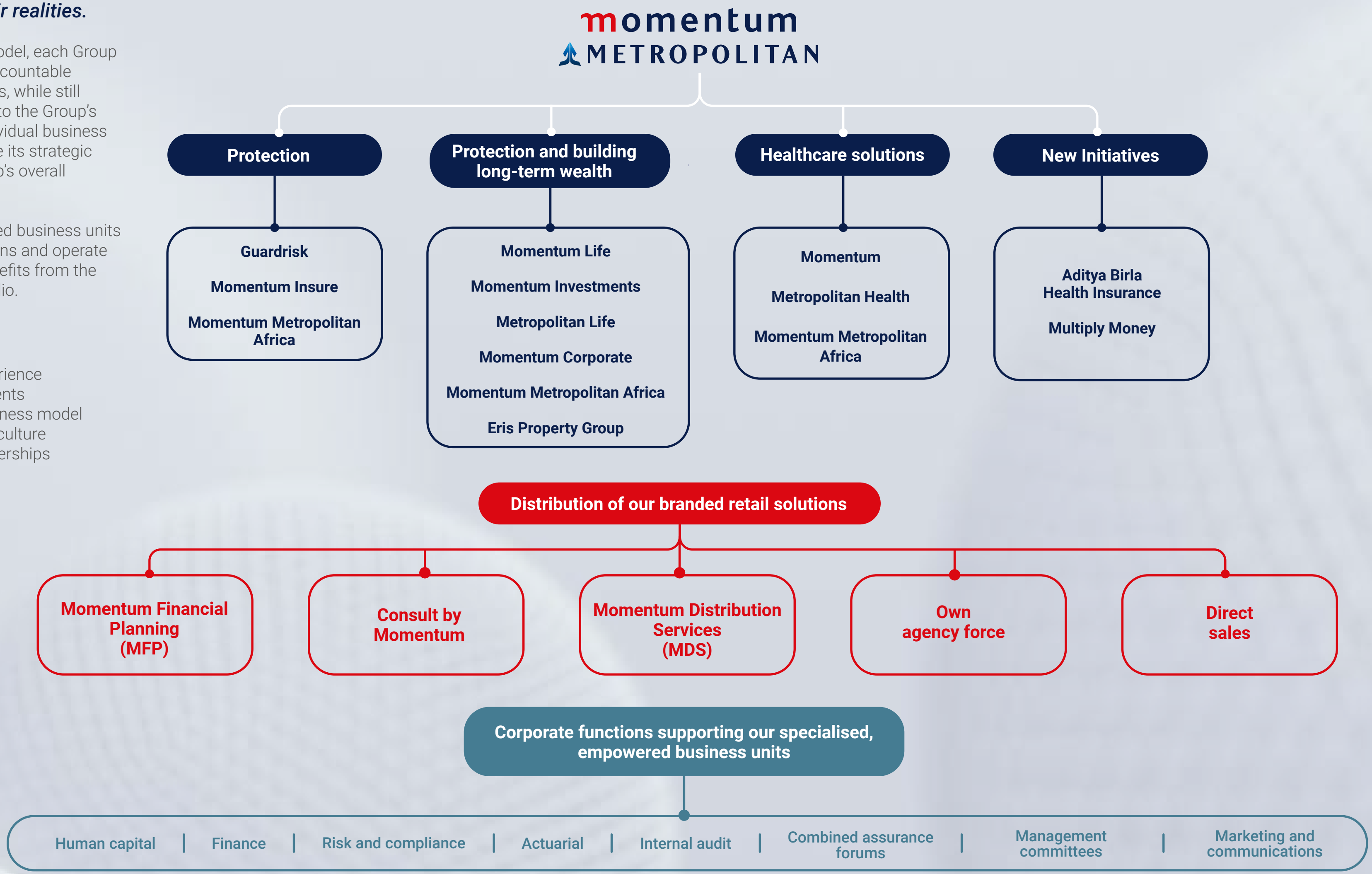
Our federated operating model ensures we remain close to the frontline, are in touch with the needs of our clients and advisers, and make decisions that reflect their realities.

In line with our federated operating model, each Group business unit remains empowered, accountable and responsible for its full value chains, while still being expected to perform according to the Group's corporate portfolio requirements. Individual business unit strategies are designed to achieve its strategic goals and contribute toward the Group's overall strategic goals.

The executive teams of our empowered business units are responsible for their full value chains and operate as entrepreneurs, while the Group benefits from the diverse nature of our corporate portfolio.

WHAT MAKES US UNIQUE

- Advice-led approach to client experience
- Delivering reliable outcomes to clients
- Shared-value approach of our business model
- Strong brand value and corporate culture
- Unique operating model and partnerships



CREATING VALUE BY DELIVERING ON OUR PURPOSE

Our financial performance

NHE
R5 079 million
(F2022: R4 383 million)

Present value of new business premiums (PVNBP)
R68 873 million
(F2022: R72 673 million)

Value of new business (VNB)
R600 million
(F2022: R626 million)

VNB
0.9%
(F2022: 0.9%)

Value created for society

Level 1
B-BBEE status maintained

B-BBEE preferential procurement
R4.0 billion
(F2022: R3.6 billion)

Invested in enterprise development initiatives
R10 million
(F2022: R5 million)

Total community investment of
R43.5 million
(F2022: R27.5 million)

Value created for the environment

B score
for our voluntary participation in the CDP climate change disclosure project

Invested in renewable energy
R2.4 billion
(F2022: R2.3 billion)

Formal supporter of the Task Force on Climate-related Financial Disclosures (TCFD)

Reduction in overall greenhouse gas (GHG) emissions of
26% against 2014 baseline
(F2022: 34%)

Value created for our providers of financial capital

Distributed
R2.8 billion
through dividends and buybacks
(F2022: R1.5 billion)

Return on equity (ROE)
22.3%
(F2022: 22.7%)

Embedded value per share
R33.75
(F2022: R29.77)

Return on embedded value (ROEV) per share
17.0%
(F2022: 11.7%)

Interest paid to debt funders
R602 million
(F2022: R381 million)

Value created for our employees and advisers

Paid in remuneration
R7.1 billion
(F2022: R6.7 billion)

Invested in training and development
R282.4 million
(F2022: R297 million)

101 000 hours
in business development support through ASISA ESD Fund
(F2022: 96 700 hours)

13 200 beneficiaries
benefited from iSabelo dividend declaration
(F2022: 13 000)

Transformation

Employees	**80%** are black (F2022: 81%)	**65%** are women (F2022: 65%)
Board	**36%** are black (F2022: 44%)	**21%** are women (F2022: 29%)
Executive Committee	**36%** are black (F2022: 36%)	**18%** are women (F2022: 18%)
Senior managers	**44%** are black (F2022: 39%)	**36%** are women (F2022: 36%)

Value created for our clients

Claims paid on insurance products
R38.3 billion
(F2022: R40.3 billion)

Policies in force providing our clients with protection
4 million
(F2022: 4 million)

Assets under management and administration
R974 billion
(F2022: R859.3 billion)

Signatory of the UN-supported Principles for Responsible Investment (UNPRI) since 2006

Positive: net increase in capital
Neutral: no movement in capital
Negative: net decrease in capital

LEADERSHIP REVIEWS

MESSAGE FROM OUR CHAIR

Paul Baloyi
Chair

Dear shareholder

Our operating environment has been characterised by significant economic and political uncertainty over the past three years, and sadly, there seems no likely respite over the medium term. Globally, unpredictable macroeconomic environments across geographies are becoming more common as geopolitical and trade tensions increase, and regions are subjected to rising interest rates and inflation levels. This, notwithstanding the trading positions of our local competitors, and indeed other markets, suggest that the South African economy continues to show resilience. In this regard, it is pleasing that our federated business model, which remains core to our strategy, continues to be an effective defensive tool against multiple headwinds impacting the Group.

The Group gained market share and generated strong earnings, while steering new business acquisitions, navigating system changes and introducing new products across its markets. We believe the Group's resilience and innovative approach to growth ensures it can mitigate against risks and harness opportunities to enable long-term growth.

South African economic prospects will likely continue to be weak as negative global factors continue to be a drag. Recent developments in Niger heighten the negative outlook, with the war in Africa likely to be a proxy of the west/east situation. The energy crisis, high debt burden and corruption are matters within the country's control and the country should hope to do better in the medium term, assuming South Africa has fewer own goals.

Performance

The Board is satisfied with normalised headline earnings of R5 079 million and a return on equity of 22.3%. In line with our **capital management framework** and in consideration of the strong capital and liquidity position, the Board has approved share buyback programmes totalling R1 billion during the year. A total dividend of 120 cents per share was declared, which is an impressive 20% year-on-year increase. The Board is satisfied that the Group remains well positioned to leverage its innovative approach to meet shareholder expectations and stakeholder needs.

The appointment of a new Group CEO

Jeanette Marais (Cilliers) was appointed as Group CEO (effective 1 August 2023), making her the first female CEO of a large, listed life insurance, non-life insurance and asset management Group in South Africa. Jeanette will succeed Hillie Meyer, who has served as Group CEO since February 2018. Having served the Group for a little more than five years, Hillie will retire on 30 September, following a brief handover period. Having been a key contributor to the Group's evolution since 2018, Jeanette has an intimate knowledge of the Group's strategy, business areas and culture. She has a great understanding of the current industry, the unique set of demands on the Group and what is required to succeed. Jeanette's passion, energy and focus on doing what is best for the Group set her up well to continue our growth trajectory.

This appointment represents a significant advancement in diversity within the Group, and we are proud that we found the best candidate for the job within the Group.

This is testimony to the strength of our succession planning and provides for continuity in strategy execution. Jeanette will be supported by a strong and established Exco team, and we are confident that she will work well with her team and the Board.

We sincerely thank Hillie for his exceptional leadership during his tenure, during which he streamlined the Group's structure, refocused the strategy and unleashed the Group's potential.

Changes to the Board

Several changes to the Board took place in F2023.

We sadly bid farewell to two of our colleagues, Sharron McPherson and Lisa Chiume. Both members generously provided valued insights into the Group's various operations and played key roles as part of the Board's governing body. They will be sorely missed.

Vuyisa Nkonyeni retired as a director of MMH, effective 24 November 2022. He has kindly agreed to assume the chairmanship of our significant subsidiary, Guardrisk.

I am pleased to report that with effect from 1 June 2023, Frannie Leautier, Phillip Matlakala and Tyrone Soondarjee were appointed as independent non-executive directors. These appointments were made in accordance with the Group Nomination and Evaluation of Directors Policy and were approved by the Prudential Authority. Frannie, Phillip and Tyrone will also serve on various Board committees, contributing their expertise to areas such as investments, risk management, compliance, fair practices and sustainability. We are pleased that these additions will enhance our effectiveness in Group oversight.

Driving the implementation of the Reinvent and Grow strategy

The Board has reaffirmed its confidence in the Group's **Reinvent and Grow** strategy flowing from reported headline earnings growth achieved, as articulated in the **CEO's report**. A review of the Group's state of readiness for the ensuing year provided the Board with insights into key executive initiatives expected to further bolster Group earnings growth.

The Group continued to drive the implementation of the **Reinvent and Grow** strategy and made significant strides in developing alternative channels, entrenching digital transformation, achieving targeted financial metrics, making value-enhancing capital decisions, and deepening credibility with investors.

Sustainability and social relevance

I am pleased that our efforts to drive transformation in financial services have resulted in us maintaining our Level 1 B-BBEE status. The Board is monitoring the implementation of the new Employment Equity Amendment Act, 4 of 2022 through the Social, Ethics and Transformation Committee, and we remain committed to becoming an authentically transformed organisation.

The Group places great emphasis on good corporate citizenship, and endeavours to ensure meaningful responsiveness to clients, other stakeholders and society, in keeping with the principle of treating all our stakeholders fairly. The Group's robust governance structures and entrenched value system ensure services are rendered honestly and fairly and with service excellence.

We recognise that South Africa's unique context poses economic, environmental, social and governance (E-ESG) challenges that could put the promises we make to clients and the broader society at risk. However, these factors also offer opportunities for the Group to make a difference in terms of inclusion and financial resilience – helping people from all walks of life achieve their financial goals and life aspirations. This purpose guides everything Momentum Metropolitan does, including our contribution towards good sustainability practices.

Threats to social cohesion remain a critical threat for the country due to poor service delivery. The Group, thus, recognises the need for a Just Transition, and to support the commitment between government and business to drive interventions across key aspects of the economy.

The Group's commitment to sustainability is driven by the Group Foundation, which aims to address societal and environmental factors while enabling economic progress – equipping people to make informed and sustainable decisions. Through multiple sustainability initiatives, the Foundation aims to solve some of society's toughest problems and we are proud of evidenced progress (see our **Sustainability Report**).

Metropolitan turns 125 years

It is the 125th anniversary of Metropolitan. The brand remains among the Group's proud heritage. We proudly reflect on the lives positively impacted by Metropolitan and its many successes over the years. We expect continued impactful contributions to the Group going forward.

Appreciation

Sincere appreciation to the Board for its diligence in oversight and to the Group's employees for yet another sterling performance. We look forward to their continued contributions. We are looking forward to an invigorated internal environment as Jeanette engages the teams with renewed vigour.

Special thanks to Hillie for the role he played during his five-year period in leadership. Not only did he lead the fixing of the Group, but he also provided cohesive energy in charting and leading a newly configured executive team to restore the credibility of Momentum Metropolitan Holdings to its shareholders and the market broadly.

Paul Baloyi
Chair

GROUP CHIEF EXECUTIVE OFFICER'S REVIEW

Jeanette Marais (Cilliers)
Group CEO

We have emerged from a challenging year in a stronger position and with a good foundation for delivering growth and service to our clients.

We are proud of the Group's exceptional financial performance over the past year. Normalised headline earnings reached a new historic high, exceeding our strategic target of R5 billion for the first time. The Group's strong results in the second year of our three-year **Reinvent and Grow** strategy are encouraging and confirm how, despite the challenging operating environment, our business model of empowered, accountable business units, and approach to innovation has bolstered our resilience and enhanced long-term sustainability.

Our results benefited from the less severe impacts of Covid-19 on earnings, with mortality and morbidity experience having largely normalised and a strong improvement in investment variances from favourable shifts in yield curves.

OPERATING ENVIRONMENT

Having largely recovered from the effects of the Covid-19 pandemic, the South African operating environment continues to present multiple challenges and uncertainties. These influence consumer behaviour, resulting in a smaller overall share of wallet for insurance products, where weaker purchasing power makes it difficult for clients to save or maintain their current levels of savings and insurance. Client acquisition, new business sales and retention are consequently all under pressure.

Although the past three years have been difficult for South Africans, these challenges demonstrate why Momentum Metropolitan exists. Our purpose is to enable businesses and people from all walks of life to achieve their financial goals and life aspirations – in the good times, as well as bad times. Having paid more than R38.3 billion in claims to our clients, we have honoured our promise to help vulnerable beneficiaries and their families cope. We believe our Group has a role to play as a responsible corporate citizen in this context.

To maximise our social impact, we combine practical on-the-ground efforts by our businesses and employee volunteers with the more formal initiatives of the Group's Foundation. We invested R43.5 million in uplifting South Africans through our CSI initiatives and invested R55 million into the ASISA ESD fund. Through strategic empowerment financing, we invested R17.1 billion in building transport systems, energy supply, healthcare, education and connectivity – enabling service delivery and economic transformation.

Despite significant challenges, the Group showed its resilience through its exceptional recovery in earnings, strong competitive position and the maintenance of a strong solvency position – enabling us to continue to deliver value to our clients, shareholders and communities.

PERFORMANCE

The Group's normalised headline earnings of R5 079 million reflect that most business units performed in line with expectations, resulting in the Group exceeding the expected earnings run rate of more than R1 billion per quarter.

Operating profit of R4 419 million improved by 31%, largely as a result of improved mortality experience in Momentum Life, Momentum Corporate and Momentum Metropolitan Africa following the less severe impact of Covid-19 in the reporting year. Operating profit was impacted by Metropolitan Life's persisting unfavourable lapse experience and underwriting losses in Momentum Insure, driven by adverse weather patterns and average claims cost increasing significantly more than inflation. We are paying considerable attention to these businesses to improve their performance.

The 31% increase in the Group's operating profit was partially offset by a 35% reduction in investment return year-on-year. Investment return from our shareholder assets in the prior year was boosted by large fair value gains on our venture capital (VC) funds, but the previous gain of R443 million was negative R95 million after applying the new liquidity-based adjustment to the overall portfolio valuation.

The continued pressure on consumers is evident, with the Group's overall VNB declining by 4% and the PVNBP reducing by 5% year-on-year. VNB reduced significantly in Momentum Life, Metropolitan Life and Momentum Metropolitan Africa, was slightly lower (1%) in Momentum Corporate, and showed a strong improvement in Momentum Investments (35%). The overall reduction in VNB translates to the VNB margin remaining similar to the prior year's result of 0.9%.

The strong ROE of 22.3% was supported by the NHE result.

Embedded value per share was R33.75 on 30 June 2023 and ROEV was 17.0% for the year. During the financial year, we completed our initial R750 million share repurchase programme on 26 October 2022 and completed the subsequent further R500 million share repurchase programme on 31 May 2023. A total dividend of 120 cents per share was declared for F2023, which is a 20% increase on the 100 cents per share declared in F2022. The Board approved a further R500 million for the repurchase programme of the Group's ordinary shares.

REINVENT AND GROW STRATEGY

The insurance industry is changing rapidly. Clients' circumstances have fundamentally changed since the onset of the Covid-19 pandemic and as a result, their financial needs and how they seek advice have also changed. Their rapid adoption of digital technologies for shopping, payments and banking has led to a change in the balance of power between entrenched insurance incumbents and new challengers in Insurtech and Fintech.

Technology ultimately gives clients more flexibility and choice, and tough competition requires all players to raise the bar on digital adoption and client experience. The Group, therefore, focuses on delivering leading products and a seamless and differentiated client service and experience. The Group's **Reinvent and Grow** strategy also includes objectives to improve our value propositions to advisers, helping them to benefit from digital advances in servicing their clients.

Our **Reinvent and Grow** strategic objectives have enabled the Group to navigate these changing behaviours and the dynamic environment, while simultaneously setting us up to tap into new revenue streams and optimise existing revenue streams, while also growing current and alternative means of distribution. We are pleased with the good progress made and we are tracking well towards our F2024 targets.

Grow existing channels

When compared to the multiple alternative channels today, the traditional insurance distribution and agency channels have remained consistent in their market share and contribution, while IFAs specifically for Myriad and Momentum Wealth have gained market share. Despite the number of new channels being developed, the agency and adviser channels remain relevant because insurance relationships are built on trust. Throughout the pandemic, intermediaries played a vital role in offering objective advice and assistance to policyholders on how best to manage risk. This trend is expected to continue in both the retail and corporate environments.

During the year, we successfully optimised our channels at MFP, MDS and Consult by Momentum. We continued implementing the key building blocks of our new digital foundation capabilities. These capabilities will enable all Momentum channel and product businesses to connect with clients, advisers and employees in a new digital omnichannel way of work.

Product and service leadership

We are proud of the comprehensive range of competitive products the Group offers and are determined to remain at the forefront of product renewal. Our product and service excellence extends to innovative product and service design, as well as digital enablement and solutions that accurately meet client needs and provide a client experience that exceeds expectations.

During the year, we have made good progress to increase our focus on embedded insurance products in our Guardrisk business, launched a fully digital self-service solution in Momentum Corporate, delivered a new Myriad risk selection and rewards solution, and successfully progressed with the implementation of our artificial intelligence investment models in MGIM.

Establish new channels

Globally, millennials are rapidly becoming significant purchasers of insurance – they do not follow the traditional life and purchase patterns set by older generations and have different insurance needs and greater expectations. These shifts drive demand for innovative products and services, with personalisation becoming a baseline expectation across industries.

Developing leading solutions requires an integrated approach that applies innovation and discipline to highly regulated products. It also requires the ability to leverage external ecosystems and collaborate with partners outside the industry. We think critically about our clients' functional, social and emotional needs, and choose to strategically invest in technology and develop products that meet new client behaviours and priorities. This approach helps us enhance our value propositions and maximise long-term profitability.

We have successfully enhanced distribution through most of our intermediated channels. The next frontier will be to successfully leverage direct and alternative distribution channels, including digitally enabled embedded insurance and ecosystem platforms, to drive profitable growth beyond existing sales channels. By fully capitalising on partnerships and alternative distribution channels we can expand our reach into new client segments and access underserved markets.

During the year, we successfully established new channels in a number of our businesses. These channels currently contribute a small part of our sales volumes and we aim to meaningfully grow their contribution in the future.

Accelerate digital

Globally, insurance distribution models have become more sophisticated and competitive. Most insurers realise the need to invest in digital solutions, not only to improve client experience but also to remain competitive by enhancing the availability and affordability of insurance.

Data has become a key driver of our competitive advantage, given that information enhances our client experience and drives our sales channels. By enhancing our data capabilities to adapt to the new data paradigm, we have started to use artificial intelligence and machine learning and have successfully leveraged the Insurtech start-up ecosystem, which is paying dividends in respect of product and service innovation.

During the year, we successfully launched a fully digital underwriting and paperless onboarding solution in Myriad Life, digitised most of our new solutions and client communication, and used chatbots in self-service solutions. We are also equipping and enabling our channels digitally to improve adviser journeys.

Looking ahead, we remain focused on creating effective and efficient digital channels to accelerate our business units and Group-level offerings. Our aim is for the proportion of sales generated through our current digital channels to surpass the South African industry average.

Retention of critical skills and authentic transformation

The confluence of digitalisation, industry convergence and the new world of work, is placing acute pressure on skills availability and retention in the sector. Attracting and retaining specialist skills is thus becoming more challenging.

The insurance industry in South Africa has faced significant challenges in recent years, including an ageing workforce, a lack of diversity and transformation, and a shortage of skilled workers. These challenges have made it difficult to meet the increasing demand for talent, particularly in leadership positions.

We require specialist skills to deliver our strategic objectives, and the increased remote working opportunities available to top talent means we are competing to retain and attract talent on a global scale. In the areas of digital and IT, for example, it will require constant recruiting efforts to attract critical IT skills, as well as focusing on developing our existing IT talent, crafting employee value propositions (EVPs) specific to this sector, and establishing partnerships with vendors that can provide additional skills and capacity.

From a diversity, equity and inclusion perspective, we will continue our deliberate focus to source external black talent and developing internal black talent. This focus on authentic transformation has helped the Group retain our Level 1 B-BBEE rating for the fifth year in a row, and we believe it reflects the contribution we make to the continued transformation of our country. I am pleased that ACI representation in senior management improved from 39% to 44%, while middle management improved to 47% from 45%. In F2023, 38% of our total procurement spend was spent with black suppliers.

NHE of R5 billion

The Group achieved NHE of R5 079 million in F2023, well ahead of our target for the year. This result benefited from large items that are unlikely to recur (positive mortality experience variances, the net positive change in Covid-19 provisions and positive investment variances). Our view is that the underlying run rate of earnings is approximately R4 billion. We will continue to strive towards NHE of between R4.6 billion and R5.0 billion in F2024.

Cost efficiencies of R500 million

The Group made a deliberate decision to increase its investment in various critical projects such as digital transformation to enhance our client value proposition, IFRS 17 and sales-related activities in F2023. Our digitisation initiatives remain the main driver to improve efficiency and secure cost savings. The bulk of the savings of R500 million by F2024 is only expected in the last year (F2024) of our three-year Reinvent and Grow strategic plans.

Non-life Insurance contribution to NHE of 20%

In order to diversify our earnings profile and create resilience, we are looking to expand our exposure to the non-life insurance market. The overall non-life insurance contribution to NHE was 5%, which was significantly short of expectations and can be ascribed to poor underwriting results in Momentum Insure. Guardrisk continues to show strong growth. Given the recent downward adjustment in expected future performance of Momentum Insure, our current best estimate projections show we may fall short of our objective.

Market share increases between 1% to 6%

We maintained and increased market share across the Group in F2023, with the latest available data reflecting a market share of 11.8% for Momentum Wealth, 8.6% for the Myriad risk business, 14% for our umbrella funds business (FundsAtWork), 2.4% for Momentum Insure, 26% for Momentum Metropolitan Health and 18% for the emerging market Metropolitan Life business. Not all businesses have achieved targeted market shares yet and more work is required to reach the F2024 Reinvent and Grow targets.

ROE of 20%

We achieved a strong ROE of 22.3% in F2023, in line with normalised headline earnings. Through a combination of earnings growth and capital optimisation, the F2024 objective of 18% to 20% remains possible, despite the modest macroeconomic backdrop.

SUSTAINABILITY IN PRACTICE

The opportunities associated with sustainability are considerable.

Our **sustainability framework** supports our sustainability ambitions and helps to formalise the implementation and impact of our sustainability initiatives in line with our **Reinvent and Grow** objectives.

Several trends have shaped our sustainability strategies, including increased consumer vulnerability due to high inflation, climate change impacts and worsening social inequalities.

We are proud of the work we have done to date. We have built foundational level thinking from our approach to responsible investing, to how our insurance products are structured. Our sustainability framework helps us embed our approach to responsible environmental stewardship and positive social impact.

Climate change poses an ever-increasing risk, including extended wetter weather in the short term and the resultant impact on claims and reinsurance costs, as well as the transition risk impact on market, credit and regulatory risks. The increased intensity and/or frequency of extreme weather events can be attributed to climate change, such as the heavy rainfall that resulted in flooding in KwaZulu-Natal, the aftermath of which had a significant impact on the environment and society.

To mitigate this, the Group adopted a **climate risk framework** to ensure the impact of climate change on all risk types is appropriately mitigated across the Group. Our business units are currently unpacking how climate change will impact them and seeking ways to harness opportunities and mitigate risks.

Due to socioeconomic inequalities in South Africa, a Just Transition is vital to ensure livelihoods are protected and communities are empowered in the transition to a low-carbon economy. Our goal is to make financial services more inclusive, enhance financial security and health, and positively contribute to a low-carbon economy. Our stakeholders should expect more deliberate and strategic sustainability thinking and impact over the next few years. There is a strong need for stakeholders from across society to work together if we intend to help our clients and society solve its toughest problems.

OUTLOOK

We will continue to make every effort to look after the financial needs of our policyholders and to generate value for shareholders. We also look to play an increasingly active role, both directly as a corporate citizen and indirectly through industry bodies, to push for pro-growth reforms in South Africa to help our country realise its full potential.

We remain on track in implementing our strategic objectives set for F2024. I am confident that we will continue to reap the rewards of our hard work.

NOTE OF APPRECIATION

I thank our Board and Chair for their wisdom and guidance throughout the last year.

I thank our employees and financial advisers for making our results possible, and for continuing to focus on serving our clients and delivering on their financial needs. A special thanks to our clients for choosing us as partners on their journeys to achieving their financial goals. To our executive teams across our Group, I appreciate how you showed up to provide leadership in unfamiliar and difficult situations.

Lastly, I thank Hillie for his exceptional leadership over the past five years, during which he streamlined Momentum Metropolitan's structure, refocused our strategy and unleashed the Group's potential.

It is a privilege to be trusted by the Board and the Group's senior leadership to take the reins. I am honoured that I get the chance to give back and lead our Group, which has been so instrumental in my career development. I am also excited to work with the leadership team to further harness our Group's strong brands and talented people, and to successfully execute our future growth plans.

Jeanette Marais (Cilliers)
Incoming Group CEO

MESSAGE FROM HILLIE MEYER

I have valued my time as Group CEO of Momentum Metropolitan, during which time the Group adopted a new operating model, the Board reconfigured and the strategy realigned to harness opportunities and mitigate risks in an ever-changing operating environment. I am confident that my actions while leading the Group and as a Board member, were aimed at setting the Group up for success.

I wish Jeanette Marais, who replaces me as Group CEO, all the best in her work and endeavours ahead. I am confident she will lead the Group to further success. Jeanette holds intimate knowledge of the Group's strategy, business areas and culture. She understands the insurance, investment and savings markets and the current operating environment, and what is required for the Group to succeed. Her skill, passion and resilience will enable the Group's growth trajectory as she will always do what's best for the Group.

I thank the Board for their support and guidance during my time as Group CEO. Their loyalty to the business, our clients and our staff, and their commitment to best practice, ensured that we always navigated challenges seriously but constructively.

I thank the executive teams and Group employees for their unwavering support throughout my tenure. Your considerable efforts are greatly appreciated and helped shape the Group into the formidable business it is today.

Hillie Meyer
Outgoing Group CEO

HOW WE CREATE VALUE

MATERIALITY

A matter is considered material if it can substantively impact our ability to create value in the short, medium or long term.

RECOGNISING DOUBLE MATERIALITY

We take into consideration the concept of double materiality. This involves identifying and prioritising matters that could impact our ability to create value (*inward-focused financial materiality*) for Momentum Metropolitan, as well as their impact on our stakeholders (*outward-focused impact materiality*) – on society, communities and the environment. The outcome of this process helps guide the drafting of our reporting suite.

OUR PROCESS

A four-phased approach to identifying material matters was adopted:

SIGNIFICANCE

External review
We reviewed our operating environment's macroeconomic and socio-political impacts, and considered media reports and peer reports. We also assessed all concerns raised by our stakeholders and evaluated sector trends.

Internal review
We reviewed internal Board documents, our risk and opportunity register, performance targets, and material matters reported on in F2023.

IDENTIFICATION

Material matters were identified by considering their impact on key aspects of our business, namely our business model and its outcomes, resource allocation and trade-offs, our Group purpose and our strategic objectives.

PRIORITISED

Identified material matters were then prioritised according to their impact on both Momentum Metropolitan and their importance to our stakeholders.

INTEGRATED

Following the prioritisation of our material matters, we grouped 21 material matters under six material themes. These matters were then integrated into our strategic thinking and helped guide disclosures for our reporting suite.

IDENTIFIED MATERIAL THEMES AND MATTERS

MATERIAL THEMES	MATERIAL MATTERS
Impact of the volatile economic and regulatory environment	• Depressed macroeconomic environment • Changing regulatory compliance environment
Business resilience	• Maintaining volumes in a shrinking market and achieving efficiency improvements • Optimising capital management • Protecting the business from external shocks
Innovation, technology, digitalisation and cybersecurity	• Increased focus on innovation and digital transformation • Digitalisation and refreshing our distribution channels to remain competitive • Major projects and migrations, and technology infrastructure risks • Cybersecurity and data protection
Attract and retain scarce skills	• The flight of skills and the increasing demand for critical skills • Authentic transformation through diversity and inclusion • Health, wellness and wellbeing of employees
Responsible ESG stewardship	• Responsible investing and stewardship • Lobbying through industry bodies • Addressing social inequalities (driving financial inclusion) • Climate change and resilience • Energy security and consumption
Uncertain socio-political environment	• Socio-political landscape • Essential infrastructure deterioration and poor service delivery • South Africa's greylisting by the Financial Action Task Force • Withdrawal of favourable trading conditions

MATERIAL MATTERS MATRIX

IMPACT OF THE VOLATILE ECONOMIC AND REGULATORY ENVIRONMENT

Y-O-Y change

Material matters and context

Depressed macroeconomic environment

- Global and local economic risks, such as high inflation, elevated interest rates, unpredictable exchange rates and currency instability impact business profitability
- Higher inflation and economic volatility are creating uncertainties that influence consumer behaviour, resulting in a reduced share of wallet as a result of weaker purchasing power and demand for savings and protection products
- Inflation was at 5.4% in June 2023 (2022: 7.4%)
- South Africa's high unemployment rate of 32.9% (2022: 34.5%) and particularly poor youth unemployment rate of 45.3% (2022: 46.5%). Our Foundation is focused on reducing the unemployment rate and creating employment opportunities
- Increased load shedding, political instability/corruption and higher food prices impact affordability
- GDP growth forecast remains low at 1.8%

Changing regulatory compliance environment

- There are several emerging regulations relating to anti-money laundering and combating the financing of terrorism; National Treasury's retirement industry reforms include the two-pot retirement system; amendments to Regulation 28 of the Pension Funds Act, 24 of 1956; and the National Health Insurance (NHI) Bill, 2019
- The continuing influx of new legislative and regulatory requirements necessitates ongoing development and operating changes, and places pressure on internal resources and management bandwidth – these additional costs erode client value or shareholder margin
- Compliance with new reporting standards (such as IFRS 17 – Insurance Contracts), and the imminent sustainability disclosure standards of the newly created International Sustainability Standards Board (ISSB)
- We must balance regulatory and reporting standard advances to promote financial stability and ensure uniform practices and fair treatment of clients
- The Group adopts a proactive approach to engagement with regulators and seeks to manage the developmental requirements with a combination of internal and external resourcing

Timeframes

Short to medium term

Stakeholders impacted

- **Our employees and contractors**
- **Communities in which we operate**
- **Suppliers**
- **Government and regulators**
- **Investor community**
- **Clients**
- **Intermediaries**

Capitals impacted

Strategic objectives

- **Grow existing channels**
- **Establish new channels**
- **Cost savings in excess of R500 million**

BUSINESS RESILIENCE

Y-O-Y change

Material matters and context	**Maintaining volumes in a shrinking market and achieving efficiency improvements**	• The challenging macroenvironment and competitive market continue to place pressure on demand and the ability of consumers to continue to afford existing premium obligations • We continue to focus on maintaining and delivering revenue growth in the current shrinking economy • Given the current pressure on new business volumes, we focus on improving cost efficiencies and managing our expense base • To remain competitive, we must respond to the current operating context and anticipate the future • Interest rate fluctuations and market instability impact earnings and net asset value
	Optimising capital management	• We continue to focus on judicious capital management and optimisation to maximise shareholder value • We actively manage discretionary and surplus capital to enhance financial performance • We seek to distribute surplus capital through dividends, special dividends or share repurchases • We completed share buybacks of R1 250 million during the current financial year and the Board approved a further R500 million • Capital allocation to support value creation is underpinned by the appropriate return on capital targets linked to the Group hurdle rate framework and its strategic objectives • Hedging and asset-liability matching strategies are being implemented following approved policies • We maintain shareholder exposures within our risk appetite
	Protecting the business from external shocks (e.g. Covid-19 and KZN floods)	• The Covid-19 pandemic presented an opportunity to incorporate learnings through broader reviews of our pricing, underwriting and risk appetite and strategies • The potential longer-term impacts of the pandemic on policyholder health and behaviours remain uncertain, as does the potential impact of further Covid-19 waves or possible future pandemics • The impact of climate-related disasters, such as the 2022 floods in KwaZulu-Natal increases the vulnerability of our business, which is further exacerbated by the deterioration of the national infrastructure
Timeframes	**Short, medium and long term**	

Stakeholders impacted

- **Our employees and contractors**
- **Investor community**
- **Intermediaries**
- **Clients**

Capitals impacted

Strategic objectives

- **Grow existing channels**
- **Establish new channels**
- **Product and service leadership**

INNOVATION, TECHNOLOGY, DIGITALISATION AND CYBERSECURITY

Y-O-Y change

Material matters and context

Increased focus on digital transformation

- Our Reinvent and Grow strategy places significant reliance on digital transformation
- Digitalisation, personalisation and convenience have disrupted value chains and increased competition in an already competitive landscape
- Covid-19 catalysed the shift to digital from which the Group has reaped benefits

Increased focus on innovation

- Our goal is to embed a culture of entrepreneurship and innovation and achieve continuous business improvement by unlocking new opportunities
- We strive to innovate, refine and conceptualise technology to connect more people to affordable insurance, savings and financial advice with our innovative platforms and engagement-rich digital solutions
- By taking advantage of the opportunity to partner with insurtech and fintech start-ups we can use their innovative and disruptive abilities to create exciting new value propositions and distribution channels for our clients
- The threat from disruptive innovation remains a significant and accelerating risk for the business strategies of traditional insurers

Digitalisation and refreshing our distribution channels to remain competitive

- We use digital solutions to drive efficiency improvements and improve the client and adviser experience
- Business units continue to develop digital strategies to support their objectives while actioning projects to enhance digital skills and capabilities
- To grow existing channels, we are focusing on efficiency gains, digitally enabling advisers and footprint growth

Major projects and migrations, and technology infrastructure risks

- System migrations and digital transformation result in enhanced value for shareholders and clients through greater operating efficiencies and competitive pricing, from lower infrastructure costs
- Multiple major projects result in pressured delivery timelines due to changing compliance and security requirements
- A key deliverable in the integration of the former Alexander Forbes Insurance (AFI) business with Momentum Insure's existing short-term insurance operations has been the migration of the AFI policies to the Momentum Insure system
- Metropolitan Life's systems continued the migration from a legacy platform to a modern, digitally enabled platform

Cybersecurity and data protection

- The prevalence of cybercrime continues to rise, facilitated by growing digitisation, reliance on cloud services, shift to remote working and the impact of a shortage of cybersecurity
- Our cybersecurity team actively monitors and strengthens our cybersecurity to prevent cyber risk and attacks from third parties with malicious intent to defraud and harm our business and clients
- Education and knowledge are important areas in confronting cybercrime
- Controls have been enhanced and expanded to address the additional risks associated with the large-scale remote working practices initiated since lockdown

Timeframes

Short, medium and long term

Stakeholders impacted

- **Our employees and contractors**
- **Suppliers**
- **Clients**
- **Intermediaries**

Capitals impacted

Strategic objectives

- **Establish new channels**
- **Accelerate digital**
- **Product and service leadership**

ATTRACT AND RETAIN SCARCE SKILLS

Y-O-Y change

Material matters and context

The flight of skills and the increasing demand for critical skills

- The Group is dealing with a war for talent (attracting and retaining actuaries, IT and technical talent), which has amplified as a result of the evolving working environment
- We focus on attracting, developing and retaining the skills we need
- Our succession and leadership planning helps us meet our future growth plans
- Learning interventions equip our diverse leadership community to lead with impact
- Our recruitment platform enables us to recruit the best talent and promotes internal mobility

Authentic transformation through diversity and inclusion

- South Africa is facing an acute critical skills crisis, especially African, Coloured and Indian (ACI) skills due to increased local and international competition and emigration. We subscribe to authentic and broad-based transformation across our value chain (doing it the right way)
- We are committed to creating a diverse, inclusive, transformed and equitable workplace
- By embedding diversity and inclusion into our human capital strategies, we give employees a sense of belonging
- We continue to ensure our transformation plan is specific, measurable, verifiable and broad-based
- We seek to support and nurture a pipeline of scarce skills talent by supporting tertiary learning institutions and students

Health, wellness and wellbeing of employees

- The challenges associated with the socio-economic environment impact on the wellbeing of our employees
- There is a deliberate focus on managing employee wellbeing through our culture that creates a positive, safe and caring environment where employees feel connected and supported, enabling them to flourish in the working environment
- Our evolution to a hybrid way of working has presented several opportunities for the Group, including transforming our employee value proposition (EVP) and consolidating office requirements that enhance the employee experience
- We provide a best-of-breed employee assistance programme that provides tools for employees to manage their wellbeing proactively and prevent burnout
- We have seen increased claims relating to mental health in the post-Covid and stressed economic environment, indicating an enhanced need for increased focus on wellness and wellbeing

Timeframes

Short, medium and long term

Stakeholders impacted

- **Our employees and contractors**
- **Clients**
- **Intermediaries**

Capitals impacted

Strategic objectives

- **Transformation**

RESPONSIBLE ESG STEWARDSHIP

Y-O-Y change

Material matters and context

Responsible investing and stewardship

- We commit to applying responsible investment practices and to integrating enivronmental, social and governance (ESG) criteria into our investment process
- We are active owners and use our influence to help maintain well-governed corporates
- We continue to invest in clean energy projects and infrastructure build
- We participate in market-related industry events and participate in local and international bodies advancing ESG

Lobbying through industry bodies

- Momentum Metropolitan sees value in lobbying as part of the industry collective to achieve the best policy outcome
- We are a participating member of ASISA, the South African Insurance Association (SAIA) and the Board for Healthcare Funders (BHF). Through our active participation, we are able to influence and debate regulatory policy and legislative amendments
- We participate in several Nedlac debates on behalf of businesses covering health, social security and retirement reform issues

Addressing social inequalities (driving financial inclusion)

- We endeavour to engage with strategic partners to address systemic issues, such as growing inequality and the risks of climate-related impacts
- High levels of social inequality mean those who are already most vulnerable will be disproportionately affected by climate change impacts. Our goal is to help to build a low-carbon economy balanced by a Just Transition
- Try to solve the increasing social and gender inequality, and the concerning youth unemployment levels being the focus of our Foundation
- We invest in initiatives to help drive financial inclusion to promote a healthier and more resilient society
- We work with local providers in our respective jurisdictions to drive financial inclusion through alternative distribution channels

Climate change and resilience

- We recognise that our investment practices, underwriting decisions and property management practices impact climate change
- Our climate change and low-carbon transition strategy focus on addressing environmental impacts and building resilience for our business and communities
- Extreme weather impacts our claims experience, resulting in a reduction in earnings and increased workloads of our client-facing employees
- Deteriorating infrastructure is exceedingly vulnerable to climate-related disasters, thereby increasing social inequality risks

Energy security and consumption

- Unreliable electricity supply results in business interruptions and rising costs
- We continuously investigate energy alternatives to increase efficiencies and reduce costs
- Our decarbonisation efforts strengthen energy security and reduce our environmental impact and carbon footprint

Timeframes

Short, medium and long term

Stakeholders impacted

- **Our employees and contractors**
- **Communities in which we operate**
- **Suppliers**
- **Clients**
- **Intermediaries**

Capitals impacted

Strategic objectives

- **Product and service leadership**

UNCERTAIN SOCIO-POLITICAL ENVIRONMENT

Y-O-Y change

Material matters and context

Socio-political landscape

- South Africans are still coping with Covid-19 impacts on unemployment, poverty and inequality
- Structural, deep-rooted corruption remains an issue
- Service delivery at local government level continues to be a challenge
- Supply chain disruptions, including rising shipping costs and delays, place significant pressure on parts availability and inflation
- Uncertain socio-political environment could result in adverse outcomes, such as further community social unrest and increased criminal activity, which negatively impact claim ratios

Essential infrastructure deterioration and poor service delivery

- South Africa continues to experience service delivery constraints in key areas such as the provision of reliable water and energy as well as housing and sewerage infrastructure
- There has been a considerable decline in the maintenance of critical infrastructure, leading to the ageing of infrastructure
- Poor infrastructure and management of water reserves result in increased water pollution and impact water safety
- We have invested in our internal infrastructure to ensure business continuity and self-sufficiency as far is practically possible

Unstable electricity supply remains a barrier to growth

- Loadshedding has progressively become more severe and is lasting longer
- Recurring load shedding continues to weigh down economic recovery and places significant pressure on the country's GDP
- Unreliable electricity supply results in rising costs, including the cost of running and maintaining diesel generators (exacerbated by the higher cost of fuel)
- We have established a Load Shedding Steering Committee to monitor and mitigate the impact of load shedding on the Group

South Africa's greylisting by the Financial Action Task Force

- South Africa was listed as a "jurisdiction under increased monitoring" on FATF's "grey list" due to the increased risk of money laundering, terrorism financing and state capture
- Indirect impact on the South African economy due to further loss of credibility as an investment destination
- This can lead to increased scrutiny by international financial institutions
- Momentum Metropolitan has robust anti-money laundering and counter-terrorist financing processes and systems in place

Withdrawal of favourable trading conditions

- South Africa's alleged support of Russia has increased the threat of sanctions
- The ongoing war in Ukraine is fuelling inflation and supply chain issues

Timeframes

Short, medium and long term

Stakeholders impacted

- **Our employees and contractors**
- **Communities in which we operate**
- **Suppliers**
- **Clients**
- **Intermediaries**

Capitals impacted

Strategic objectives

- **Product and service leadership**

THE STRATEGY DRIVING OUR BUSINESS

At Momentum Metropolitan, value is inherently tied to our purpose and our ability to offer clients future-fit solutions. Our Reinvent and Grow strategy has prepared us for a better future and ensures we can create an enduring legacy of positive impact for our stakeholders.

Our **Reinvent and Grow** strategy supports the building of a synergistic and resilient portfolio of high-performing businesses, by leveraging the benefits of a corporate portfolio strategy that is underpinned by both product and service leadership, and through distribution partnerships that recognise how transformative the value of advice and digitalisation can be.

In line with the federated operating model underlying our **Reinvent and Grow** strategy, each business unit remains empowered, accountable and responsible for their full value chains, while still being expected to perform according to Momentum Metropolitan's corporate portfolio requirements. Each business unit's strategy has been designed to achieve their strategic goals and contribute towards achieving the Group's overall strategic goals.

We run a three-year strategic business cycle. We are about to embark on a significant review of our business, the operating environment and our resources to enable a strong, value-creating direction for the Company for the next three-year cycle.

F2024 Reinvent and Grow objectives

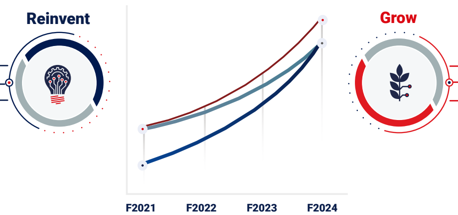
Grow existing channels
Continue growing the footprint of the existing channels, while digitally enabling our existing channels.

Establish new channels
Establish new channels to engage with a new generation of clients more directly and use digital solutions.

Accelerate digital
Digital transformation targeted at key parts of business units' value chains to significantly improve our competitiveness.

Product and service leadership
Improving product design to better meet clients' needs and actively using new technologies to build capabilities, create competitive advantages and increase our market prominence.

Transformation
In line with the reinvention of our Group, become an inclusive organisation that is authentically transformed.



NHE of R4.6 to R5 billion
Derived from a bottom-up basis, locking in the earnings contributions that business units believe their respective Reinvent and Grow strategies will make.

Cost savings in excess of R500 million
The various digitisation initiatives will secure efficiency improvements and introduce cost savings.

Non-life Insurance contributes 20% of NHE
The shift towards a higher contribution from the Non-life Insurance businesses will continue to be driven.

Market share growth
Our businesses have set targets to increase market share between 1% to 6%, depending on the market dynamics of the different product lines and market segments.

ROE of 18% to 20%
To be achieved through a combination of growing earnings and optimising the Group's capital base.

Three strategic pillars have been identified to guide Group businesses on the contribution we expect them to make towards the Momentum Metropolitan Group strategy and corporate portfolio.

Strategic relevance

Businesses should contribute to the Group's competitiveness by being or aspiring to be one of the top three in their chosen segment. This means they should demonstrate product leadership and be obsessed with client experience and the ease of doing business.

Value creation

Businesses must show real earnings growth and contribute positively to achieving the Group's ROE targets. Superior risk selection, pricing accuracy and setting clear performance targets and milestones are critical. The Group in turn has a responsibility to optimally allocate and manage capital.

Sustainability

All businesses that form part of the Group should be proudly South African, authentically transformed, foster a culture of ownership and accountability, and contribute to a strong employee brand.

Being purpose-led and cognisant of the global, continental and local E-ESG challenges, we want to be future focused and consider how to remain sustainable for the long haul for the sake of the business, our clients, and society which depend on us.

Business units are further required to enhance the sustainability of the corporate portfolio by exploring and scaling opportunities to solve E-ESG challenges through the core business and implementing our new strategic sustainability framework.

PERFORMANCE AGAINST STRATEGY

Making discerning strategic choices in an increasingly complex and low-growth landscape with a high intensity of competition is critical for driving and performing against our F2024 strategy.

GROW EXISTING CHANNELS

Our distribution channels remain core Group assets. To grow existing channels, we are focusing on efficiency gains, digitally enabling advisers and footprint growth.

During the year

- MFP saw a decline in the adviser footprint after intentionally halting recruitment and losing unproductive advisers. Through a focus on channel and back-office efficiencies, MFP was successful in significantly reducing its expense base
- MDS launched an Adviser Partners proposition that, through practice management tools and processes, will assist IFA practices to remain independent
- Consult by Momentum offers a business development programme called BusinessLab®, an in-depth practice management suite, which offers advisers an opportunity to grow their businesses
- Several root causes for the elevated adviser churn in Metropolitan Life have been identified, with tactical responses being implemented in the short term and sustainable adaptation mechanisms being prioritised in the medium term

Forward-looking focus

- Realise efficiencies in the sales process and reductions in sales-related expenses through productivity-enhancing technologies and automation of processes
- Deploy new technologies to enable and grow existing distribution channels
- Continued focus on the improvement of service quality
- Expand the functionality of the VIA platform, a single interface through which advisers will have access to all Momentum-branded retail products, which should contribute to ease of doing business and efficiency gains
- Focus on recruiting more young people to the financial services industry and providing theoretical and technical training through Momentum Institute of Financial Planning (MIFP)

ESTABLISH NEW CHANNELS

We have launched initiatives across the Group to complement our core face-to-face distribution channels and provide alternative distribution opportunities that are better suited to digitally native market segments.

During the year

- Launched an omnichannel solution with the new Myriad risk product in Momentum Life
- Implemented a self-service capability for IFAs in Investo, Momentum Life's savings business
- Launched a new Multiply rewards programme for Momentum Metropolitan Health
- Established an Associations and Affinity Group channel in Metropolitan Life
- To ensure greater focus on our core business, we discontinued the Metropolitan GetUp offering (our direct-to-consumer digital business aimed at digitally minded clients) as a standalone initiative. We will use our learnings and experience from GetUp to further enable our Metropolitan Digital direct channel
- Made meaningful progress on the implementation of the innovative and fully digital self-service solution in Momentum Corporate
- Showed good progress with the Velocity Club direct-to-consumer solution in Momentum Life

Forward-looking focus

- Continue to invest in new channels (e.g. through partnerships, participating in platform ecosystems, etc.)
- Successfully leverage direct and alternative distribution channels, including embedded insurance and ecosystem platforms
- Accelerate the proportion of sales generated via digital channels (to SA industry levels)
- Continue to explore next-generation initiatives
- Drive self-service capabilities

ACCELERATE DIGITAL

All our business units increased their focus on digital transformation. We are using digital solutions to drive efficiency improvements and improve the client and adviser experience. A key strategy of this objective is to leverage both internal and external ecosystems for digital capabilities, including partnerships with insurtechs.

During the year

- Successfully launched a fully digital underwriting and paperless onboarding solution in Momentum Life
- Guardrisk's LAUNCHPAD insurtech initiative places the business firmly in the digital innovation space, enabling insurtech entrepreneurs to scale their business within the Guardrisk ecosystem
- Momentum Wealth's radical shift of its platform operating model and proposition, including the re-platform on new generation technology, has progressed well
- A large portion of client communication is sent via digital channels (SMS, emails and WhatsApp)
- Chatbots reduced the claims processing time and improved client satisfaction through expanded self-service options
- Implemented robotic process automation for new businesses in Botswana, Lesotho and Namibia
- Made good progress in Momentum Metropolitan Health by moving clients onto one platform and enhancing digital solutions for members

Forward-looking focus

- Continue to partner with start-ups to use their innovative and disruptive abilities to help us create exciting new value propositions and distribution channels for our clients
- Deliberately involve fintech and insurtech start-ups in our digital acceleration to gain competitive advantages in key parts of our value chain
- Automate special quotes for annuities and structured products in Metropolitan Life
- Implement digital capabilities in all businesses across the Group
- Equip and enable our channels digitally to improve adviser journeys

PRODUCT AND SERVICE LEADERSHIP

Reinvention of products and services is critical to achieving our leadership objective. The appropriate and early utilisation of technology advances and new digital capabilities has been a key implementation imperative.

During the year

- We delivered on the long-awaited new Myriad digital risk selection and processing model and improved onboarding experience through mobile-driven underwriting solutions and a paperless capturing capability
- Launched the LifeReturns model, replacing the current wellness positioning enabled by Multiply Premier on the Myriad protection solution
- Momentum Corporate launched an innovative and fully digital self-service solution that is intended to drive increased client engagement, an improved experience and higher take-up rates
- Momentum Metropolitan Health refined its incentivised wellness programme as a key part of the integrated health value proposition and launched it to clients
- Momentum Money obtained a financial services providers (FSP) administration licence approval from the Financial Sector Conduct Authority (FSCA)
- Progressed with the implementation of our artificial intelligence (AI) investment models in Momentum Global Investment Management (MGIM)
- Momentum Insure Safety Returns introduced an activity-based points system that rewards clients in real-time for registering and engaging with the safety-based client value proposition elements

Forward-looking focus

- Grow the Momentum Money savings product range
- Acquisition of OUTsurance Group's (previously RMI Holdings) share in the RMI Investment Managers Group. The acquisition gives our clients access to more fund options and a wider range of investment strategies
- Continue to enhance the value proposition of the Myriad protection product through the reinvention of our client loyalty and product reward programmes
- Continue to implement our AI investment models in MGIM

TRANSFORMATION

Our Reinvent and Grow strategy has specifically identified authentic transformation as our guiding light. We are pursuing multiple initiatives across the Group to ensure that we are an inclusive organisation that is authentically transformed.

During the year

- Celebrated our fifth consecutive year as a Level 1 B-BBEE contributor
- Invested R205 million in the training and development of black employees (F2022: R292 million)
- Spent 38% of our total procurement spend on black suppliers
- Invested over R56.4 billion in empowerment funding (F2022: R58.5 billion)
- Invested R55 million in ESD programmes, a key enabler in maintaining our preferential procurement score and making a meaningful contribution to an inclusive South African economy
- In its third year, iSabelo share ownership scheme has over 13 200 beneficiaries who benefited from dividends
- MFP continues to maintain its focus on client and adviser transformation within the Red Channel – with 80% of advisers being black and 80% being female

Forward-looking focus

- Increase black broker participation
- Increase black representation in leadership
- Continue to implement inclusive communication and marketing that embrace diversity
- Advance towards authentic transformation

GROW OBJECTIVES:

	Progress 2023	Outlook
NHE of R4.6 billion to R5.0 billion	NHE of R5.1 billion was achieved in F2023. If the F2023 result is normalised by neutralising positive mortality experience variances, the net positive change in Covid-19 provisions, positive investment variances and fair value losses on venture capital investments, the underlying NHE of the Group is a satisfactory R4.0 billion.	We remain focused on driving sales volumes and a profitable sales mix to improve market share growth and will continue to focus on achieving the Reinvent and Grow business targets for F2024. The F2023 results benefited from large mortality and investment variance experience. We believe that the underlying run rate of annual earnings is approximately R4 billion.
Cost efficiencies in excess of R500 million	Good progress has been made with various digitisation initiatives across the Group, which is the main driver to achieve efficiency improvements and secure cost savings. The Group made a deliberate decision to increase its investment in various critical projects such as digital transformation to enhance our client value proposition, IFRS 17, and sales-related activities in F2023.	The bulk of the savings is only expected in the last year of our three-year Reinvent and Grow strategic plans, and some of the benefits may only be realised in the following year. Momentum Life, Momentum Metropolitan Health, Momentum Corporate and the Momentum Wealth investment platform will be the main contributors to the efficiency gains.
Non-life Insurance contributes 20% of NHE	As a result of its poor underwriting results following a challenging operating environment, the performance of Momentum Insure in 2023 fell short of expectations. Although Guardrisk continued on its growth trajectory, the overall Non-life Insurance contribution to NHE was 4%, which was below target.	Given the recent downward adjustment in expected future performance of Momentum Insurance, our current best estimate projections show that we will fall short of our objective of Non-life Insurance businesses contributing 20% to Group NHE.
Market share +1% to +6%	Market shares increased across the Group and we built on this foundation in 2022. The latest available data reflects a market share of 11.8% for Momentum Wealth, 8.6% for the Myriad risk business, 14% for our umbrella funds business (FundsAtWork), a market share of 2.4% for Momentum Insure, 26% for Momentum Metropolitan Health and 18% for the emerging market Metropolitan Life business.	Not all business units have achieved targeted market shares yet, however, we are optimistic that the material efforts over the last few years to improve external focus and revitalisation of existing distribution channels will continue and enable us to reach the 2024 Reinvent and Grow targets.
ROE of 18% to 20%	ROE of 22.3% was achieved in F2023. This follows the Group's strong earnings and diversification in the earnings base.	Through a combination of further earnings growth and capital optimisation, the F2024 objective of 18% to 20% ROE remains possible, despite the modest macroeconomic backdrop.

OUR VALUE-CREATING BUSINESS MODEL

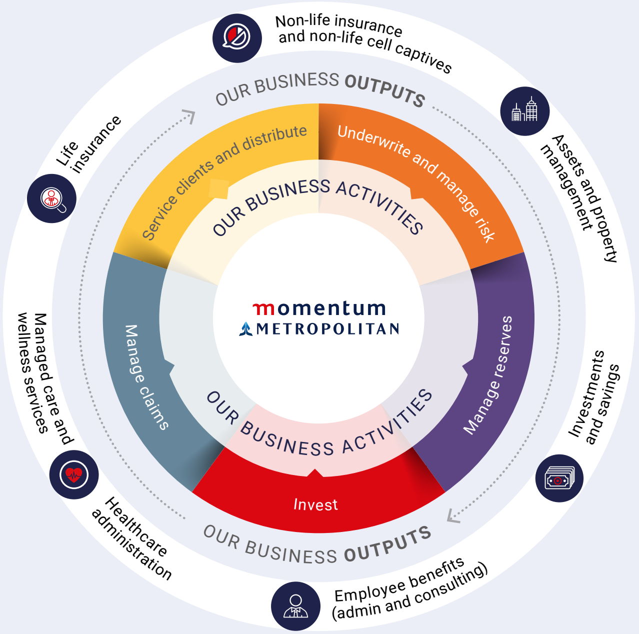
OUR SIX CAPITALS

We actively manage the relationship between our capital inputs, trade-offs and the inherent value created, preserved or eroded by our strategic choices. By better understanding these relationships, we can deliver sustained value while ensuring transparency and accountability for our actions.

Capital	Inputs	Risks and opportunities affecting capital availability
Financial capital Our strong capital base supports our business operations and funds growth. Our financial capital includes our shareholder equity and debt funding, policyholder funds and the capital held for regulatory requirements.	• Equity/capital of R27.2 billion (F2022: R24.9 billion) • Financial liabilities of R48.8 billion (F2022: R52.5 billion) • R974 billion assets under management and administration (F2022: R859.3 billion) • Strong liquidity and capital management policies and procedures	• Financial market volatility • Insurance risk and claims experience • Disruptive innovation • Macro environment
Intellectual capital Our robust governance structures, policies and processes enable value-creating governance and protect our systems and client information from cyberattacks. Our intangible assets include our brands, critical skills and the capacity to innovate and drive new thinking.	• Entrepreneurial culture • Governance framework • Strong brands and reputation • Investment in fintech and insurtech start-ups through our venture capital funds	• Disruptive innovation • Business continuity • Information and cyber risk • Regulatory change and compliance
Productive capital Our business structure, our fixed assets including our operations, distribution channels, processes and fixed and digital assets including the IT systems that provide the framework for how we do business and create value.	• Digital and AI capabilities • 303 branches (F2022: 334 branches) • Operations in seven countries • Our market-leading protection, investment, healthcare and long-term savings products and services	• Disruptive innovation • Information and cyber risk
Human capital Our culture, our people, their collective knowledge, skills and experience and our ethical and effective leadership make it possible for us to deliver on our purpose and create stakeholder value.	• 15 991 employees (F2022: 16 558 employees) • R282 million invested in training and upskilling employees (F2022: R297 million) • Strong focus on employee safety and wellbeing • Inclusion of South African employees as shareholders through the Momentum Metropolitan iSabelo Trust	• People risk and transformation • Disruptive innovation • Financial market volatility • Regulatory change and compliance
Social and relationship capital Stakeholder relationships, including those with the communities where we operate, are an integral part of our operating environment and the role we can play in enabling businesses and people from all walks of life to achieve their financial goals and life aspirations.	• Level 1 B-BBEE contributor (F2022: Level 1 B-BBEE contributor) • Active engagement with regulators, pursuing compliance and contributing to society • Good relationships with our stakeholders • Commitment to global standards of corporate governance and investor stewardship	• Financial market volatility • Regulatory change and compliance • Business continuity • Climate risk • Insurance risk and claims experience
Natural capital Includes the influential impact of our operations on natural resources (i.e. energy, water and climate) and our ability to influence outcomes through our responsible approach to investing.	• 40 167MWh energy and 98 408kl water consumption (2022: 45 082MWh and 106 727kl) • Solar photovoltaic units generating 1kWh of renewable energy at Eris Property Group shopping malls (F2022: 10 357MWh)	• Climate risk • Insurance risk and claims experience

OUR BUSINESS ACTIVITIES AND OUTPUTS

Momentum Metropolitan aims to generate superior shareholder returns through its leading products, valuable distribution partnerships and excellent client experiences. These capabilities enable businesses and people from all walks of life to achieve their most important financial goals and life aspirations.



Outputs from our business activities: Waste and emissions

- 55 518tCO_2e GHG emissions (2022: 51 955tCO_2e)
- 227.9 tonnes of total waste generated (2022: 197.0 tonnes)
- 130.1 tonnes of recycled waste (2022: 93 tonnes)

Our business activities

- **Serve clients and distribute** – through multiple channels
- **Underwrite and manage risk** – understanding, measuring and modelling risk is central to what we do
- **Manage reserves** – prudent well-defined reserving that is supported by strong governance
- **Invest** – income from invested premiums, policy fees and deposits allows us to pay claims and deliver returns
- **Manage claims** – systematic claims management ensures that we deliver on our purpose and provides a positive client experience

OUR OUTCOMES

Financial capital

- R5.1 billion in NHE (F2022: R4.4 billion)
- Group solvency capital requirement (SCR) cover of 1.6 times (F2022: 1.6 times)
- 22.3% ROE (F2022: 22.7%)
- Full-year dividend of 120 cents per share (F2022: 100 cents per share)
- R554 million to debt funders in interest (F2022: R381 million)
- Share buybacks of R1 250 million completed

Intellectual capital

- Underwriting and operational efficiencies achieved through our investment in venture capital funds
- Early disease identification and intervention technology developed through Kimi, a venture capital investment
- 12 632 employees received data, privacy and cybersecurity awareness training (F2022: 10 382 employees)
- Cybersecurity strengthened through further enhancement of controls

Productive capital

- No capital deployed for owner-occupied properties (F2022: R133 million)
- Sales volume decline with PVNBP down 5%
- 4 million policies in-force (F2022: 4 million)
- Good progress with digitalisation and refreshing our distribution channels

Human capital

- R6.8 billion paid in total remuneration (F2022: R6.7 billion)
- 8 767 (F2022: 14 621) employees received training, equipping our people with skills to perform in an ever-evolving world
- 44% black and 36% female representation in senior management in South Africa (F2022: 39% black and 36% female representation)
- Certified as a Top Employer in F2023
- Flexible and inclusive environment created through a hybrid working model

Social and relationship capital

- R43.5 million investment in socio-economic development (F2022: R27.5 million)
- Over R38.3 billion claims paid on insurance products (F2022: R40.3 billion)
- R17.1 billion invested in empowerment financing (F2022: R13.5 billion)
- Maintained our Level 1 B-BBEE status
- R6.7 billion paid in direct and indirect taxes (F2022: R6.5 billion)

Natural capital

- B score for our voluntary CDP climate change disclosure (F2022: B)
- 11% increase in electricity use (F2022: 7% increase)
- R4.1 billion investments in renewable energy projects (F2022: R2.3 billion)
- 2.66tCO_2e emissions per employee (F2022: 2.65tCO_2e)*
- 8% decrease in water use (F2022: 2% decrease)

** Please note that to comply with the requirements of the CDP for calendar year data, our emissions data is for the 2022 calendar year.*

net increase in capital | no movement in capital | net decrease in capital

MATERIAL TRADE-OFFS

Share buyback

Momentum Metropolitan's capital distribution philosophy considers share buybacks in addition to using ordinary dividends to distribute capital to shareholders. At the time when the Board first approved the share buyback programme, MMH's share price was trading at a discount to the embedded value, which represented an attractive opportunity to create shareholder value. A further share buyback programme of up to R500 million was approved in December 2022 and R500 million in August 2023. At the time when the Board approved the share buyback programme, MMH's share price was trading at a discount to the embedded value, which represented an attractive opportunity to create shareholder value. Share buybacks are executed from surplus capital thereby allowing management to make strategic investments at a meaningful return to equity.

We leverage financial capital to increase shareholder value and had positive impacts on social and relationship capital. However, it meant that we could not invest in productive capital, which negatively impacted productive capital.

- Financial capital
- Social and relationship capital
- Productive capital

Dilution of investment in ABHI, our India investment

In August 2022, Aditya Birla Capital (ABC) and Momentum Metropolitan jointly announced a transaction whereby the Abu Dhabi Investment Authority (ADIA) acquired an interest of 9.99% in Aditya Birla Health Insurance (ABHI) through a capital injection of approximately R1.3 billion.

The existing shareholders, ABC and Momentum Metropolitan diluted their respective interests to 45.91% and 44.1%. The capital raised by ABHI will be deployed towards distribution initiatives to accelerate growth and will lighten future capital requirements on Momentum Metropolitan, thus positively impacting financial capital but reducing our investment in productive capital.

- Financial capital
- Productive capital

Metropolitan GetUp

Metropolitan GetUp is the direct-to-consumer digital business we invested in to improve scale to reach digitally minded clients.

To ensure greater focus on our core business, we discontinued the Metropolitan GetUp offering as a standalone initiative from 1 July 2023. Although there is evidence of an increasing pattern of digital adoption in our target market, a full value chain investment into an e-commerce opportunity would take several years to yield commercially viable results.

While in the short term we make a financial saving, positively impacting financial capital, this decision negatively impacts human capital and intellectual capital.

- Financial capital
- Human capital
- Intellectual capital

Hybrid working model

We believe that a hybrid approach allows us to embrace the best of both worlds – leveraging the benefits of having people together in the office (sharing ideas, strengthening relationships, building culture) while still allowing for flexibility in how people structure their workdays (creating better work-life integration, minimising travel time where possible, positively impacting human capital).

The hybrid working model has the potential to impact our company culture if not proactively managed, particularly for new employees, negatively impacting intellectual capital.

- Human capital
- Intellectual capital

Investment in solar

The Momentum Metropolitan Executive Committee (Exco) approved a proposal to install solar solutions at both our Centurion and Parc du Cap campuses.

We expect substantial benefits in relation to reducing our footprint (greening our operations) and data centre and operational resilience, benefiting natural capital and productive capital. This will result in a financial investment, which will negatively impact financial capital.

- Natural capital
- Productive capital
- Financial capital

OUR STAKEHOLDER ENGAGEMENT

Momentum Metropolitan is committed to operating transparently and in good faith. We value our stakeholder relationships and align our efforts to build long-term partnerships with our stakeholders. Relationships are central to our purpose of enabling businesses and people from all walks of life to achieve their financial goals and life aspirations.

Maintaining mutually beneficial relationships with our stakeholders is an integral part of who we are. The quality of our stakeholder relationships plays a key role in our ability to deliver on our purpose and meet their different interests and expectations responsibly and transparently.

OUR APPROACH TO STAKEHOLDER ENGAGEMENT

The values we practise that underpin our purpose and our approach to our stakeholders are those of:

Accountability
We take ownership of responsibilities, our actions and their results, no matter what and keep our promises to all our stakeholders – from our clients to our investors and our own people.

Diversity
We embrace inclusivity and celebrate the many perspectives and skills that our people bring from their different backgrounds. It is the diversity of our irreplaceable human talent that makes us who we are, and that brings richness to our thinking and empathy to our actions.

Integrity
For us, integrity means always meaning what we say and saying what we mean. We believe in doing the right thing, delivering on our promises and treating all people with the same amount of sincerity and generous respect.

Innovation
We believe that you can only change the world if you change the way you look at it. That is why we always challenge each other and ourselves to look for smarter solutions, simpler processes and fresh ideas.

Excellence
We strive for excellence and believe that our people and clients deserve the best and we seek to exceed their expectations. We strive to realise the financial goals of people and clients from all walks of life.

Teamwork
We care about each other, as colleagues and as people. We listen. We share. We collaborate. We support, encourage and inspire each other all the way.

OUR KEY STAKEHOLDERS AND THE VALUE WE WISH TO DELIVER TO THEM

We group our stakeholders in terms of their level of influence and our social impact. By striving to understand and address their legitimate needs and applying all relevant inputs to our decision-making, we can create meaningful value and improve stakeholder confidence over the short, medium, and long term.

Our key stakeholders

Our employees and contractors
We rely on our highly motivated and engaged employees to achieve our strategic objectives. We develop a safe and inspirational environment that enables them to reach their full potential.

Intermediaries
Intermediaries are a crucial link between us and our clients. We enable digital transformation and provide access to training, which enables them to improve their client service and drive their business growth.

Communities where we operate
Demand for our solutions is generated and people are employed from our communities. They want us to provide employment opportunities and support financial inclusion and community empowerment.

Clients
Clients contract with us to achieve their protection and wealth creation goals and enable financial resilience and prosperity. We provide quality advice and fairly priced products that enable our clients to achieve their financial goals and life aspirations.

Industry bodies
Industry bodies are crucial for our advocacy efforts. They are able to influence regulatory policy and protect value.

Investor community
Investors provide financial capital and in return expect us to generate earnings, strengthen our balance sheet and efficiently deploy capital to fund future growth.

Government and regulators
Prudential and market conduct regulation provide financial stability and a sustainable environment for financial services. We participate in business and industry initiatives to stimulate economic growth and stability.

Suppliers
Suppliers provide products and services that enable us to conduct our business activities. We ensure our interactions with them are fair, transparent and based on our values.

INVESTOR COMMUNITY

Why we engage

- To understand and respond to the requirements of our investors and their value creation expectations
- Open and transparent communication to increase their understanding and trust in the Group

How we engage

- SENS announcements
- Annual and interim results presentations and reports
- One-on-one meetings with members of our executive team
- Investor roadshows and conferences
- Media channels
- Corporate website

Key matters in 2023

- Short-term performance against strategic objectives
- Transparency and accountability
- Capital management and cash-generation capacity
- Ability to deliver new business volume and efficiency improvements
- Good corporate governance
- Sound ESG practices

Our response

- Ongoing and transparent engagement with sell-side analysts and the investor community
- Regular, transparent and comprehensive financial and ESG reporting
- Engaging with shareholders on the **remuneration policy**

EMPLOYEES AND CONTRACTORS

Why we engage

- To keep them engaged and productive
- To keep them informed
- Conduct surveys to assess levels of engagement, wellness and their ability to adapt to a change in working conditions

How we engage

- Technology platforms
- Employee engagement surveys
- Townhalls with leaders
- Ongoing feedback through performance management
- Internal communications and emails

Key matters in 2023

- Authentic transformation through diversity and inclusion
- The flight of talent and the increasing demand for critical skills
- Employee wellbeing
- Learning and development
- Career advancement, growth and leadership development
- Employee value proposition

Our response

- Ongoing focus on **authentic transformation** through diversity and inclusion and creating opportunities for the unemployed
- Reviewing our approach to **retaining talent**, securing critical skills and **fair remuneration and incentives**
- Conducted multiple **wellness initiatives**
- Transitioning to a hybrid working environment

INTERMEDIARIES

Why we engage

- To provide support and training
- Footprint growth
- Conduct research to assess if we are meeting their expectations
- To keep them informed on digital transformation and product development

How we engage

- Online and face-to-face engagement
- Product launches and events
- Digital platforms and solutions
- Written communications
- Product and service brochures
- Professional development

Key matters in 2023

- Ongoing sales and training support
- Regular engagement and financial and non-financial support
- Digital capabilities that enable sales and servicing
- Data protection and privacy
- Growing the footprint of our retail distribution channels
- Market-related incentives

Our response

- Enhanced our ability to digitally engage with advisers
- Provided product and regulatory training
- Focused on **advice-led distribution**
- Reviewed incentives for IFAs

Strong relationship that benefits both parties   **Good quality** relationship   Relationship with room for **improvement**

CLIENTS

Why we engage

- To offer quality advice and fairly priced products
- To keep our clients informed
- To remain informed on how our products are received in the market; this ensures we design products that meet the needs of our customers

How we engage

- Call centres and our branches and offices
- Media, social media and advertising campaigns
- Digitally through apps and emails
- Print and electronic product brochures
- Our website
- Voice of the Client surveys
- Continuous monitoring of complaints, lapse rates and persistency

Key matters in 2023

- Fair and equitable claims and complaints processes
- Efficient and quality service
- Relief in times of financial difficulty
- Investment in digital innovation to enhance the client experience
- Security and privacy of data

Our response

- Acting in the best interests of our clients
- Continually upgrading and testing the security levels of our systems
- Obtain feedback from clients through our Voice of the Client research, which helps us to continually improve our service levels
- Our **investment in digitalisation** is increasing the ease of doing business and providing a wider choice of ways our clients can engage with us

COMMUNITIES

Why we engage

- To understand and where possible address community needs
- Improve financial education and foster inclusion
- To partner on common social and environmental issues

How we engage

- Media channels and social media
- Our Sustainability Report
- Direct communication with our programme managers
- Our website

Key matters in 2023

- Unemployment
- Climate-positive products and innovations
- Impact of unrest and extreme weather conditions
- Financial inclusion
- Transparent and comprehensive ESG reporting
- The need for community support in times of crisis

Our response

- Providing training and development opportunities that contribute to the employability of young people between the ages of 18 and 35
- Finding job placements for young people
- Providing easily accessible financial education
- Contributing to the financial inclusion of female farmers by equipping them with the skills they need to make their farming businesses sustainable
- Access to information on our approach to ESG in our **Sustainability Report**
- Employee and Company contributions to assist communities in crisis

SUPPLIERS

Why we engage

- To communicate our contractual terms and adherence to our approach to ethics
- To enable and support our business operations, including partnering to advance our B-BBEE objectives

How we engage

- Through our procurement department
- Tenders and requests for audits
- Supplier audits and assessments
- Individual engagement

Key matters in 2023

- Contractual terms
- Procurement opportunities
- Preferential procurement
- Enterprise and supplier development (ESD) opportunities
- Compliance with Momentum Metropolitan's governance and ethical standards

Our response

- Fair procurement practices
- Meeting and exceeding our preferential procurement targets
- Contributing to the sustainability of black-owned SMMEs through preferential procurement opportunities and our **ESD opportunities**
- Driving robust supply chain processes to ensure prompt payment

Strong relationship that benefits both parties

Good quality relationship

Relationship with room for **improvement**

GOVERNMENT AND REGULATORS

Why we engage	How we engage
• To provide input into policymaking and the development of regulations • To ensure adherence to regulatory compliance requirements and approvals • To ensure clarity on policies and legislation • To foster growth and trust and therefore maintain regulatory licences	• Direct communication including submissions of required applications, reports, attendance of meetings and emails • Participation in forums and engagement through industry bodies • Statutory reporting • Extensive commentary provided on regulatory proposals • B-BBEE reporting commitments

Key matters in 2023	Our response
• Effectiveness of control environment • Compliance with regulatory and legal requirements • Adherence to prescribed capital requirements • B-BBEE commitments • Protection of consumer, environment, labour and human rights • Cybersecurity • Financial sector transformation • Fair treatment of clients	• Ongoing engagement on industry-related matters • Met and in some instances exceeded our B-BBEE commitments, contributing to both **employment equity and transformation** • Met the Prudential Authority's prescribed capital requirements, maintaining a **Group solvency ratio** in excess of regulatory minimums • Operated in a financially prudent and ethical manner and treated our clients fairly

INDUSTRY BODIES

Why we engage	How we engage
• To keep informed of changes in global ESG standards and approaches to investor stewardship • To influence regulatory policy and debate legislative amendments through industry bodies • Contribute to the formulation of accounting and actuarial practices	• Attendance at face-to-face and online meetings • Attendance and presentation at conferences

Key matters in 2023	Our response
• Commitment to global ESG standards and responsible investment • Fair and ethical treatment of clients • Public trust and confidence in the insurance industry • Need to influence policy and regulation • Future of medical schemes under the NHI	• Engaged on critical issues impacting our industries and markets, including the NHI and how it might impact medical schemes • Participated in the industry's collective response to major challenges • Taking action to ensure a Just Transition to a low-carbon economy and being a formal supporter of the TCFD • Fair and ethical treatment of our clients • Promoting trust and confidence in the insurance industry

Strong relationship that benefits both parties **Good quality** relationship Relationship with room for **improvement**

MANAGING OUR RISKS AND OPPORTUNITIES FOR SUSTAINABLE ENTERPRISE VALUE CREATION

The Group assesses and reports its risk profile to the Risk, Capital and Compliance Committee every quarter.

Risk assessments adopt a risk taxonomy view to ensure comprehensive coverage of risk exposure across the Group. These risk assessments evaluate the Group's current risk exposures per risk type and identify the key emerging risks. These assessments are also supported by quarterly assessments of solvency and capital to provide a comprehensive view of the Group's risk, capital and solvency profiles, as well as how these components interact with one another.

The purpose of this risk process is to create sustainable value through the management of our risks and opportunities, and help to:

- Understand the nature of the risks to which the Group is exposed, the range of outcomes under different scenarios and the capital required for assuming these risks
- Ensure that the Group can create value by providing a long-term sustainable return on the capital required to back the risks assumed
- Create a competitive long-term advantage by managing our business in a sustainable manner
- Ensure ongoing compliance with relevant legislative and regulatory requirements
- Ensure we focus our capital and resources on activities that generate the greatest value on a risk-adjusted basis
- Ensure the fair treatment of clients and the protection of clients' interests by maintaining adequate solvency and liquidity levels

OUR RISK MANAGEMENT PROCESS

Our Own Risk and Solvency Assessment (ORSA) process integrates the Group's risk management system, risk appetite and capital management. The process is used to balance risk and return and inform our strategy and business 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 and resilience under a range of adverse scenarios, considering the external business environment we operate in.

Risk identification

The risk identification process relies on appropriate mechanisms, at a risk-type level, to identify internal and external sources of risk as well as their potential consequences. The identification of risks considers events that might enhance, degrade, accelerate or delay the achievement of objectives.

Risk assessment

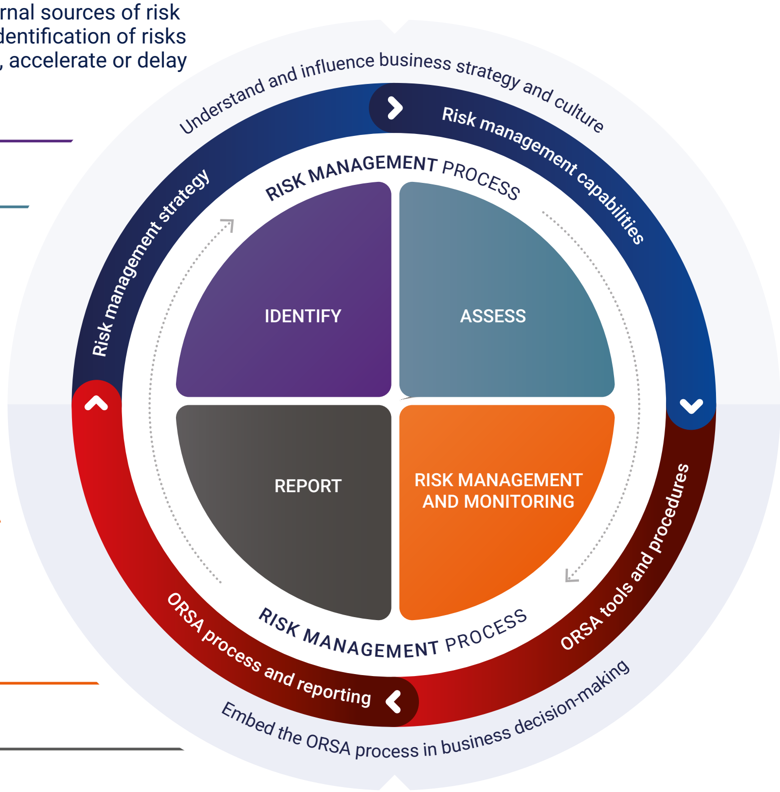
Risk is assessed by determining the likelihood and consequence of a risk event, and the nature and level of exposure relative to the Group's risk appetite and risk strategy. Controls and management actions and their effectiveness and efficiency are considered in determining the residual risk exposure.

Risk management and monitoring

Risk is managed and monitored as part of our ongoing operations. Management seeks to consider and implement appropriate risk responses based on the agreed risk appetite.

Risk reporting

Risk reporting is provided regularly to the relevant stakeholders, and details the risk exposures, proposed responses to the risks and outlook on the development of the risks.



OUR APPROACH TO RISK

Our Board-approved risk appetite framework articulates the level and type of risk the Group is prepared to seek, accept or tolerate.

It includes qualitative and quantitative statements and measures and addresses the need to:

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

Our risk appetite

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

The Group's risk appetite framework has proven to be invaluable in managing the Group's risk, liquidity and solvency profile. The solvency position of the Group remained strong in F2023 and liquidity was well-managed within the risk appetite levels during a period of continuing disruption and uncertainty resulting from the macroeconomic environment. The Group's liquidity risk appetite and tolerance are supported by setting aside a liquidity buffer and proactively engaging in a contingent liquidity plan, as well as the ongoing monitoring, management and reporting of the coverage of liquidity needs under stress events.

During F2023, there has been a significant focus on developing the risk appetite framework for the IFRS 17 implementation. This will continue in the next financial year, as well as the active management of discretionary and surplus capital to support and enhance financial performance. The Group continues to further develop and embed its climate risk framework.

More detail on risk and capital management is available in notes 36 – 41 of the **Group Annual Financial Statements**, see pages 127–162.

Capital and solvency management

The Group's capital management framework includes the development of processes to assess the capital needs of the insurance business written and actively manage the discretionary and surplus capital that remains to support and enhance financial performance.

The key principles underpinning MMH's capital management philosophy are set out below.

Capital surplus to the business needs: Capital over and above that is required to meet capital requirements and reinvestment need	Optimise performance and shareholder value
Discretionary capital: Capital retainable for reinvestment, acquisitions or other strategic reasons	
Required capital: Meet the capital needs of the insurance business written	Ensure the resilience of the Group and protect clients' interests

KEY RISKS AND OPPORTUNITIES

Our key risks are identified and rated based on their likelihood of affecting our ability to create value and deliver on our strategic objectives.

1 Macroeconomic uncertainty (Increase)	2 Regulatory change and compliance (Decrease)	3 People risk and transformation (Increase)
4 Business continuity (Decrease)	5 Climate risk (Increase)	6 Claims experience and persistency (No change)
7 Financial market volatility and liquidity risk (No change)	8 Information and cyber risk (No change)	9 Disruptive innovation (No change)

Increase in risk rating · No change · Decrease in risk rating

In the tables that follow we have summarised our key risks and opportunities, the material matters that create these risks and opportunities, and our response to them.

1 MACROECONOMIC UNCERTAINTY

2022 vs 2023	Material matters	Strategic impact
Increase in risk rating	• Depressed macroeconomic environment • Socio-political landscape • Essential infrastructure deterioration and poor service delivery • Withdrawal of favourable trading conditions • South Africa's greylisting by the Financial Action Task Force	• NHE of R4.6 to R5 billion • Market share growth • ROE of 18% to 20%

Momentum Metropolitan's operating performance and delivery of its long-term strategy can be materially impacted by changes in the macroeconomic environment.

The macroeconomic growth outlook is dampened by the recent negative political developments, uncertainty over the leadership of the country, energy constraints, local pressures on food inflation, and the impact of the rise in global financial stability risks on the currency. These, combined with high inflation levels and continued interest rate hikes, are likely to place pressure on new business volumes and new business margins.

Opportunity it creates	Our response to the risk
We continue to focus on innovation to improve our product offering to meet the needs of our clients and mitigate environmental risks.	The Group continues to closely monitor and manage its expense base and seeks to extract cost efficiencies. Several initiatives, including retention efforts and servicing improvements, have been rolled out in response to the risks the macroeconomic environment presents to business growth. Although some of our business units have exceeded their new business targets for F2023, the macroeconomic environment is likely to place pressure on business volumes and impact client behaviours.

2 REGULATORY CHANGE AND COMPLIANCE

2022 vs 2023	Material matters	Strategic impact
Decrease in risk rating	• Changing regulatory compliance environment	• Cost savings in excess of R500 million • ROE of 18 to 20%

The rapid pace of change within the regulatory environment remains challenging, particularly its impact on the Group's ability to achieve our strategic objectives. The continuing influx of new legislative and regulatory requirements requires ongoing system development and operating changes, delaying larger required system overhauls, and places pressure on internal resources and management's bandwidth.

The evolving regulatory environment may have operational, financial and reputational impacts on our business. These include the NHI Bill, the demanding implementation deadlines for the two-pot retirement system, several conduct-related standards in the process of being finalised, and changing reporting/disclosure requirements, including IFRS 17.

Opportunity it creates	Our response to the risk
The Group adopts a proactive approach to engagement with regulators and seeks to manage significant developments with a combination of internal and external resourcing.	The Group continues to work closely with and lobby regulators on key issues through industry and professional bodies. In addition, the Group Compliance function facilitates the management of compliance by analysing regulatory requirements and monitoring their implementation and execution together with compliance functions of the various business units. It is accountable for managing and reporting identified compliance risks. The IFRS 17 implementation is a significant project underway in Group Finance. During F2023, the team focused on completing the development of our actuarial models, results repositories and finance system updates to ensure successful adoption across the Group.

Increase in risk rating · No change · Decrease in risk rating

3 PEOPLE RISK AND TRANSFORMATION

2022 vs 2023

Material matters

- The flight of skills and the increasing demand for critical skills
- Authentic transformation through diversity and inclusion
- Health, wellness and wellbeing of employees

Strategic impact

- Accelerate digital
- Transformation
- Product and service leadership

People risk remains high as the Group continues to deal with the war for talent. We face the risk of skills shortages, particularly in critical skills such as actuarial, IT and technical talent. This has amplified in the evolving working environment. Talent retention, burnout and fatigue are all concerns, especially in specialist areas, and talent attraction remains challenging.

We are committed to creating a diverse, inclusive, transformed and equitable workplace. As a result of the war for talent, we face the risk of not attracting, developing and retaining black South African candidates at all levels. We further risk not achieving a satisfactory pace for targeted change at senior management level.

Opportunity it creates

The Group continues to entrench its compelling EVP to attract and retain the best talent in critical areas.

Our response to the risk

The Group's EVP presents a compelling array of physical, financial, and emotional support offerings, readily accessible to all employees. In F2023, we streamlined the EVP for easy accessibility.

As part of our ongoing commitment to employee wellbeing, we proudly offer a best-in-class employee assistance programme, while actively driving awareness and equipping employees with tools for proactive wellbeing management.

Our strategic focus for transformation and inclusion lies in embedding transformation, diversity and inclusion, and fostering a strong sense of belonging among employees. Our intentional approach aims to drive diversity, equity, inclusion and belonging within the organisation, seamlessly embed transformation initiatives, and position us as an authentically transformed organisation.

4 BUSINESS CONTINUITY

2022 vs 2023

Material matters

- Protecting the business from external shocks

Strategic impact

- Accelerate digital

Business continuity management and operational resilience continue to remain key focus areas of the business. This includes a focus on minimising the impact of disruptions and maintaining operations in the case of sudden, unexpected disruptions to our operations resulting from external fraud, catastrophes, cyber incidents or extended load shedding.

The Group continued the successful enablement of hybrid remote working. Most client engagement and enablement functions have returned to working in our offices full-time to ensure we continue to meet clients' expectations.

The risk of escalated load shedding effects is actively monitored and assessed as part of the Group's business continuity frameworks. This allows us to mitigate against the potential impact on operations and enables us to continue to service clients.

Opportunity it creates

Scenario planning assists in assessing where we need to strengthen resilience to ensure smooth operations and a consistent client experience despite challenges affecting operations. The Group applied learnings from the Covid-19 crisis to enhance the crisis response and management plans.

Our response to the risk

The Group formulated business continuity scenarios alongside high-level guidelines for initial response protocols, which were used to enable training and awareness across the Group.

Increased focus on innovation and digital transformation through training and awareness helps ensure employees remain informed about business continuity.

A load shedding scenario has been formulated for operational continuity in case of extended load shedding at Stage 8+ and/or grid failure.

Increase in risk rating   No change   Decrease in risk rating

5 CLIMATE RISK

2022 vs 2023

Material matters

- Responsible investing and stewardship
- Climate change and resilience
- Energy security and consumption

Strategic impact

- Product and service leadership
- NHE of R4.6 to R5 billion
- ROE of 18% to 20%

We recognise the need for a Just Transition and to support the commitment between government and business to drive interventions in energy, transport and to address crime and corruption.

Climate change represents a significant risk to society, the sustainability of economic markets and the institutions (financial and non-financial) that operate in these markets. It is, therefore, especially relevant to the ongoing operational viability of our business. In South Africa, factors such as social inequality, unemployment, pressure on utility providers and deteriorating infrastructure increase our vulnerability and the impact of climate-related disasters.

The Group classifies climate change risk as an ever-increasing risk, especially over the medium to long term; this includes the risk of extended wetter weather in the short term and the resultant impact on claims and reinsurance costs, as well as the transition risk into impact on market, credit and regulatory risks.

Opportunity it creates

Increasing our responsible investment focus on clean energy projects, and projects that result in the reduction in the use of fossil fuels creates opportunities for new jobs, new skills, and investments and creates a resilient economy.

Our response to the risk

The Group has adopted a climate risk framework which ensures the impact of climate change on all risk types is appropriately mitigated. This is one of the factors that has resulted in the hardening of the reinsurance market.

The Group is committed to various climate-related statements and disclosure projects (including being a voluntary participant in the CDP since 2013) and becoming a formal, listed supporter of the international Task Force on Climate-related Financial Disclosures (TCFD) and developing a climate risk framework.

We recognise that through our investment practices, underwriting decisions and property management practices, we also have an impact on climate change.

6 CLAIMS EXPERIENCE AND PERSISTENCY

2022 vs 2023

Material matters

- Protecting the business from external shocks
- Maintaining volumes in a shrinking market and achieving efficiency improvements
- Essential infrastructure deterioration and poor service delivery
- Climate change and resilience

Strategic impact

- Product and service leadership
- NHE of R4.6 to R5 billion
- ROE of 18% to 20%

Covid-19 is now considered endemic and mortality experience appears to have largely normalised, although some cohorts of lives are still observing elevated claims compared to pre-Covid levels. The potential longer-term impacts of the pandemic and weakened economy on policyholders and behaviours remain uncertain and a risk to the Group. Metropolitan Life in particular experienced a deterioration in persistency experience due to the difficult external environment.

Continued inflationary pressures on the cost of claims, increased claims frequency across most perils (notably accidental damage, theft and power surges) and a continuation of adverse weather-related events negatively impacted the claims ratio in Momentum Insure.

Opportunity it creates

Various external shock events have presented the Group with an opportunity to incorporate learnings when reviewing our pricing, underwriting and reinsurance strategies, and our risk appetite and strategies more broadly.

Our response to the risk

The Group has continued to review product pricing, underwriting and reinsurance arrangements to reflect our evolving outlook.

Metropolitan Life has also put several management actions in place to address the negative persistency experience.

Our Non-life Insurance business is implementing a series of management actions (such as the cancellation of uneconomical cohorts and revising new business and renewal rates and approaches) to rectify the claim ratio and will closely monitor the outcomes of such management actions.

Increase in risk rating | No change | Decrease in risk rating

7 FINANCIAL MARKET VOLATILITY AND LIQUIDITY RISK

2022 vs 2023

Material matters

- Optimising capital management
- Protecting the business from external shocks
- Volatile macroeconomic environment

Strategic impact

- NHE of R4.6 to R5 billion
- ROE of 18% to 20%

Our earnings and net asset value are exposed to movements in financial markets, most significantly to movements in interest rates and equity markets as consequential features of our business. There is an ongoing risk of elevated volatility as highly uncertain macroeconomic risk drivers play out locally and abroad. Market, credit and liquidity risks remain within the risk appetite and are well managed.

Opportunity it creates

Our market risk and liquidity risk strategies are defensively positioned, with a strong focus on maintaining economic matches of our long-term guaranteed liabilities.

Our response to the risk

The Group continued to focus on robust market and liquidity risk management in response to market volatility. This included hedging and asset liability matching strategies implemented by approved policies, and continual monitoring to maintain shareholder exposures within the risk appetite based on specific management intervention triggers.

Enhanced focus and modelling have been done with regards to liquidity risk management at a portfolio and Group level by utilising the key insights that arose from the pandemic-related volatility.

8 INFORMATION AND CYBER RISK

2022 vs 2023

Material matters

- Major projects and migrations, and technology infrastructure risks
- Cybersecurity and data protection

Strategic impact

- Accelerate digital

Cyber risk remains heightened. Information and cyber risk (in particular exposure to operational and reputational risks emanating from operational systems and processes, network infrastructure and cybercrime) continue to present evolving risk exposures. There are continuous efforts to educate and train staff who are traditionally the targeted vulnerability.

Opportunity it creates

We continue to seek opportunities to improve operational efficiency and information security and reduce system downtime.

Our response to the risk

The Group has an integrated information and technology framework, based on international standards for management of IT security and information governance.

Controls have been enhanced and expanded to address the additional risks associated with large-scale remote working practices. These initiatives include enhancing our firewall protection, implementing stronger authentication controls, reducing the Group's internet footprint and enhancing data leak prevention controls.

We continue to implement our IT security strategy and have improved data loss prevention, network and user authentication controls and reduced technical debt.

9 DISRUPTIVE INNOVATION

2022 vs 2023

Material matters

- Increased focus on innovation and digital transformation
- Digitalisation and refreshing our distribution channels to remain competitive
- Major projects and migrations, and technology infrastructure risks

Strategic impact

- NHE of R4.6 to R5 billion
- ROE of 18% to 20%
- Accelerate digital
- Establish new channels
- Product and service leadership

Our Reinvent and Grow strategy places significant reliance on digital transformation. However, there is pressure on the strategic delivery timelines given the competing priorities of implementing transformation, new compliance requirements and the ongoing implementation of the IT security strategy. The threat from disruptive innovation to digitally transform the financial services industry remains a significant and accelerating risk for the business strategies of traditional insurers.

Opportunity it creates

By taking advantage of the opportunity to partner with insurtech and fintech start-ups, we can use their innovative and disruptive abilities to create exciting new value propositions and distribution channels for our clients.

Our response to the risk

In line with our federated model, we have empowered our business units to drive digital transformation. Our business units continue to develop digital strategies to support their objectives while actioning projects to enhance digital skills and capabilities.

Increase in risk rating | No change | Decrease in risk rating

COMBINED ASSURANCE

The Board provides leadership, direction and oversight of the strategy, design, development and operation of assurance structures, processes and activities.

Momentum Metropolitan's established combined assurance model enables integrated planning, execution and reporting of all assurance activities across the business.

The Audit Committee is responsible for overseeing the effectiveness of assurance arrangements and ensuring that they lead to an effective internal control environment that supports the integrity of information used for internal decision-making and external reporting. This integrated approach optimises assurance activities, allowing for wider coverage of risks in the business, taking into consideration the Group's risk appetite, and providing for more focus on key business risks and improved collaboration between assurance providers.

To achieve the Group's combined assurance objectives, the combined assurance model guides the Group's approach to efficient and effective assurance processes. In addition, combined assurance forums (CAFs) assist the Board, the Audit Committee and the Risk, and the Capital and Compliance Committee in governing and managing the combined assurance processes and activities.

Combined assurance model

14 CAFs across the Group

Combined assurance focus areas

- Strategic and operational performance
- Operational, legal and compliance, and actuarial risk assurance
- Internal audit assurance
- External audit assurance

Material aspects covered

- Risk profiles monitoring and reporting
- Combined assurance plan, monitoring and reporting
- Internal financial controls assessments
- Governance, risk and control assessments

COLLABORATION BETWEEN RISK MANAGEMENT, INTERNAL AUDIT AND EXTERNAL AUDIT

There is an ongoing and improved collaboration between Risk Management, Internal Audit and External Audit where reliance and collaboration efforts are concerned. The importance of collaboration, with the objective of relying on the work of others, is to extract efficiencies in the assurance process and reduce or eliminate duplication of effort where it is deemed practical and beneficial to do so.

There is an increased focus on embedding the assurance provider reliance model in the Group, with a specific focus on increasing the reliance of External Audit on the work of Internal Audit and Risk Management. The business unit Chief Risk Officers continue to facilitate quarterly engagement workshops with all assurance providers, with improvement in some areas to ensure appropriate engagements take place. A notable increase in collaboration among assurance providers has been observed over time.

The trend in direct reliance and collaboration between Internal Audit and External Audit for F2023 shows a year-on-year decline (63% in F2022 vs 35% in F2023). The decline is explained by the reviews planned and executed in F2023 that do not have any impact on the work of External Audit, or reviews where reliance is not practical for various reasons.

Our combined assurance forums are responsible for overseeing the effectiveness of combined assurance arrangements within the Group.

		Control	Assurance	Oversight
Group management *Management within the Group including the CEO and executive management*	First line of defence	Maintain effective control over internal risk and compliance structures	Establishment of an organisational structure and operating model that enables an effective control environment Periodic self-assessments of internal controls	Reporting to the Board, Audit Committee and combined assurance forums
Risk management and compliance functions *Assurance activities performed by combined assurance forums, Group Compliance, Group Risk Management, Group Legal, Actuarial and Forensics*	Second line of defence	Risk mitigation consultation and collaboration with combined assurance forums and management	Periodic reviews and assessments provide assurance to senior management, the Board Risk, Capital and Compliance Committee and other relevant Board committees	Reporting to the Board Risk, Capital and Compliance Committee and other relevant Board committees
Group Internal Audit *Independent internal assurance provider*	Third line of defence	Risk-based assessment and evaluation of the adequacy and effectiveness of controls	Regular reviews and assessments provide assurance to senior management, the Audit Committee and other relevant Board committees	Reporting to the Audit Committee
External Audit *Independent external assurance*	Fourth line of defence	Statutory audit of the Annual Financial Statements and other regulatory reports	Independent evaluation of the fair presentation of Annual Financial Statements	Reporting to the Board, the Audit Committee, and other relevant Board committees

COMBINED ASSURANCE MATURITY

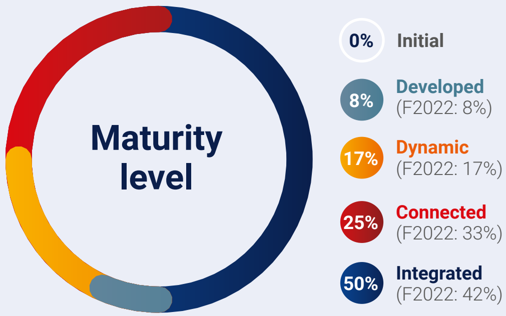
The Group focuses on improving and maturing its combined assurance process. As part of this process, we determine the current maturity levels and assist the business in determining the target level of maturity it wants to attain. The model is deemed to be an integral part of efforts to improve combined assurance maturity within the Group.

It should be noted that embedding combined assurance processes in the Group's business units are at different maturity levels and there is significant effort by management, through the Chief Risk Officers, to ensure processes improve over time.

Some of the activities noted as being key contributors to the higher maturity levels in some of the business units include, among others:

- Visible, regular or ongoing engagements and collaboration by the assurance providers of the business units to ensure the combined assurance plan is kept up to date
- Complete and regularly updated risk registers assist with an overall improvement of the combined assurance programme, while some areas also rely on control self-assessment to assist with the completeness of risk and controls/process view
- Ongoing improvement of the combined assurance processes at a business unit level to ensure the programme is suitable and aligned with the business needs

The pie chart below reflects our business unit maturity categories for F2023.



OUR PERFORMANCE

Risto Ketola

Group Finance Director

OVERVIEW OF FINANCIAL RESULTS

We are pleased with the Group's financial results for the past year given the challenging operating environment. The Group's normalised headline earnings of R5 079 million, were positively impacted by improved mortality experience, due to the modest impact of Covid-19 in the current year, and a strong improvement in investment variances from favourable shifts in yield curves.

The Group delivered normalised headline earnings of R5 079 million for the 12 months ended 30 June 2023, up 16% from the prior year. Normalised headline earnings per share increased by 19% from 287.2 cents to 342.3 cents. Headline earnings per share increased by 5% from 297.3 cents to 310.7 cents and earnings per share improved by 20% from 260.6 cents to 313.3 cents.

Operating profit improved by 31% to R4 419 million, from R3 363 million in the prior year, supported by the improved mortality experience and investment variances. Momentum Life, Momentum Corporate, Guardrisk and Momentum Health delivered pleasing results. Momentum Investments reported marginally lower operating earnings, mainly due to lower mortality profits on the annuity and structured business as well as lower new business sales on the Momentum Wealth platform, Operating earnings in Metropolitan Life were mainly impacted by unfavourable lapse experience on the protection business, as well as assumption changes reflecting operating headwinds. Within the Non-life Insurance segment, Momentum Insure was negatively affected by high claim ratios given adverse experience and premium increases which lagged rising claims inflation. Africa saw a significantly improved result primarily due to positive investment variances and mortality experience, as well as actuarial basis changes.

Investment return from the Group's shareholder assets declined by 35% to R660 million from the prior year, mainly as a result of a significant fair value gain on the Group's investment in venture capital funds in the previous year, followed by a modest negative movement in the current year.

Following a review of Momentum Insure's expected future growth prospects, gross written premium and earnings expectations have been adjusted downwards. As a result, we have impaired the remaining R478 million goodwill held from the acquisition of the Alexforbes Short-term Insurance business. More positively, earnings include the positive adjustment of R563 million to the carrying amount of the Group's remaining interest in our health insurance joint venture in India, Aditya Birla Health Insurance (ABHI), following the dilution of the Group's investment because of the introduction of a new shareholder. Note that the impairment within Momentum Insure and the gain on our ABHI interest are excluded headline earnings and normalised headline earnings.

Key metrics	F2023	F2022	Δ%
Earnings per share (cents)	313.3	260.6	20%
Headline earnings per share (cents)	310.7	297.3	5%
Normalised headline earnings per share (cents)	342.3	287.2	19%
Normalised headline earnings (R million)[1]	5 079	4 383	16%
Operating profit (R million)[2]	4 419	3 363	31%
Investment return (R million)	660	1 020	(35)%
New business (PVNBP, R million)	68 873	72 673	(5)%
Value of new business (VNB, R million)	600	626	(4)%
New business margin	0.9%	0.9%	
Diluted embedded value per share (Rand)	33.75	29.77	13%
Return on embedded value per share	17.0%	11.7%	
Return on equity[3]	22.3%	22.7%	
Dividend per share (cents)	120	100	20%

[1] Normalised headline earnings adjust the 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 held by policyholder funds and the iSabelo Trust, the amortisation of intangible assets arising from business combinations, the impairment of loans to subsidiaries following the Group's disinvestment, B-BBEE costs and the amortisation of the discount at which the iSabelo Trust acquired the Momentum Metropolitan treasury shares. The adjustment for the impact of treasury shares removes mismatches that are unique to financial institutions that invest in their own securities on behalf of clients. During 2023, the definition of NHE was refined to include the impairment of loans to subsidiaries, following the Group's strategic decision to disinvest from Kenya.

[2] Operating profit represents the profit (net of tax) that is generated from the Group's operational activities and reflects normalised headline earnings excluding the investment return on shareholder funds.

[3] Return on equity expresses normalised headline earnings as a percentage of start-of-year net asset value, adjusted for the items outlined in footnote 2, as well as the adjusting items to determine headline earnings.

Return on equity and return on embedded value

Return on equity (ROE) for the year was 22.3%, marginally down from 22.7% in the prior year. This strong ROE follows the Group's earnings improvement offset by an increase in opening equity relative to the prior year. Group embedded value per share was R33.75 on 30 June 2023.

The return on embedded value (ROEV) per share was 17.0%, an improvement from 11.7% in the prior year. All per-share metrics benefited from share repurchases made over the past 12 months.

GROUP'S FINANCIAL PERFORMANCE

The following table outlines the contribution from operating profit and investment return to normalised headline earnings per business unit:

R million	F2023 Operating profit	F2023 Investment return	F2023 Normalised headline earnings	F2022 Operating profit	F2022 Investment return	F2022 Normalised headline earnings	Δ% Operating profit	Δ% Investment return	Δ% Normalised headline earnings
Momentum Life	1 824	111	1 935	976	134	1 110	87%	(17)%	74%
Momentum Investments	736	168	904	870	68	938	(15)%	>100%	(4)%
Metropolitan Life	237	70	307	606	66	672	(61)%	6%	(54)%
Momentum Corporate	1 188	142	1 330	1 049	125	1 174	13%	14%	13%
Momentum Metropolitan Health	287	3	290	212	(3)	209	35%	>100%	39%
Non-life Insurance	188	44	232	399	62	461	(53)%	(29)%	(50)%
Momentum Metropolitan Africa	508	88	596	8	110	118	>100%	(20)%	>100%
Normalised headline earnings from operating business units	**4 968**	**626**	**5 594**	**4 120**	**562**	**4 682**	**21%**	**11%**	**19%**
New Initiatives	(438)	10	(428)	(468)	2	(466)	6%	>100%	8%
Shareholders segment	(111)	24	(87)	(289)	456	167	62%	(95)%	<(100)%
Normalised headline earnings	**4 419**	**660**	**5 079**	**3 363**	**1 020**	**4 383**	**31%**	**(35)%**	**16%**

Operating profit

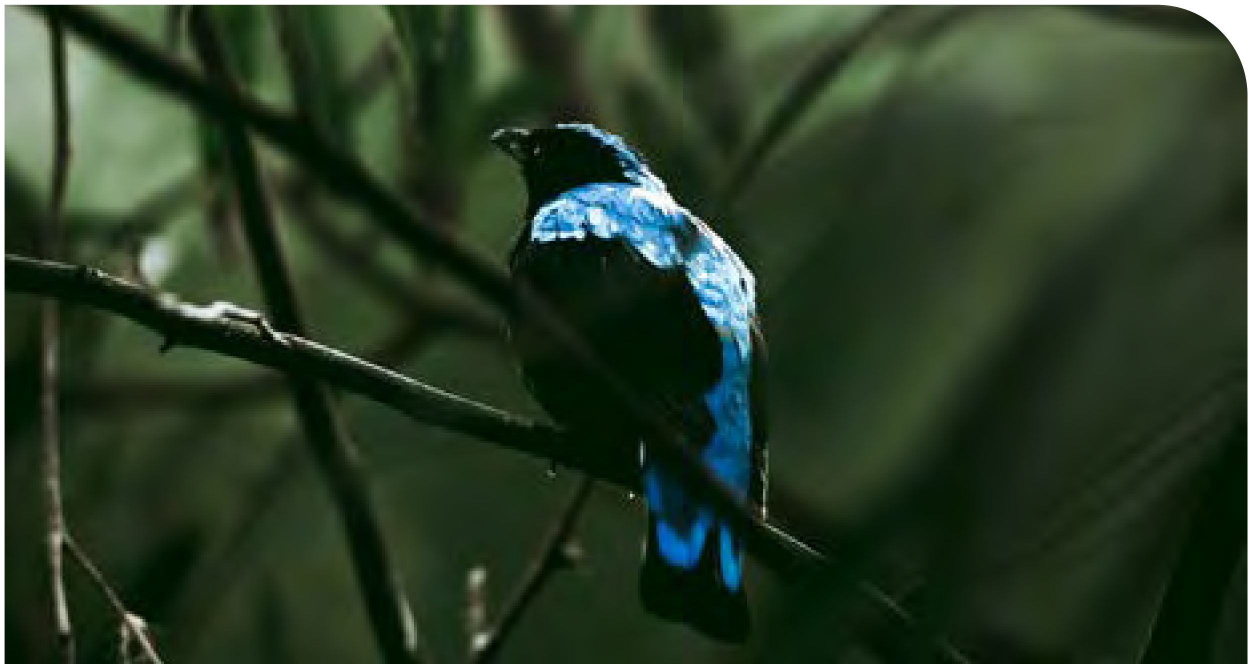
Operating profit increased significantly from R3 363 million to R4 419 million. The robust performance in operating profit follows the recovery in mortality experience variance in Momentum Life, Metropolitan Life, Momentum Corporate and Momentum Metropolitan Africa, all benefiting from the less severe impact of Covid-19 in the current year. Earnings were further supported by a strong improvement in investment variances because of advantageous shifts in yield curves. This was partially dampened by a deterioration in lapse experience in Metropolitan Life and operating profit in Momentum Investments being impacted by lower mortality profits from annuities and lower new business sales on the Momentum Wealth platform, mitigated by lower expenses. Guardrisk continues to deliver strong positive earnings leveraging off their industry and product diversification across cells. Momentum Insure reported an underwriting loss driven by high claim ratios given adverse experience and premium increases which did not mitigate rising claims inflation.

Investment return

Investment return from the Group's shareholder assets declined by 35% to R660 million. The decline is mainly attributable to a decrease in investment return in the Shareholders segment due to fair value losses arising from the revaluation of the Group's investment in VC funds as well as the non-repeat of fair value gains of a cell acquired by Guardrisk during the first quarter of F2022. The prior year included significant write-ups of the VC funds.

Mortality experience

The current year saw positive mortality experience variances in most business units. Our South African life insurance businesses paid R10.1 billion in gross mortality claims during the current year compared to R10.8 billion in the comparative period. Despite the improvement in mortality experience, claims remain above pre-pandemic levels. Morbidity rates improved similarly, however, low termination rates on claims-in-payment are placing some pressure on morbidity experience.



Investment variance

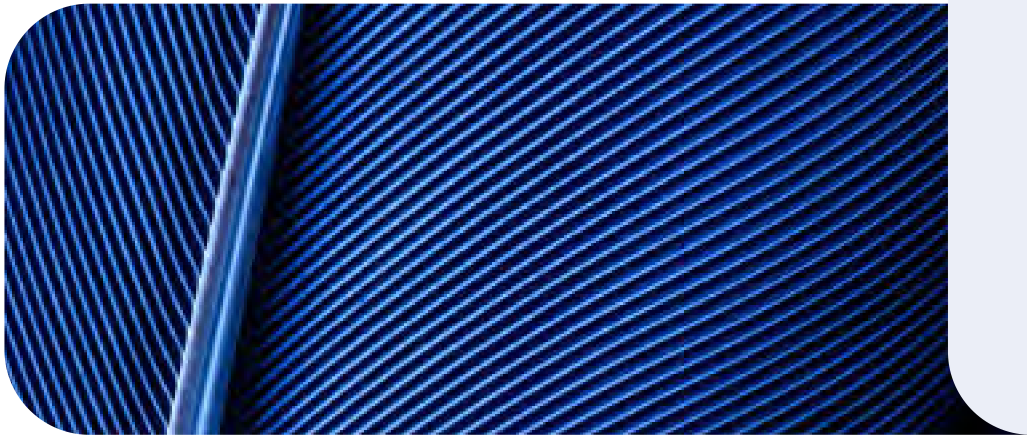
Investment variances are included in operating profit and are shown below net of tax. The table below sets out the investment variance by business and reflects the various offsetting impacts experienced over the period.

R million	F2023	F2022	Δ%
Momentum Life	598	53	>100%
Momentum Investments	81	34	>100%
Metropolitan Life	71	43	64%
Momentum Corporate	118	148	(20)%
Momentum Metropolitan Africa	166	–	>100%
Shareholders segment	45	75	(40)%
Total investment variance	**1 079**	**353**	**>100%**

The Group recorded a positive investment variance of R1 079 million, compared to a positive R353 million in the prior year. The positive variance in the current year is largely attributable to significant nominal yield increases, a reduction in market implied future inflation rates and strong equity market performance.

The increase in the investment variances was most pronounced in Momentum Life, where the Myriad protection product is particularly sensitive to yield curve changes at long durations. The yield curve at long durations increased, which lowered overall prospective liabilities. For Momentum Investments, the increase in variance was largely attributable to improved earnings from yield enhancement activity on assets backing the annuity business. Metropolitan Life benefited from yield and equity variances. Although positive, the variance in Momentum Corporate was smaller than the prior year. Momentum Metropolitan Africa, mainly driven by Namibia, has seen an improvement from the prior year, which is mainly due to increased returns on the assets backing protection business reserves and refinements to how future inflation assumptions are derived.

Going forward, under IFRS 17, we anticipate a reduction in investment variances arising from yield curve movements. This is because under IFRS 17 the sensitivity of the insurance liabilities is more aligned to the economic view on the insurance liabilities.



NEW BUSINESS PERFORMANCE

The Group's PVNBP declined to R68.9 billion, 5% lower than the prior year. As a general trend, tough economic conditions dampened sales volumes. Momentum Life saw improved volumes on long-term savings, offset by lower protection new business volumes. Momentum Investments saw lower new business on both the local and international Wealth platforms, while annuity sales remained strong. Metropolitan Life's PVNBP stayed in line with the prior year, benefiting from growth in annuities and recurring premium long-term savings business. Momentum Corporate was impacted by lower new business volumes on Group risk products. Momentum Metropolitan Africa saw a decline in new business volumes, mainly driven by the non-repeat of large corporate deals secured in the prior year in Namibia and Lesotho.

Value of new business

The Group's VNB declined by 4% to R600 million, driven by lower new business volumes, higher distribution costs, a general change in new business mix toward lower margin products across many of the business units, and the negative impact of the yield curve-related economic assumption changes. The overall Group's new business margin remained unchanged at 0.9%.

PVNBP
R68 873 million
(F2022: R72 673 million)
5%

Recurring premiums
R4 524 million
(F2022: R4 607 million)
2%

Single premiums
R49 617 million
(F2022: R51 885 million)
4%

VNB
R600 million
(F2022: R626 million)
4%

New business margin
0.9%
(F2022: 0.9%)

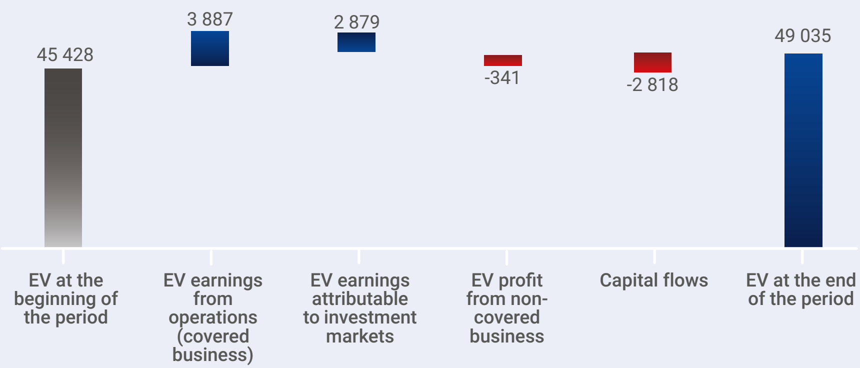
EMBEDDED VALUE

Group embedded value per share was R33.75 as of 30 June 2023. The return on embedded value (ROEV) was an annualised 14.1% for the financial year ending 30 June 2023. The ROEV per share was enhanced by our share repurchase programme, ultimately reflecting a 17% return.

Embedded value earnings from covered business benefited from improved mortality and morbidity experience variances, including unwinding of the allowances for the effects of the recent pandemic. This improvement was noted across businesses, with the largest contribution being from Momentum Corporate. Lapse experience in Metropolitan Life remained a significant detractor from experience variances. The expected contribution from in-force business, the expected change in the present value of margins, remains the single largest contributor to embedded value earnings from covered business. This is a function of near-term discount rates and was relatively unchanged from the prior year. Operating assumption changes relating to mortality, morbidity, and persistency assumptions all contributed positively apart from Metropolitan Life's changes to its lapse assumptions. Changes related to renewal expense assumptions contributed negatively to embedded value earnings. Despite modest sales growth, the contribution from new business remained resilient due to the relatively larger contribution from risk and annuity products.

The contribution from investment markets includes investment returns on the net asset value backing covered business and investment variances and economic assumption changes. Investment returns benefited from higher short-term interest rates and the outperformance of MMH shares that are part of the share scheme hedge.

Embedded value (R million)



Embedded value (EV)

R49 035 million

(F2022: R45 428 million)

8%

Diluted EV per share

R33.75

(F2022: R29.77)

13%

CAPITAL MANAGEMENT ACTIVITIES

The Group remains focused on the active management of the discretionary and surplus capital in the Group. In accordance with our capital management framework, surplus capital will be distributed through ordinary dividends, special dividends or share repurchases.

Share repurchase programme

We completed the initial R750 million share repurchase programme on 26 October. The R500 million share repurchase programme communicated to investors at the F2023 interim results announcement and was completed on 31 May 2023. The Group bought back 27.9 million shares (1.9% of the shares in issue as at 30 June 2022), at an average price of R17.87 per share.

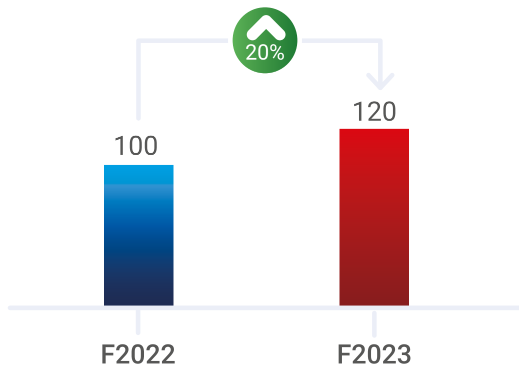
In line with our capital management framework, and in consideration of the strong capital and liquidity position, the Board has approved a further R500 million for the repurchase programme of the Group's ordinary shares.

Dividends

Momentum Metropolitan has declared a final dividend of 70 cents per ordinary share, resulting in a total dividend of 120 cents per ordinary share for the full year. The F2023 total dividend represents a payout ratio of 35% of normalised headline earnings.

In line with Momentum Metropolitan's capital distribution philosophy, the share repurchase programme will not be in lieu of a dividend. The Group's dividend policy to declare dividends within a payout range of 33% to 50% of normalised headline earnings, remains unchanged.

Dividend per share (cents)



Capital deployment

The following capital injections and strategic investments (and disposals) were made during the period:

Areas of capital deployment	R million
Momentum Investments	43
Momentum Metropolitan Health	31
Momentum Insure	580
New Initiatives	248
Shareholders	68
Total capital deployment	**970**
Business disposals	
Momentum Investments	(28)
New Initiatives	(11)
Total business disposals	**(39)**
Total net capital deployment	**931**

Capital deployed to Momentum Investments was mainly for the acquisition of Crown Agents Investment Management, a fixed income and multi asset manager in the UK. The deployment of R31 million in Momentum Metropolitan Health was to facilitate the transfer of Momentum Multiply into the health segment. Capital of R580 million was deployed to Momentum Insure to maintain their solvency position within our internal solvency cover targets following poor underwriting results. Within New Initiatives, R160 million was deployed to maintain the minimum regulatory requirements in the Momentum Money initiative and R61 million was deployed for working capital in Momentum Consult. R68 million was deployed to South African VC funds within the Shareholders segment.

Acquisition of RMI Investment Managers

We are pleased to announce that Momentum Metropolitan concluded a sale agreement with OUTsurance Group (previously Rand Merchant Investment Holdings) in terms of which Momentum Metropolitan will acquire OUTsurance Group's share in the RMI Investment Managers Group. The acquisition will enable the Group to increase its asset management market participation significantly. The purchase consideration includes an upfront cash consideration and a deferred consideration based on the continued performance of the business. The transaction is subject to customary terms and conditions for transactions of this nature, including approval by the competition authorities.

Change in debt officer

Cobus Rothman resigned as the debt officer of Momentum Metropolitan Life (MML)with effect from 5 December 2022 due to his resignation from MML. Subsequently, Lebogang Moepye, was appointed as the new debt officer of MML, effective 5 December 2022.

SOLVENCY

The solo SCR for the Group's regulated insurance entities were as follows:

Regulatory solvency position as at 30 June 2023

R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	Momentum Insure
Eligible own funds (pre dividend)	31 526	3 810	4 264	1 292
SCR	15 210	2 918	3 676	820
SCR cover (times)	**2.07**	**1.31**	**1.16**	**1.58**

Regulatory solvency position as at 30 June 2022

R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	Momentum Insure
Eligible own funds (pre dividend)	30 362	3 006	3 473	977
SCR	14 939	2 545	2 970	695
SCR cover (times)	**2.03**	**1.18**	**1.17**	**1.41**

Momentum Metropolitan Life has adopted a target range for regulatory solvency cover of 1.6 to 2.0 times the SCR before any declared dividend. The regulatory solvency position of Momentum Metropolitan Life increased from 2.03 times SCR at 30 June 2022 to 2.07 times SCR (pre-foreseeable dividend) at 30 June 2023. This improvement in solvency cover was predominantly due to improved mortality and morbidity experience, good investment returns and the positive impact of increases in the nominal yield curve over the financial year.

The SCR cover for Guardrisk Insurance increased from 1.18 times SCR to 1.31 times SCR, supported by increased promoter cell own funds due to good performance by the promoter business. This was offset slightly by an increase in cell SCR mainly due to the growth of various large cells and increased reinsurance retention levels. The SCR cover for Guardrisk Life decreased slightly from 1.17 times SCR to 1.16 times SCR but remains above the target range. The own funds and SCR increased over the year mainly because of the section 50 transfer of the Momentum Ability business to Guardrisk Life. The nominal yield curve movements had mixed impacts on the own funds and SCR of the long contract boundary cells and promoter. The SCR covers of both Guardrisk licences remained within or above their respective target ranges.

The SCR cover for Momentum Insure increased from 1.41 times SCR at 30 June 2022 to 1.58 times SCR at 30 June 2023. Momentum Insure's solvency position was negatively affected by high claim ratios over the financial year and capital was deployed to Momentum Insure to maintain the solvency position within the target range of 1.4 to 1.6 times SCR.

Regulatory group solvency position for Momentum Metropolitan Holdings

The Prudential Authority has designated Momentum Metropolitan Holdings as an insurance group. The Accounting Consolidation method is used for certain group entities (notably Momentum Metropolitan Life and Momentum Insure).

Momentum Metropolitan Holdings has adopted a target range for group regulatory solvency cover of 1.4 to 1.7 times the SCR. Momentum Metropolitan Holdings Group's SCR cover was 1.6 times at 30 June 2023.

The Group SCR cover is impacted by the restrictions applied to the own funds of cell captive insurers and if Guardrisk were excluded, the SCR cover for the Group would increase to 1.8 times SCR at 30 June 2023.

IMPLEMENTATION OF IFRS 17 – INSURANCE CONTRACTS

We continue to evaluate the impact of IFRS 17 and refine the new financial reporting processes, systems and controls that will underpin our IFRS 17 results. While IFRS 17 will not change the underlying fundamentals of our business, our cash generation or capital strength, it will significantly change how we report on our insurance business. We remain on track to report under IFRS 17 for the first time for the half-year ended 30 December 2023.

IFRS 17 requires accounting policy and implementation choices which will affect the level and pattern of future earnings. When deliberating the options, we decided not to target a specific earnings or equity impact, but to adhere to a framework consisting of three principles:

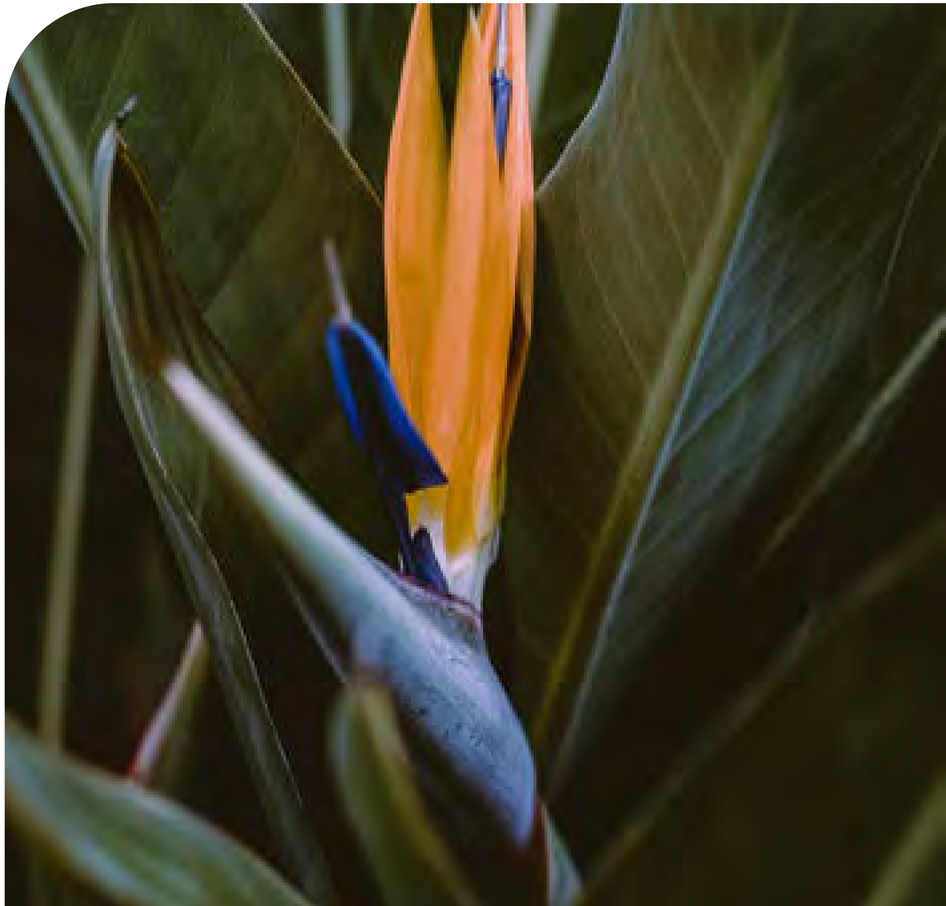
- Economic substance: Accounting should reflect the underlying economics of insurance contracts as closely as possible. An example of where this was applied is setting the confidence level of the risk adjustment so as to have the contractual service margin (CSM) be a fair reflection of the economic value added.
- Stable earnings release: In-force contracts should deliver a stable and real (increasing broadly with inflation) contribution to profit and loss. Earnings volatility, including volatility from one period to the next, should be minimised where possible. An example of where this was applied is the choice to discount coverage units.
- Operational alignment: Where possible, accounting had to align with current business practices, for example, risk and product management. In addition, choices should also support alignment across the various reporting bases being regulatory, statutory, embedded value and tax

By applying this framework, we believe that IFRS 17 will contribute to enhanced clarity and comparability of its financial results. It is noteworthy that the quantum and magnitude of adjustments between IFRS earnings and normalised headline earnings (one of the Group's key performance indicators) are expected to reduce, emphasising the reliance placed on meaningful financial results.

While the impact of IFRS 17 on the Group's financial reporting is significant, solvency and thus ultimate free cash flow is unaffected. No immediate changes to business models are anticipated, but the additional granularity and aspects on financial performance provided by IFRS 17 may be used to enhance decision-making.

Our next set of results will be prepared on an IFRS 17 basis and we will communicate the revised medium-term targets in due course. It should be noted that the introduction of IFRS 17 is expected to reduce earnings modestly.

KEY METRICS		HIGH LEVEL IMPACT
Growth and sales	Normalised headline earnings	Expect about a R200 million decrease in NHE and thus likely to see NHE targets adjusted accordingly
	Value of new business	VNB metric sees modest changes while VNB targets unchanged
	Present value of new business premiums	PVNBP metric and targets unchanged
Distributable reserves	Dividend per share	Dividends not impacted
Financial stability and value	Return on equity	Lower ROE due to c.R3 billion expected increase in equity on transition and c.R200 million decrease in NHE
	Embedded value	EV per share not materially affected (aligns with distribution not being affected)
	Contractual service margin	R16.5 billion on transition



OUTLOOK

We are proud of the solid earnings Momentum Metropolitan achieved during a challenging period. Our dividend declaration reflects the continued resilience of the Group and the Board's confidence in the underlying financial strength of the business. The Group's strong results in the second year of the three-year Reinvent and Grow strategy are encouraging and confirm our solid competitive position.

The positive mortality experience variances in our main life insurance business units continue to suggest that the Covid-19 pandemic has reached its endemic phase. The normalisation of the mortality experience, combined with the disciplined execution of our strategy and ongoing focus on efficiency, means that we expect our earnings to remain robust in F2024.

While our earnings outlook has improved, recent pressure on sales volumes is a concern. Disposable income remains under pressure due to rising interest rates and high inflation, as well as the lack of economic growth in South Africa. This is likely to put ongoing affordability pressure on new business volumes, particularly on long-term savings and on protection business. Investment business is negatively affected by other factors, such as low confidence in SA asset classes and by consumer preference to maintain their assets in liquid low-risk investments. New business volumes and profitability are receiving significant management attention.

We remain focused on driving sales volumes and a profitable sales mix to improve market share growth and will continue to focus on achieving the Reinvent and Grow business targets for F2024. We believe the underlying run rate of annual earnings is approximately R4 billion.

IN APPRECIATION

My sincere thanks go to all our stakeholders for their continued support this year. We look forward to working with you to create mutual value in the year ahead.

I am proud of the Group's performance and thank our skilled and resilient employees – it is through their efforts, professionalism and hard work that we have successfully managed to navigate these tough trading conditions to create value for our stakeholders.

Risto Ketola
Group Finance Director

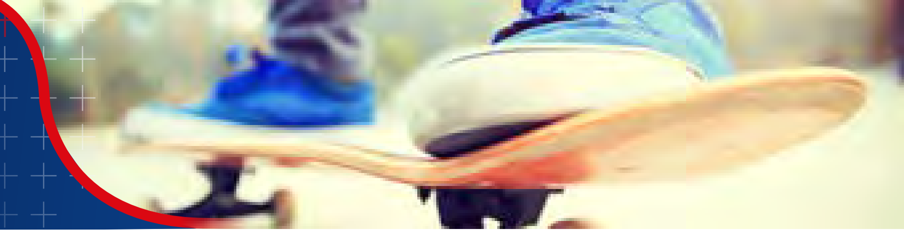
The information in this commentary, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan's external auditors.

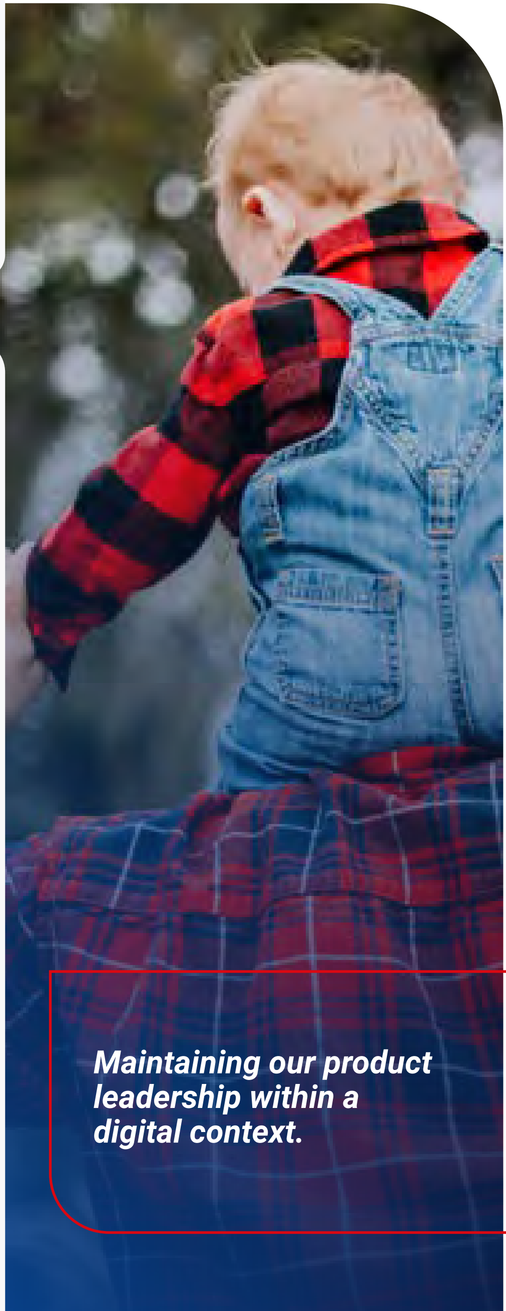
FIVE-YEAR REVIEW

R million	June 2023	June 2022	June 2021	June 2020	June 2019
Financial capital					
Net insurance premiums	**97 939**	87 210	81 315	74 331	73 152
Momentum Life	**10 532**	9 889	9 516	9 466	9 213
Momentum Investments	**36 726**	30 732	32 361	24 067	21 039
Metropolitan Life	**8 561**	8 239	7 657	7 085	7 052
Momentum Corporate	**18 705**	17 509	14 864	15 340	20 991
Momentum Metropolitan Health	**1 258**	1 186	932	857	
Non-life Insurance	**15 246**	14 035	11 146	12 818	10 165
Momentum Metropolitan Africa	**4 911**	5 620	4 839	4 698	4 692
Present value of new business premiums	**68 873**	72 673	65 898	50 447	55 783
Momentum Life	**7 601**	7 291	7 479	7 072	8 266
Momentum Investments	**40 656**	42 476	41 471	26 812	23 145
Metropolitan Life	**7 201**	7 160	5 885	4 701	4 897
Momentum Corporate	**10 485**	12 276	8 220	9 206	16 977
Momentum Metropolitan Africa	**2 930**	3 470	2 843	2 656	2 498
Value of new business	**600**	626	725	280	541
Momentum Life	**-69**	-20	72	22	101
Momentum Investments	**466**	346	392	134	82
Metropolitan Life	**154**	244	253	110	89
Momentum Corporate	**67**	68	11	-4	124
Momentum Metropolitan Africa	**-18**	-12	-3	18	-5
Normalised headline earnings	**5 079**	4 383	1 007	1 521	3 074
Momentum Life	**1 935**	1 110	-859	578	883
Momentum Investments	**904**	938	1 095	340	512
Metropolitan Life	**307**	672	435	393	610
Momentum Corporate	**1 330**	1 174	-552	177	601
Momentum Metropolitan Health	**290**	209	213	156	
Non-life Insurance	**232**	461	544	405	164
Momentum Metropolitan Africa	**596**	118	256	317	262
New Initiatives	**-428**	-466	-358	-509	-492
Shareholders	**-87**	167	233	-336	534

	June 2023	June 2022	June 2021	June 2020	June 2019
Earnings attributable to owners of the parent (Rm)	**4 333**	3 711	451	188	2 255
Earnings per share attributable to owners of the parent (cents)	**313.3**	260.6	31.3	12.9	153.1
Diluted headline earnings per share attributable to owners of the parent (cents)	**310.7**	297.3	30.9	71.3	166.2
Diluted normalised headline earnings per share attributable to owners of the parent (cents)	**342.3**	287.2	67.1	101.5	202.5
Dividend per share (cents)	**120**	100	40	40	70
Diluted embedded value (Rm)	**49 035**	45 428	41 328	38 524	41 193
Return on embedded value (%) (annualised) — internal rate of return	**14.1%**	11.6%	7.3%	-3.7%	8.0%
Price/diluted normalised headline earnings ratio	**5.3**	5.0	29.1	17.3	9.3
Dividend yield % (dividend on listed shares)	**6.6%**	7.0%	2.1%	2.3%	3.7%
Share price — last sale of period (cents per share)	**1 806**	1 426	1 950	1 761	1 897
Human capital					
Number of employees in the Group	**15 991**	16 558	16 482	16 234	15 674
Voluntary turnover (%)	**11**	11	15	20	34
Absenteeism rate (includes all sick leave taken) (%)	**1.2**	1.1	1.1	1.2	1.2
Females in workforce (%)	**65**	65	64	64	64
African, Coloured and Indian (ACI) females in workforce (%)	**53**	52	51	51	50
ACI members of management (%)	**36**	36	36	41	40
ACI female members of management (%)	**9**	9	18	20	19
Intellectual capital (governance)					
Independent non-executive directors (%)	**71**	71	69	70	72
Female Board members (%)	**21**	29	31	35	33
Black Board members (%)	**36**	43	44	47	50
Social capital					
Total community investment (R million)	**44**	28	27	36	27
B-BBEE contributor level	**1**	1	1	1	1
Natural capital*					
Carbon emissions reduction (Scopes 1 and 2) (% change against 2014 baseline)	**(26)**	(27)	(33)	(26)	(11)
Water use reduction	**(56)**	(52)	n/a	(54)	(39)
Waste recycling (% recycled annually)	**61**	47	40	40	40

**The recording of our natural capital statistics is on a calendar year basis, therefore results for 2023 will not be available until the end of the calendar year.*





Maintaining our product leadership within a digital context.

momentum life

OVERVIEW

F2023 has been characterised by high inflation, interest rate increases and a low growth environment, impacting our clients' disposable income and our value of new business revenue margins. New business volumes increased only marginally year on year. We are however very pleased with the growth in long-term retirement savings and our digital-led protection sales.

Momentum Life benefited from a normalisation of mortality claims as the impacts of Covid-19 were less severe. The business further benefited significantly from a favourable movement in investment variances arising from the positive impact of the shifts in yield curves on our existing book.

The cost of compliance within our regulatory environment remains a challenge, as does the pressure that compliance places on our systems.

A challenge to our ability to deliver on our digital and technology requirements, which are core to achieving our strategic objectives, is the current shortage of critical technology skills. This is a challenge facing most businesses with a digital focus. Despite this, we have managed to attract and retain critical skills during the financial year.

Our key differentiators

- Connected by digital and advice
- Protection benefit design and underwriting
- Savings/life cross-sell further enhances our client value proposition

KEY METRICS

NHE	**R1 935 million** (F2022: R1 110 million)
PVNBP	**R7 601 million** (F2022: R7 291 million)
VNB	**-R69 million** (F2022: R-20 million)
New business margin	**-0.9%** (F2022: -0.3%)

OUR REINVENT AND GROW OBJECTIVES

Reinvent	Improved channel focus	Good progress made	Digital processing and service model	Good progress made
Reinvent	Legacy and IT reset	Good progress made	Product leadership	Good progress made
Reinvent	Finding growth	Under way		
Reinvent	Brand and culture	Good progress made		
Grow	NHE of R1.2 billion	Good progress made	ROE 20% to 25%	Good progress made

Good progress made · Under way · Some concerns

OUR PERFORMANCE

Normalised headline earnings improved strongly from R1 110 million to R1 935 million in F2023. The comparative period included the impact of negative markets and Covid-19 mortality claims. Also included in NHE is a favourable movement in investment variances of R598 million, and operating assumption and modelling changes.

New business volumes improved by 4%, aided by a 12% growth in the long-term savings business and offset by a 6% decline in the protection business. On a standard APE basis, new business volumes grew by 4%. Yield curve shifts had a particularly negative impact on the discounted value of protection revenue. VNB declined to a loss of R69 million, largely driven by revenue not growing sufficiently to fully offset the increased acquisition expenses. We are however looking forward to the positive impact of our new LifeReturns offering, the new Myriad digital risk selection and processing model, in the F2024 new business volumes results.

Progress against our Reinvent and Grow objectives

We are making good progress with the delivery of our Reinvent and Grow plans, with our execution teams getting into the more exciting part of this journey. The end game involves being a product leader with the creation of new digital processing and servicing capabilities thus purposely connecting the adviser and client with our product solutions in a new way.

Focus areas include several complex business projects, such as the delivery of a new Myriad risk selection and rewards solution, a new approach to doing insurance-based savings, new channel segmentation and adviser growth models, major legacy IT system clean-ups, implementation of new digital processing and service capabilities, as well as securing a growth presence in new digital-led sales channels and growing our tied adviser force while optimising our value chains and achieving vertical integration.

Our key Reinvent and Grow objective in F2023 was to continue implementing more digital processing capabilities and new product models, with good progress made on several of these, which included the following:

- We delivered on the long-awaited new Myriad digital risk selection and processing model and improved onboarding experience through mobile-driven underwriting solutions and a paperless capturing capability. This replaces the current wellness positioning enabled by Multiply Premier. Initial feedback has been very positive with 75% of all Myriad policies being submitted on the new solution. This investment in Myriad LifeReturns helps us meet clients' changing needs in an omnichannel environment and positions us to grow our market share
- Investo's key focus was on improving our service experience, gaining more traction in its digitalisation programme and officially launching a new marketing strategy
- We delivered the Momentum Trust workflow and product management system
- Excellent progress was made to digital-first processing with automated onboarding online quotation development completed and self-service offering enhanced
- We are recruiting new advisers to develop the Momentum Life sales force and to grow sales channels and establish new revenue streams; we are also leveraging the newly established MFP sales support structure and digital Institute of Financial Planning. However, it is difficult to invest in young, inexperienced advisers in the current economic environment
- We implemented many technology changes, which included decommissioning various legacy systems

OUTLOOK

We remain wary of the impact of the macroeconomic environment and the challenges this presents for meaningful growth on sales volumes. This does however emphasise the need to fast-track the delivery of our new digital-led service models. Overall, we do not foresee strong growth in adviser-led protection sales in the industry, which emphasises the need for market share gains.

Our digital transformation journey therefore remains a huge focus to ensure the delivery of our strategic objectives. We thus intend to continue developing future technology and sales talent.

Service will always remain a key focus for us as we continue to implement our new Reinvent and Grow service delivery model. Completing the execution of our self-service model and the digitalisation of our business will contribute to enhanced service delivery and increased efficiencies.

Our synergistic culture remains a cornerstone of our Momentum Life journey, and we intend to further enable our employees to purposefully connect and collaborate across our value chain to ensure we improve efficiencies and client satisfaction.

momentum investments

OVERVIEW

As with our competitors, the current volatile economic environment is proving challenging for Momentum Investments, which operates in a highy competitive industry with a shrinking savings and client pool.

Clients are impacted by rising living costs; weak exchange rates in South Africa, and inflation at 6.3% in South Africa and 6.4% in the UK, which is expected to last longer than expected. These challenges have shifted client behaviour, with clients seeking guarantees on their invested capital, and driving strong growth in guaranteed annuities and on the local and offshore Momentum Wealth investment platform.

Clients continued to diversify their investments offshore, with Regulation 28 changes enabling institutional investors greater access to investment opportunities in the global financial market.

New asset flows remain a key challenge across our markets, with net outflows experienced across the UK fund management industry. The tough market environment is still putting pressure on our investment outcomes versus CPI+ targets impacting flows.

Talent retention and transformation remain challenging, especially at senior and middle management levels in terms of critical investment and technology skills. Maintaining our strong culture and active employee engagement is thus vital, especially considering the hybrid working environment.

The volume and complexity of regulations and reporting continues to be a challenge. The keenly awaited implementation of the two-pot system for retirement savings will by all accounts result in an initial outflow of funds from savings vehicles. This will be offset in future through legislated preservation of retirement savings in March 2024. The potential impact in March 2024 will place pressure on liquidity in investment portfolios which will have to be actively managed.

KEY METRICS

NHE	**R904 million** (F2022: R938 million)
PVNBP	**R40.7 billion** (F2022: R42.5 billion)
VNB	**R466 million** (F2022: R346 million)
New business margin	**1.1%** (F2022: 0.8%)
Assets under management (AUM)	**R802 billion** (F2022: R707 billion)

The increased focus on sustainable investing has become more pronounced – focusing on ESG outcomes and net zero investments, especially cleaner energy, which have impacted the reporting and systems of investment companies.

*Refer to the **responsible investment** section for more detail.*

We want to be recognised as a trusted investment partner that pioneers personalised experiences through outcomes-based solutions, mandates and products for our clients and their advisers.

Our key differentiators

A business model that is built around advice and a brand that is synonymous with partnering with advisers

Client-focused investment products are evidenced by the outcomes-based investment philosophy

Established an open architecture platform with wide local and offshore offerings

The application of responsible investment practices and the integration of ESG criteria into our investment process

OUR REINVENT AND GROW OBJECTIVES

With our digitally transformed platforms and best-in-class products, we are re-establishing a strong market presence

Reinvent	Radical shift of our platform operating model with digital capabilities and service optimisation	Under way
Reinvent	New-generation structured and annuity solutions through bespoke capabilities and off-the-shelf solutions	Good progress made
Reinvent	Focus on multi and single-management capabilities	Good progress made
Reinvent	B-BBEE transformation	Under way
Reinvent	Brand building and profiling of teams and capabilities	Good progress made
Reinvent	Vertical integration of MFP house view	Good progress made
Reinvent	Enabling end-to-end execution through vertical integration	Good progress made
Reinvent	New markets through third-party discretionary fund managers (DFMs) and third-party platforms	Good progress made
Grow	Regain market share of platform business	Good progress made
Grow	Renewed focus on structured and balance sheet capabilities	Good progress made
Grow	Continue to build in-house advice offerings	Good progress made
Grow	Increase South African offshore market share	Good progress made
Grow	Continue to build in-house distribution capabilities	Under way
Grow	Specialised distribution	Good progress made
Grow	Develop and grow global single-asset capabilities	Good progress made
Grow	Target institutional client growth in the UK and other international markets	Under way

Good progress made   Under way   Some concerns

OUR PERFORMANCE

Overall, Momentum Investments achieved a satisfactory performance, with normalised headline earnings of R904 million, a 3% year-on-year decline. This was mainly due to lower new business volumes on the Momentum Wealth platform and lower mortality profits on the annuity and structured business, while increased annuity new business volumes contributed positively to earnings.

Markets generally had a positive impact on asset-based fee income for the investment management business. Investment income on the platform was aided by higher interest rates and currency translation gains.

Weaker new business volumes offset the above positive factors to some extent. New business volumes decreased by 4% year on year due to volumes declining on the local and offshore Momentum Wealth investment platforms, somewhat offset by increased annuity new business volumes. AUM increased by 13%, aided by favourable market performance and positive net inflows.

Progress against our Reinvent and Grow objectives

We continue to drive focus to deliver on the F2024 Reinvent and Grow strategic objectives. The building blocks are firmly cemented across the portfolio of businesses within Momentum Investments, and despite challenging market and economic environments, we have a robust foundation in place to deliver on our commitments.

Momentum Wealth's radical shift of its platform operating model and proposition, including the replatform on new generation technology, has progressed. Although challenges such as staff capacity, implementation partner resource constraints and a changing regulatory landscape, which includes the two-pot retirement system, have resulted in implementation delays, there has been no impact on the cost of the project.

Strategies to focus on and grow internal asset management capabilities in the Investment Management and Global Investments businesses are well underway. The focus is to optimise the investment model and structure, and to ensure we have products and solutions for each market segment.

We concluded the sale agreement with OUTsurance Group (previously RMI Holdings) to acquire its share in the RMI Investment Managers Group. The acquisition enables the Momentum Metropolitan Group to significantly increase its stake in the asset management market segment. The transaction will increase Momentum Investments' stake in a range of independent, owner-managed investment businesses with good growth potential. Our clients will benefit by having access to more fund options and a wider range of investment strategies.

The Investment Management business remains committed to transformation and has made good progress through its employment practices, learnerships contracts and its internship programme. The business aims to have its own Financial Sector Transformation Council scorecard. Good progress has been made on understanding the scorecard requirements and the verification process for the first rating will take place towards the end of 2023.

During F2023, Momentum Global Investment Management (MGIM) acquired Crown Agents Investment Management, a fixed-income. The acquisition will enable MGIM to further strengthen its in-house capabilities and allow us to offer clients a much broader array of investment solutions to meet their needs.

Our Global Equity Fund and our Global Sustainable Equity Fund delivered strong investment performance outcomes with both funds being in the top quartile over most periods.

We have successfully progressed with the implementation of our AI investment models in MGIM. AI-enabled investment management processes, as well as investment back-office automation, and the use of AI in reporting help to mitigate risks and harness opportunities. We expect good learnings from this initiative, as well as this becoming a great enabler for a stronger tactical asset allocation process.

OUTLOOK

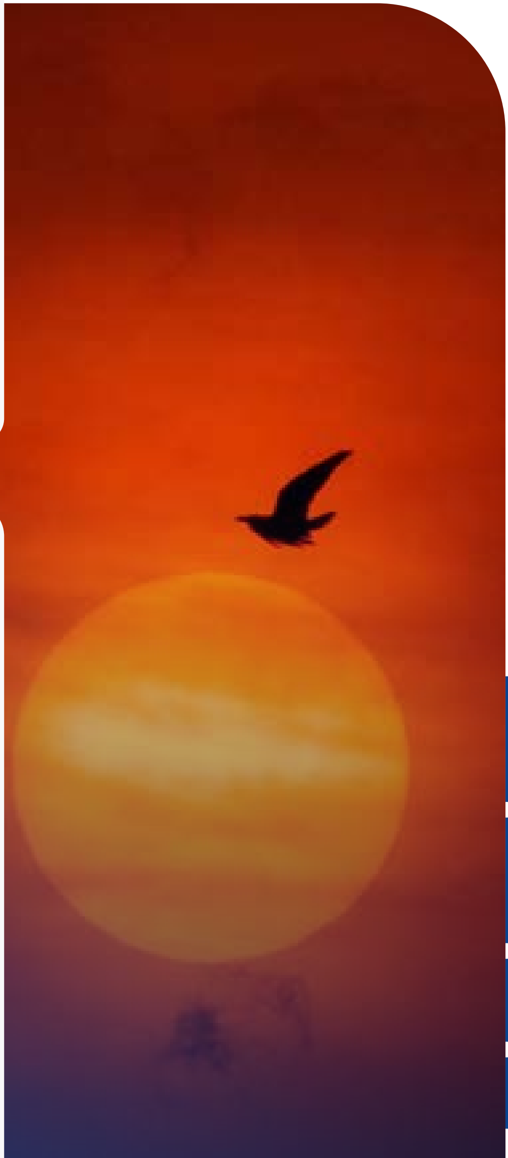
South Africa's low-growth environment along with increased load shedding and high inflation result in slow economic growth and consequently sourcing new business will be difficult. Despite these challenges, we have a robust foundation in place to deliver on our commitments which bodes well for what we can achieve going forward.

We also expect the continuous regulatory changes, such as the two-pot retirement system, will directly impact retirement and pension funds with a knock-on impact on investments. As a result, we intend to stay close to our clients and continually seek ways to innovate our offerings.

Our internal plans to support the Reinvent and Grow strategy are pivotal and the change management process should not be underestimated. The team's can-do spirit is vital for our success, and we are seeing this commitment as the tough decisions are being made.

While our ongoing focus on growing our advice-led distribution has positioned us well for continued growth, we expect market conditions will remain volatile – making it challenging to deliver satisfactory outcomes and returns for our clients. Adviser and client engagement thus remains top of mind and is identified as one of our differentiators for the future.

We also intend to review our operating model to reduce our expense base.



Distribution of Momentum-branded retail solutions

momentum

Distribution

OVERVIEW

The operating environment has been marked by regulatory changes requiring increased compliance, a slowing economy, muted equity returns, diminished investor confidence and a shrinking and stagnant investment market. Physical and financial emigration continues to also impact the inflow of new clients and recurring policy premiums. Despite these challenges, our distribution channels have been able to maintain and in some product lines grow our market share.

The industry is also facing an ageing adviser workforce. The goal is to enhance succession planning, upskill and vest young advisers, focus on practice management and growth, attract new talent as well as recruit experienced advisers. In order to enhance our client reach, promote inclusion and increase market accessibility we have also increased our focus to increase our black adviser representation. MFP has recruited around 250 black advisers since they launched their new Red Channel in May 2021.

Our solutions

MFP: Advice-led agency of the future. Our tied agency distribution focus operating under the Momentum Metropolitan Life Limited financial services provider (FSP) licence

Consult by Momentum: A standalone, independent financial planning business operating under its own FSP licence offering product solutions with most market providers, including Momentum

MDS: To be the preferred business partners and product provider of IFAs

Momentum direct sales: Our business units make use of direct sales channels

KEY METRICS

MFP	• 789 planners (F2022: 953) • R43 billion total assets under advice in Momentum Investments local and international platform (F2022: R38 billion) • 292 planners enrolled in the Momentum Institute for Financial Planning (MIFP) (F2022: 212)
MDS	• 2 168 productive advisers (F2022: 2 109) • 0.4% growth in APE (F2022: 3.5%)
Consult by Momentum	• 350 active financial advisers (F2022: 315) • R6 billion total assets under advice in own solutions (F2022: R5 billion) • Total AUM of R37 billion (F2022: R32 billion)

OUR REINVENT AND GROW OBJECTIVES

Embracing advice-led distribution and enabling digital-led distribution

	Objective	Status	Objective	Status
Reinvent	Channel focus delivering advice through strong channels	Good progress made	Traditional products and IT reset	Under way
Reinvent	Digital processing and service model	Good progress made		
Grow	Product leadership in a digital context	Under way	Grow productive intermediaries to 3 000 by 2024	Good progress made
Grow	Finding growth	Under way	Grow Momentum Consult financial advisers to 400 by 2024	Good progress made
Grow	Reporting analytics	Under way		

Good progress made · Under way · Some concerns

Our key differentiators

- A specialist distribution model to better partner with our advisers
- Experts in our product segments
- Experts in financial planning and advice
- Competitive range of insurance and investment solutions

Progress against our Reinvent and Grow objectives

The Group's focus is on advice-led distribution where our brand, service and the quality of our advice ensures we grow and retain clients to maintain and grow market share. This is supported by innovation and delivering expert advice through these channels which is key to ensuring we achieve our growth objectives and create sustainable enterprise value by:

- Being the preferred business partner and product and service provider of independent financial planners
- Connecting the Group's business units with their clients
- Providing advice-led financial planning solutions through our tied adviser channels
- Providing direct sales channels for our business units

During F2023, we continued implementing the key building blocks of our new digital foundation capabilities. These capabilities will enable all Momentum channel and product businesses to connect clients, advisers, and employees in a new digital omnichannel way of work. Using its digital channels, Momentum is providing both advisers and their clients with the same transparent portfolio view and has made good progress in implementing a digital way of work. We expanded the functionality on the VIA adviser platform, the single interface and workspace through which advisers access all Momentum-branded retail products and clients – which improves "ease of doing business" and contributes to efficiency gains.

Momentum Financial Planning

Our advice-led tied agency's goal is to be the go-to financial planning and advice agency in the market, with plans to improve productivity, expand and retain its adviser footprint, increase sales levels and focus on a new way of work (i.e. enhance the adviser and client experience by driving digitalisation and innovation as well as focus on activity management where we have a "practice growth" contract per adviser per product).

During the year under review, MFP saw a decline in the adviser footprint due to intentionally stopping recruitment activities, losing unproductive advisers (who mainly left the industry as a whole) and some moving to competitor agencies and/or becoming independent intermediaries. Through a focus on channel and back-office efficiencies, MFP was successful in significantly reducing its expense base.

We further experienced challenges in vesting new-to-industry advisers (in the newly formed Red Channel). A decision was thus made to halt recruitment in August 2022 and implement interventions across the channel and back-office. The training programme was shortened and client focused, introduced client reintermediation, focus on daily activity management and implemented a new remuneration model (to drive vesting, quicker). As a result of these interventions being implemented, the Red Channel will start recruiting again in October 2023. MFP continues to maintain its focus on client and adviser transformation within the Red Channel – with 80% of advisers being black and 80% being female.

Momentum Distribution Services

MDS, our independent financial adviser channel, implemented a structure in F2022 to support the specialisation of advisers. Although this led to disruption initially, specialisation is now starting to add value to advisers. The business has been very successful in the small IFA segment, but industry trends show many advisers migrating to national networks. To retain support from small IFAs, it is therefore important for MDS to ensure, as far as possible, that IFAs join supportive networks or remain independent. To assist advisers in remaining independent, we are launching our Adviser Partner proposition that, through practice management tools and processes, will be assisting IFA practices to remain relevant.

Good progress was made towards digital transformation which helped improve efficiencies.

Consult by Momentum

Consult by Momentum seeks to become a preferred provider of financial planning and advice solutions by empowering people with objective financial advice – with a living financial plan – to guide them into the future.

The channel set a goal of growing its number of financial advisers to 400. This is however an area that remains challenging with the number of financial advisers growing by only 35 in F2023. In response, a solid pipeline of prospective advisers has been secured and the services of three former senior industry leaders have been employed to assist with the recruitment of new advisers over the next two years.

Transformation remains a priority in Consult. Its unique offering to advisers, which is part of our ESD coaching programme for black advisers, also includes a business development programme called the BusinessLab®, which offers advisers an opportunity to grow their practices. Consult intends to focus on recruiting more skilled advisers and enhance digital adoption.

OUTLOOK

MFP's focus for F2024 will be to improve sales outcomes, retain and recruit experienced advisers, recruit new-to-industry advisers, continue to focus on digital capabilities and embed activity management as well as become an advice business going forward.

While **MDS** is seeing a slowdown in the market and doesn't expect the industry to achieve previous growth levels, its focus during F2024 will be on continuing to embed specialisation and its digital transformation with the aim of attracting younger and digitally native advisers and continuing to improve client experience.

Consult by Momentum will be focusing on ongoing recruitment of skilled advisers, enhancing the client experience, growing assets, and performing franchise FICA audits.

All our distribution and sales channels will continue to focus on accelerating their digital transformation, improving the sales process and client experience, establishing new channels, and pursuing efficiency enhancement initiatives.

Our purpose is to help our clients achieve their financial life goals and create value for all our stakeholders.

METROPOLITAN
Together we can

OVERVIEW

Over the past five years, Metropolitan Life's operating environment has been subject to a number of changes. These changes include multiple new and scaling competitors across diverse sectors (banking, retail, telecommunications and fintech); significant sector and landscape changes resulting from Covid-19 (impacting traditional work site marketing strategies); and exponential technology advancements that impact distribution channels and client preferences.

F2023 was a difficult year for emerging market consumers who struggled with the multitude of demands on their diminishing discretionary spending. This impacted our client's ability to pay premiums and consequently our persistency experience, most notably on our recurring savings business. The volatile environment as well as pressure on consumers and certain remuneration practices created a gap for commission fraud. Towards the latter part of the financial year, our enhanced controls and detection efforts identified a significant proportion of this commission fraud prior to the collection of the first premium and has resulted in a reduction in the fraud trend.

Adviser churn remains elevated, with a high number of exits and entries impacting operating expenses by redirecting resources away from critical initiatives as well as negatively impacting our product mix and quality of business. Several root causes for the adviser churn have been identified to address this matter, with tactical responses being implemented in the short term and sustainable adaptation mechanisms being prioritised in the medium term.

Despite these challenges, we were able to grow our sales volumes and continue to focus our attention on new revenue streams and scaling digital innovation to reduce acquisition costs per policy.

KEY METRICS

NHE	**R307 million** (F2022: R672 million)
PVNBP	**R7 201 million** (F2022: R7 160 million)
VNB	**R154 million** (F2022: R244 million)
New business margin	**2.1%** (F2022: 3.4%)

OUR REINVENT AND GROW OBJECTIVES

Through a trusted brand, wide product basket and several established distribution channels, we are re-establishing a strong market presence

	Objective	Status	Objective	Status
Reinvent	**Reduce acquisition cost per policy**	Good progress made	**Talent management and transformation**	Good progress made
	Migration and automation	Good progress made		
Grow	**Double-digit APE growth**	Under way	**Metropolitan GetUp***	Some concerns
	Policy retention	Under way	**Improve brand health**	Good progress made

** To be incorporated into core our digitalisation strategy.*

Good progress made · Under way · Some concerns

Our key differentiators

- **Trusted brand in the emerging and middle-income market**
- **Reputation for exceptional client service**
- **Strong union relationships and worksite network**

OUR PERFORMANCE

Our normalised headline earnings decreased by 54% to R307 million, mainly impacted by operating assumption changes and a continued deterioration in lapse experience on the protection business. The decline in earnings was offset by an improvement in mortality experience and a positive investment variance.

New business volumes improved by 0.6% due to good growth in single premium guaranteed annuities business.

VNB declined by 37% and was impacted by a change in product mix towards lower margin products, and an increase in policies that lapse before the first premium is paid, coupled with higher adviser churn resulting in irrecoverable distribution expenses.

Progress against our Reinvent and Grow objectives

Our key Reinvent and Grow objectives in F2023 were to migrate from our legacy systems; create better client experiences and efficiencies through automation; drive sales growth; establish Metropolitan GetUp as an end-to-end digital insurance business; reduce our acquisition cost per policy; and improve client retention.

Our key focus is to stabilise and recover the deteriorating new business margin. This will be achieved through more regular pricing updates; an ongoing focus on improving quality of business through a combination of creating more market access opportunities and a strong and adaptive control environment; further adoption and scaling of authenticated collections; expense management; and optimal channel structures. Additional management actions around improving operational performance include reviewed channel management and remuneration practices, evolving client verification processes, affordability checks and improvements in the adviser and manager recruitment and onboarding process.

We endeavour to find additional, more flexible ways of collecting premiums that will address our client's need for flexibility as they struggle with financial challenges.

By driving further digitisation through digital migration and automation, we were able to improve efficiencies and support client retention due to enhanced self-service digitisation services that offer clients digital engagement options (such as web self-service and the WhatsApp bot channel). Digitisation also reduces our acquisition cost per policy, both from a scale and cost efficiency perspective.

The transformation of our systems through migration and digital automation has resulted in technology becoming a key enabler in the running of our business. Establishing strong digital trust by using an omnichannel framework for both sales and service gives clients the ability and confidence to interact seamlessly with us.

Our talent management interventions continued, with the priority of defining competencies for crucial roles, establishing a sales role pipeline, developing key talent, and building external talent pools. We have encountered setbacks in adviser retention, but we are actively developing and implementing focused adviser vesting systems and processes to address this issue.

We continue to grow our sales channels and establish new revenue streams. To ensure greater focus on our core business, we decided to discontinue the Metropolitan GetUp offering as a standalone initiative (our direct-to-consumer digital business aimed at digitally minded clients) from 1 July 2023. Although there is evidence of an increasing pattern of digital adoption in our target market, a full value chain investment into an e-commerce opportunity would take several years to yield commercially viable results. Despite its discontinuation, GetUp has accelerated our digital capabilities and provided a valuable learning experience which we will use to further enable our Metropolitan Digital direct channel.

OUTLOOK

We expect F2024 will remain challenging as our clients continue to feel the macroeconomic pinch. This is likely to result in an ever-increasing competitive environment.

However, we remain focused on our deep understanding of the needs of our target market and our ability to meet their needs through our diverse channels and solutions. Our ambition to achieve double-digit Compound Annual Growth Rate (CAGR) over the planning period remains on track. To achieve this, we intend to deepen our market share, aggressively focus on new market access opportunities and diversify distribution channels to strengthen our competitive position in tough economic conditions. To address this, we will be:

- Prioritising key areas of both business efficiency and effectiveness to promote profitability
- Focusing on the diversification of our approaches into core market segments to further scale the business and attract additional revenue streams
- Further embedding our client value proposition to enable us to defend and support growth in our market share
- Focusing on our pricing model and offering competitive benefits to attract new business volumes
- Extracting value from commercial partnerships and further leveraging our alternative distribution channels
- Sustaining emerging market competitiveness by appropriately responding to market changes

momentum corporate

OVERVIEW

South Africa's ongoing energy crisis, coupled with weaker commodity prices, anaemic economic growth, growing unemployment rates, increasing poverty and corruption, plus high inflation and increasing interest rates are dampening consumer and investor confidence. The current inflationary environment translates into an increased cost base for corporates and negatively impacts Momentum Corporate's expected revenue collection in the next fiscal year. New statistics from Stats SA reveal that liquidations are on the rise as economic headwinds continue to harm local businesses in South Africa.

Regulatory changes, in particular the two-pot retirement system and the proposed regulations impacting umbrella funds, are top of mind for us. The proposed implementation deadline of March 2024 for the two-pot retirement system is unlikely to change despite concerns that have been raised around timing. In preparation for the pending change in legislation, a business working group has been established to ensure business readiness for compliance. We expect these proposed regulatory changes will lead to a substantial administrative burden and require systems development. We are monitoring these closely to ensure we fully understand the intent of the regulator. We also have concerns around our members' understanding of these changes and will play our role in ensuring that member education continues to be enhanced.

Increasing competition across the employee benefits landscape has been a challenge in the year under review that is likely to increase in the year ahead.

In light of the above operating environment and challenges, Momentum Corporate's primary focus remains to address the difficulties faced by corporations within this environment while maintaining growth prospects for the business and enhancing our value proposition to position the business for resilience through this cycle.

KEY METRICS

NHE	**R1 330 million** (F2022: R1 174 million)
PVNBP	**R10 485 million** (F2022: R12 276 million)
VNB	**R67 million** (F2022: R68 million)
New business margin	**0.6%** (F2022: 0.6%)

OUR REINVENT AND GROW OBJECTIVES

With our digitally transformed platforms and best-in-class products, we are re-establishing a strong market presence

Reinvent
- Drive operational efficiency – Good progress made
- Enhance client engagement – Good progress made
- Cultivate an entrepreneurial culture in a transformed business – Good progress made

Grow
- Refresh our core solutions through digitalisation – Good progress made
- Partner effectively to drive sales – Good progress made
- Position the Momentum Corporate brand for success – Good progress made

Good progress made | Under way | Some concerns

Our key differentiators

Delivering sustainable growth through engagement-rich solutions.

- One of the largest umbrella fund providers and underwriters of death and disability insurance in the corporate market
- Superior solutions, service and engagement through gaining a deep understanding of our clients
- Risk expertise and robust pricing discipline
- Solution flexibility across all of our solutions
- Digital solutions and engagement

OUR PERFORMANCE

Despite the uncertain environment, normalised headline earnings grew strongly to R1 330 million (F2022: R1 174 million). Earnings were supported by insurance underwriting profits, improved mortality and morbidity claims experience, and positive impacts arising from investment market experience.

New business volumes declined slightly to R10 485 million (F2022: R12 276 million) and were affected by lower new business volumes on the Group and umbrella risk product environment. We continue to experience increased competitive pressure arising from diverging market risk outlooks. We are therefore cautious on the medium-term outlook. VNB ended at R67 million for the year, in line with the prior year's R68 million. The positive result was driven by an improved business mix toward higher margin annuity and bundled risk business; higher expenses dampened the result.

Progress against our Reinvent and Grow objectives

Momentum Corporate's goal for F2023 was to re-evaluate and realign the key projects and initiatives that will take the business towards achieving the F2024 Reinvent and Grow objectives and the R550 million NHE target.

In F2023, we launched an innovative and fully digital self-service solution that is intended to drive increased client engagement, experience and take up. New capabilities, which include an ability to flex benefits, were launched for FundsAtWork members. Our range of fit-for-purpose digital self-service tools offer clients the ability to engage through their channel of choice, using simplified language, mobile-first principles, and combining access to both information and education to support our clients on their journeys to success. Our goal remains to increase our digital engagements with clients; we are pleased that the business achieved over 1.6 million digital engagements in F2023 which directly impacts how we communicate and service our clients.

The business focused on accelerating the digital transformation to drive operational efficiencies and capabilities; growing sales channels through the platform model; enhancing self-service tools through our range of Smart Solutions; automating high-volume processes; and using data analytics and insights to cement collaborative partnerships that support the success of our clients and the Group.

We were able to partner effectively to drive sales through a platform model, strengthening intermediated distribution and driving direct distribution as well as cementing collaborative partnerships.

The war for skilled talent is ongoing. We continued our efforts towards building an enabling entrepreneurial culture, which includes promoting innovation, inclusion and achieving our transformation and employment equity objectives.

As part of our ongoing brand repositioning journey, we implemented multiple initiatives aimed at propelling the Momentum Corporate brand's spontaneous awareness. Our brand strategy continues to focus on how our solutions enable and enhance the human experience, making our brand more accessible, transparent and understandable. It flows into how we communicate to members and service our clients, demystifying employee benefits.

OUTLOOK

We remain optimistically cautious about the year ahead. The goal is to deliver on our Reinvent and Grow objectives and bolster business resilience to ensure long-term success.

We will achieve this by scaling the business in such a way that we evolve our business model – achievable by building on our digital capabilities, embedding new sales channels into the business, leveraging data analytics, managing the controllable elements and strengthening collaboration to enhance the client experience.

In the short to medium term, we expect to experience pricing and profitability pressures in the risk, investments and annuities businesses. We will therefore be running our business to ensure we position it for resilience through the cycle.

Momentum Metropolitan health business

OVERVIEW

The business delivered good results in a tough and uncertain environment, which included the ongoing NHI debate and Council for Medical Schemes regulatory challenges. While in line with our purpose to provide more health for more people for less, we believe that taking steps toward universal health coverage is the right thing to do. We are, however, concerned that the single-funder model and the restriction of services that a medical scheme can offer will not support this goal. To achieve the goal of universal access to healthcare, extensive collaboration between the private sector and government is needed. We believe that the significant private healthcare resources and expertise in the provision and management of care as well as funding and administration should rather be leveraged.

We have made multiple submissions to government on the NHI Bill (recently passed by the National Assembly) and have offered to collaborate to ensure healthcare excellence and to retain expertise in the health system to the advantage of all South Africans. As it stands, it is likely that the NHI legislation will be open to constitutional challenges, with legal action already being threatened. Consequently, NHI is not expected to affect the business in the next five to 10 years, and even if it is implemented, it's likely to only cover primary healthcare services initially, with medical schemes required to cover other services.

Low GDP growth, unemployment and above-CPI medical scheme contribution increases have resulted in the number of people covered by medical schemes remaining stagnant over the past 10 years, with the only medical scheme having reasonable growth being the Government Employees Medical Scheme (GEMS). We have benefited from the continued growth in GEMS and through Health4Me (our low-income health offering) have remained a market leader in the employed-but-uninsured market.

The impact of the economy on the disposable income of South Africans is a matter of concern and is likely to be a challenge going forward.

KEY METRICS

NHE	**R290 million** (F2022: R209 million)
Membership growth year on year	**4%** (F2022: 3%)
Growth in Health4Me membership	**13%** (F2022: 6%)
Public sector membership growth	**4%** (F2022: 3%)
Growth in restricted schemes membership	**-2%** (F2022: -2%)
Growth in open scheme membership	**-1%** (F2022: 2%)

OUR REINVENT AND GROW OBJECTIVES

Reinvent

Objective	Status	Objective	Status
Integrated wellness solutions to improve health outcomes	Good progress made	Digital consumer engagement solutions	Good progress made
Simplify and use of scale to reduce the expense base to deliver quality healthcare at low cost	Good progress made	Incentivised wellness	Under way
Virtual care – making care more accessible and affordable	Good progress made	People – enabling culture/transformed/fit-for-purpose remuneration/hybrid model	Under way

Grow

Objective	Status	Objective	Status
Diversify into new markets	Good progress made	Invest in delivery and digital care	Good progress made
Growth from new and existing channels	Good progress made	Momentum Health Scheme to continue outperforming growth in its mature market	Good progress made
Covering more of the employed but uninsured in South Africa	Good progress made		

Good progress made · Under way · Some concerns

Our key differentiators

- Fully integrated value proposition offering healthcare administration, managed care and wellness services
- Market-leading low-income products providing cover to the employed but uninsured in South Africa
- Use of scale to reduce the cost of providing our value proposition and improving profitability
- Use of technology including digitised solutions

OUR PERFORMANCE

Despite the tough economic environment, normalised headline earnings improved by 39% against the prior year. This includes growth in fee income generated from membership growth, prudent expense management, annual fee increases and a significant increase in interest income. The overall membership growth of 4%, despite the challenging economic environment, is largely due to growth in the public sector and Health4Me membership. Before the deduction of the share of minorities, normalised headline earnings increased by 24%.

Progress against our Reinvent and Grow objectives

During F2023, Momentum Metropolitan Health refined the incentivised wellness programme as a key part of the integrated health value proposition and launched it to our clients. This programme uses new digital methods to help clients improve their holistic wellbeing while keeping their healthcare premiums affordable. A key introduction is Recharge Dayz, a Multiply app feature that unlocks an ecosystem and access to tools and research important to empower and boost holistic wellness. Take-up has however not been as expected and management is investigating ways to improve this.

The utilisation of Hello Doctor continues to increase and has been particularly successful in providing improved access at a lower cost to the Health4Me members.

Our acquisition of a shareholding in a pharmacy group is a first step in delivering on our strategy of diversifying into new solutions and markets and is also linked to our objective of growing Health4Me and related products in our other schemes.

By consolidating services and reducing our office footprint, direct cost increases were limited to 5%. This offset an increase in the IT investment to migrate to a single platform.

The role of technology

Technology plays a critical role in our business, which needs to operate in real-time. The three main pillars of our technology strategy are:

- One health platform
- Digitised solutions and engagement
- Data insights.

Our progress of moving our clients from five platforms onto one health platform has been slower than we planned. However, the delays have resulted in the new platform being more agile and will ultimately result in a reduction in our cost base.

Digital engagement with our members, employers and brokers continues to be enhanced. In addition, our digital care offering currently includes health coaches and Hello Doctor, Momentum Health's offering that provides 24/7 access to medical advice or a referral to a doctor for further treatment via a mobile app. Utilising Electronic Health Records (EHR) to provide access to timeous clinical information for service providers and patients is also being expanded to ensure better outcomes at a lower cost.

The data lake is now fully functional and proving up-to-date reports and dashboards for the proactive management of costs. We have achieved continued operational efficiency improvements, especially in our public sector offerings, using centralised structure data and reporting.

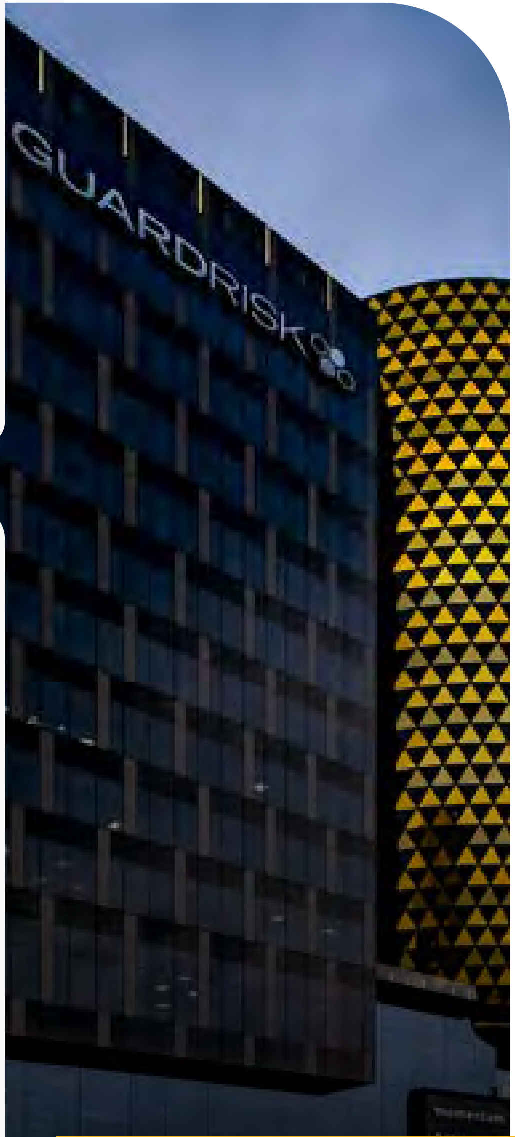
As is the case with any business reliant on technology, acquiring and retaining critical technology skills remains a challenge.

OUTLOOK

The retention of GEMS and growing membership in both the public sector and the open market will be a key focus in F2024. Momentum Metropolitan Health will continue seeking new diversification opportunities and expanding the healthcare delivery capability to help it deliver on its alternative growth of income strategy.

Technology, delivering on the three technology pillars and, in particular, expanding the digital services will remain key.

We expect the Multiply offering, which is a core element of the incentivised wellness strategy, to be further integrated into our value proposition. We see opportunities to scale loyalty, rewards and wellness propositions and are looking for ways to enhance these propositions to the benefit of clients, partners and shareholders.



Our purpose is to be the trusted insurance partner to our clients for growth and financial stability.

GUARDRISK
TAILORED RISK SOLUTIONS

OVERVIEW

Over the last few years, the insurance industry has dealt with significant challenges such as Covid-19, flooding in KwaZulu-Natal, and social unrest and riots. Despite the many tribulations facing the local economy and the insurance industry, Guardrisk remains resilient and was able to continue on its path of unabated growth in F2023.

Guardrisk uses capital funding models to offer alternative solutions to clients. We also seek to strengthen and expand our highly influential broker network.

Advances in digital, data analytics and AI are an opportunity for the business. Guardrisk chooses to leverage digital transformation to create efficiencies and enhance the ease of doing business by investing in data integration and data quality to extract commercial value for clients.

Increased regulations, new accounting standards and compliance requirements come at an increased cost and require significant time from management.

In October 2022, the Financial Sector Conduct Authority published the long-awaited conduct standard setting out the requirements relating to third-party cell captive insurance business. The market conduct regulatory framework in the country now actively enables the growth of the cell captive business model and the application thereof to unlock value for new distribution channels and client segments.

In response to economic transformation and financial inclusion, Guardrisk continues to invest in the growth of the number of black-owned cells in the Guardrisk portfolio and seeks ways to improve its understanding of the needs of underserved consumer markets to proactively seize new opportunities.

KEY METRICS

NHE	**R536 million** (F2022: R449 million)
Gross written premium	**R41.9 billion** (F2022: R28.6 billion)

OUR REINVENT AND GROW OBJECTIVES

Sustainable profitability through scale and value beyond traditional insurance

	Objective	Status	Objective	Status
Reinvent	Digital transformation	Good progress made	Capital efficiencies (ROE)	Good progress made
	Diversify revenue streams	Good progress made	Sustainability	Good progress made
	Value proposition beyond cell captives	Good progress made		
Grow	Increase underwriting revenue	Good progress made	Expand international partnerships to support adjacent strategies	Under way
	Guardrisk General Insurance (GGI) broker enablement	Good progress made	Microinsurance (embedded insurance and ownership)	Good progress made
	Drive client retention and new client growth	Good progress made		
	Bolt-on transaction	Good progress made	Insurtech	Good progress made

Good progress made | Under way | Some concerns

Our key differentiators

- Pioneered cell captive concept in 1993
- Awarded South Africa's first cell captive microinsurance licence in 2021
- A highly skilled team driven by a passion for innovation
- Unlocking the ecosystem for insurtech initiatives
- Enabling capital efficiencies and related financial benefits for clients

OUR PERFORMANCE

Guardrisk's normalised headline earnings increased 19% to R536 million (F2022: R449 million), supported by a 20% increase in GGI underwriting profits, solid growth in management fee income in Guardrisk Life and a recovery in the volume and affinity business of Guardrisk Insurance.

Persistency levels across all core divisions remain strong, with GGI fast establishing its position as a leading corporate, commercial and specialist lines insurer.

There has been an overwhelming response to Guardrisk's insurtech initiative (LAUNCHPAD). Guardrisk remains positive about the prospects of our insurtech initiatives as more clients embrace digital interaction across the insurance value chain.

Progress against our Reinvent and Grow objectives

Guardrisk remains focused on driving its Reinvent and Grow 2024 strategic objectives. Good progress has been made in terms of digital transformation and modernisation of Guardrisk's internal systems. There is an ongoing project to ensure the business keeps up to date with the latest technology to maintain excellent customer service and offer clients access to world-class insurance administration digital platforms.

To support broker enablement, Guardrisk has created a portal, which makes it quicker and easier for brokers to generate reports, load policies and better service their clients.

Guardrisk's ecosystem is well-positioned to embrace insurtech ventures that will enhance customer engagement, and support product development and new digital business models. Guardrisk's LAUNCHPAD insurtech initiative places the business firmly in the digital innovation space, enabling insurtech entrepreneurs to scale their business within the Guardrisk ecosystem. Our insurtech initiatives include ROOT and a new start-up focusing on client engagement in the intermediated life insurance value chain. ROOT has expanded its footprint and now operates in the UK where it has gained good traction. We remain positive about the prospects of our insurtech initiatives, including a partnership with UK-based, tech-driven financial services provider, YuLife, a collaboration that is set to take the South African employee benefits market by storm.

Advanced analytics are used to enhance value beyond cell captive, with structures put in place to mine available client data to strengthen our offering to existing clients, using their own data.

Globally, embedded insurance has been a major driver of innovation in the insurance sector thereby ensuring significant increases in penetration rates in certain customer segments. This has allowed brands to boost their revenue while leveraging and growing their relationships with clients. Guardrisk's increased focus on embedded insurance will boost our volume and affinity business.

The cell captive model lends itself to embedded insurance, providing a lot of runway for new and existing clients in this space.

Approval was received in December 2022 from the Regulator to transfer the Momentum Ability clients to Guardrisk Life, resulting in a single life cell captive insurer in the MMH Group. The single licence will translate into increased operational and capital efficiency, and cost reductions. Horizontal protection of the GGI reinsurance programme continued to unlock capital efficiencies given the current climate of rapidly escalated terms offered by the reinsurance market.

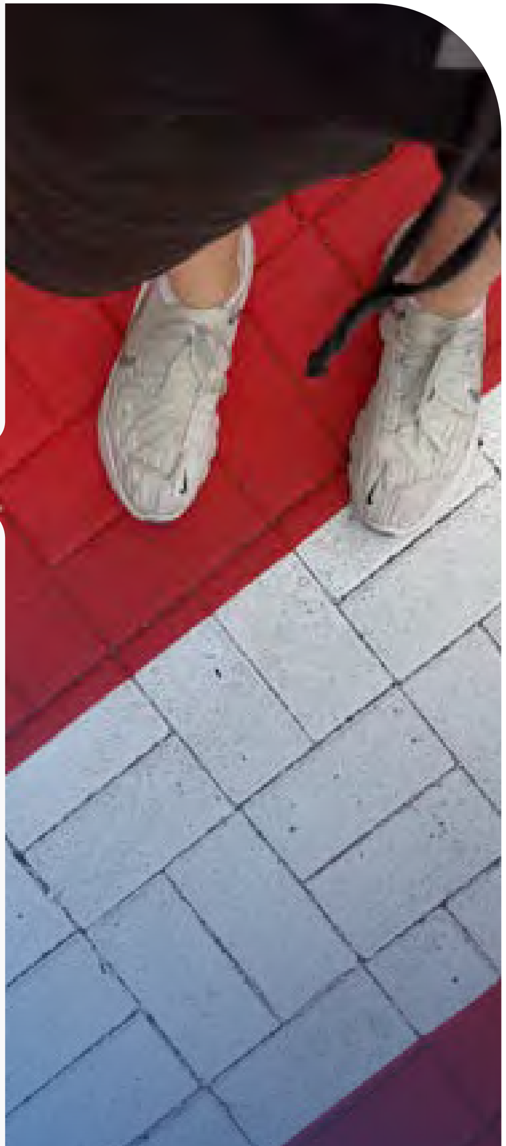
Guardrisk's commitment to sustainability goes beyond compliance. The business is committed to developing solutions that make a difference to the world around us, such as mining rehabilitation guarantees provided and Agnovate Insurance for South African grain farmers. The business has now agreed internally on distinct and measurable targets to objectively measure the progress of our sustainability initiatives.

Strategic initiatives to sustain revenue beyond 2024 include:

Guardrisk Life	• Increasing Guardrisk Life's underwriting risk participation • Enhancing its data analytics capabilities • Identifying specific inorganic growth opportunities including acquisitions of niche-related businesses
GGI	• Further roll out of digital broker portal • Expanding intermediary footprint
Volume and affinity	• LAUNCHPAD: investing in insurtechs for application in the Guardrisk ecosystem • Full digital solutions • Embedded insurance
Diversification	• Inorganic growth opportunities through acquisitions • Geographical expansion • Microinsurance opportunities • Investing in digital capabilities to organically grow existing clients' portfolios

OUTLOOK

Guardrisk is well on track to achieve the 2024 Reinvent and Grow targets we set for ourselves. Revenue sustainability initiatives will go a long way to setting up the business for the next five years. The road ahead will not be without challenges but we have the plans and the people to realise our vision for Guardrisk into 2024 and beyond.



momentum Insure

OVERVIEW AND CHALLENGES

The South African short-term insurance industry continues to experience extremely tough and volatile trading conditions. Momentum Insure did not escape from this. Factors such as the difficult economic backdrop, subdued industry growth, high inflation, rising claims frequencies because of extreme weather and a wetter-than-normal summer season, and increased power surge claims due to load shedding impacted the business. During the same period, Momentum Insure strategically prioritised, and successfully completed, the integration of the Alexander Forbes Insurance (AFI) business. This has proven to be a very complex and resources intensive process, placing the business's management and operational capacity under severe strain.

Momentum Insure implemented corrective actions throughout the financial year to return the claims ratio to targeted levels. These actions focused on four main areas, namely adjusting new business rates, addressing the impact of inflation through higher renewal increases, underwriting action on poor performing portfolios and reducing our average cost per claim through targeted procurement interventions. Although some improvement has already been noted, the full impact will only be experienced in the new financial year.

We are pleased with our ability to retain clients, which continues to be better than the industry average despite our claims ratio actions and the disruptive impact of migrating former Alexander Forbes insurance clients' policyholder information to the Momentum Insure systems. From a people perspective, we expect employee capacity and resilience to improve following the completion of the integration programme, which required them to operate under severe pressure and with a significant workload, for an extended period.

KEY METRICS

NHE	**R304 million loss** (F2022: R12 million)
Claims ratio	**76.7%** (F2022: 70%)
Gross written premiums (GWP)	**R3.10 billion** (F2022: R2.9 billion)
Cost ratio	**36.8%** (F2022: 36.3%)
Underwriting margin	**R13.5 billion** (F2022: R2.7 billion)

OUR REINVENT AND GROW OBJECTIVES

Sustainable profitability through scale and value beyond traditional insurance

	Objective	Status	Objective	Status
Reinvent	Deliver integrated business by F2023	Good progress made	Become a market-led business, with leading product and service solutions for targeted segments	Under way
Reinvent	Own safety as a distinctive client value proposition	Good progress made	Evolutionary digital transformation	Good progress made
Grow	Unlock the Momentum Insure new business growth potential	Under way	Grow GWP to between R3.1 billion and R3.4 billion by F2024*	Good progress made
Grow	Increase earnings to R230 million*	Some concerns		

Good progress made · Under way · Some concerns

* Given the F2023 results and a review of expected future growth prospects of Momentum Insure, the GWP and earnings expectations have been adjusted downwards.

A sustainably profitable insurer known for keeping South Africans safe, beyond insurance.

Our key differentiators

- A diversified and market-segment-specific set of product, distribution and service capabilities
- Strong advice-driven tied agency force
- Our safety value proposition
- Service excellence, with digital and/or dedicated (personal) channels

OUR PERFORMANCE

Momentum Insure reported a loss of R304 million (F2022: R12 million profit), largely due to a high claims ratio of 76.7% compared to 70% in F2022. Claims were impacted by prolonged inflationary pressures on the cost of claims, increased frequency of incidents due to power surges (exacerbated by load shedding), higher motor accident and theft claim frequency, a continuation of adverse weather-related events, and a lag in the renewal cycle.

Corrective actions have been implemented to reduce the existing book and new business loss ratio, and bring our average claims cost to more palatable levels. This relates to new business rate increases, higher annual renewals and new underwriting measures to limit losses due to power surges (related to load shedding) and specific actions to improve the performance of underperforming portfolios. The impact of these underwriting actions is expected to be more pronounced in F2024.

Gross written premiums increased by 8% to R3.2 million. Persistency experience remained well within appetite and better than the industry average throughout the financial year despite the claims ratio actions taken and the impact of the policy data migration.

Progress against our Reinvent and Grow objectives

We intend to transform Momentum Insure into an industry-leading player, aiming to lead the way in keeping South Africans safe beyond insurance – driven by our Reinvent and Grow objectives.

The Alexander Forbes Insurance (AFI) Integration Programme was successfully completed – with some benefits and scale already being realised. Completing the policyholder data migration will also improve the client experience, as clients now have access to an increased range of products, the full safety-based client value proposition and digital self-service functionality. This has already resulted in an increased uptake in digital transactions since the completion of the migration.

Clients who engage with our safety value proposition claim less and remain our clients longer. In October 2022, we successfully introduced new distracted driving and fatigue detection functionalities. Our short-term insurance-specific rewards programme, Safety Returns was successfully launched in February 2023, with 15 307 clients registered by the end of the year – resulting in our safety proposition utilisation increasing by 36% year on year. Safety Returns introduced an activity-based points system that rewards clients in real-time for registering and engaging with the safety-based client value proposition elements.

These objectives are supported by an ongoing focus on our people and creating an inclusive environment with a distinctive and enabling culture. The business remains committed to an effective and authentic transformation programme focusing on achieving our employment equity (of the appointments made during the year, 90% were ACI and 60% African), skills development, procurement and enterprise supplier development objectives.

Our digital transformation efforts have shifted to unlocking post-integration synergies and operational efficiencies through further digitalisation of certain sales, service, and claims processes.

An example of this is the automated vehicle accident claims process that was launched in May 2023, which will speed up the claims process. All the initiatives remain on track to be delivered in line with the agreed timelines.

OUTLOOK

Momentum Insure remains cautiously optimistic about F2024. However, clear and decisive action must continue to be taken to counteract the current operating challenges. The impact of the current corrective actions is continuously monitored and will be adjusted should results be below expectation.

Our focus on advancing digital capabilities remains to increase efficiencies, improve client experience and reduce channel acquisition and enablement costs.

Enhancing the client experience by further expanding our safety value proposition is our intention for F2024. We are excited to be introducing more innovative and value-adding services and benefits to the market.

As a trusted brand that delivers, Momentum Insure is uniquely positioned to deliver a reliable outcome to clients. We expect the business to return to profitability in F2024 due to the claims ratio actions, increased scale and improved efficiencies exacted from the AFI integration and digital acceleration.

Momentum Metropolitan Africa

OVERVIEW

The slow economic growth in Lesotho, Botswana, Ghana and Namibia mimics similar challenges faced by South Africa's operating environment. This impacts growth prospects due to high inflation, fluctuating exchange rates and post-Covid -19 impacts. This has placed significant pressure on the disposable income among our clients.

Ghana's challenging macroeconomic environment has been of particular concern, with a high inflationary environment (~40% to 50%) and high interest rates (~30%). Furthermore, the recent Domestic Debt Exchange Programme saw partial impairment of government bonds. The Ghana business has had to write off about R60 million in bonds. The business is proactively reviewing its investment strategy and exposure to government bonds.

Momentum Metropolitan Africa successfully launched the Lesotho Asset Management Company in March 2023 – a significant milestone in the journey to cementing Metropolitan Lesotho as a significant financial partner to BaSotho.

KEY METRICS

NHE	**R596 million** (F2022: R118 million)
PVNBP	**R2 930 million** (F2022: R3 470 million)
VNB	**R-18 million** (F2022: -R12 million)
New business margin	**-0.6%** (F2022: -0.3%)

OUR REINVENT AND GROW OBJECTIVES

Be an insurer that best meets client needs by providing fit-for-purpose client solutions

	Objective	Status	Objective	Status
Reinvent	Continue with reforming our business	Under way	Enhance distribution channels	Good progress made
	Ongoing focus on improving client experience	Under way	Foster and maintain relationships with our partners and regulators	Good progress made
	Build digital capabilities	Under way		
Grow	Grow our earnings to R500 million by 2024	Under way	Expand savings product offering	Good progress made
	Refresh our entire product range	Under way	Build our brand presence	Good progress made

Good progress made | Under way | Some concerns

A significant financial services partner within our chosen markets, providing holistic solutions that offer exceptional client experience.

Our key differentiators

- Future-fit healthcare systems and products
- A deep understanding of markets and strong relationships in the markets where we operate
- Improved focus on profitable businesses that have potential for long-term growth
- Diversified product offering

OUR PERFORMANCE

Normalised headline earnings improved by >100% to R596 million. This was primarily due to an improved post-Covid-19 mortality experience in Namibia and Botswana following the significant negative impact of Covid-19 in F2022; positive investment variances following improved performance in all markets except Ghana; and positive basis changes following lower inflation assumptions in Namibia, Lesotho and Botswana. However, the positive basis changes were partially offset by negative expense basis changes, resulting in management expenses and increased IT system investment costs as well as the partial impairment of government bonds from the Domestic Debt Exchange Programme in Ghana.

New business volumes showed a decline of 16% to R2 930 million, driven by the non-repeat of large corporate deals in both Lesotho and Namibia, and lower retail new business volumes in Lesotho and Botswana. VNB remains under pressure due to Namibia's negative VNB performance. Management action to address VNB challenges includes addressing the cost base, new business volumes, persistency, and pricing.

Progress against our Reinvent and Grow objectives

Our focus in F2023 has been on implementing our new Target Operating Model (TOM), modernising our platforms, driving our culture initiatives (Reform) and strengthening our distribution channels (Reload).

Our Reform strategy progressed well with improved efficiencies and client experience. Focus remains on ensuring timeous delivery of corporate and retail platform migrations given their downstream impacts on enhancing client and broker engagement. Focus has also been driving the adoption of the client relationship management (CRM) systems to improve client experience and retention.

The business completed prioritised process enhancements (Phase 1) to the TOM which covered distribution, operations, IT systems and selected support functions in Namibia, Botswana, Lesotho and Ghana. This also included dependencies, such as the timing of system (PAS) implementations required to implement the targeted processes fully. Consistent target roles aligned to the new processes are currently being finalised, with the migration of staff in the countries and the centre to the targeted roles by December 2023.

Policy retention processes aimed at formalising retention efforts to drive book size growth were concluded. Alignment sessions with relevant in-country teams were completed in June 2023 and will delineate responsibilities between distribution and back-office teams.

There has also been a notable improvement in the adoption of the robotic process automation processes across the segment. Senatla and Kito, the respective Botswana and Lesotho robots, have cumulatively processed 2 286 new business applications, with an average success rate of 66% of policies being issued. Adam (Namibia's new business robot) also successfully processed 18 275 applications, with Eve (the claims robot) successfully processing 30 325 claims.

A new distribution strategy was developed and focuses on market access, activity management, team profile strengthening and performance analytics. Country-level plans emanating from these strategic choices have also been defined, with prioritisation to ensure appropriate input in the goal alignment process. This process seeks to ensure the sustainable execution of the Africa Segment's Reload Strategy.

The Africa Segment's in-country teams have played an active role in engaging with regulators and influencing emerging regulation impacting the insurance industry. This has been particularly critical in Ghana, where engagement with the Life, Health and Pensions regulators has been crucial in navigating ongoing economic challenges and the ensuing impacts of the Domestic Debt Exchange Programme. In-country teams continue to focus on facilitating and maintaining relationships with mobile network partners and bancassurance partners. Of particular interest has been securing partnerships with Mobile Telecommunications Company (MTC), Namibia's largest mobile network operator (MNO), as well as bancassurance partnerships to distribute Health retail products in Ghana (an industry first).

The Momentum Metropolitan Africa strategy sets the business unit in the right direction and helps defend its market share in the competitive landscape. In Botswana, a new CEO has been appointed. In Mozambique, Momentum Health holds second place and pushing for the first place in the market to reach 30 000 lives insured.

OUTLOOK

We continue to monitor our diverse operating and business environments to identify potential risks and challenges across our different markets.

We expect continued market volatility, inflation risk and currency risk, with extremely high inflation levels expected in Ghana resulting in increased expenses and a devaluation of earnings and business valuations at Group level.

In the short to medium term, we expect business mix challenges to continue with new business weighted towards lower margin savings business, resulting in overall margin deficiencies.

The business remains cautiously optimistic in the short term and will continue implementing projects to strengthen our distribution capabilities, improve the client experience and maintain client retention levels.

Earnings and VNB will be subdued in the short term as the businesses are in the process of refreshing their technology and incurring duplicate and parallel systems costs while transitioning onto the new platform, and at the same time working on the distribution fundamentals.

NEW INITIATIVES

INCLUDED UNDER THIS SEGMENT ARE:

Aditya Birla Health Insurance
A health insurance associate in India

Momentum Money
A bundled transactional banking and savings solution

Exponential Integration operating expenses. Local and offshore venture capital funds with a focus on Fintech and Insurtech start-ups, and other local start-up operations

MOMENTUM MONEY

A savings-led and digital business helping South Africans save money and spend smartly

After ABHI, the Group's largest new initiative is Momentum Money, which recorded a slightly higher loss compared to the prior year. Momentum Money bundles a low-cost transactional facility with a savings account that offers competitive interest rates without restrictive requirements, such as lock-in periods. The rewards from our health rewards programme and voluntary deposits made by clients can be deposited into the savings account.

EXPONENTIAL INTEGRATION

The new ventures we invest in through the 4Di Exponential Tech Fund and Anthemis Exponential Ventures are integral to our ability to **Reinvent and Grow** our business and create sustainable value for our stakeholders. As the pace of digital transformation accelerates, those ventures that can contribute to our digital transformation are particularly key to the reinvention of our business. By their very nature, they are sometimes an outstanding success and sometimes they fail. Through this investment process, we gain practical experience, build partnerships and understand key trends without investing millions in research.

The disruptive innovation start-ups we are invested in and the integration of many of them into our business are discussed in the **Our digital journey** section of this report.

ADITYA BIRLA HEALTH INSURANCE (ABHI)

Empowering and motivating families to prioritise their health and live fulfilling lives.

KEY METRICS

NHE	**-R428 million** (F2022: -R446 million)
Total lives covered	**21 million total lives covered** (F2022: 19 million)
GWP	**R5.9 billion** (F2022: R3.5 billion)

Our key differentiators

- Our health-first model
- Superior client experience

ABHI is positioning itself to become a top three standalone health insurer and has adopted an aggressive growth strategy to achieve this. The business executed on the strategy for F2023 by delivering 69% year-on-year growth in gross written premium. However, the operational performance was negatively impacted by a higher-than-expected claims experience. Although Covid -19-related claims have subsided, an increase in the number of claims and higher average claim sizes due to delayed diagnostic and preventative medical procedures are impacting the claims experience.

In October 2022, an affiliate of the Abu Dhabi Investment Authority (ADIA) acquired a shareholding of 9.99% in ABHI. Aditya Birla Capital and Momentum Metropolitan diluted their respective interest to 45.91% and 44.1%.

The capital infusion of R1.3 billion will be used to fund ABHI's growth in the health insurance market in India.

ABHI is pursuing a health-first, data-driven model to empower people to lead healthier lives through:

- A differentiated model with a health-first approach to enhance the role of health insurers
- A diversified distribution footprint covering conventional and new digital platforms
- End-to-end digital capabilities for scale engagement and superior client experience
- Leveraging data and analytics to drive excellence in every facet of business.

Matters material to our digital journey

- Increased focus on innovation and digital transformation
- Digitalising and refreshing our distribution channels to remain competitive
- Major projects and migrations, and technology infrastructure risks
- Cybersecurity and data protection

The SDG we contribute to through our digital journey

Developing our business-led digital transformation and related capabilities helps us extract greater efficiencies, improves the client experience and is critical to enhancing our sustainability performance.

DIGITAL-LED INNOVATION

The digital economy is an important engine of innovation, competitiveness and economic growth across the globe – reshaping how society and business operate, as well as impacting the environment, employee wellbeing and even our own reality at an unprecedented rate. Accordingly, we strive to innovate, refine and conceptualise technology to lower barriers to enable more people to access affordable insurance, savings and financial advice through our innovative platforms and engagement-rich digital solutions.

We anticipate that digital innovation and transformation will disrupt our value chain as new start-ups disrupt the industry. For this reason, our approach to digital transformation deliberately involves fintech and insurtech start-ups.

We remain optimistic about the vast and multifaceted benefits of digital innovation and transformation, understanding that it will drive greater client accessibility, efficiency and savings. Our goal is to reinvent and modernise our business by transforming our digital tools and systems to achieve digital end-to-end processes.

We use technology and innovation to establish new channels and to effectively engage with clients, especially younger and digitally native consumers. While these new channels leverage new technology opportunities to optimise client acquisition and sales processes, they do pose a risk to the Group as well, with financial exclusion becoming an increasing risk premised on inequality and the "digital divide".

Despite investing in digital transformation, we understand that clients still require face-to-face engagement, thus face-to-face channels will remain our primary distribution channels for the foreseeable future. Insurance is complex in nature and for some clients is best explained in person. Our priority is to meet clients where they are and to provide advice in a format that is both personal and accessible. We are therefore committed to investing in upskilling people and points of presence to engage with clients while offering them a choice of channels. While the nature of our community branches may evolve in future, they will remain anchors where our clients live and work.

TRANSFORMING AN ESTABLISHED BUSINESS INTO A FUTURE-FIT DIGITAL COMPETITOR

Digital tools and paperless processes

Digital tools help improve efficiency, streamline processes and enhance client experiences while reaching a wider client base. In F2023, we made significant strides in digitising our processes, which resulted in solid cost savings and also helped the business reduce its carbon footprint.

The majority of new solutions developed are now entirely digital with no paper application forms, and a large portion of client communication is sent via digital channels (SMS, emails and WhatsApp). Chatbots also help reduce the claims processing time and delivered client satisfaction through expanded self-service options.

Connecting the advice and digital worlds through digital channel enablement

We embrace advice-led distribution; this means we are equipping and enabling all channels digitally to create a leading adviser journey that significantly improves the adviser experience. For some advisers, this means the integration of our technology with their own systems, and for others, it involves opening up new digital ways of engaging with the Group. In this context, digital transformation also talks to creating channel efficiencies.

Improving the sales process and client experience

The improvement of our sales processes through the digital transformation process is intricately linked to our **Reinvent and Grow** objectives of digital channel enablement and establishing new channels that include our digital-led distribution, which has improved the adviser experience.

New direct digital channels are improving customer experiences. The introduction of new technologies and digital capabilities is critical to creating client journeys that can compete with the whole range of digital experiences that clients can enjoy elsewhere.

The role of digitalisation and digitisation in achieving our Reinvent and Grow objectives

While each business unit is responsible for implementing its own **Reinvent and Grow** strategies, capabilities across the Group are reused in an integrative manner by the business units, including systems and innovation capabilities. The Group has several future-proofing, next-generation initiatives in development in the business units.

The focus of our Group Chief Digital and Technology Officer is to optimise and develop these initiatives that help accelerate our digital Reinvent objectives through reuse and enablement.

SUPPORTING THE FINANCIAL AND STRATEGIC GOALS OF THE GROUP

We invest in early-stage fintech, insurtech and healthtech companies to leverage capabilities, future-proof the business, provide strategic insights, and address social challenges such as financial inclusion. The Group's venture capital funding is achieved through investments in venture capital funds, as well as direct investments in start-ups. By the end of the 2023 financial year, we had invested more than R900 million with 61 businesses funded.

The Group's disruptive innovation initiative, Exponential Integration, has two primary focus areas. We invest in start-ups through our venture capital funds and also develop innovative new solutions for our clients by integrating our capabilities with those of start-ups.

Continue to strengthen our innovation ecosystem scanning through Exponential venture capital funds	Partnerships leverage a mandate to include start-ups in these funds that have developed capabilities that are valuable to the Group. With several start-ups in the venture capital funds achieving valuations in later funding rounds that are multiples higher compared to their earlier valuations, these venture capital investments have generated significant earnings. At the same time, the Group has benefited from strategic learnings. It has also benefited from partnering with some of the start-ups in these funds to develop value propositions more rapidly than would normally be the case.
Disrupt and strengthen the core businesses of today through Exponential Integration	The aim of this central capability is to find, match assets and partner with insurtech and fintech start-ups that have capabilities key to the Group. This function has facilitated the development of important intellectual property that is used to facilitate the creation of new initiatives through advanced digital technology. The capability will play a vital role in future-proofing the Group.
Industrialise our capability to build new businesses through ventures – M²X Venture Building	The intent behind M²X is to drive business digital transformation and growth by enabling next-generation, internal venture building and leverage new technology stacks, international X-tech start-up networks and robust processes, and capabilities and tools. Through M²X, the Group is currently investigating and testing the plausibility of implementing new features to the current offering and/or distribution channels.

Through this funding, we have been able to contribute to the achievement of SDG 9.3 (increase the access of small-scale industrial and other enterprises), particularly in developing countries, in financial services, including affordable credit and their integration into value chains and markets.

Integrating exponential start-ups with our business

A key strategic objective is to partner with start-ups to use their innovative and disruptive abilities to help us create exciting new value propositions and distribution channels for our clients.

Kimi

Our focus has remained on the physiological Internet of Things (IoT) and AI. These data streams have enabled us to create models related to health risk stratification that enable client education and early health interventions while creating a sound foundation for the digital onboarding experience of the new Myriad product launch and digital health screening in Multiply rewards.

Over the year, Kimi has aided clients with early interventions triggered by the AI models, based on the early detection of cardiovascular and mental diseases. The interventions have provided a sound basis for an AI-to-human intervention model.

Kimi has been integrated into Multiply and Myriad's onboarding and reassessment processes.

root

The Group co-funded the Root Insurance start-up, born out of Exponential Ventures and the 4Di Capital start-up system. We have been able to introduce ROOT's innovative and disruptive abilities to the business. ROOT's technology has enabled the provision of microinsurance products in Guardrisk with digitally available life insurance products that offer financial inclusion.

TaxTim

TaxTim integration efforts continue to reap the benefits of understanding client needs and connecting them with advisers.

The Tax Health Score developed by TaxTim provides a unique connection point for a new wave of interaction between clients and advisers, allowing an interactive and user-friendly ecosystem.

Co-planning capability with a key interest in enabling our client onboarding processes.

Big data and data engagement through Exponential Integration has created a seamless digital onboarding capability using biotechnologies and big data. This capability enables onboarding functions and an interactive client experience.

CYBERSECURITY AND DATA PRIVACY

Our hybrid approach to working has presented an opportunity to implement digital enhancements and to apply much-needed changes in the working environment to enable a safer and more secure way of working.

Our governance of IT includes a cybersecurity strategy and a **Technology and Information Governance Framework**, which is addressed in the governance section of this report.

We are making steady progress across the Group in maturing our cybersecurity posture. The introduction of business cybersecurity representatives has yielded positive results. We have strengthened our posture through applying machine learning, updating access and identity management tooling as well as security information and event management capabilities.

Education and knowledge are important elements in addressing cyber risk, and our analysis of recent cyber incidents in the industry has identified similar themes at victim organisations, be it a user falling victim to a phishing attack, or a team using a weak password to access resources. More often than not, hacker groups are targeting people instead of technology to infiltrate organisations. We have, therefore, sought additional ways of educating, guiding and creating greater awareness among our employees and are making use of our cybersecurity representatives as ambassadors for cybersecurity.

We trained 12 632 employees across the Group in data and cybersecurity during the year (F2022: 10 382 employees) and 9 351 employees received privacy-related risk-based training (F2022: 11 026 employees). We ensure that our training and constant testing of our employees is relevant, up to date and in line with the latest fraudster tactics.

Protecting our client's right to privacy

To ensure the privacy of our client's data and meet the requirements of the Protection of Personal Information Act, 4 of 2013 (POPIA), our Data Protection Steering Committee, whose members include an executive member from each business unit, is mandated to ensure the Act is implemented in the Group.

We invite you to read our separate **Sustainability Report**; it provides more information about how digital transformation supports our ESG ambitions and long-term sustainability.

OUR SUSTAINABILITY FRAMEWORK BUILDS FUTURE RESILIENCE

Our commitment to sustainability aims to future-proof communities and businesses from all walks of life by addressing societal and environmental factors while enabling economic progress.

The sustainability framework articulates our journey towards strategic integration, enabling us to explore, scale and implement opportunities to solve ESG challenges across the Group. It is supported by our Reinvent and Grow strategic pillars, which clarify our critical focus and growth areas, and the Group's direction; it also includes the Group's strategic corporate social investment (CSI) activities.

We take being a good corporate citizen and our responsibility to our clients and employees, the environment and society seriously. It is, our intention to move beyond compliance and achieve a deeper, collective understanding of our ESG factors. Our longer-term ambition is to be adept at building societal and environmental resilience across the strategic pillars and enablers.

As we embed this framework across the Group, we will continue to identify and mitigate sustainability risks, embrace opportunities that enhance our sustainability, and continue measuring our performance against our sustainability KPIs. This bottom-up and top-down approach enables full sustainability integration in the Group strategy and across the business unit strategies.

Ambition

Enable people, businesses and communities from all walks of life to achieve their financial goals and life aspirations by addressing social and environmental issues through the core business

This is based on our Group purpose to enable businesses and people from all walks of life to achieve their financial goals and life aspirations.

Strategic pillars

- **Make financial services more inclusive**
- **Enhance financial security and health**
- **Help to build the low-carbon economy**

The strategic pillars represent the top priorities where the Group can have an impact in the long-term.

Key themes

1. Provide appropriate offerings for underserved segments such as SMMEs, low-income earners and employed but uninsured people
2. Develop a custom-made advice approach to serve distinct segments and maximise client value
3. Enable clients to actively direct their health and financial wellness
4. Enhance client experiences to better serve their needs
5. Build a decarbonisation roadmap
6. Grow our portfolio of climate positive products and services

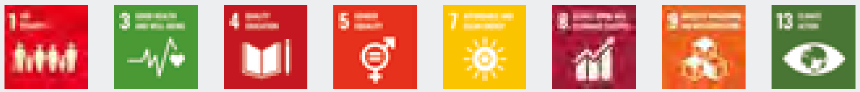
The key themes emerged from the business unit commitments for each pillar. They built on the previous sub-focus areas as interrelated sustainability initiatives that will develop as the business evolves its sustainability practice.

Strategic enablers

- **Responsible business practices, ethics, and accountability**
- **Diversity and future-fit skills**
- **Strategic Corporate Social Investment**
- **Digital-led innovation**
- **Partnerships for systemic change**

The strategic enablers cover core expectations and represent the foundational elements that need to be in place for us to be successful.

Sustainable Development Goals



Together, the Group, business units and the Momentum Metropolitan Foundation make the most significant contribution to eight of the SDGs. The business units are in the process of matching their commitments and targets to specific SDGs.

We help people grow their savings, protect what matters to them, and invest for the future. We enable businesses and people from all walks of life to achieve their financial goals and life aspirations. This purpose guides everything we do, including our contribution towards good sustainability practices.

We help companies and organisations nurture and reward their employees, just as we do our own. We provide financial planning, advice and education to enhance inclusive economic progress. Ultimately, we contribute to health and financial wellbeing by helping people cope with the unforeseen in this unpredictable and ever-changing world.

Our ESG priorities are people-centred. We are committed to sustainability principles and strive to be a financially sound, socially responsible and environmentally friendly Group, with sustainability and good governance being the unifying principles across all our economic, social and environmental goals. Through this commitment to sustainability, we can future-proof our communities and businesses, and address societal and environmental challenges, while also enabling economic progress.

This chapter summarises our performance across four key areas that contribute to our business sustainability, namely:

- Our human capital
- Our role in society
- Our responsible approach to investing
- Our environmental stewardship.

We invite you to read our separate **Sustainability Report** and **TCFD Report**. These provide an overview of our approach to sustainability and explain our sustainability framework which guides us and details the specific actions and initiatives we have taken towards driving financial inclusion, promoting a healthier and more resilient society, and our progress in helping to build a low-carbon economy, and provides our full portfolio of strategic sustainability impacts, among others.

ACHIEVING OUR HIGHER PURPOSE

To achieve our sustainability ambitions and advocate sustainable business practices in our industry, communities and across the regions in which we operate, we believe that governments, academics, the financial sector and businesses must work together for the benefit of all.

United Nations Sustainable Development Goals

In reviewing our broader impact on people, society and the planet, we have incorporated a broader agenda into our strategic thinking by considering the United Nations Sustainable Development Goals (SDGs) that are relevant to our purpose and to which we can make the most meaningful contribution.

We identified the eight SDGs to which we can contribute the most and on which we have the most impact, and aligned with our business approach to sustainability issues and opportunity realisation. These SDGs underpin our long-term value creation strategy and inform our short to medium-term strategy.

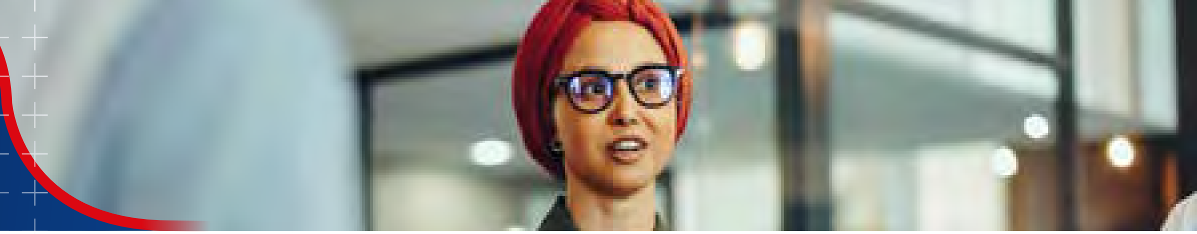
Our signatory commitments

We have aligned ourselves with the following organisations:

- Momentum Metropolitan is a signatory of the Climate Action 100+ initiative
- We have been a signatory of the United Nations-supported Principles for Responsible Investment (PRI) since 2006
- We support the 10 principles of the United Nations Global Compact (UNGC)
- We are a signatory to the Just Transition Global Investor Statement, building on our commitment to address climate change risk
- We support and endorse the Code for Responsible Investing in South Africa (CRISA)
- Momentum Global Investment Management adopts the UK Code 2020's 12 principles and intends to be recognised by the FRC as a signatory to the Code.

Read our **Sustainability Report** for further information about our active partnerships and impact.

OUR HUMAN CAPITAL



top EMPLOYER SOUTH AFRICA 2023
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

We create a working environment that respects human rights, promotes health, wellbeing and safety, and fosters learning and career growth.

We have a high-performance, inclusive culture that is underpinned by our values of excellence, accountability, integrity, responsibility, respect, fairness, teamwork, innovation and diversity. We ask our employees to live our purpose and values to promote an ethical corporate culture and deliver on the objectives of the Group's strategic pillars.

We value and advance diversity and inclusion in the workplace. We are committed to equal opportunity and are intolerant of discrimination in our workplace in terms of race, gender, occupation and reward. We take proactive and remedial steps to prevent all forms of harassment in the workplace, as per the Code of Good Practice on the prevention and elimination of harassment in the workplace.

We uphold our employees' right to freedom of association and recognise their right to collective bargaining. We respect our employees' right to join, form or not to join a trade union without fear of reprisal, intimidation or harassment. Where required, we are committed to establishing a constructive dialogue with the trade unions' freely chosen representatives and are committed to bargaining in good faith with such representatives.

Matters material to our human capital

- The flight of skills and the increasing demand for critical skills
- Authentic transformation through diversity and inclusion
- Health, wellness and wellbeing of employees

The SDGs we contribute to through our approach to human capital

KEY HUMAN CAPITAL METRICS*:

12 786 permanent employees
(F2022: 13 356)

940 temporary employees
(F2022: 822)

R282.4 million spent on training and skills development of 8 767 employees
(F2022: R297 million spent on training 14 621 employees)**

Average voluntary turnover
11%
(F2022: 11%)

R6.8 billion spent on total employee remuneration
(F2022: R6.7 billion)

0.9% of employees covered by an independent union or collective bargaining agreement
(F2022: 1.1%)

93% of the 1 124 employees who were awarded learnerships and internships in F2023 are black
(F2022: 726 employees)

R205.6 million spent on the training and skills development of our black employees
(F2022: R293 million)**

Progress with authentic transformation through diversity and inclusion

80% of our employees are black
(F2022: 80%)

65% of our permanent employees are women
(F2022: 65%)

0.81% of our employees are disabled
(F2022: 0.65%)

36% of our top management are black
(F2022: 36%)

18% of our top management are women
(F2022: 18%)

9% of our top management are black women
(F2022: 9%)

Employee support through our assistance programme

7.6% of permanent employees received health and education training in F2023
(F2022: 32%)***

4.2% of our employees underwent critical incident stress debriefings in F2023
(F2022: 6.5%)

90% of employees have access to flexible working arrangements
(F2022: 90%)

100% of employees have access to Wise & Well (our wellness programme)
(F2022: 100%)

10% of our employees requested individual counselling sessions in F2023
(F2022: 13%)

** The human capital metrics above relate to our South African operations.*
*** Learning and development spend is calculated based on B-BBEE codes.*
**** Decline is due to a change in contractual costing terms with the supplier, resulting in a decrease in utilisation.*

AUTHENTIC TRANSFORMATION THROUGH DIVERSITY, INCLUSION, EQUITY AND BELONGING

We know it is the diversity of our human talent that makes us who we are, that brings richness to our thinking and empathy to our actions.

Our ambition is to be a company that is authentically transformed and embraces diversity and inclusion. Our focus on transformation is essential for the future sustainability of our business, as we require diverse thinking to navigate the world's complex sustainability challenges.

Creating opportunities and developing black talent is a significant driver for transformation at Momentum Metropolitan and in the broader industry. We have been on a comprehensive transformation journey since F2020 and are making good progress with our authentic transformation. We have a strong bench strength of senior leaders and intend to create bench strength in junior talent by introducing them to our DNA and processes while strengthening academic and industry partnerships that provide access to pools of talent.

During the year, we launched an internal campaign to improve disability awareness and provided information on the disclosure process. We hosted our Employment Equity Day with the Employment Equity Forum to improve the understanding of EE requirements among our employees. Other initiatives already in practice across the Group include:
- Sexual harassment policy and campaigns
- Gender-based violence campaigns
- Women empowerment campaigns (#SheOwnsHerSuccess)
- Celebration of the LGBTQIA+ community with several awareness campaigns.

In terms of the Diversity, Inclusion, Equity and Belonging Practice, a diagnostic was conducted to determine what work is already being done in the various business units. Results found that further work in this practice is required and a workstream was constituted. In F2024, we intend to design and develop a Diversity, Inclusion, Equity and Belonging Practice to further embed our position on transformation and inclusion, which will include running a further diagnostic by conducting Group-wide focus groups.

Learn more about our transformation ambitions on page 44 of our **Sustainability Report**.

ATTRACTING AND RETAINING CRITICAL TALENT

As a Top Employer in 2023 (for the third year in a row), attracting, selecting, developing and retaining top talent remains a critical focus due to the flight of talent and the increasing demand for specialist and technical skills (deemed critical for the Group).
The Group focuses on maintaining an effective recruitment process, managing succession planning and investing in leadership development. By adopting a data-driven approach to talent management, we ensure strategic workforce planning, people development and optimised organisational design remain aligned across the Group.

We are committed to creating a working environment where employees feel valued, connected, invested in, cared for and proud to work for an employer of choice. In August 2022, we launched a revised employee value proposition (EVP) framework to clearly articulate the EVP offerings and benefits available to employees and create a stronger narrative around what makes Momentum Metropolitan a great workplace.

We have adopted a multi-faceted approach to building our EVP, with each facet linked to:
- Being a responsible business
- Caring for our employees
- Connecting with employees and enabling connection among colleagues
- Building a future-fit team through skills development
- Developing talent and growing careers

We put the employee experience at the forefront of how we build and enhance our EVP and deliver on our promise to #ThinkHumanFirst – always considering what employees will experience when engaging with any of the elements of our EVP.

We are encouraged by how our holistic proposition has been received by the growing number of individuals who have indicated their interest in Momentum Metropolitan as their choice of employer. The ease with which potential employees can access job opportunities through our digital recruitment platform enables a positive candidate experience and helps the Group attract the skills of the future.

Our competitive value proposition not only interests new employees, but the growing number of opportunities within and across the business means we are retaining talent throughout our employees' career journeys.

Our comprehensive upskilling programme helps build digital skills across the Group, where learning and skills development are prioritised. We have also invested in a dedicated leadership development programme, focusing on black females at the executive, senior, middle and junior management levels. This programme aims to develop a talent pipeline of females who are essential to all tiers of our business.

While remote working remains a desired employee benefit, our hybrid approach enables us to leverage the benefits of having people together in the office (sharing ideas, strengthening relationships, building culture) while still enabling flexibility in how our people structure their workdays (creating better work-life integration, minimising travel time where possible, etc.). We adopted remote working practices during the pandemic to adhere to government regulations. Then we shifted to a hybrid model as regulations eased when the state of disaster was lifted. In August 2022, we implemented a new guideline for the MMH hybrid way of work. Given the complexity of working outside the borders of South Africa, which encompasses several different legal disciplines, including country laws, tax agreements and treaties with which the Group would have to comply; our stance is to only allow this in exceptional cases.

EMPLOYEE SKILLS DEVELOPMENT AND BUILDING A TALENT PIPELINE

Our Group skills development and learnership plans help equip our people with the necessary skills to not only perform optimally in an evolving environment but also to develop future-fit skills. During the year, we invested R282.4 million into skills development (F2022: R297 million), which illustrates our commitment to offering learning opportunities to our employees that enhance their career growth and help us build capacity to meet client expectations.

We intend to reduce unemployment, especially among designated groups, including youth, women and people with disabilities. We continue our intense focus on skills development for black employees, particularly those who have received bursaries to study for formal qualifications in scarce skills such as IT, actuarial, clinical and legal.

The businesses also focused on learnerships to ensure a pipeline of black candidates who can be absorbed into the business where roles are available. An example of this commitment is the R102.2 million invested in learning and development for black women (F2022: R65.54 million).

Learn more about our investment in training and skills development on page 43, of our **Sustainability Report**.

Developing future skills

The Group Human Capital team launched a project to design and develop a more scientific toolkit and process to identify scarce and critical skills in the various business units. This will inform a plan to manage Group-wide scarce and critical skills from a recruitment, retention, development and reward perspective.

A formal approach has been designed and tabled to assist business units to identify critical and scarce skills in a structured and cohesive manner.

Learn more about our flagship skills and leadership development programmes on page 52 of our **Sustainability Report**.

Driving a digital focus

Driving digital transformation is a strategic objective of the Human Capital team to prepare and enable our people to work in an evolving workplace, and enable efficiency through automation and self-service. A key strategic element is to leverage a data-driven approach to enable strategic workforce planning and management. By leveraging predictive analytics, we can anticipate workforce challenges and opportunities in attracting and retaining talent, identifying potential skill gaps, and making informed decisions to optimise the workforce.

Technology and digital talent skills are in high demand, thus driving high churn in the industry. We believe that acquiring and developing internal talent is the right solution for our business. This requires sustained investment in skills development and talent management. Further to this, our partnership with Momentum Metropolitan Services, in the captive solution context, has proven to be highly beneficial in gaining access to much-needed skills which are available in the Indian market.

EMPLOYEE HEALTH AND WELLBEING

We are committed to providing a healthy and safe working environment where all employees can function optimally, as well as aspire to work, grow and contribute meaningfully to our success.

Our policy is to provide a safe and healthy workplace that complies with all applicable safety and health laws and regulations, as well as with our internal requirements (following consultations with our employees).

Providing employees with sufficient resources in the workplace is important, as it ultimately contributes to higher engagement, productivity and client satisfaction. We do this by providing our employees with information, instructions, recommendations, training and supervision that includes monthly health-and-safety-related communication, first aid tips, and training initiatives such as online evacuation planning, injuries on duty, induction and ergonomics training.

Usage of our critical incident stress debriefings (CISD) increased by 2.3% year on year. CISD incidents related to grief, domestic violence, car accidents, and loss of a loved one. Our grief support group, which meets twice a month, has been well received by employees.

Our employee assistance programme, Wise & Well, supports permanent employees and those in their households to manage situations that may impact their wellbeing. It includes telephonic or face-to-face counselling, managerial consultation, and trauma debriefing.

Our WhatsApp channel enables easy-to-use, instant interaction with employees who need support. The automated chatbot guides employees through the steps and allocates a referral to an appropriate case worker. The channel can also be used for employee referrals.

Netcare 911 is the Momentum Health medical aid's designated service provider for emergency ambulance services. This benefit (as part of the health platform benefit) is available to all members and beneficiaries of the medical aid scheme and requires pre-authorisation by Netcare 911. In total, 31 injuries on duty were reported Group-wide in F2023 and some minor incidents were treated by trained first aiders.

Learn more about employee health and wellbeing on page 47 of our **Sustainability Report**.

FINANCIAL WELLNESS

The financial wellness portal was launched in September 2022, to support employees to achieve their financial goals and life aspirations through education and/or advice from a financial adviser. Employees can access the portal at any time and from any device. The portal portrays a financial wellness map that provide access to information regarding starting a career, buying an asset, parenting and much more. We are currently looking at how we can gain further insight from the use of predictive analytics.

ENGAGING WITH OUR EMPLOYEES

We remain committed to creating a working environment that fosters collaboration and engagement. Our goal is to stimulate, engage and motivate employees to embrace sustainable business practices, ultimately improving employee performance and client experiences.

Through frequent employee engagement, we can quickly identify and respond to employee needs, and new business opportunities, mitigate operational risks, and close skills gaps.

In F2023, engagement measurements mostly happened at a business unit level and insights gained were shared with respective BU executive and management teams to identify relevant interventions and action plans to continue to optimise employee engagement.

THE YEAR AHEAD

We will continue to drive digital learning to enable employees to upskill themselves and develop their careers, with a specific focus on career management solutions. We use insight gathered from engagement data and wellbeing usage data when formulating our employee training and wellbeing interventions based on gaps and needs identified. A Group-wide culture survey is planned to measure the progress of our culture journey across Momentum Metropolitan. This will provide us with a benchmark for the future to continuously evaluate and shape our culture.

OUR ROLE IN SOCIETY

Through our commitment to sustainability, we can future-proof communities and businesses from all walks of life by addressing societal and environmental factors while enabling economic progress.

MOMENTUM METROPOLITAN FOUNDATION

The Momentum Metropolitan Foundation (the Foundation) is an independent not-for-profit company with its own board of directors, 50% of whom are independent non-executive directors chosen for their skills and experience, and the remaining 50% are drawn from our management team.

The Momentum Metropolitan CSI team acts on behalf of the Foundation to deliver on its youth employment strategy to improve youth unemployment by investing in quality education to enable access to decent work and economic growth.

The Foundation prioritises youth unemployment–focusing on programmes which support job placement, self-employment and career development. It supports the Group by providing comprehensive financial education for the youth segment, developing female information technology skills, as well as offering programmes to place young people in decent jobs.

This year, the Foundation recalibrated its consumer financial education strategy to focus on youth aged 18 to 35, who are either in institutions of higher learning or are about to enter the world of work. For younger fund members, investing more of their contributions will be a positive outcome under the two-pot retirement system.

In F2023, the Foundation spent R43.5 million on CSI (youth employment, financial education and employee volunteer initiatives), which translated to 1.28% of net profit after tax for F2023.

Matters material to our social and relationship capital

- Responsible investing and stewardship
- Lobbying through industry bodies
- Addressing social inequalities (driving financial inclusion)

- Authentic transformation through diversity and inclusion

The SDGs we contribute to through our approach to social and relationship capital

KEY METRICS FOR OUR ROLE IN SOCIETY

R43.5 million total community investment (F2022: 27.5 million)

Youth employment and entrepreneurship programmes

R24 million invested
(F2022: R13.6 million)

545 young people completed training
(F2022: 539)

352 were placed in jobs, of whom 56% were female
(F2022: 304)

613 recruited for training opportunities
(F2022: 594)

Consumer financial education

R17 million invested
(F2022: R8.3 million)

2 689 people received financial education
(F2022: 10 108)

Employee volunteerism

Employee participation of **1 968**
(F2022: 3 439)

R348 957 donated through payroll giving
(F2022: R260 000)

R100 000 in-kind donations
(F2022: R27 150)

852 hours volunteered
(F2022: 687)

Transformation

ESD

Invested **R55 million** into ASISA ESD Fund

R10 million invested in enterprise development initiatives
(F2022: R5 million)

B-BBEE preferential procurement

Exceeded preferential procurement targets with a spend of **R4.0 billion** on empowered suppliers
(F2022: R3.6 billion)

Empowerment financing

Over **R17.1 billion** invested in building transport systems, energy supply, healthcare, education and connectivity, enabling service delivery and economic transformation
(F2022: R13.5 billion)

R2.1 billion invested in providing funding to black-owned businesses
(F2022: R1.8 billion)

YOUTH EMPLOYMENT AND ENTREPRENEURSHIP PROGRAMMES

By economically activating young individuals and communities, we not only ensure the long-term sustainability of our business but also give future hope to our communities and our country.

Young people in South Africa face challenging economic and social circumstances. The youth are considered the most vulnerable segment in South Africa's labour market.

The Foundation's purpose is to enable the life aspirations and sustainable earning potential of disadvantaged young people in South Africa through financial education, employment programmes, job placements and access to income-creating opportunities.

Our socio-economic development strategy is aligned with our business objectives while unlocking opportunities for communities. It focuses on the critical priority of youth employment and training that translates into a job or economic activity (with a further focus on IT and digital skills training), consumer financial education and our employee volunteer programme, supported by a robust monitoring and evaluation practice.

The Foundation selects youth employment programmes based on a hierarchy of preferences (digital skills, entrepreneurship and vocational training). We currently support nine youth employment and entrepreneurship programmes in a range of provinces, resulting in:

613 **young people recruited for training opportunities**

545 **young people completed training**

352 **young people placed in jobs**

For more information on our programmes, we refer you to page 54 of our **Sustainability Report**.

CONSUMER FINANCIAL EDUCATION

Financial education increases consumers' financial capability and contributes to the demand for financial products, transparency and fair market conduct. Financial literacy is also key to ensuring sustainable and effective financial inclusion.

The current youth unemployment rate is currently 62.1% to help mitigate the impacts of the unemployment rate, our consumer financial education programme focuses on youth empowerment to promote and enable youth unemployment.

We went through a strategy overhaul process for consumer financial education this year. This revamped strategy aims to provide financial education that makes a meaningful contribution to the financial capability of young people and gives them the confidence to pursue their dreams.

From F2023, the Foundation focused on the Motheo Financial Dialogues consumer financial education programme.

The programme's strategic goal is to address the specific needs of young adults in South Africa and teach unemployed youth about entrepreneurial skills that will help provide them with alternative income streams, while still promoting sound money management practices, developing practical financial knowledge and skills, and encouraging appropriate financial behaviours.

The curriculum incorporates fit-for-purpose, research-driven, impactful and measurable financial education programmes. The programme delivers unbiased financial content and enables collaboration among research organisations, teaching organisations and financial education practitioners while creating mutual value for our stakeholders.

The Foundation's ultimate goal is to inspire every young person who attends its programmes to create a brighter future for themselves through good money management.

Learn more about the Motheo Financial Dialogues on page 56 of our **Sustainability Report**.

EMPLOYEE VOLUNTEERISM

Our dynamic employee volunteerism programme encourages participation and enables sustainable long-term engagement with non-profit partners to make a meaningful impact in our communities. We adopted a new staff volunteerism strategy in August 2022.

From 1 January 2023, the Group's leave policy includes one day of volunteerism leave per employee per year to support registered organisations.

Employees can select payroll beneficiary organisations we partner with. Employees decide on an amount they wish to donate, with amounts automatically deducted from their monthly salary knowing that our partner organisations have demonstrated proven impacts in the communities they serve and that their funds will be put to good use.

Payroll giving increased from R260 000 in 2022 to R348 957 in 2023. This is attributed to ongoing engagement with employees and being intentional about raising awareness about employee volunteerism.

ENTERPRISE AND SUPPLIER DEVELOPMENT

ESD moves beyond compliance with the implementation of our programmes. As a good corporate citizen, we have an important role to play in helping SMMEs to thrive.

Our ESD programmes aim to make financial services more inclusive by increasing enterprise and supplier development and skills development efforts, and promoting and developing small and medium-sized black-owned enterprises in South Africa.

Our Enterprise and Supplier Development Trust is committed to improving the ability of qualifying entrepreneurs to access skills, funding and markets and develop their businesses in a way that fosters sustainable and inclusive growth.

In F2023, our programmes included investment for SMMEs and youth entrepreneurship programmes.

More detail on the impact of our ESD programmes is available in our **Sustainability Report**.

ASISA ESD Fund

In addition to our supplier development programmes, we invested R55 million in the ASISA ESD Fund.

ASISA is the financial services industry body that assists industry players to coordinate investments in SMMEs and creates innovative acceleration programmes to unlock growth. Our investment is pooled with various other role players in the financial services sector. This pooled funding creates greater access to capital for black SMMEs and enables investors to create meaningful and measurable commercial and social impact outcomes in the sector. The fund has delivered the following impact since its inception:

- 63% increase in average revenue across SMEs supported
- Over 1 027 SMEs developed
- 6 316 jobs supported
- Over 2 376 jobs created
- R320 million in industry procurement from supported SMEs
- Over 101 100 hours of SME developmental support provided

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We continue exploring ways to incorporate the fund's activities with our supply chain. We also look beyond our supply chain to provide ASISA with leads to create access to funding opportunities.

More detail on the impact of our ESD programmes is available in our **Sustainability Report**.

FINANCIAL INCLUSION

The insurance industry is critically rethinking the financial inclusion scorecard, to make products included on the scorecard more relevant to achieving financial inclusion and aligning thinking in this regard between the industry, government and labour. While savings products are noticeably absent from the scorecard, they cannot be included until the revision of the savings regulatory framework is completed.

An area that will need to be addressed is access. With the shift to digital, measuring a company's presence in the market will need to include both its physical and digital footprints. Some notable initiatives to promote financial inclusion include the following:

- Our retail businesses' management approval framework specifically considers financial inclusion imperatives (with all the different underlying considerations) for new product development and product enhancements
- Momentum Corporate is already reaching people through formal employment (Group) savings and risk mechanisms. More emphasis has been placed on catering for SMMEs
- Various product features have been developed whereby inherent cross subsidies aim to improve value to low-income clients, notably our Family Protector funeral benefits in FundsAtWork and the Momentum Corporate Preservation Fund which provides market-leading value for money
- Our black broker development programmes support industry transformation and have the potential to strengthen financial inclusion efforts, promoting access to advice and support for underserved clients. Efforts to influence industry-revised standards and targets on access to finance will improve the ecosystem and support the business' sustainability commitments to make financial services more inclusive
- We invest in early-stage fintech, insurtech and healthtech companies to future-proof the business, provide strategic insights, and address social challenges such as financial inclusion. By the end of 2023, the Group's venture capital funding had invested more than R900 million with 61 businesses funded.

EMPOWERMENT FINANCING

We are accelerating our empowerment financing with various initiatives and placing young graduate beneficiaries into our procurement supply chain.

The Group is committed to contributing to the development of reliable and resilient infrastructure – it is key to South Africa's (much-needed) economic recovery.

Through strategic empowerment financing, we not only contribute to reliable and resilient infrastructure, economic development and human wellbeing but also enable affordable and equitable access for all.

When considering empowerment financing beneficiaries, we require the project owner to find ways to contribute to the achievement of our chosen SDGs, such as solar, safe and clean water, or female representation. Non-compliance with these requirements results in an adjustment to the funding costs.

During the year, we invested over R4 billion in renewable energy infrastructure to address the current energy crisis, which included a further investment of R300 million for B-BBEE partners and community participation (classified as Black Business Growth Funding). These investments contribute to SDGs 7, 9 and 13.

Read our **Sustainability Report** for further information about our investment in clean energy and water infrastructure projects.

EQUITY OWNERSHIP

We appreciate that the Group's empowerment shareholding is dependent on the investors market seeing value in the Group, largely influenced by mandated investments. In this regard, we have seen a positive increase in our equity ownership points to the full 27 points.

Our long-term empowerment shareholding structure is bolstered by the iSabelo Trust (iSabelo) share ownership scheme. Through iSabelo, all permanent South African-based employees benefit from an allocation of shares. This allocation of shares is weighted in favour of black employees. In its third year, iSabelo has over 13 200 beneficiaries who have benefited from dividends declared (In October 2022 and April 2023).

TREATING CLIENTS FAIRLY

Treating Customers Fairly (TCF) is an outcomes-based regulatory and supervisory approach designed to ensure financial institutions deliver specific fairness outcomes for their clients. The Group's Fair Practices Committee's oversight of the Group's responsibilities regarding treating our clients fairly and the management of our market conduct practices ensures the six principles that govern the fair treatment of clients are embedded at all levels of our organisation.

OUR RESPONSIBLE APPROACH TO INVESTING

We have a duty to invest responsibly on behalf of our clients.

We apply responsible investment and investment governance practices across all our savings and investment products. This includes taking into consideration the ESG risk of investments, which we believe is essential to responsibly achieve our client's investment goals.

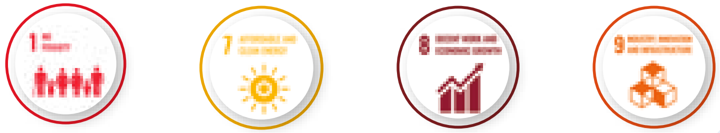
Our responsible investment commitments integrate social responsibility and environmental considerations into our investment decisions; through investments in renewable energy, infrastructure projects and enterprise supplier and youth entrepreneurship programmes.

Additional information on our approach is available in the **Momentum Investments Stewardship Report** and the **Momentum Metropolitan Sustainability Report**.

Matters material to responsible investing

- Responsible investing and stewardship
- Addressing social inequalities (driving financial inclusion)

The SDGs we contribute to through our approach to responsible investing



HOW WE INTEGRATE ESG

Our Responsible Investment team adopts a proactive approach to ESG issues and aims, where possible, to manage and mitigate events before they escalate. The team incorporates ESG factors across all the discretionary assets we manage, allocating assets across sectors through a risk lens. They allocate assets to sectors where they can have an impact (such as renewable energy, telecoms and student accommodation) and engage with the management of listed companies in which they are invested throughout the year to raise and, where possible, resolve any concerns regarding ESG matters.

Our approach to responsible investment considers ESG factors that will positively contribute to the long-term health and stability of the market for our investors.

As a signatory to the UN-supported PRI and a long-time supporter of CRISA, we have a long and proud legacy of adopting and integrating responsible investing practices in our investment portfolios. These practices resonate with our outcomes-based investment philosophy and the alignment of our client's long-term goals to positively influence the world they will retire in.

Our Responsible Investment team uses third-party research to bolster internal assessments and ratings. At the start of this year, we appointed MSCI ESG Research as our climate data service provider, with a focus on making progress on more rigorous measurement of carbon emissions across the discretionary assets managed by the Momentum Investment team. As such, we have published the Momentum Investments climate footprint (exposure in credit and equities) in the 2023 CDP report.

Our methods for integration include:

- **ESG integration:** The process of including ESG factors in investment analysis and decision-making to better manage risks
- **Screening:** The application of filters to rule investments in or out, based on preferences
- **Themed investment:** Selecting companies that fall under a sustainability-related theme, such as clean energy
- **Active ownership:** We are active owners and incorporate ESG issues into our ownership policies and practices
- **Impact investing:** Investments made with the specific intent of generating positive, measurable social and environmental impact alongside a financial return
- **Stewardship activities:** Individual and/or collaborative activities, undertaken by our Company to act on behalf of our investors, such as voting at shareholder meetings and engaging with investee boards

ACTIVE OWNERSHIP

Our proxy voting and engagement policies guide our stewardship approach to ensure our conduct is appropriate and consistent with our clients' best interests. Our responsible investment policies and voting records are also available on our website. More information is also available in the **Sustainability Report**.

South Africa proxy voting summary

- Number of shareholder meetings voted on: **243** (F2022: 257)
- Total resolutions: **3 749** (F2022: 3 998)
- Abstentions: **67** (F2022: 49)
- Votes in favour: **3 221** (F2022: 3 464)
- Votes against: **461** (F2022: 485)

**We will abstain if there are conflicts of interest.*

Global funds

A combination of ESG integration, screening and stewardship activities have been applied to the assets in the global funds set out below:

The Momentum Global Sustainable Equity Fund (Value: R11 billion)

The strategy incorporates sustainability objectives which include maintaining a reduced environmental footprint; greenhouse gas emissions, waste generation and water consumption are 22%, 42% and 22% lower, respectively, than those of the MSCI World benchmark. The strategy also achieves a greater than 20% sustainability profile as measured by the RobecoSAM Smart ESG Score.

The Harmony Sustainable Growth Fund (Value: R157.6 million)

This fund aims to provide capital growth in US dollar terms, but with a reduced level of volatility via strategic exposures to a wide range of asset classes. The fund aims for a better sustainability profile compared to relevant broad market indices for the majority of asset class exposures by integrating ESG factors.

The Momentum Africa Real Estate Fund (MAREF) (Value: R1.7 billion)

An institutional real estate portfolio that finances and develops commercial real estate in sub-Saharan Africa, excluding South Africa. MAREF's developments have been recognised for leadership in energy and environmental design.

DISCRETIONARY AUM BY ASSET CLASS

Total discretionary assets under management amount to R572 billion (F2022: R469.5 billion).

R441 billion

F2022: R392.5 billion

- 59.7% Fixed income
- 2.8% Cash
- 4.5% Other
- 33% Equity

R131 billion

F2022: R77 billion

- 61.2% Equity
- 0.8% Cash
- 1.7% Other
- 36.4% Fixed income

The increase in UK discretionary AUM reflects the acquisition of Crown Agents Investment Management (CAIM) which was completed in April 2023 and is now wholly owned by MGIM.

Our South African impact investment portfolios include:

Momentum Alternative Energy Fund (Value: R63 million)

This fund invests in equity and mezzanine debt instruments related to renewable energy infrastructure.

Momentum Diversified Infrastructure Fund (Value: R147 million)

This fund invests in core infrastructure, including roads, rail, telecommunications and agriculture.

Momentum Social Infrastructure Fund (Value: R75 million)

This fund invests in student accommodation and affordable housing.

OUR ENVIRONMENTAL STEWARDSHIP

Delivering on our role as a responsible corporate citizen includes our responsible approach to environmental stewardship and our approach to encouraging consumer sustainability awareness.

Despite having a low direct environmental impact, we recognise that the responsible management of our impact on the environment is key for the sustainability of our business and a key consideration for our clients, employees and communities. Therefore, we work to reduce our impacts through improved energy and water efficiency initiatives and responsible waste management.

Where we have operational control, we measure our environmental performance in terms of water, energy and waste management. This includes any partnerships we have established to improve the reuse of our Company's assets to reduce waste.

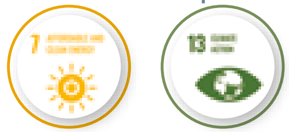
The financial sector is not regarded as a high emitter, but can direct the flow of money to pro-environmental initiatives through green financing and help society become more resilient in dealing with the impacts of climate change. Through our investment practices, underwriting decisions and property management practices, we have an opportunity to positively impact climate change. By assessing the extent of these impacts, we can manage risks and harness opportunities.

This includes:

Matters material to our environmental stewardship

- Climate change and resilience
- Energy security and consumption

The SDGs we contribute to through our approach to environmental stewardship



KEY ENVIRONMENTAL STEWARDSHIP METRICS

40 167MWh total energy consumption (F2022: 45 082MWh)

B score achieved for our voluntary CDP climate change disclosure (F2022: B score)

3 568tCO_2e total Scope 1 emissions (F2022: 1 722tCO_2e)

112 727kl total water withdrawal from municipal water supplies (F2022: 106 727kl)

55 518tCO_2e total GHG emissions (F2022: 51 955tCO_2e)

40 437tCO_2e Scope 2 emissions (F2022: 42 027tCO_2e)

Second TCFD Report was submitted in 2022

2.66tCO_2e emissions per employee (F2022: 2.65tCO_2e)

11 513tCO_2e Scope 3 emissions (F2022: 8 206tCO_2e)

26% reduction in overall GHG emissions against the 2014 baseline (F2022: 34%)

61% waste produced recycled (F2022: 47%)

R4.1 billion invested in renewable energy projects (F2022: R2.3 billion)

** Please note that to comply with the requirements of the CDP for calendar year data, our emissions data is for the 2022 calendar year.*

Responsible investment
Our responsible investment commitments integrate environmental considerations into our investment decisions and investments in renewable energy and infrastructure projects which improve the delivery of basic services.

Development of products and services
Products and services we develop to address emerging environmental risks include the Guardrisk Mining Rehabilitation product and Momentum Corporate's pension-backed solar installations.

Read more about our product offerings to support a green economy in the **Sustainability Report.**

Enterprise and supplier development investment
Our ESD investment for SMMEs and youth entrepreneurship programmes in the green economy.

Reducing emissions
Efforts to reduce emissions in our distribution channels, client acquisition and policy management phase include remote health assessments in Momentum Life and robotics process automation enabling straight-through processing in sales and services.

Read our **TCFD Report** for further information about our emissions.

OUR APPROACH TO ENVIRONMENTAL MANAGEMENT

Our environmental and sustainability policies and climate change position statement govern our approach to the sustainability of our business.

We have adopted a precautionary approach to environmental management and comply with all applicable environmental legislation and regulations. We also adhere to requirements by the Department of Forestry, Fisheries and the Environment for JSE-listed companies that have stationary combustion activities with a combined capacity that exceeds 10MW(Th) to report on the annual carbon emissions from these facilities.

We are responsible for mitigating our direct impact on the environment and also encourage our employees to reduce their impact on their own environments. We also ensure the responsible disposal of IT hardware and moving our data centres to the cloud.

CONTRIBUTING TO COMBATING CLIMATE CHANGE

We take a long-term view in our dedication to combating climate change and its impacts, and our commitment to contribute to a Just Transition to a low-carbon economy. Our contributions to combating climate change include the following:

- Having a strong governance framework that clearly articulates the Board's oversight of climate risk
- Formally supporting the TCFD
- Voluntarily participating in the Climate Change Disclosure Project
- Reducing our carbon footprint by taking corrective action to reduce GHG emissions across our value chain
- Working towards decarbonisation targets
- Investing in renewable energy projects that contribute to a low-carbon economy
- Being a signatory to the Climate Action 100+ initiative
- Our commitment to **responsible investing** includes maintaining portfolios invested in assets that meet ESG criteria
- Our product offerings and innovations to support environmental performance

Read our building a low-carbon economy section in the **Sustainability Report and TCFD Report** (to be published in November 2023).

OUR CARBON FOOTPRINT

Although considered a small carbon emitter, we contribute to global carbon emissions through electricity consumption, which is attributed to South Africa's dependence on coal-derived energy.

We disclose our GHG emissions data annually, and this is independently verified with limited assurance by a third party. Over time, the use of more energy-efficient technologies in our buildings and the construction of new buildings with five-star green building rating has resulted in our carbon footprint being reduced.

During the 2022 calendar year, we achieved a 26% reduction in our overall GHG emissions (Scopes 1, 2 and 3) against our 2014 baseline, achieving our target of a 26% reduction in Scope 1 and Scope 2 emissions by 2030; and achieved a 26% reduction in our Scope 1 and Scope 2 GHG emissions. Emissions in the last two years have been skewed by the unusual circumstances created by the measures taken to keep our employees and clients safe during the Covid-19 pandemic. We committed to set new targets as office occupancy stabilised and are working towards this. A key milestone for us in this process is reviewing our approach to emissions reporting to ensure it is as complete as possible.

We are voluntary participants in the CDP. Our latest submission is available on the CDP website. We have achieved a B score since 2017.

ENERGY MANAGEMENT

When upgrading infrastructure in our main buildings, our Facilities Management team ensures the technologies installed are energy efficient. We make energy efficiency a key consideration for any new buildings and aim to improve the energy efficiency of existing buildings and key infrastructure such as our data centres. Our efforts to make our buildings energy efficient have contributed to the reduction of our GHG emissions:

- We are making a capital investment of over R150 million into solar facilities at our Centurion and Parc du Cap properties to be completed before the end of 2024. The project will entail the installation of solar panels on roofs and parking lots with a battery energy storage system for the data centres providing eight hours of backup battery storage. The new equipment will also enable us to extend our diesel reserves
- The Eris Property Group, a subsidiary of Momentum Metropolitan, has installed 10 solar plants at 10 of its retail properties, generating 17 630MWh (F2022: 10 357MWh). This not only reduced energy consumption, but the Eris Property Group was able to avoid 17 700 tonnes of CO_2 emissions (F2022: 9 839 tonnes)
- In 2018, our data centres underwent major upgrades, which led to greener, cleaner and more energy-efficient centres, improving our power utilisation efficiency
- Upgrades in IT equipment have resulted in an increase in power utilisation efficiency (PUE) since its first measurement in 2018. Some of these upgrades included replacing uninterrupted power supply (UPS) units with new UPS frames. In addition to this, telemetry equipment was installed to ensure accurate measuring and recording of consumption
- We aim to further reduce energy usage through energy-efficient ICT Kit power. This is achieved by having data centres migrate from power-intensive devices such as servers and storage to energy-efficient points of delivery

INVESTING IN THE GREEN ECONOMY AND RENEWABLE ENERGY

We are committed to investing responsibly. Our Responsible Investment team has a proactive approach to ESG issues and aims, where possible, to manage and mitigate 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 regarding ESG matters. We have invested R4.1 billion in renewable energy to date.

WATER AND WASTE MANAGEMENT

We recognise the importance and impact of water scarcity. By adopting water-efficient technologies and initiatives such as backup tanks, hands-free, sensor-smart taps, and air-cooling HVAC systems), we can reduce our water reliance and consumption. We reduced our total water withdrawal from 106 727kl to 98 408kl.

We make every effort to avoid sending waste to landfill. Monitoring of waste management currently takes place at our four main campuses (Parc du Cap, The MARC, Centurion and Cornubia), with 61% of the waste produced in 2022 recycled.

The Group disposes of up to 10 tonnes of e-waste per annum, of which 100% of e-waste was responsibly disposed of.

PURPOSE-DRIVEN GOVERNANCE

PURPOSE-DRIVEN GOVERNANCE

Good governance supports our overall value creation process and helps the Group establish and maintain trust with key stakeholders.

GOVERNANCE HIGHLIGHTS

Balance of Board skills, experience and diversity	As evidenced by the Board **appointments, resignations and re-elections**, the Nominations Committee ensures adequate balance of knowledge, skills, experience, diversity and independence of the Board and its committees through active **succession planning**. The independent Board review conducted in F2023 concluded that the Board is highly effective, committed, professional and unified, and it values open, transparent and robust conversations.	K[7] K[9]
Executive succession planning	Jeanette Marais (Cilliers) was appointed as Group CEO effective 1 August 2023 to succeed Hillie Meyer following a rigorous, robust and thorough selection process. The Board, with the support of the Remuneration Committee, determined the contractual terms for the Group CEO position.	K[10]
Group strategy	The Board provided strategic oversight over the implementation of the Reinvent and Grow strategy and held management accountable for the Group's performance against the strategy. Good progress has been made in the current year.	K[4]
Heightened focus on ESG	The Social, Ethics and Transformation Committee invested time unpacking the Group sustainability framework, considering how to incorporate it into the Group's strategy, and how the committee should provide oversight for its application across the Group and within the various business units.	K[3]

KEY BOARD DISCUSSIONS IN F2023

The Board uses its meetings to discharge its duties in terms of its charter derived from the Companies Act, 71 of 2008, the JSE Listings Requirements, King IV and other legislation and regulations. The Board charter sets out the rules for the Board's composition, frequency of its meetings and the roles and responsibilities of the directors and the Board as a whole. The Board reviews its charter annually. An annual work plan has been established to ensure meeting agendas cover all of the Board's duties and responsibilities.

Appointment of the Group CEO	The Board followed an extensive and thorough CEO selection process, that included many meetings to ensure the correct candidate was appointed to the position.	
Overseeing the execution of the Reinvent and Grow strategy	Strategic discussions at Board and relevant committee meetings remained key on the agendas following the annual Board and Group Exco strategy sessions held in October 2022, with particular focus on the strategic imperatives relating to sustainability as well as ACI and digital transformation.	K[4]
Guiding the Group through a difficult and volatile macroeconomic environment	Ensuring an external focus and minimising the impact of the challenging economic and regulatory environment on new business demand, value of new business and persistency were key focus areas during the year.	
Capital management	During F2023, the Group continued to focus on embedding its revised capital management framework. Optimal capital management decisions continued to be considered in the context of the Group strategy, long-term shareholder value creation and a focus on meeting the Group's return targets. The Board also monitored the resilience of the Group's solvency and liquidity position and provided guidance on current operational challenges.	
Embedding the sustainability framework across the Group	In F2023, the Group made significant progress in embedding its sustainability framework as the business units embarked on a structured process to identify priorities and commitments aligned with the framework.	K[3]

The Board's collective responsibility for its primary governance roles K[7,8]

The Board assumes overall responsibility as the custodian of governance. This includes approving governance processes, policies and planning; ensuring accountability across the Group; providing oversight, monitoring and insight; and setting and steering strategic direction. K[7,8]

Setting and steering strategic direction

Approving policy and planning

Providing oversight and monitoring

Ensuring accountability

Accountability

Our governance framework provides the Board with **effective control**, which it uses to ensure business accountability and the achievement of performance targets against strategy

Strategy

The Board sets and steers the strategic direction of the Group, sets the risk appetite, and governs risk with the aim of supporting the achievement of a **good performance against strategic objectives**

Board inputs

Oversight

The Board's oversight and monitoring of performance contribute value to the business and our stakeholders by ensuring a fair and transparent approach

Policy and planning

The Board approves policies and plans that support Group strategy and contribute to **value creation** through good governance, **corporate social responsibility and an ethical culture**

Outcomes

Effective governance leads to:

- A responsible corporate citizen
- Embedding an ethical culture
- Good performance against strategy and effective control
- Stakeholder inclusivity

Value creation at a profit, planet and people level

By effectively governing the Group and taking into consideration the interests of our stakeholders, our Board and management contribute to the Group's ability to create enterprise value in the short, medium and long term. K[7,8]

Governance framework

Our governance structures, policies and processes, risk and sustainability oversight and approach to remuneration support our overall value creation process and make certain our Group is effectively and ethically led, well-managed and controlled.

Providers of financial capital

BOARD OF DIRECTORS

Board of Momentum Metropolitan Holdings	Board of Momentum Metropolitan Life Limited

Accountability>

Group Chief Executive Officer

Executive Committee supported by various subcommittees

<Assurance

Assurance service providers

External audit, internal audit, Company Secretary, and compliance

Delegation of authority>

Board committees

- Actuarial Committee
- Audit Committee
- Fair Practices Committee
- Investments Committee
- Nominations Committee
- Remuneration Committee
- Risk, Capital and Compliance Committee
- Social, Ethics and Transformation Committee

Effective governance leads to

An ethical culture | Effective control | Sustainable value creation | Legitimacy

OUR VALUE-CREATING LEADERSHIP

BOARD OF DIRECTORS

Our Board comprises individuals who possess the skills and experience to help fulfil our vision and purpose and achieve our strategic objectives to deliver sustainable value for our stakeholders.

Our unitary Board structure consists of 14 directors and is designed to ensure a balance of power. The Board complement ensures that no individual director has undue influence on Board processes and decision-making.

The directors are drawn from diverse backgrounds and bring a wide range of experience and professional insight to the Board. The Board's diversity in skills, knowledge, qualifications, experience and independence allows for enhanced decision-making. The current directors have a wide range of skills, including financial, audit and internal control, risk management and actuarial experience and knowledge to ensure it is well-equipped to lead and ensure its long-term sustainability.

Board independence

71%
Independent non-executive directors
F2022: 71%

7%
Non-executive directors
F2022: 7%

22%
Executive directors
F2022: 22%

97%
Average Board attendance
F2022: 98%

97%
Average Board committee attendance
F2022: 98%

Average age

The average age of directors is

55 years

Board tenure

The average tenure of our Board members is 3.5 years.

0 – 3.5 years	43%
3.5 – 9.5 years	57%

Performance against our Board gender and diversity targets

We prioritise the diversity of our Board across the Group, understanding that diversity is a key value driver for success. To this end, the Board has adopted a diversity policy that provides targets (gender and racial targets) for promoting diversity to help us achieve our transformation goals, while also maintaining the correct size and requisite skills to function optimally. The following racial and gender targets are in place:

Racial diversity target:
50% of our Board members to be black

Racial diversity

36% black (ACI)
64% white

F2022: 43% black – SA (36% and African American 7%) and 57% white

Gender diversity target:
30% of our Board members to be female

Gender diversity

79% male
21% female

F2022: 71% male and 29% female

The racial diversity and gender targets were not met

Succession

The Board annually considers whether its size and skills set are appropriate to ensure its effectiveness, supported by the Nominations Committee that regularly reviews the possible need to strengthen and balance the knowledge, skills, experience, diversity and independence of the Board and its committees.

The Board is satisfied that the depth of skills and experience among current directors meets succession requirements, and that it comprises the requisite skills to function optimally. The Group is also satisfied that the Board's composition reflects the appropriate mix of skills, knowledge, qualifications, diversity, experience and independence.

Three new independent non-executive directors appointed in June 2023 have further strengthened the Board's diversity.

Newly appointed directors participate in induction sessions, and our directors regularly undergo training to ensure they are kept up to date with the latest trends and changes in our statutory and regulatory obligations.

Following the appointment of these directors, the competencies of the Board are represented as follows:

Appointments, resignations, retirements and re-elections

Appointments

Appointments to the Board are made formally and transparently with due deliberation by the Nominations Committee and the Board. Shareholders approve the appointment of new directors at the first annual general meeting (AGM) following their appointment by the Board. All non-executive directors have appointment letters containing their contractual arrangements.

Dr Ann Frances Leautier, Phillip Matlakala and Tyrone Soondarjee were appointed to the Board, effective 1 June 2023[1].

Resignations

Effective 31 December 2022, Dr Sharon McPherson resigned as a director of the Board, as the Chair of the Social, Ethics and Transformation Committee and as a member of the Risk, Capital and Compliance Committee to pursue other interests.

To pursue other interests, Lisa Chiume resigned as a director of the Board and as a member of the Audit, Fair Practices, Investments, and Remuneration committees, effective 31 May 2023.

Retirements

Having reached a nine-year tenure, Vuyisa Nkonyeni retired as a director of the Board, as the Chair of the Investments Committee and as a member of the Risk, Capital and Compliance Committee, effective 24 November 2022.

Re-election

A minimum of one-third of our directors are elected annually by a majority vote in accordance with our Memorandum of Incorporation (MOI) and the JSE Listings Requirements 3.84(d). Non-executive directors, namely Peter Cooper and Paballo Makoshola, retire by rotation and will offer themselves for re-election at the AGM.

[1] In order to ensure that the appropriate skills set of the Board and its Committees are maintained, the following Board Committee appointments were also made, effective 1 June 2023: Frannie was appointed as a member of the Group's Investments as well as Risk, Capital and Compliance committees, Phillip was appointed as a member of the Group's Fair Practices as well as Social, Ethics and Transformation committees and Tyrone was appointed as a member of the Group's Audit as well as Social, Ethics and Transformation committees.

Attendance at Board meetings

To effectively execute its fiduciary role, the Board has committed to meet a minimum of four times a year. It may call additional ad hoc Board meetings should the need arise to address any matters relating to operational, financial, governance or any other key business issues. During F2023, scheduled quarterly meetings were held.

CONFLICTS OF INTEREST

To avoid conflicts of interest and ensure compliance with section 75 of the Companies Act, Board members must timeously disclose, in writing, their interest in material contracts involving the Group. Board members are recused from deliberation or decision-making processes relating to any matter where they may have a vested financial interest. Any relevant matters are appropriately managed by the Board. K[2]

DEALING IN SECURITIES

An information and share-dealing policy governs how directors, employees, insiders, and other affected persons deal in the Group's securities or disseminate price-sensitive information.

During a prohibited or closed period, a director, Company Secretary or a prescribed officer is not permitted to deal in shares and must always obtain written clearance from the Chair, in consultation with the Company Secretary, when dealing in securities outside of prohibited periods. Directors' interests in shares are disclosed in the **Remuneration Report.**

PERFORMANCE REVIEWS

The Board appreciates that a performance evaluation is a mechanism for encouraging continuous performance improvement at Board level, which is effective for developing teamwork and encouraging trust between Board members.

In line with both the King IV recommendation that a board and its committees should be evaluated at least every two years and the Prudential Authority Standards that require a board to review its performance, both collectively and individually, at least annually, the Group conducts an independent external review of the effectiveness of the Board and its committees every two years and an internal self-assessment every other year.

F2023 independent Board review

An independent Board effectiveness review was conducted during F2023, which concluded that the Group has a highly effective, committed, professional and unified Board that values open, transparent and robust conversations. Board members are committed, serious and prepared as required. Each member displays integrity and strong values with a good understanding of the Group's culture.

It also found that the relationship between the Board and management is characterised by trust, openness and honesty, where balance between support and challenge is achieved, thereby, empowering management to execute the strategy.

All committees were satisfied that they functioned well, were effective and fulfilled their responsibilities in accordance with their mandates. The review found that management was appropriately held to account by the committees and empowered to execute the Reinvent and Grow strategy.

An analysis of the Board's self-assessment indicated the following:

- The overall performance of the Board and its committees is effective
- The Group has an effective governance structure for committees to enable them to bring their recommendations on critical issues back to the Board for consideration
- Board members were mainly satisfied that reporting from the committees is timely and accurate; and that, overall, the committees provide effective support to the Board
- The Board functions cohesively and the majority of its members agree that the Board's decisions and resolutions align with the Group's values and strategic objectives
- There was also agreement that discussions at Board meetings are not dominated by any individual member.

Areas requiring consideration and improvement

Board members identified ESG oversight and awareness and their preparedness to provide direction on emerging trends, industry challenges and innovation as areas where they could improve. Topics that were highlighted for consideration were:

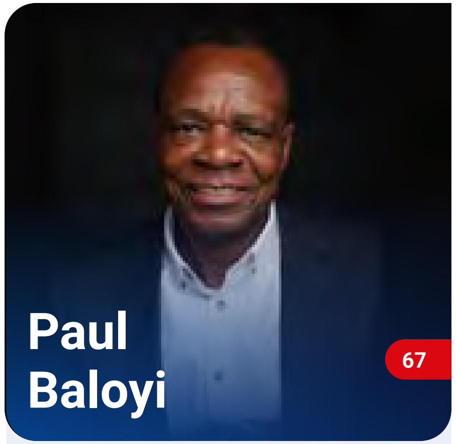
- Succession planning for the Chief Executive Officer, other executives and key personnel
- Establishing a process to keep abreast of issues and trends affecting the Group and the industry where it operates

Company Secretary review

The Board is cognisant of the duties of the Company Secretary and the role Gcobisa Tyusha plays in ensuring that Board procedures and relevant regulations are fully adhered to. She is responsible for the flow of information to the Board and its subcommittees, ensuring the Group complies with the Companies Act and actively assists the Board in its governance initiatives. She is not a Board member, and the directors have unlimited access to her advice and services.

During the year, the Nominations Committee reviewed her performance, and found she has the necessary competence, experience and independence to fulfil her role and recommended her ongoing appointment to the Board.

INDEPENDENT NON-EXECUTIVE DIRECTORS



Paul Baloyi
67

Chair: Board and Nominations Committee

Qualifications:
MBA (Bangor), AMP (Insead), SEP (Harvard)

Date of appointment
1 April 2022

Skills and experience:
Paul has had extensive operational experience as an executive at Standard Bank and Nedbank and as CEO of the Development Bank of Southern Africa until 2012. He has also had extensive governance experience as both chair and director on the boards of several diverse and complex organisations.

Attendance at Board and committee meetings
Board: 100%
Nominations: 100%

Significant directorships:
Bidcorp Limited
enX Group Limited
Peermont Group Proprietary Limited

Peter Cooper
67

Chair: Remuneration Committee

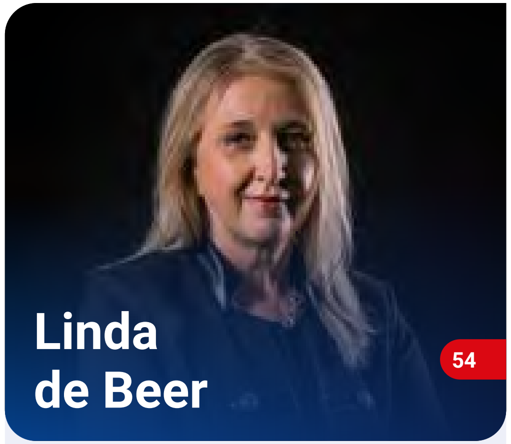
Qualifications:
BCom (Hons), HDip Tax Law, CA(SA)

Date of appointment
20 November 2015

Skills and experience:
Peter, a qualified chartered accountant, served as the chief executive officer and financial director of RMB Holdings Limited (RMH) and Rand Merchant Investment Holdings Limited (RMI) until 2014. He is currently a non-executive director of Shoprite Holdings Limited.

Attendance at Board and committee meetings
Board: 100%
Investments: 100%
Nominations: 83%
Remuneration: 100%

Significant directorships:
Shoprite Holdings Limited



Linda de Beer
54

Chair: Audit Committee and Social, Ethics and Transformation Committee

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

Date of appointment
1 March 2019

Skills and experience:
Linda's background is in technical accounting, corporate governance, JSE Listings Requirements and international standard setting. She currently chairs the Public Interest Oversight Board (PIOB), based in Spain, which monitors the setting of international standards for auditors, and serves on the Board of Trustees of the International Valuations Standards Council in London. She is also an honorary professor (professor in practice) at the University of Johannesburg.

Attendance at Board and committee meetings[2]
Board: 100%
Audit: 100%
Investments: 100%
Nominations: 100%
Remuneration: 100%
Risk, Capital and Compliance: 100%
Social, Ethics and Transformation: 100%

Significant directorships:
Aspen Holdings Limited
Shoprite Holdings Limited

Nigel Dunkley
57

Chair: Investments Committee

Qualifications:
BCompt Hons, CA(SA), AMP (Oxford), Advanced Taxation Certificate

Date of appointment
1 June 2021

Skills and experience:
Nigel's varied and extensive experience in the insurance industry includes 22 years spent in various executive positions in the Momentum Metropolitan Group. He left in 2013 to own and manage a hotel, golf and leisure business, while maintaining his connections with the Group as a non-executive director of the Group's interests in the UK, Guernsey, Gibraltar and South Africa.

Attendance at Board and committee meetings[3]
Board: 100%
Audit: 89%
Investments: 100%
Remuneration: 100%
Risk, Capital and Compliance: 100%

[2] To expand and balance the skills set on the Board committees, Linda was appointed as a member of the Remuneration Committee, effective 24 November 2022 and Linda was also appointed as a member and Chair of the Social, Ethics and Transformation Committee, effective 6 March 2023.
[3] Nigel was appointed as a member and Chair of the Investments Committee, effective 24 November 2022 and he resigned as a member of the Risk, Capital and Compliance Committee, effective 6 March 2023, in order to expand and balance the skills set on the Board committees.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Seelan Gobalsamy

47

Qualifications:
BCom (Accountancy and Law), Postgraduate Diploma in Accounting, Advanced Taxation Certificate, CA(SA), AMP (Harvard)

Date of appointment
1 June 2021

Skills and experience:
Currently, the group CEO of Omnia Holdings, Seelan has a track record of redefining companies' strategic directions and business turnarounds. He previously held CEO positions at Stanlib Asset Management, Liberty Holdings Emerging Markets, Liberty Corporate and Old Mutual Corporate. His extensive international experience was gained across multiple geographies and sectors in complex emerging and developed markets.

Attendance at Board and committee meetings
Board: 100%
Audit: 86%
Nominations: 100%
Investments: 100%

Significant directorships:
Executive Director of Omnia Holdings Limited

Stephen Jurisich

59

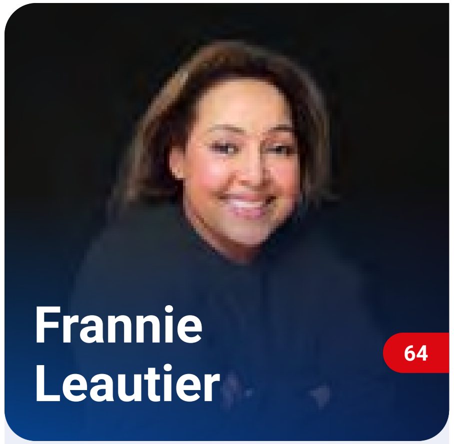
Chair: Actuarial Committee and Fair Practices Committee

Qualifications:
BSc (Hons) Actuarial Science, FFA, FASSA

Date of appointment
1 October 2016

Skills and experience:
Stephen is Head of the School of Statistics and Actuarial Science at the University of Witwatersrand. He has a wealth of actuarial experience and was previously a director and consulting actuary at Quindiem Consulting, an executive committee member at Swiss Re Life Health in South Africa and a member of various industry and actuarial professional committees.

Attendance at Board and committee meetings
Board: 100%
Actuarial: 100%
Fair Practices: 100%



Frannie Leautier

64

Qualifications:
BSc (Civil Engineering), MSc (Transportation), PhD (Engineering),
PhD (Law), Honorary PhD (Humane Letters)

Date of appointment
1 June 2023

Skills and experience:
Frannie is a seasoned finance and development expert with long-standing global experience leading and transforming organisations in the private, public and not-for-profit spheres. She is currently senior partner at SouthBridge Group and CEO of SouthBridge Investments. In addition to her global experience in finance, she brings deep knowledge and experience working in Africa and in board governance matters.

Attendance at Board and committee meetings
Board: 100%
Investments: 100%
Risk, Capital and Compliance: 100%

Phillip Matlakala

69

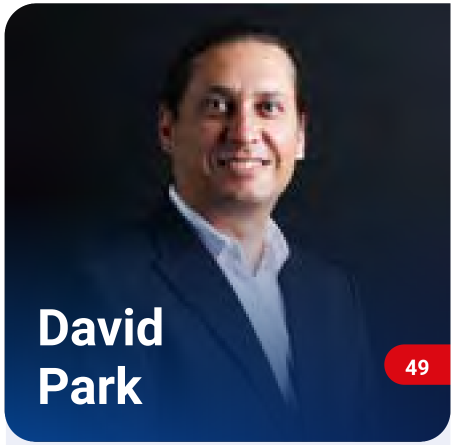
Qualifications:
B Juris, B Proc, Programme in Taxation and Financial Planning

Date of appointment
1 June 2023

Skills and experience:
Phillip is a highly experienced businessman and independent non-executive director, having spent over 30 years in the insurance industry, both in South Africa and in the rest of Africa regions. He spent many years in Momentum Metropolitan, serving in various roles, including as CEO of Metropolitan Retail prior to his retirement in 2014.

Attendance at Board and committee meetings
Board: 100%
Fair Practices: 100%
Social, Ethics and Transformation: 100%

INDEPENDENT NON-EXECUTIVE DIRECTORS



David Park

49

Chair: Risk, Capital and Compliance Committee

Qualifications:
BSc (Actuarial Science), FFA, FASSA

Date of appointment
1 December 2019

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

Attendance at Board and committee meetings
Board: 100%
Audit: 100%
Actuarial: 100%
Risk, Capital and Compliance: 100%
Social, Ethics and Transformation: 100%

Tyrone Soondarjee

62

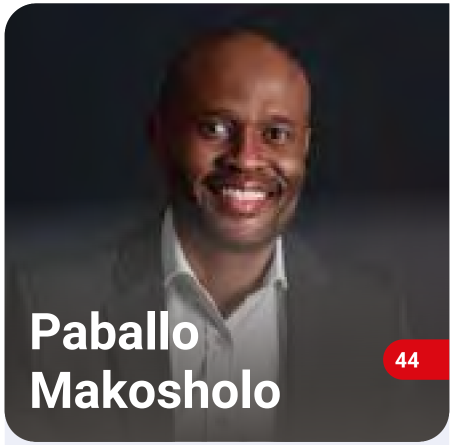
Qualifications:
BAcc (Hons), Postgraduate diploma in Auditing, CA(SA)

Date of appointment
1 June 2023

Skills and experience:
Tyrone is a seasoned and commercially orientated Chartered Accountant with over 35 years' experience in the corporate sector. He has held a wide range of senior executive roles in the financial services, telecoms and professional services industries. His previous roles include chairman of Grindrod Bank Limited and CFO of Cell C Limited. He was also group financial director of the Sasfin Banking Group for 10 years and director of finance at Deloitte for 10 years.

Attendance at Board and committee meetings
Board: 100%
Audit: 100%
Social, Ethics and Transformation: 100%

NON-EXECUTIVE DIRECTOR



Paballo Makosholo

44

Qualifications:
NDip (Cost and Management Accounting), CTA, MCom (SA and International Tax), CA(SA)

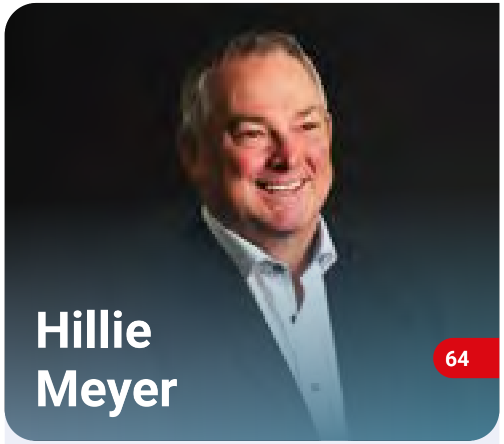
Date of appointment
1 July 2020

Skills and experience:
Currently group chief executive at Kagiso Tiso Holdings, Paballo was previously chief financial officer at Kagiso Trust and chief operations officer at Kagiso Capital. His more than 15 years' experience in auditing, investment and finance were gained in highly volatile and complex business environments.

Attendance at Board and committee meetings[4]
Board: 100%
Investments: 100%
Risk, Capital and Compliance: 100%
Social, Ethics and Transformation: 100%

[4] *To ensure a balance of knowledge, skills and experience on the Board committees, Paballo was appointed as a member of the Group's Risk, Capital and Compliance Committee, effective 6 March 2023.*

EXECUTIVE DIRECTORS



Executive Director[5]

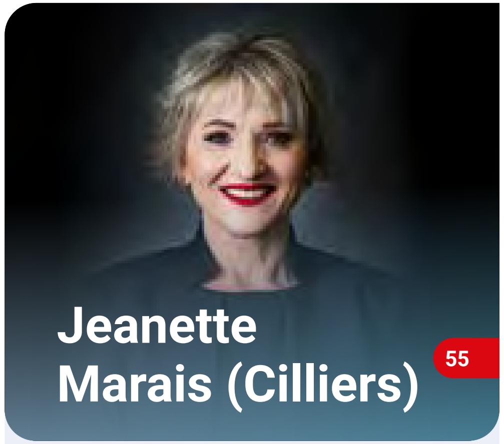
Qualifications:
BCom (Econometrics), FASSA

Date of appointment
15 February 2018 (contract concludes in September 2023)

Skills and experience:
An actuary, Hillie has over 36 years' experience in the financial services industry, which has included leadership positions in insurance, pensions, investments, and banking. His career with the Momentum Group began in 1988 where he served in several different roles, including technical actuarial and management roles, before becoming CEO from 1996 to 2005. Between 2005 and 2018 he left the Group and was an active investor in several small private companies before becoming the founding shareholder and managing partner of private equity manager, Nodus Investment Managers in 2009. In early 2018, he returned as Group CEO of Momentum Metropolitan.

Attendance at Board and committee meetings
Board: 100%
Risk, Capital and Compliance: 100%
Social, Ethics and Transformation: 67%

[5] *Following his retirement as the Group CEO on 31 July 2023, Hillie will remain an executive director of MMH and MML, until his formal retirement date of 30 September 2023.*



Group Chief Executive Officer[6]

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

Date of appointment
1 March 2018

Skills and experience:
Jeanette has a strong track record of building profitable businesses at various financial institutions. During her career at Momentum, which began in 1990, she filled various roles in actuarial product development and marketing. She was a member of the team that pioneered investment platforms in South Africa when it launched Momentum Administration Services. Jeanette joined Allan Gray in 2009 as co-head of the retail business, where she was an executive director. She is passionate about the upliftment of women and making financial services accessible to all South Africans.

Attendance at Board and committee meetings
Board: 100%
Fair Practices: 100%
Risk, Capital and Compliance: 100%

[6] *In order to balance her Board committee responsibilities, Jeanette was appointed as a member of the Group's Social, Ethics and Transformation Committee, effective 1 August 2023 and resigned as a member of the Group's Fair Practices Committee, effective 31 July 2023. In her capacity as Group CEO, Jeanette will become a member of the Savings and Investment Association – South Africa and has no other professional commitments.*

Group Finance Director

Qualifications:
BSc, CFA, FIA, FASSA

Date of appointment
16 January 2018

Skills and experience:
Before joining Momentum Metropolitan as head of investor relations and business performance management in 2016, Risto had gained extensive experience as a financial services analyst and researcher with Standard Bank, Ketola Research and Deutsche Bank. As Group Finance Director, Risto has retained responsibility for investor relations and business performance management which was added responsibility for group financial reporting, Group-wide services, mergers and acquisitions, balance sheet management and group facilities. He is also the executive in charge of the Africa portfolio and our India joint venture business.

Attendance at Board and committee meetings
Board: 100%
Actuarial: 100%
Investments: 100%

The role of the Board's committees

The Board committees are appropriately constituted according to all legislative requirements and in line with a clearly documented mandate that sets out their scope, responsibilities, powers, and authority.

Committee terms of reference set out their composition, overall roles and responsibilities and delegated authority and reporting. Their mandates are reviewed, and work plans are prepared annually to ensure the committees cover all their duties and responsibilities during the year.

Through its committees, the Board provides guidance, monitors the functions of executive management and the Group, and ensures they apply its established governance policies and processes. (K)[6]

Committee	Role	Overall attendance by committee members:	% of committee members are independent:
Actuarial Committee	The Actuarial Committee oversees the effectiveness of the Group's actuarial function and supports the Audit and Risk, Capital and Compliance committees on actuarial matters. The committee met four times in F2023.	100%	80%
Audit Committee	The Audit Committee oversees and ensures the accuracy of the Group's financial and integrated reports, confirming they adhere to accounting standards. It also supervises internal controls to manage risks effectively and safeguard assets, enhancing transparency and reliability in corporate operations. It carries out its statutory duties as set out in section 94 of the Companies Act and oversees the integrity of both the Annual Financial Statements and the Integrated Report. All Audit Committee members are elected annually in accordance with section 94(2) of the Companies Act. The Audit Committee assessed and is satisfied with the suitability of EY as external auditor and the designated auditor, Cornea de Villiers, following inspection of the required reports, in line with the JSE Listings Requirements. Furthermore, in accordance with section 94(8) of the Companies Act, the Audit Committee was satisfied with the independence and objectivity of EY in carrying out its duties as external auditors. It also satisfied itself as to the expertise and experience of the Group Finance Director and the finance function. The committee met nine times in F2023.	96%	96%
Fair Practices Committee	The Fair Practices Committee oversees the Group's compliance with the treating customers fairly requirements of the Financial Sector Conduct Authority (FSCA). The committee met three times in F2023.	100%	83%
Investments Committee	The Investments Committee evaluates, approves and monitors strategic investments of shareholder capital in accordance with Group strategy. The committee met four times in F2023.	100%	75%
Nominations Committee	The Nominations Committee ensures formal succession plans are in place and identifies suitable candidates for Board and executive management positions. The committee met six times in F2023.	95%	96%
Remuneration Committee	The Remuneration Committee monitors whether the Group's approach to remuneration is fair and responsible and that it promotes positive outcomes in the short, medium and long term. The committee met three times in F2023.	100%	100%
Risk, Capital and Compliance Committee	The Risk, Capital and Compliance Committee oversees the quality, integrity and reliability of the Group's risk, capital and compliance management, which includes technology and information governance, information security and cyber risk. To fulfil its mandate, the committee monitors and evaluates the effectiveness of the cybersecurity strategy and critical risks facing the business with regard to technology. The committee met four times in F2023.	100%	50%
Social, Ethics and Transformation Committee	The Social, Ethics and Transformation Committee advises and guides the Board on the effectiveness of management's efforts in respect of social, ethics, sustainable development-related matters and transformation. It monitors the Group's performance as a responsible corporate citizen in the workplace and the social and natural environments. The committee carries out its duties in terms of the Companies Act and reports on the fulfilment of its mandate in this regard to the Board and other stakeholders. The committee met three times in F2023.	93%	96%

Delegation of authority and effective control Ⓚ[10, 12, 15]

The Group's governance and delegation structures position our Board as the custodian of corporate governance and ensure Momentum Metropolitan has adequate leadership structures in place.

Our **governance framework** positions the Board as the custodian of corporate governance and provides it with effective control of the business. While enabling the Board to retain effective control, the Group's delegation of authority framework sets out matters reserved for the Board and those delegated to committees, the executive directors and other roles in the business, with clearly defined mandates. The framework, processes and policies ensure the Group is consistently governed and executes its strategy to deliver on stakeholder expectations.

Outcome

The Board is satisfied that its delegation structures contribute to role clarity and an effective arrangement by which authority and responsibilities are exercised.

Our delegation structures provide a solid foundation for the application of King IV to enable us to achieve our corporate governance outcomes of an ethical culture, good performance, effective control, and legitimacy. They facilitate the delegation of authority to the Board committees, which are chaired by independent non-executive directors. The composition of the committees complies with the applicable regulatory requirements. Ⓚ[7, 13] JSE[3.84(c)]

Through the separation and clear definition of the roles and responsibilities of the Chair and Group Chief Executive Officer, the Group established a clear balance of power and authority at Board level. The Chair's responsibility is to provide overall leadership to the Board and ensure the directors can perform effectively, while the Group Chief Executive Officer is responsible for the daily management of operations and chairs the Group Executive Committee. The Group Chief Executive Officer in turn delegates responsibilities in accordance with the Group's delegation of authority framework. JSE[3.84(a)]

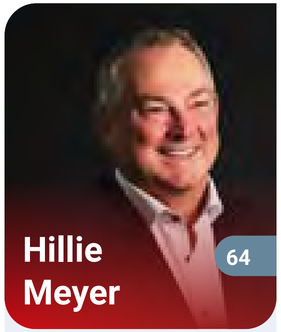
In accordance with our Group policies, which are designed to protect the interests of shareholders and other stakeholders, the majority of our Board members are independent non-executive directors. Ⓚ[7] JSE[3.84(e)]

A Board-approved risk appetite framework includes the Group's risk appetite statements, strategy and limits. Ⓚ[9,11]

The Board confirms that the Group complies with the provisions of the Companies Act relating to its incorporation and is operating in conformity with its Memorandum of Incorporation.

OUR EXECUTIVE COMMITTEE

The Executive Committee is responsible for driving Group strategy to enhance shareholder value while ensuring effective governance and risk management.

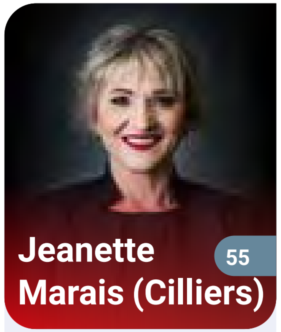


Hillie Meyer 64

Executive Director

Qualifications: BCom (Econometrics), FASSA

Date of appointment 15 February 2018 (contract concludes in September 2023)

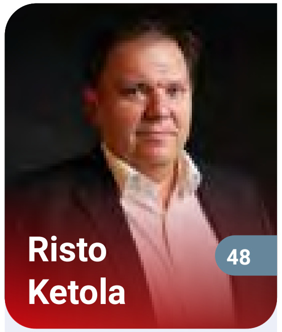


Jeanette Marais (Cilliers) 55

Group Chief Executive Officer

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

Date of appointment 1 March 2018

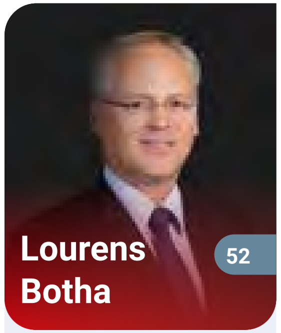


Risto Ketola 48

Group Finance Director

Qualifications: BSc, CFA, FIA, FASSA

Date of appointment 16 January 2018

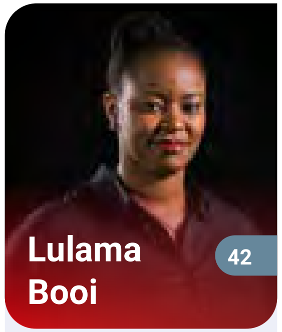


Lourens Botha 52

CEO: Guardrisk Group

Qualifications: BCompt Hons, CA(SA), Chartered Management Accountant

Date of appointment 1 September 2023



Lulama Booi 42

CEO: International

Qualifications: BCom (Accounting and Computer Science), BCom Honours, CA(SA)

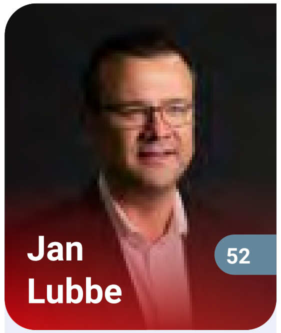
Date of appointment 1 October 2023

Johann le Roux 56

CEO: Momentum Life

Qualifications: BSc Hons (Mathematical Statistics), MBA, FASSA

Date of appointment 1 April 2018

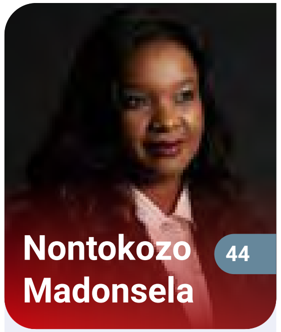


Jan Lubbe 52

Group Chief Risk Officer

Qualifications: MCom, MBA, CA(SA)

Date of appointment 21 November 2013

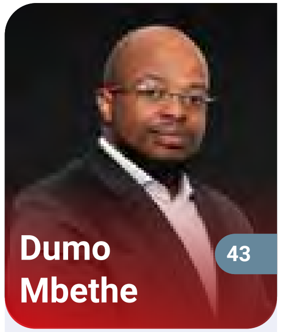


Nontokozo Madonsela 44

Group Chief Marketing Officer

Qualifications: BCom

Date of appointment 9 October 2017

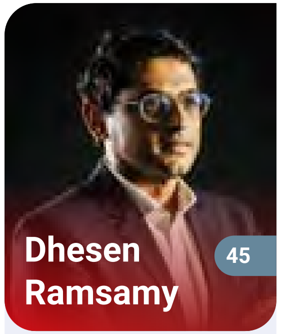


Dumo Mbethe 43

CEO: Momentum Corporate

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

Date of appointment 12 September 2019

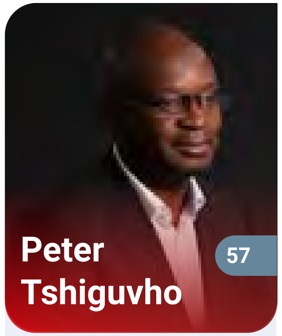


Dhesen Ramsamy 45

Group Chief Digital and Technology Officer

Qualifications: BSc Chemical Engineering, MBA (cum laude)

Date of appointment 1 April 2022

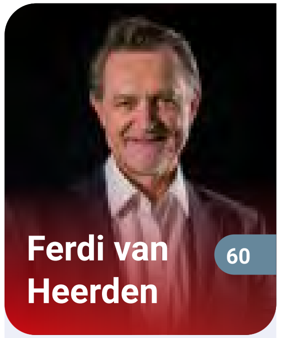


Peter Tshiguvho 57

CEO: Metropolitan Life

Qualifications: BA (Psychology), MBA, CFP

Date of appointment 27 February 2018

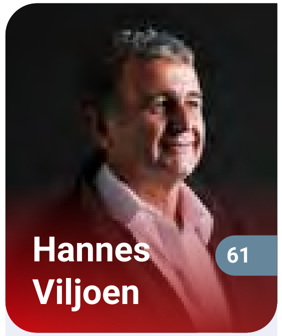


Ferdi van Heerden 60

CEO: Momentum Investments

Qualifications: BSc (Hons) Mathematical Statistics, AMP (INSEAD), Dip Management (Henley), MCSI

Date of appointment 1 September 2023



Hannes Viljoen 61

CEO: Momentum Metropolitan Health

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

Date of appointment 1 September 2019

Lourens Botha
CEO: Guardrisk Group

Skills and experience
Lourens has more than 20 years' experience in the financial and insurance sectors. He joined Guardrisk as Financial Director in 2008, and was a member of the executive team that steered the Group through a shareholder change in 2014 when Momentum Metropolitan Holdings acquired the business from the Alexforbes.

Key strengths:
- Finance
- Leadership
- Insurance
- Strategy

Lulama Booi
CEO: International

Skills and experience
Lulama has over 19 years of experience in the financial services industry. Prior to joining the Group, she worked at Standard Bank. Her experience spans investment management, risk management and treasury. Previous roles she has fulfilled in the Group include being the Head of Group Treasury and Head of Balance Sheet Management. She is a non-executive director of the Momentum Metropolitan Foundation.

Key strengths:
- Business leadership
- Risk management
- Stakeholder management
- Strategy development and implementation

Johann le Roux
CEO: Momentum Life

Skills and experience
Johann first joined Momentum's actuarial team in 1998. He then became involved in product development and management of the life insurance business, before becoming CEO of Momentum Retail in 2010. He retired from full-time employment in 2011 but continued assisting the Group with strategic initiatives before returning as CEO of Momentum Life in 2018.

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

Jan Lubbe
Group Chief Risk Officer

Skills and experience
Jan joined Momentum Metropolitan as Chief Risk Officer in 2013, having previously served as chief risk officer at Barclays Africa and FirstRand. He started his career at KPMG (Pretoria and London) where he became a senior manager and 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
- Risk management
- Strategy

Nontokozo Madonsela
Group Chief Marketing Officer

Skills and experience
Nontokozo specialised in marketing and brand strategy, delivery of brand and corporate identity and strategic execution of advertising and marketing campaigns during her more than 20 years of experience in brands and marketing. Before becoming executive head of marketing for personal and business banking at Standard Bank, she had worked in the transport, telecommunications, insurance and fast-moving consumer goods industries.

Key strengths:
- Brand transformation
- Business strategy
- Digital marketing
- Reputation management
- Social impact marketing
- Team culture transformation

Dumo Mbethe
CEO: Momentum Corporate

Skills and experience
Dumo, who has 20 years' experience in the financial services industry, joined Momentum Metropolitan in 2017 as Chief Operating Officer of Momentum Metropolitan Africa and Asia, becoming its CEO before taking up his current position in 2019. He was previously general manager of member solutions in Old Mutual's corporate business. He is a non-executive director of Metropolitan International Holdings and a member of the Actuarial Governance Board of South Africa.

Key strengths:
- Business leadership
- Life, health and non-life insurance
- Managing across multiple jurisdictions
- Stakeholder management
- Strategy

Dhesen Ramsamy
Group Chief Digital and Information Officer

Skills and experience
Having previously led the digital and technology team, Momentum Money, Momentum Multiply and Momentum iX, Dhesen was appointed to his current role in April 2022. He has over 20 years' experience in business and customer strategy, product and client experience design, digital channel build, and technology commercialisation. Before joining the Group, he spent 16 years in financial services, leading product and building teams in digital banking and digital business model transformation.

Key strengths:
- Building and commercialising digital channels
- Defining the client and digital strategy for financial services start-ups
- Steering digital and technology functions through technology modernisation processes

Peter Tshiguvho
CEO: Metropolitan Life

Skills and experience
Peter gained extensive financial services distribution experience in the various distribution-related roles he held previously. This experience was gained across both lower-income and affluent markets, across different product segments and in both South Africa and the Rest of Africa. He joined the Group from Old Mutual where he was 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:
- Diversity and transformation drive
- Insurance sales and distribution
- Interpersonal business relationships
- Life insurance
- Strategy

Ferdi van Heerden
CEO: Momentum Investments

Skills and experience
Ferdi has served as CEO of MGIM in the United Kingdom and on various Momentum Metropolitan boards internationally (from 2010 to date). During his career, he has held many executive leadership roles in South Africa and abroad (UK, Switzerland).

Key strengths:
- Business transformation
- International Strategy
- Fintech
- Leadership
- Life, investments and pensions experience

Hannes Viljoen
CEO: Momentum Metropolitan Health

Skills and experience
Herman, having joined Guardrisk from the Financial Services Board (FSB) in 1999, headed up Non-life Insurance following the Group's acquisition of the Guardrisk business. During his 10-year tenure at the FSB, he became director of short-term insurance and served on the Minister of Finance's committee on short-term insurance. He has also been a member of the Sasria board and he is the chairman of the board of the South African Insurance Association.

Key strengths:
- Entrepreneurship
- Health economics
- Health strategy

VALUE-CREATING GOVERNANCE

We see our approach to governance and leadership as a business enabler. Our governance structures, policies and processes, risk and sustainability oversight and approach to remuneration support our overall value creation process and make certain our Group is effectively and ethically led, well managed and controlled.

Guided by our commitment to applying the principles of the King IV Code, our governance enables the following:

- Ethical and effective leadership
- Responsible corporate citizenship that goes beyond compliance, in terms of our role in society, our environmental stewardship, and our approach to governance
- Delivery against our strategy and the creation of sustainable value for the business and its stakeholders
- Robust risk and performance management
- A stakeholder-inclusive approach intended to maintain trust and balance the needs, interests and expectations of our business and our material stakeholders

ETHICAL AND EFFECTIVE LEADERSHIP [1,2]

The Board is committed to the application of, and compliance with, the highest ethical standards.

To embed a Group-wide ethical culture, the Board considers quarterly reports on operating and financial performance; risk and opportunities; regulatory compliance; our social performance including the safety, health and wellbeing of our employees and our clients; our environmental performance including climate change mitigation, and the results of our efforts. It also monitors the macro environment and its potential impact on our business.

Our Board is committed to:

- Building legitimacy through ethical leadership
- Leading by example, setting the tone at the most senior level of our leadership structure
- Minimising risk, mismanagement, wastage and fraud
- Upholding business ethics and integrity
- Upholding the highest ethical standards
- Overseeing business codes of conduct.

The role of the Social, Ethics and Transformation Committee (SETC) in promoting an ethical culture in the Group and providing oversight of the Group's efforts to embed an ethical culture is supported by our Board-approved Code of Ethics, standards for conduct policy and various policies intended to embed an ethical culture, address conflicts of interest, protect whistle-blowers, etc.

Our values and codes of expected behaviour and standards are widely publicised internally and externally, including with our suppliers and service providers. They are incorporated in training programmes and referenced in all internal or external contractual arrangements. Our Code of Ethics policies, as set out in the Group's employee policies, are strictly adhered to in the development and implementation of all business and growth strategies.

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 embedded throughout the Group. Ethics hotlines for anonymous or in-person reporting are in place across all business units for both external and internal complaints, which are managed formally. Employees also receive regular training in this regard.

During the year under review, as typically happens in a challenging economic environment when clients and employees are under financial stress, the insurance industry overall has seen an increase in fictitious death and disability claims and the sale of policies that don't require underwriting. We have robust systems in place to address any unethical behaviour by our employees and we continually find additional ways to prevent and identify unethical behaviour.

RESPONSIBLE CORPORATE CITIZENSHIP [3]

Our Board understands that good corporate citizenship is a measure beyond compliance, both in terms of our role in society and environmental stewardship, the adherence to legal, regulatory, ethical and other responsibilities to our key stakeholders, and respecting the human rights of our employees, suppliers and communities.

Our Board ensures that appropriate governance policies and processes are in place, and that the mandated committees monitor and provide insight regarding the impact of their application to how we perform as a corporate citizen in the workplace; in terms of economic transformation; fraud and corruption; our role in society; and our approach to the natural environment.

The Group's commitment to responsible corporate citizenship is addressed through Board-approved policies and processes, and governance structures at Board and management level. At Board level, they include the SETC and the Fair Practices Committee, and at management level they include the Group Executive Committee (Group Exco) and management committees reporting into business units and Group Exco.

The SETC assists the Board in evaluating and monitoring measures and targets agreed upon with the leadership in all business areas. The SETC reports on its activities during F2023 and provides information on its performance in terms of its mandate and the Group's application of their **King IV Principle 3.**

The SETC's mandate assists the Board in fulfilling its statutory and other oversight responsibilities regarding:

- **Transformation**, focusing on B-BBEE under the Financial Sector Code (FSC) and employment equity legislation
- Compliance with relevant social, ethics and legal requirements and best practice codes to promote an ethical culture within the Group
- **Diversity and inclusion**
- **Environmental sustainability**
- **Corporate social investment**
- Good corporate citizenship.

The Fair Practices Committee oversees the Group's application of its values of accountability, integrity and excellence to its relationship with its clients and its compliance with the Financial Sector Conduct Authority's (FSCA) treating customers fairly (TCF) requirements.

Governance practices designed to achieve responsible corporate citizenship include:

- Human capital policies and processes that apply Principles 1 to 6 of the United Nations Global Compact (UNGC), which includes upholding the UN Declaration of Human Rights and the International Declaration on Fundamental Principles and Rights at Work and ensures the Group complies with all legal requirements in this regard
- A Transformation Steering Committee led by the Group Transformation function, which is responsible for providing oversight of our efforts towards authentic transformation. This includes equal opportunities and diversity and inclusion in our workforce, skills development; making a positive measurable difference to youth unemployment among those aged between 16 to 25, empowerment financing; enterprise and supplier development; financial inclusion and preferential procurement
- A Group Sustainability Forum whose members are drawn from the Group's business units, led by the Head of Sustainability, fosters the implementation of the Group's sustainability-related policies, framework and strategy, including the management of climate-related impacts and collaboration on sustainability matters across the Group
- The Group's commitment to its role as a responsible corporate citizen in terms of the environment includes its voluntary participation in the CDP Climate Change Disclosure Project since 2013 and becoming the first South African insurer to sign up and become a formal supporter and active member of the TCFD in 2021. The Group's separate **TCFD report** is available on our website
- Establishing the Momentum Metropolitan Foundation (the Foundation), which is mandated to deliver on the Group's youth employment strategy, monitors the performance of the Momentum Metropolitan CSI team and reports on its progress to the SETC.

Compliance with statutory obligations

The Board prioritises regulatory compliance and monitors the embedding of Board-approved policies. A combined assurance framework and process is in place to ensure an effective control environment.

The Board confirms that there were no instances of material non-compliance requiring disclosure in the year under review.

No penalties, criminal sanctions, fines or prosecutions were levied in F2023 for contraventions of, or non-compliance with, statutory obligations and environmental laws.

Tax governance

The King IV Code's fundamental concept regarding tax is that the Board should be responsible for a tax policy that is compliant with the applicable laws, but that is also congruent with responsible corporate citizenship and takes account of reputational repercussions.

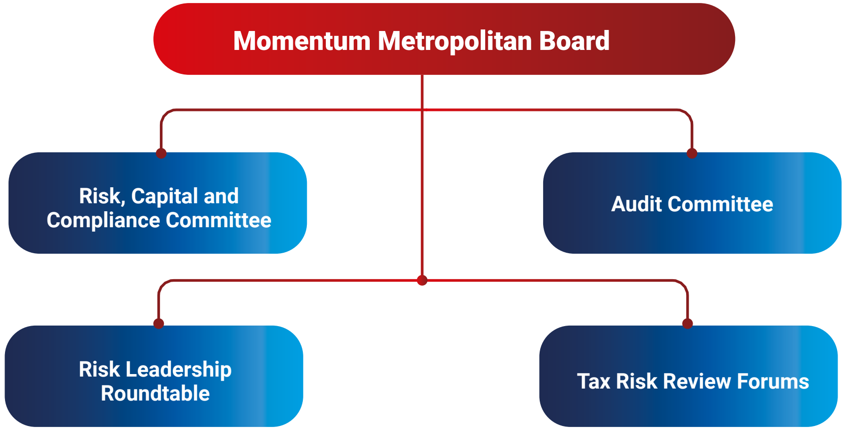
The Group manages its tax risks in a manner that ensures compliance with all applicable tax legislation and reporting requirements to ensure stakeholder value is created and sustained.

The policy stipulates key principles regarding the management of tax across our Group to:
- Adequately provide for transparency and clarity about internal policies, controls and procedures relating to tax functions
- Clearly establish a guideline for effectively managing and mitigating tax risks within the Group on a continuous basis
- Continuously direct the behaviour of our people in the best and correct direction
- Enable the achievement of clear objectives while executing the chosen strategy
- Proactively communicate with stakeholders that taxes are properly managed.

Governance structures in place to achieve and promote responsible and transparent tax

Our Tax Risk Management Policy derives its authority from the Momentum Metropolitan Holdings Board under the oversight and approval of the Risk, Capital and Compliance Committee and our Executive Committee.

The Tax Risk Management Policy is a supplementary policy to the Operational Risk Management Policy within the Group's Enterprise Risk Management Framework. Tax risk is classified as operational risk, but managed outside of the Operational Risk function and is shown separately in the Group risk taxonomy.



Our tax contributions have significant economic and social impacts in the jurisdictions and communities we serve:

Total tax paid (R'million)	F2023	F2022
Corporate tax	3 369	2 965
Payroll tax	1 665	1 532
Indirect tax (VAT)	908	1 319
Policyholder tax	520	493
Dividends tax	176	131
Other (STI)	18	64
Total	**6 657**	**6 504**

A detailed computation of the IFRS effective tax rate reconciliation is available in note 28, on pages 118-119 of our **Group Annual Financial Statements**.

RESPONSIBLE AND ETHICAL INVESTING

King IV Principle 17 sets out the role that an institutional investor should play in ensuring good governance is practised in the companies in which it invests.

The application of **King IV Principle 2** also plays a part in our role as an investor. In terms of this principle, the Board needs to address the organisation's key ethical risks, which would include its approach to investment as expressed in its policies and processes.

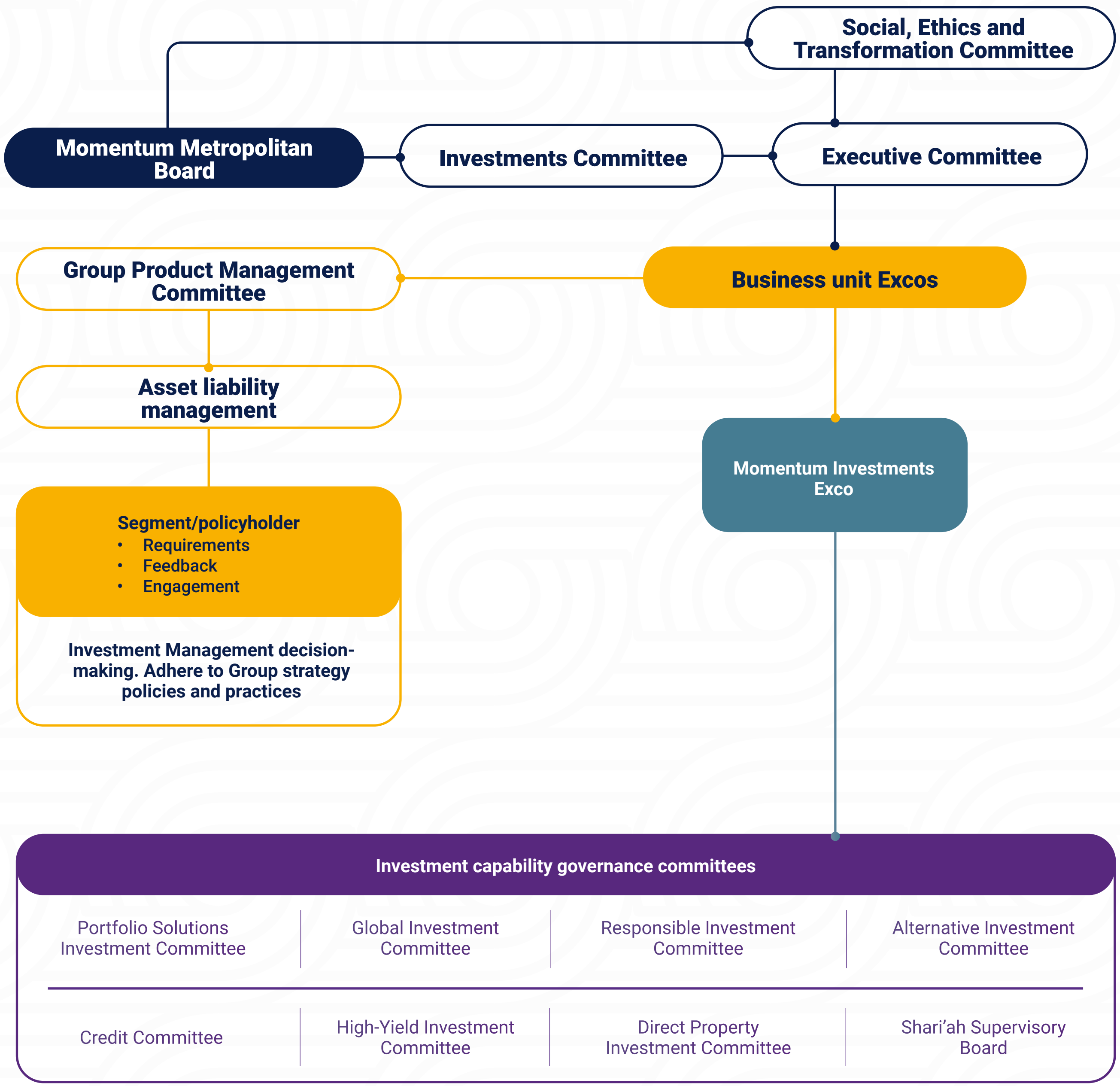
Governance of responsible and ethical investing

Our Social, Ethics and Transformation Committee is mandated by the Board to provide oversight of the Group's application of responsible and economically sensible investment practices. At management level, the Responsible Investment Committee, with member representation from across our business, provides oversight of our approach to responsible investment and the application of the Exco-approved responsible investment, climate change investment, proxy voting and engagement policies. The Group's voting records and these policies are available on our website.

The Group is a:

- Signatory of the UN-supported Principles for Responsible Investment (UNPRI) since 2006
- Supporter of the Code for Responsible Investing in South Africa (CRISA 2.0)
- Signatory to Climate Action 100+
- Participating member of ASISA and serves on the ASISA responsible investment committee, with wide representation across various technical and investment working groups
- Signatory of the Statement of Investor Commitment to Support a Just Transition on Climate Change
- Member of the Investments Consultants Sustainability Working Group (ICSWG)
- Participant of the Climate Action 100+ global investor initiative
- Furthermore, MGIM adopted the principles of the Financial Reporting Council's UK Stewardship Code 2020

Governance structures in place to achieve and promote responsible and ethical investing



DELIVERY AGAINST OUR STRATEGY Ⓚ[4]

King IV Principle 4 sets out that one of the key responsibilities of the governing body is to oversee the implementation of the strategy against the agreed performance measures and targets while considering the interconnectedness of the Group's core purpose, risks and opportunities, business model, performance and sustainable development.

The Board is accountable for the performance of the Group. It considers all the elements of the value creation process when steering and setting the Group's strategic direction. It maintains oversight of the Group's performance against its strategy and business plans, measuring its performance against agreed targets to ensure the Group continues to create sustainable value for the business and its stakeholders.

Good progress has been made in implementing the **Reinvent and Grow** strategy and current year results suggest that the Group is tracking well towards the objectives set for F2024.

Robust risk and performance management Ⓚ[11]

The Board actively seeks to enhance its understanding of material risks and opportunities and uses effective risk management and its combined assurance model to monitor risk.

Ⓚ[16] Ⓚ[12] Technology and information governance that supports the achievement of our strategic objectives

King IV Principle 12 sets out that the governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Risk, Capital and Compliance Committee's mandate includes the monitoring of IT governance, information security and cyber risk, which we have identified as one of the Group's material matters. To fulfil its mandate, the committee monitors and evaluates the effectiveness of the cybersecurity strategy across the Group and critical risks facing the business with regard to technology renewal and remote working.

The governance of technology and information includes a Technology and Information Governance Framework, aligned with King IV, which sets out the committee's oversight responsibilities. The framework requires that the Board and senior management evaluate the current and future use of technology and information; direct the preparation and implementation of plans and policies to ensure the use of technology and information meets business requirements; and monitor conformance to policies and performance against plans.

Management oversight is provided by various committees including the IT Exco, business unit management committees, a Data Privacy Steering Committee, Platforms and Applications Architecture Committees and combined assurance forums.

Identified governance improvement areas

Areas we have identified for improvement include enhancing governance metrics, better reporting on the implementation of policy requirements and opportunities for streamlining oversight forums. A project is underway to provide automated assurance of the information security and risk position.

- Assurance providers present at business unit combined assurance forums and the Audit Committee approve assurance-related policies
- Compliance oversight is provided by the business unit combined assurance forums
- Information and data oversight and policy approval is provided by the Data Privacy Steering Committee and IT Exco as appropriate
- Information security and privacy oversight are provided by business unit combined assurance forums, with reporting to various forums including risk forums and the IT Exco
- Operational policies are approved by the IT Exco while operational activities are reviewed at the Group IT Operations Management Committee and IT Exco
- Outsourced operation and third-party risk oversight is provided by the combined assurance forums
- Oversight of the financial management and performance of investments in technology and information is provided by the various business unit management committees and the Group Exco
- Platform and business unit Applications Architecture Forums review and approve architectural changes, which can be escalated to the IT Exco
- Project oversight is provided by the business unit management committees and reviewed by the IT Exco as appropriate
- Risk oversight is provided by the business unit combined assurance forums, and the Technology Risk Committee provides oversight of the technology risk Group-wide. The various risk forums approve the risk and compliance policies
- Technology resilience oversight and policy approval are provided by the Business Continuity Management Committee, with reporting to various forums including risk forums and the IT Exco
- Technology strategies are reviewed and approved by platform and application architecture forums and the IT Exco has oversight of these strategies

STAKEHOLDER INCLUSIVITY

King IV Principle 16 specifies that the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time. Ⓚ[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 the business and its stakeholders. 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.

See **Our stakeholder engagement** section for more detail.

BOARD AND COMMITTEE KEY FOCUS AREAS

The Board and its committees are satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.

COMMITTEE'S KEY FOCUS AREAS AND THE MATTERS THEY INTEND FOCUSING ON IN F2024

Actuarial Committee focus areas for F2023*

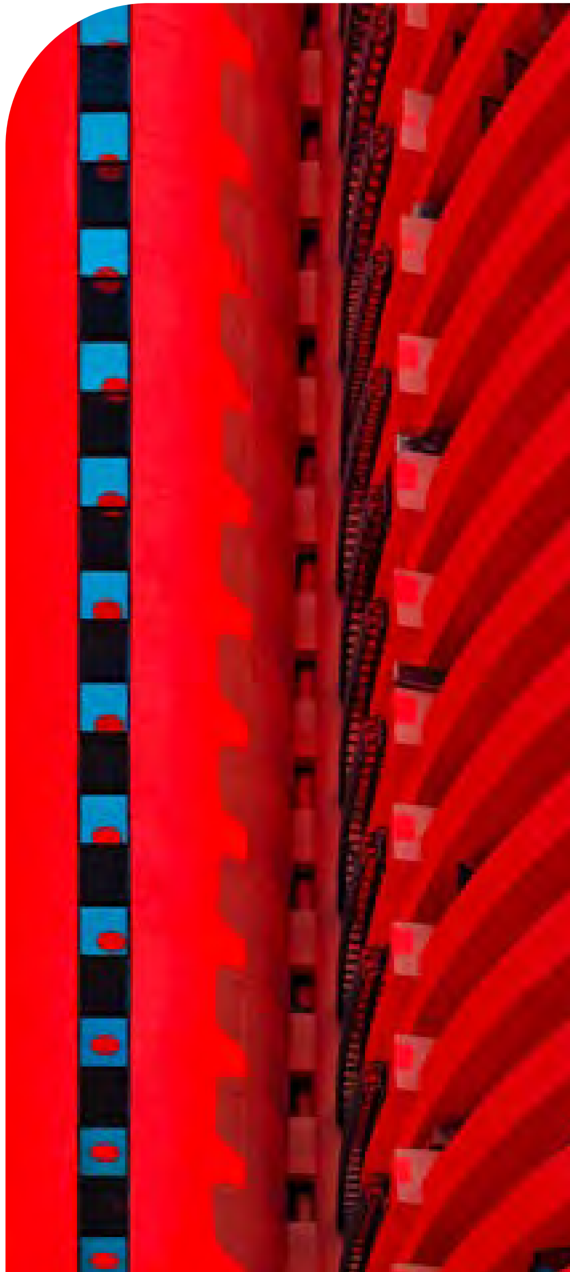
Key focus areas	Outcome
Ongoing review and close out of the actuarial aspects of the Group's preparations for the implementation of IFRS 17.	The committee received regular updates on the progress with the Group's IFRS 17 programme, and considered various aspects related to the transition to IFRS 17. Particular focus was given to the risk adjustment justification and the combined assurance framework applicable to IFRS 17. The Committee also considered the potential role and responsibilities of the Head of Actuarial Function with regards to IFRS 17.
Considering the second-order impacts of IFRS 17 relating to the measurement of embedded value.	The committee reviewed the proposed embedded value methodology that will be applicable in F2024 following the adoption of IFRS 17, including the potential impact of the change in methodology.
Assisting the Risk, Capital and Compliance Committee with the required capital framework and consequent allocation of required capital to segments under IFRS 17.	The committee reviewed and approved the changes to the allocation of required capital to segments, including the changes to required capital under IFRS 17.
Monitoring the development and long-term impact of Covid-19 pandemic.	The committee monitored the mortality, disability and lapse claims experience, the setting up and release of any Covid-19 provisions, and product management responses as a result of Covid-19 appearing to have become endemic.
Other areas identified.	The Committee reviewed the poor termination experience in **Metropolitan Life**, including the adjustments to the valuation basis and management's response, and underwriting losses in **Momentum Insure** including the impact on projected solvency and management's response.

Focus areas for F2024

In 2024, the Committee will most likely focus on the following, in addition to its ongoing responsibilities in terms of the Committee Terms of Reference:

- Embedding IFRS 17 financial and risk reporting
- Continue to monitor the poor lapse experience in Metropolitan Life and the claims ratio in Momentum Insure
- Monitoring the impacts of the two-pot retirement system on product management and financial reporting

The membership of the Actuarial Committee includes two members who are not members of the Board of Directors. They are Marli Venter and Ricardo Govender.



Audit Committee focus areas for F2023

Refer to pages 30-33 of the Group Annual Financial Statements, for the detailed Audit Committee report.

Key focus areas	Outcome
Ongoing monitoring of the Group's readiness for the implementation of IFRS 17 – Insurance Contracts	With the effective date for implementation of IFRS 17 getting closer, the committee placed continuous emphasis on the readiness of the Group for the effective adoption and implementation of this standard. In addition to frequent feedback (at every committee meeting) on the progress of the Group, including the various insurance licence holding companies within the Momentum Metropolitan stable, numerous training opportunities and workshops were held with the implementation team for committee members and non-executive directors. The committee considered accounting policy choices proposed by management and the potential impact of the adoption of IFRS 17 on the balance sheet and income statement line items.
Monitoring the Group's readiness to implement the joint audit requirements	The committee made significant progress in this regard. Once all regulatory processes have been completed, the required announcements will be made on the JSE's SENS. As part of these focus areas, the committee also revisited its arrangements in respect of internal audit and the effectiveness and efficiency of the various assurance functions and service providers in the Group.
Continued focus on developments in the regulatory environment to monitor that controls and processes are in place to ensure compliance	The regulatory environment continued to become more demanding, requiring additional resources, training and focus throughout the Group. To this end, the committee focused on the capacity within the finance teams in the businesses and at a group level to enhance IFRS knowledge, clearing of internal and external audit control findings and removing bottlenecks in financial reporting timelines. In addition to matters raised elsewhere in this section, compliance in respect of POPIA, FICA and AML received special attention. Similarly, the control environment in some of the smaller African operations is an ongoing focus of the committee, as capacity is often more challenging due to the scale of activity.
Additional focus areas	The committee spent time better understanding the investment philosophy as well as management judgments and assumptions in respect of venture capital investments and the valuation thereof.

Focus areas for F2024

In 2024, the committee will focus on the following, in addition to its ongoing responsibilities in terms of the committee terms of reference:

- IFRS 17 implementation, with specific focus on opening balances and disclosures
- External Audit transition to implement joint audits
- Monitor enhancement of the technical finance skills and capacity within the business units
- Focus on additional non-financial measurements and reporting such as ESG.

Fair Practices Committee focus areas for F2023*

Key focus areas	Outcome
Ensuring that market conduct matters are adequately considered and addressed as part of the product management control cycle	This was a consistent focus area of the committee. Enhancement of the fair treatment of customers remained the key outcome when the committee considered the matters before it.
Championing the simplification of products and solutions to enhance customer experience and improve customer understanding through even better communication	This was a key feature of the interactions of the committee during its meetings in the past financial year. The committee held several in-depth discussions regarding solutions that would enhance access by consumers to financial services and advice.
Relooking at customer service in the hybrid new way of working world and ensuring that any automation of service also results in improved service delivery for customers	The committee always considered the impact of business decisions on client experience. Significant progress in the automation of service and related processes in some business areas were noted. The committee will continue to monitor these and the progress of automation in other business areas where automation and digitisation could still be improved.

Focus areas for F2024

- Ensuring that the business tracks unclaimed benefits and makes sufficient progress in tracing clients and treating clients fairly when benefits are paid
- Ensuring that the business is able to meet the requirements for withdrawal where clients are eligible under the two-pot legislation and that clients are appropriately informed of the options available and the consequences thereof
- Continued focus on client outcomes by reviewing complaints, product changes and service levels
- The impact of product development as well as the ongoing automation and digitisation of the client and advisor experience
- Monitoring customer value (both real and perceived) as well as the impact and adoption of Life Returns and Health Rewards.

** The Fair Practices Committee membership includes two members who are not members of the Board of Directors. They are Kobus Sieberhgen and George Marx.*

Investments Committee focus areas for F2023

Key focus areas	Outcome
Detailed review and monitoring of existing key strategic investments to ensure delivery against base case business plans	Ongoing monitoring of strategic investments was facilitated through focused in-depth reviews of specific investments as well as the comprehensive annual post-investment monitoring review. Key investments prioritised in the current year include the Aditya Birla Health Insurance, Momentum Insure, Eris Group, a strategic review of the subsidiaries in the Momentum Metropolitan rest of Africa business, Momentum Money and the Exponential insurtech investment.
Ongoing optimisation of capital management in the context of the emerging Group context and Group supervision	The capital management framework continued to be monitored and enhanced during the period. During the year, further share buybacks were implemented as part of the capital management process. The committee reviewed the Group capital capacity and liquidity position as part of the capital decision-making processes, as well as other strategic projects.
Ongoing optimisation of gearing framework and reconfirmation of desired gearing limits	The Group's desired gearing limits were reviewed and reconfirmed during the period. The committee conducts ongoing reviews of the gearing position to maintain gearing at optimal levels.
Review of proposed mergers and acquisitions, new initiatives, and capital investments to ensure any proposed capital deployment meets Group's required return hurdles and represents actions that drive long-term shareholder value.	Optimal capital management decisions were considered in the context of Group strategy and long-term shareholder value creation, including a focus on meeting the Group's return targets.

Focus areas for F2024

- Detailed review and monitoring of existing key strategic investments to ensure delivery against the base case
- Review of proposed mergers and acquisitions and strategic investments to ensure proposed capital deployments align with the Group strategy and meet the Group's required return hurdles in order to drive long-term shareholder value
- Review Group ROE targets to align with IFRS 17 earnings
- Ongoing optimisation of capital management in the context of the emerging Group context
- Ongoing review of policies and governance pertaining to capital management.

Nominations Committee focus areas for F2023

Key focus areas	Outcome
Finalised the Group CEO succession process	The new Group CEO appointment followed a rigorous, robust and thorough search and selection process that started over a year ago, which was led by the Nominations Committee on behalf of the Board. The new Group CEO appointment was completed, with Jeanette Marais taking over as Group CEO from Hillie Meyer from 1 August 2023. Following a brief handover period, Hillie will formally retire on 30 September 2023. This will conclude the agreement between Hillie and the Group, in terms of which he agreed to fulfil the Group CEO role for a period of five years.
Reviewed the appropriateness of the size and mix of the Group boards and committees	Succession for the Group and subsidiary boards remained a standing item which was considered at each committee meeting. This started a few years ago when the Group implemented a process to retire long-serving directors on the Group Board in a phased approach and whereby a similar process was followed for the subsidiary boards, to ensure any directors that have served nine years or longer are retired from the boards. As such, three independent non-executive directors were appointed to the Group Board during the year. Similarly, changes were made in the subsidiary boards. Board changes at Group and subsidiary level took into account the focus to balance the skills, knowledge, gender and race diversity in the Group boards and committees.
Completed an independent in-depth Board effectiveness assessment, which is conducted every second year.	An independent in-depth Board effectiveness assessment was completed during the year, the details of which is reported elsewhere in the Integrated Report. The assessment concluded that the Group has a highly effective, committed, professional and unified Board that values open, transparent and robust conversations. All the Board committees were satisfied that they functioned well, were effective and fulfilled their responsibilities in accordance with their mandates. Valuable insights were also derived from the assessment, which has in particular confirmed the Board's own assessment of the gaps still to be filled in order to balance the skill set of the Group boards and committees.

Focus areas for F2024

- Supporting the incoming Group CEO in her new role
- Succession planning for the Group Executive and senior management leadership
- Continuing to search for diverse skills in order to optimise the skills set of the Group boards and committees.

Remuneration Committee focus areas for F2023

* Refer to the **Remuneration Report**, for the detailed Remuneration Committee report.

Key focus areas	Outcome
Engaging with shareholders regarding concerns about the Group's remuneration policy and its implementation and addressing most significant concern raised	The committee approved the performance conditions that will be applicable to the F2023 LTIP awards. The performance conditions comprise a diversified set of financial targets that are aligned to the Group's overall strategy.
Enhancing and expanding on the fair and responsible pay principles already included in the remuneration policy, including developing metrics to track progress in this regard.	The committee ensured the Group's remuneration policy and structures were fair, responsible and aligned to both shareholder and employee interests.

Focus areas for F2024

- Align the Group scorecard to the new strategic objectives and include critical measures of profitability, shareholder value and sustainability
- Implement remuneration policy changes stemming from the impact of IFRS 17 implementation on key financial metrics
- Consider appropriate ESG metrics that align with the Group's overall sustainability targets
- Enhance and expand on the fair and responsible pay principles and developing metrics to track progress in this regard
- Continued engagement with shareholders regarding concerns related to the Group's remuneration policy.

Risk, Capital and Compliance Committee focus areas for F2023

Key focus areas	Outcome
Competition for talent, in particular attracting and retaining scarce skills	Talent attraction and retention was closely measured, particularly in relation to specialist skills. Plans to improve attraction and retention were discussed and guidance given. The Group has implemented flexible working days where appropriate, and to the extent appropriate to business requirements. An employee value proposition survey was completed and the management actions identified to address shortcomings.
Development and embedding of the climate risk framework, and ensuring consistent application across the Group	The **climate change risk** was integrated into the current risk management strategy and the framework is in the process of being embedded across the Group. The committee had in-depth discussions on the work done in relation to climate change risk within the business units, focusing on reporting and risk management assessments of this risk.
Digital transformation strategies and implementation	The committee continuously monitors digital strategies across the Group. Special attention was given to re-platforming projects within businesses, with specific attention to risks and opportunities associated with digital adoption by clients.
Focus on capital management and optimisation, including the transition of the required capital framework for IFRS 17	The committee received regular feedback in relation to the Group's **capital and solvency** position and initiatives across the Group. The committee considered the share buyback programme and approved the decision-making process around optimal gearing in the Group as per the Group Gearing Policy. A consistent capital management framework is applied to all the entities in the Group.
Monitoring cyber risk and evaluating the effectiveness of cybersecurity strategies across the Group	Cyber risk strategies, plans and performance are continuously monitored. Good progress has been made with: • Embedding the cybersecurity framework • Cybersecurity resilience and awareness • Cloud adoption and cloud financial management • Technical debt
Other areas identified.	During F2023, the committee: • Considered the measures to ensure operational continuity in relation to the uncertain supply of electricity in South Africa • Considered impending changes to the South African landscape and the management thereof in relation to the regulatory landscape affecting the Group • Considered the risk and mitigating factors in relation the South Africa's greylisting by the Financial Action Task Force (FATF) • Monitored fraud risk in terms of the various fraud risk management policies across the Group • Monitored market risk exposure (including the transition to IFRS 17) and risk appetite status • Monitored the Momentum Insurance claims experience and the Metropolitan Life lapse experience.

Focus areas for F2024

- Digital transformation initiatives and the evolution of the rewards programme
- Responses to emerging risks by embedding our sustainability framework into our risk processes
- The risk framework following the implementation of IFRS 17
- Embedding the climate risk framework into the Group's risk framework
- Business resilience in the context of the South African economic environment.

Social, Ethics and Transformation Committee focus areas for F2023

* Refer to pages 8- 9 the **Sustainability Report** for a more detailed Social, Ethics and Transformation Committee report.

Key focus areas	Outcome
Implementation of the Group transformation strategy with particular focus on the diversity and inclusion programme	Deep dives were presented to the committee by certain key Group business units on the execution of their transformation objectives. The business units reiterated their commitment to the transformation strategy through the various strategic initiatives implemented. The Group's diversity and inclusion initiatives were operationalised through collaborative approach by the business units to support the Group's implementation of its diversity and inclusion framework and roadmap. The legislative changes, as per the Employment Equity Amendment Act, and the impact thereof were unpacked and various responses were identified to ensure the Group retains its Level 1 B-BBEE status.
Deep dive into the business unit transformation strategy planning, initiatives, and implementation	Deep dives were presented to the committee by certain key Group business units on the execution of their transformation objectives. The business units reiterated their commitment to the transformation strategy through the various strategic initiatives implemented. The Group's diversity and inclusion initiatives were operationalised through collaborative approach by the business units to support the Group's implementation of its diversity and inclusion framework and roadmap. The legislative changes, as per the Employment Equity Amendment Act, and the impact thereof were unpacked and various responses were identified to ensure the Group retains its Level 1 B-BBEE status.
Implementation of the Group sustainability framework with a wider focus on ESG and responsible investment.	The committee provided direction to enhance the focus on ESG and responsible investments as per the approved Group sustainability framework. The Group's sustainability approach and strategy was an important agenda item at the Board's annual strategic session, where the sustainability framework was also deliberated upon. From there, the committee focused on the operationalisation of this framework at a business unit level. This included consideration of the various business units' sustainability initiatives. The committee has started a deep dive, per business unit, into these with an aim to encourage the setting of quantitative measurements over time to access performance.

Focus areas for F2024

- Integration of sustainability into the Group strategy
- Embedding the Group sustainability framework within the business units and overseeing the gradual setting of measurements at a business unit level in this regard
- Increased disclosure and transparency of the Group's ESG objectives including the Group's decarbonisation commitments
- Employment equity initiatives at a business unit and Group level, especially in respect of middle management, in view of the impact of the amended Employment Equity Act on the Group
- Talent development and retention through diversity, inclusion, equity and belonging practices.

REMUNERATION REPORT AND SHAREHOLDER INFORMATION

PART 1: REPORT FROM THE CHAIR OF THE REMUNERATION COMMITTEE

Peter Cooper

Our remuneration philosophy prioritises attracting, motivating and retaining high-performing employees while ensuring our remuneration aligns with shareholder interests.

Achievement of the stated objectives of the remuneration policy

In alignment with the Group's purpose, we strive to empower our people to attain their own financial objectives and life aspirations. To accomplish this, we recognise that offering employees fair and market-related remuneration plays a pivotal role in attracting and retaining scarce talent, and people who are passionate about our purpose.

The Remuneration Committee's objective is to use our remuneration philosophy to drive the execution of the Group's **Reinvent and Grow** strategic objectives, which serve as core principles that guide employees in achieving their KPIs.

The Remuneration Committee oversees the Group's remuneration policy to ensure the remuneration structures are fair, responsible and aligned with shareholder and employee interests. This commitment enables a balanced and sustainable approach to remuneration, exercising oversight on the appropriateness of employee reward outcomes while considering the interests of shareholders to promote long-term success.

The Remuneration Committee operates under terms of reference that govern its responsibilities and activities. These are reviewed annually and are subject to approval by the Board. In adherence to the recommendations outlined in King IV, all members of the Remuneration Committee are independent non-executive directors, thereby ensuring that remuneration-related decisions are made with impartiality and objectivity, promoting transparency and accountability relating to remuneration matters.

The Remuneration Committee believes that the policy supports the delivery of Group strategy in a responsible and sustainable manner.

Key features of our financial results for F2023

South Africa continues to face political and economic uncertainty, unprecedented levels of unemployment and rising inflation. Global uncertainty, stemming mainly from the Russia Ukraine war and the ongoing impact of that war on food security and supply chains, has resulted in rapidly rising inflation, and struggling economies as citizens battle to make ends meet.

Despite the challenging economic and operating environment, we maintained our strategic focus on accomplishing our Reinvent and Grow targets. The Group delivered R5 079 million of normalised headline earnings, 16% higher than the prior year. This growth in earnings demonstrates that our diligence in implementing the Reinvent and Grow strategic direction, efforts and initiatives have driven value creation for our policyholders and shareholders.

We generated operating profit of R4.4 billion (F2022: R3.4 billion). This result was supported by the improved mortality experience in the life businesses, benefiting from the less severe impact of Covid-19 with mortality and morbidity experience having largely normalised and a favourable movement in investment variances as a result of advantageous shifts in yield curves.

New business volumes, as measured by the PVNBP, declined year on year by 5% to R69 billion (F2022: R73 billion). This was mainly due to lower new business volumes in Momentum Investments and Momentum Metropolitan Africa, offset to some extent by improved new business volumes in Momentum Life and Metropolitan Life. The Group's VNB declined by 4% to R600 million (F2022: R626 million), mainly a result of a decline in Metropolitan Life and Momentum Metropolitan Africa's VNB.

The regulatory solvency positions of all Group entities remain within their specific target solvency ranges. For Momentum Metropolitan Life, the Group's main life insurance entity, the solvency capital requirement (SCR) cover improved from 2.03 times cover at 30 June 2022 to 2.08 times SCR cover at 30 June 2023.

The Group achieved an annualised ROE of 22.3%, exceeding our target range of 18% to 20%.

Recognising the financial results, and current economic conditions, the Remuneration Committee took the following decisions:
- An average annual increase of 6.0% will be granted in October 2023 (F2022: 5.5%)
- The management short-term incentives (STI) pool for F2023 increased to 125% (from 117%) of target, in line with our NHE performance
- Solid earnings positively impacted the Group's performance against the June 2023 targets set for the 2020 long-term incentive tranche vesting in October 2023. The 2020 long-term incentive plan (LTIP) award achieved 69% of the performance targets at a Group level.

The committee is of the view that these outcomes are fair, given the improvement in business performance in F2023.

Other actions by the Remuneration Committee in 2023

- Engaging with shareholders where engagements were necessary to address areas of concern regarding the Group's remuneration policy and its implementation, ahead of the AGM which took place on 24 November 2022 (see below, the actions taken by the Remuneration Committee to address the concerns raised by shareholders)
- Approving the performance criteria applicable to the October 2023 LTIP allocation including the consideration of the likely impact of the adoption of the IFRS 17 standard on the future performance outlook. Further details are provided below in this regard
- Review of the design and benchmark appropriateness of the short term and long term incentive plans.

Impact of the International Financial Reporting Standard 17 (IFRS 17 Insurance Contracts) on setting performance targets

The Group has undertaken extensive work in preparation for the adoption of IFRS 17. The forecasted impact has been considered in setting the forward-looking on-target earnings for the short-term incentives, and the performance conditions for the long-term incentives. The Group will monitor the actual versus forecasted impact of IFRS 17 adoption on underlying results during F2024. The committee will then consider the appropriateness of reviewing the 2023 LTIP performance targets.

Shareholder engagement and voting outcome

The following table represents a summary of the results of voting on non-binding remuneration-related shareholder resolutions for the past three years:

Overview of the remuneration policy

F2022	21% against
F2021	18% against
F2020	14% against

Implementation report

F2022	21% against
F2021	17% against
F2020	49% against

The Group is committed to proactive shareholder engagement through one-on-one engagements prior to the AGM. The Remuneration Committee's commitment to regular stakeholder engagement encourages ongoing communication to ensure our remuneration policies and implementation strategies align with stakeholder needs. This demonstrates our commitment to accountability, transparency and open dialogue, all of which are crucial for maintaining trust and fostering a strong relationship between the Group and our shareholders.

Notwithstanding the last "vote against" being below the prescribed 25%, we engaged with dissenting shareholders regarding their concerns. This was an opportunity to engage constructively with our shareholders and to better understand their perspectives and ensure our remuneration practices balance their legitimate expectations with the business's strategy and performance. The primary concern raised by shareholders related to the total shareholder return (TSR) being the only performance condition for the F2021 and F2022 LTIP awards. In response, the Remuneration Committee has approved a diversified set of financial targets that are aligned to the Group's overall strategy as performance conditions. These will be applicable to the F2023 LTIP awards.

Our remuneration policy and the implementation report for F2023 will be presented for separate annual non-binding advisory votes at our AGM. If either the remuneration policy (as set out in part 2) or the implementation report (as set out in part 3) receive 25% or more votes against, we will release a SENS announcement inviting dissenting shareholders to engage one-on-one with the relevant Group representatives, and the details regarding any such engagements will be disclosed in the F2024 Remuneration Report.

Executive director changes

In May 2023, we announced Jeanette Marais (Cilliers) would succeed Hillie Meyer as Group CEO, effective 1 August 2023. After undergoing a rigorous, robust and thorough selection process, Jeanette emerged as the successful candidate. No sign-on or exit payments were made in relation to the Group CEO succession process. For Hillie, the overall mix of total reward approved takes his overall contribution to the Group's strategy during the term of his appointment into consideration, while the deferred portion maintains a healthy alignment with the Group's medium to long-term interest.

F2024 focus areas

During F2024, the Remuneration Committee will be focusing on the following areas:

- Aligning the Group scorecard to the new strategic objectives including critical measures of profitability, shareholder value and sustainability
- Remuneration policy changes stemming from the impact of IFRS 17 implementation on key financial metrics and targets
- Considering appropriate ESG metrics that align with the Group's overall sustainability targets for the STI and LTI performance targets
- Enhancing and expanding on the fair and responsible pay principles and developing metrics to track progress in this regard. This includes monitoring developments on the proposed amendments to the Companies Act regarding the publication of a Wage Ratio Report
- Assessing remuneration policy objectives and measuring them against market benchmarks, ensuring the short-term and long-term incentive plans remain competitive and continue to attract and retain critical and scarce skills
- Continued engagement with shareholders regarding concerns related to the Group's remuneration policy.

Independent advice

The committee received external independent advice and market information from PwC, Deloitte, REMchannel, Willis Towers Watson and 21st Century Pay Solutions, and is satisfied that the input from these sources is reliable, accurate, independent and objective.

Approval

The Remuneration Committee is confident that its decision-making process is fair, responsible and objective. In reaching its decisions, the committee carefully considered feedback from various stakeholders and ensured that their perspectives were considered. The committee members have approached their duties with practicality and reasonableness, demonstrating a thoughtful and thorough evaluation of remuneration-related matters. They have diligently applied their expertise and judgement to make recommendations to the Board that align with the organisation's overall objectives and stakeholder expectations. By doing so, the committee strives to ensure that remuneration-related decisions are made in the best interests of all stakeholders and contribute to the sustainable success of the organisation.

This Remuneration Report was approved by the Remuneration Committee of Momentum Metropolitan Holdings on 18 September 2023.

Peter Cooper

THE GROUP'S REMUNERATION PHILOSOPHY

The Group aims to create an environment where our employees are motivated, engaged and rewarded for their performance; this approach not only helps attract and retain high-calibre individuals but also fosters a culture of excellence and success.

Our working environment promotes high performance and encourages entrepreneurial thinking. We use our remuneration philosophy to help incentivise employees to not only meet but also exceed their KPI targets, thereby driving mutual value creation for the Group and its stakeholders. Underpinning this philosophy is a robust performance management system that sets competitive total remuneration packages and provides incentives geared to agreed performance outcomes, where appropriate.

Our remuneration policy is based on the following fundamental principles:

Alignment with the Group strategy	Our remuneration policy aligns our overall Reinvent and Grow strategic objectives and Group values to employee performance without being detrimental to our stakeholder interests while discouraging inappropriate risk-taking.
Pay for performance	We structure our remuneration around incentivising a performance culture, with differentiation based on performance taking place between guaranteed and variable remuneration. All employees are evaluated in terms of their performance against individual KPIs. Performance reviews are conducted in terms of accepted norms to ensure fairness and consistency.
Risk-taking versus fiduciary roles	Distinction is drawn between employees who operate in a risk-taking capacity and those who fulfil fiduciary roles (such as heads of control functions) when variable incentive payments are awarded. To ensure that the independence of employees who act in a fiduciary capacity is not unduly compromised, and conflicts of interest are minimised, variable incentives for employees in fiduciary roles are determined primarily with reference to the performance of the individual.
Benchmarking and competitiveness	Roles are benchmarked based on a job grading process, and then compared with market benchmarks in the financial services sector.
Talent retention	Remuneration and benefits are considered a key lever in ensuring that top talent is attracted, motivated, and retained to ensure the achievement of the Group's strategic objectives.
Consistent and fair practices	Our Group's remuneration practices prioritise fairness and equity while allowing for differentiation where justified, considering factors such as scarce skills, experience level and performance. We are committed to providing our people with fair opportunities for career growth and advancement through skills development. We ensure that remuneration aligns with changes in work intensity and evolving skills.
Flexibility	The remuneration policy offers flexibility for customising remuneration and benefits to cater for better work-life balance and specific business needs.
Governance	Our approach to governance ensures that the appropriate remuneration governance structures, policies and frameworks are in place to support the fair and consistent implementation. These 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 Solvency Assessment and Management). Applicable to all Group companies, our remuneration policy establishes minimum standards, guidelines and delegation of authority. It confirms that the Remuneration Committee approves the remuneration for heads of control functions.

REMUNERATION STRUCTURE AND DESIGN

To foster a culture of excellence, our remuneration structure comprises three key components, namely total guaranteed pay (TGP), short-term incentives (STI) for management and general staff employee levels, and long-term incentives (LTI). These elements collectively support the Group's need to offer employees an appropriate mix of fixed and variable remuneration, depending on their employment level and the complexity of a specific role – and are intended to incentivise and reward exceptional performance among our employees.

Remuneration element	Purpose and link to strategy	Eligibility	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 employees employed by the Group	TGPs are benchmarked against the financial services market, targeting the 50th percentile	Meet the requirements of the role
Short-term incentives (STI) for management level employees	To support a high-performance culture within the organisation through reward for performance, and to aid retention through the deferral of STIs above a threshold	Executives, senior managers and upper-middle managers	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 that is weighted towards financial outcomes. Above a certain value threshold, management STIs are deferred to enhance retention and improve alignment with shareholders	The Group performance relative to targets determines the size of the management STI pool
Short-term incentives(STI) for general level staff level employees	To reward individual performance at a general staff level	All permanent staff who are not management STI pool participants	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 individual performance relative to objectives	Individual performance that at least meets the agreed objectives set for the period
Long-term incentives (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**

Total Guaranteed Pay

We ensure that our TGP remains competitive, which we regularly benchmark against peers in the financial services sector. Generally, TGP is aligned with the market median (50th percentile) for employees who meet the role requirements. However, we do make exceptions for certain key positions where premiums are necessary due to scarce or specialised skills, outstanding performance, or to retain critical skills in such cases, TGP may be set at or above the upper quartile (75th percentile).

The Group utilises a recognised job grading system and reconducts job evaluations and grading whenever there are organisational changes. This practice ensures that such positions are appropriately remunerated based on their respective roles and responsibilities.

TGP increases are awarded annually from 1 October each year.

Variable incentives (STI and LTI)

The STI pool is determined as a percentage of the pre-tax pre-incentive NHE for the year to which it relates, and the LTI pool is determined using a benchmark of targeted LTI portfolio data for the participants in this pool.

Short-term incentives (STI)

Our STIs operate as a discretionary profit-sharing pool that involves participation from management – the size of this pool is determined by the achievement of the targeted pre-tax pre-incentive NHE.

Eligibility to participate in the management STI pool is open to executive, senior and middle management employees who are not already on pay-for-performance contracts. These employees have the opportunity to benefit from the STI programme based on their performance and contribution to the Group's financial success. The discretionary nature of the STI allows for flexibility in recognising exceptional performance and provides an incentive to strive towards achieving the targeted financial outcomes.

The determination of the STI pool is based on the following approach:

The overall on-target STI pool is calculated on a bottom-up basis, by adding the benchmark on-target STIs for all participants, based on the industry where the business operates.

This bottom-up STI pool is then tested for affordability using a top-down calculation, being a percentage of the Group on-target pre-tax pre-incentive NHE as approved by the Remuneration Committee. The overall on-target STI pool is therefore the level of STIs that can be funded by achieving the targeted NHE.

The top-down calculation is then applied to the actual NHE for the year, subject to the approval of the calculated STI pool by the Remuneration Committee.

The allocation of the Remuneration Committee-approved STI pool to business units takes place as follows:

- The on-target STI pool per business unit is subject to financial and non-financial performance modifiers
- The financial performance modifier is primarily the business unit NHE versus target, supplemented by sales targets for distribution teams
- The non-financial performance modifier relates to meeting employment equity targets
- The business unit performance-modified on-target STI pools are then adjusted back to the actual Group incentive pool as approved for the year by the Remuneration Committee

Individual STIs are then calculated based on the individual's performance-adjusted on-target incentive as a proportion of the business unit pool. Management discretion may be applied where appropriate, to make adjustments for factors not taken into account in the calculation, such as talent retention.

Employees outside these management layers participate in a general employee STI pool based on individual performance.

Group targets are reviewed and approved by the Board. Business unit targets 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 (Group CEO).

Details regarding the actual management STI pool for F2023 is set out in **Part 3: Implementation report.**

Deferral of STI

The management STI pool has a compulsory deferral component, which provides for 50% of all STIs above a minimum threshold to be paid in cash, with the remaining 50% of the STI being deferred. The following STI deferral policy applies:

Quantum of STI	Deferral terms
Below R300 000	No deferral and STI is paid in cash
Above R300 000	The first R300 000, plus 50% of the amount above R300 000 is paid in cash, with the remainder being deferred, vesting in three equal tranches at the end of years one, two and three

The Remuneration Committee has the discretion to increase the deferred portion of the STI, where appropriate.

The deferral component of the STI serves as a retention mechanism to retain key talent within the Group while giving the Remuneration Committee the right to invoke the pre-vesting forfeiture of STIs, should the performance of the Group, division or individual deteriorate significantly. For further details regarding the other circumstances where pre-vesting forfeiture and clawback can be invoked, please see the **malus and clawback** section.

LTI awards

The Group's LTI schemes currently include:

The Long-term Incentive Plan (LTIP)

The Group's LTIP is primarily available to executives and senior management who directly contribute to long-term value creation. By exception, participation is also extended to high-performing upper and middle management employees who possess scarce and critical skills. The quantum of these individual LTIP awards is determined based on benchmarks derived from the financial services market.

The LTIP is structured as a cash-settled phantom share plan. It has a vesting period of three years, followed by an additional two-year holding period. In the case where dividends are paid on ordinary shares, LTIP participants receive dividend equivalent amounts credited as additional units that vest alongside the LTIP units, subject to performance conditions being met.

The Share Appreciation Rights Scheme (SAR)

Previously, the Group also operated a SAR scheme, with the last issuance having vested in October 2022, subject to the two-year holding period. The SAR scheme is also a cash-settled phantom scheme, where participants are credited with the value of dividends paid on ordinary shares during the vesting and settlement periods (dividend equivalents).

The Momentum Metropolitan iSabelo Trust (iSabelo)

The iSabelo Trust is a broad-based Employee Share Ownership Trust, which was approved at a general meeting of shareholders on 26 November 2020. The initial allocation of units in this equity-settled scheme took place on 22 April 2021, with allocations to new employees until the fifth anniversary of the scheme.

LTIP scheme performance conditions

The LTIP is a cash-settled scheme comprising both retention and performance units that reference their value to the Momentum Metropolitan share price. Post-2018, all allocations from the LTIP 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.

Details of the LTIP performance vesting outcomes for the tranche vesting in October 2023 are set out in **Part 3: Implementation report**. The performance conditions for the October 2020 award, to be measured on the June 2023 results, are set out below:

Performance measure	% weighting	Target
NHE (lower bound)	20%	R3.7 billion in F2023
NHE (upper bound)	20%	R4.2 billion in F2023
ROE	30%	15% in F2023
Total shareholder return (TSR) vs equal-weighted peer index	30%	Exceed peer group TSR

The above performance conditions are binary, and measured independently, with a maximum vesting percentage of 100% in total. These performance conditions apply to the Group CEO, Group FD and all Group-wide service employees. 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 performance condition related to the October 2021 award, to be measured on the June 2024 results, is set out below:

Performance measure	% weighting	Target
TSR vs equal-weighted peer index	100%	Exceed peer group TSR

The performance condition related to the October 2022 award, to be measured on the June 2025 results, is set out below:

Performance measure	% weighting	Target
TSR vs equal-weighted peer index	100%	Exceed peer group TSR

iSabelo

The iSabelo Employee Share Ownership Trust is an equity-settled share ownership scheme that provides eligible employees with an opportunity to own units in the Trust, which vest over a period of seven years. Once the units become unrestricted, which occurs after a period of 10 years, the net asset value of the Trust will be distributed to the beneficiaries. The distribution will be made in the form of Momentum Metropolitan shares, and the allocation will be proportionate to the individual unit holdings of the beneficiaries.

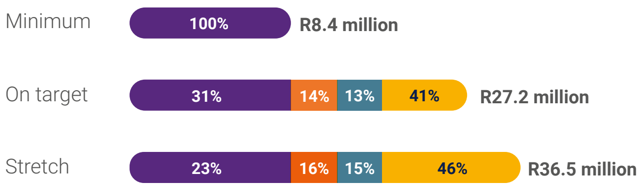
Any ordinary dividends declared by the Group during the restricted period will be applied at least 80% to the settlement of the debt raised by the Trust to acquire the shares, and up to 20% will be paid to participants. Eligibility includes all South Africa-based permanent employees, with a minimum economic participation of 55% black women and 85% black employees. There are no performance conditions attached to the allocated units.

EXECUTIVE DIRECTOR PAY MIX

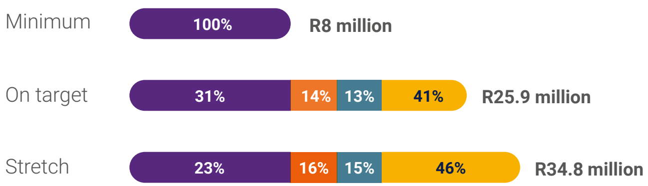
At the executive management level, the following graphs illustrate the pay mix for the outgoing Group CEO, incoming Group CEO and Group FD across different performance levels: minimum, on-target, and stretch. The pay mix for executives is designed to emphasise variable pay that is contingent upon meeting specific financial and strategic performance targets, thus reflecting a higher level of "at-risk" compensation. The goal is to establish a well-balanced pay structure that aligns with the job requirements and individual performance of each executive.

The basis for determining the amounts under the minimum, on-target and stretch performance levels is as follows:

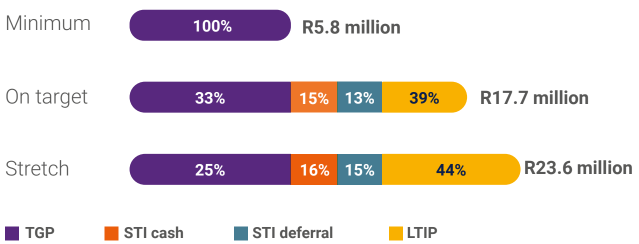
Outgoing Group CEO Hillie Meyer



Incoming Group CEO Jeanette Marais (Cilliers)



FD – Risto Ketola

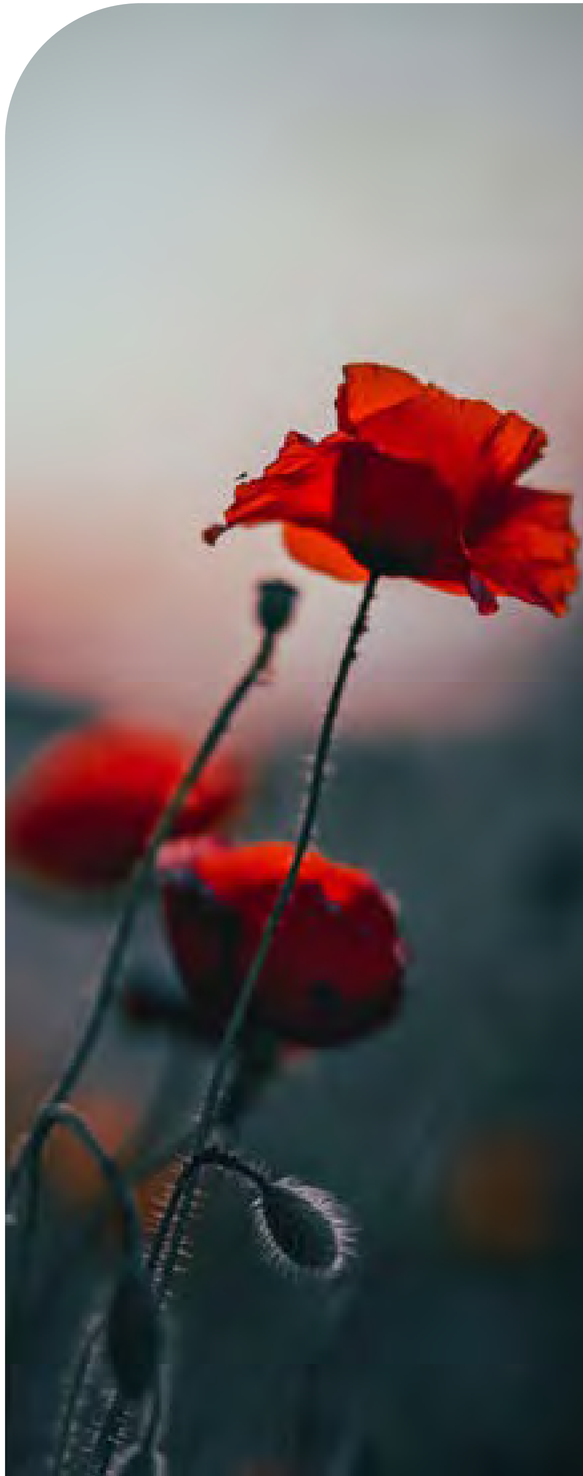


Minimum	This is where the Group does not meet the threshold performance level for the given year, and the Remuneration Committee does not award any discretionary STI or LTI. Only the TGP is guaranteed.
On target	Is based on an on-target rating, where the STI represents 90% of TGP for the Group CEO and 85% of TGP for the Group FD. The LTI is assumed to meet two of the three performance criteria (i.e. 67% vesting) and is based on an LTIP allocation of 150% of TGP for the Group CEO and 135% of TGP for the Group FD, and no share price growth.
Stretch	Is based on meeting the stretch targets, where the STI represents 135% of TGP for the Group CEO, and 128% of TGP for the Group FD. The LTI is assumed to meet all performance criteria (i.e. 100% vesting) and is based on an LTIP allocation of 150% of TGP for the Group CEO and 135% of TGP for the Group FD, and no share price growth.

The STI deferral and the LTIP amounts above will vest and be settled as follows:

- STI deferral – payment in equal tranches 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 the graphs above, a significant proportion of the total executive remuneration represents variable performance-based remuneration that is deferred to between three and five years from the award date.



ENSURING FAIR, EQUITABLE AND RESPONSIBLE REMUNERATION

Role levels

Every role undergoes a job evaluation process to determine its specific grade, which allows for effective benchmarking against market standards. This process involves assessing various factors such as the level of responsibility, required skills and qualifications, and the 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. As an example, pay equity is assessed by comparing the total remuneration relative to the job benchmark, across gender and race, to identify and address areas of unfair discrimination.

Fair and responsible remuneration

Our primary focus is to foster a fair and inclusive working environment where all our people have an equal opportunity to thrive and make their best contributions. We, thus recognise the importance of striving for equal pay, fairness and equality in our remuneration practices as a means to retain, attract and motivate top talent.

We are cognisant of our internal wage gap. As envisaged by the principles of fair and responsible remuneration, the Remuneration Committee considered the following:
- Applying the principle of "equal pay for work of equal value" (as set out under "Internal pay equity") to identify possible areas of pay discrimination or bias
- Identifying and addressing any unjustifiable remuneration disparities
- Reviewing the minimum guaranteed package of employees at the basic skills level to ensure this is set at a level that offers employees a decent standard of living. The current minimum guaranteed package is R155 000 per annum
- When considering increases, we consider factors including but not limited to: inflation, affordability, market trends, competitor remuneration and scarcity of skills
- When awarding annual salary increases, the increase percentages granted to general employees are generally higher than those granted to senior and executive management, thereby narrowing the pay gap that exists between the highest and lowest paid employees
- Reviewing the level of variable remuneration paid which is based on performance outcomes against targets, and benchmarked against the financial services market.

MALUS AND CLAWBACK

We have a malus and clawback policy to address potential risks and ensure accountability in relation to deferred STI, LTIP, and SAR amounts. This policy applies to executive directors, senior managers, heads of control functions, and other material risk-takers within the Group.

Under the malus provision, unvested deferred STI, LTIP, and SAR amounts can be subject to forfeiture before their scheduled vesting. This means that if actual risk events occur, the Remuneration Committee has the authority to reduce or forfeit these unvested incentives, either in whole or in part. Through this policy, the Group promotes responsible behaviour and ensures that individuals are held accountable for their actions.

The clawback provision, on the other hand, allows for the recovery of already vested deferred STI, LTIP, and SAR amounts. In case of actual risk events, the Remuneration Committee can initiate the post-vesting recovery of these vested incentives, ensuring that appropriate consequences are applied. In terms of this policy, the Remuneration Committee may pursue the recovery of previously vested and paid STI or LTI 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 which are deemed critical to the business, the Group may offer sign-on awards (whether in the form of cash or LTIP awards) to new members of executive management and key employees.

In cases where the Group considers certain appointments crucial to its business, sign-on awards (whether in the form of cash or LTIP awards) may be offered to new members of executive management and key employees. Sign-on LTIP 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 should they resign from the Group within a specified period as regulated by their employment contracts. The Group CEO has the discretion to determine sign-on awards.

No sign-on awards were made at the Group Executive Committee management level in the current year. Sign-on awards are made in exceptional circumstances where merited for appointment of key scarce and critical skills to compensate for loss of incentive awards granted by a previous employer, that were forfeited or revoked as a result of appointment to the Momentum Metropolitan Group.

Restraints of trade

The Remuneration Committee has the authority to enter into restraint of trade agreements with members of executive management when deemed necessary. Restraint of trade agreements may take the form of contractual arrangements, either unpaid or with an appropriate payment attached. The specific terms and conditions of these agreements are determined based on the individual circumstances and requirements of the executives involved. One such restraint of trade agreement was concluded during the current year.

Payments on termination of employment

The employment contracts for executive management do not obligate the Remuneration Committee to make any specific payments in the event of employment termination due to failures on the part of the executive. Instead, any payments made upon termination will be in accordance with relevant legislation and regulations.

The consequences of unvested STIs, SARs, and LTIPs are governed by the rules and provisions outlined in the respective incentive plans and the circumstances surrounding the termination of employment. The Remuneration Committee holds discretionary power in determining the terms and conditions of such agreements, with decisions made on a case-by-case basis. It is emphasised that no payments will be made due to termination solely 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, LTIPs, and SARs will be forfeited in accordance with the relevant rules outlined in the incentive plans.

In the event of death, disability, retrenchment, retirement or early retirement, unvested incentives will vest pro rata based on the period of employment from the award date to the termination of service date, and, if applicable, the extent to which performance conditions were met as at that date.

Reasons for termination

The following table sets out how payments under each element of remuneration are dealt with for the various 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	No payment other than severance packages governed by labour laws	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 is applied based on the terms of the separation agreement
STI – deferral	Automatic forfeiture of unvested deferred STI amounts	Automatic forfeiture of unvested deferred STI amounts	All unvested deferred STI amounts 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 upon the date of termination	All unvested awards shall be forfeited in their entirety and will lapse immediately upon 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 wherein the Remuneration Committee 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 at the executive level during the current year.

Minimum shareholding requirements

The minimum shareholding requirements introduced in 2015 are in line with global best practice. These requirements encourage executives to use their vesting STI and LTI benefits 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 an agreed portion of their annual STI and LTI payouts in Momentum Metropolitan shares towards achieving the required level of exposure.

The Group CEO's required level of investment (expressed as a percentage of TGP) is 200%, and for other executives 100%, to be achieved within a reasonable period of the introduction of the requirements of the individual 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 regarding the executive directors' achievement of these requirements is set out under **Part 3: Implementation report.**

NON-EXECUTIVE DIRECTOR FEES

The strategic purpose of the non-executive directors' fees is to attract and retain suitable expertise to constructively challenge the executives to deliver on strategy.

Non-executive directors in the Group receive an annual retainer fee for their services, without any additional fees per meeting attended. 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, however, covers all travel and accommodation costs associated with the attendance of non-executive directors at Board meetings.

The fees for non-executive directors are reviewed annually and are presented to the Remuneration Committee for consideration. These fees are then submitted for approval at the AGM. In considering the non-executive directors' fees, various factors are taken into account, including a review of the market analysis related to non-executive fees. Market benchmarking considers the size of the Group as well as the complexity of the work performed. The comparator group of companies included in the benchmarking exercise is Alexander Forbes, Discovery, Old Mutual, Sanlam, Santam and PSG.

Non-executive directors may receive ad hoc supplementary fees if they undertake significant additional work during the financial year. These fees are calculated on an hourly basis and are not guaranteed. The payment of such fees is limited to ad hoc committee work requested from non-executive directors. During F2023, the Nominations Committee undertook significant additional work relating to the Group Chief Executive appointment process. The payment of such additional work was disclosed separately.

The details regarding the proposed non-executive director fees for F2024 are set out in the **Notice of Annual General Meeting**, Special Resolution Number 3.

VOTING STATEMENT (NON-BINDING ADVISORY VOTE ON THE REMUNERATION POLICY)

This remuneration policy is subject to an advisory vote by shareholders at the November 2023 AGM. Shareholders are requested to cast a non-binding advisory vote on Part 2 of this Remuneration Report, as it appears above.

EXECUTIVE DIRECTORS – SINGLE-FIGURE DISCLOSURE

The South African Companies Act, 71 of 2008 (Companies Act) has defined the term “prescribed officer”. The duties, responsibilities and reporting obligations of directors under the Companies Act also apply to “prescribed officers”. The Remuneration Committee has considered the definition of “prescribed officer” 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 Marais (Cilliers)		Risto Ketola		Total	
R'000	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Guaranteed remuneration[1]	8 171	7 121	5 523	5 204	5 337	5 022	19 031	17 347
Salary and allowances	8 171[4]	7 121[4]	5 177	4 882	4 996	4 670	18 344	16 672
Retirement contributions	–	–	283	263	277	257	560	520
Medical aid contributions	–	–	63	59	63	95	127	154
Short-term incentives[2]	13 000	8 850	8 000	6 250	7 000	6 000	28 000	21 100
Cash	6 650	4 475	4 150	3 175	3 650	3 050	14 450	10 700
Deferred	6 350	4 375	3 850	3 075	3 350	2 950	13 550	10 400
Long-term incentives[3]	11 626	10 730	9 030	7 101	6 516	5 871	27 172	23 702
Total remuneration	**32 797**	**26 701**	**22 553**	**18 555**	**18 853**	**16 893**	**74 203**	**62 149**

[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 124 represents amounts granted as part of the annual remuneration review on 1 October 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:

***2022**:*
- *For SAR units, the value is based on the number of October 2018 units vesting in October 2022, on the basis of performance conditions measured on 30 June 2022, multiplied by the option value on 30 June. In terms of these SAR performance conditions, 67% of these units will vest, at a current value of R0.82 per unit*
- *For LTIP performance units, the value is based on the value of the number of October 2019 performance units vesting in October 2022, on the basis of performance conditions measured on 30 June 2022, multiplied by the share price on 30 June. In terms of these LTIP performance conditions, 67% of these units will vest in October 2022 for Hillie Meyer and Risto Ketola, and 85% for Jeanette Marais (Cilliers), due to her business unit performance vesting conditions being 100% achieved*
- *No LTIP retention units were issued to executive directors in 2022, other than the deferred bonus units, which are included in the short-term incentive amounts above.*

[4] After the deduction of unpaid leave totalling R821 000

2023:
- *For LTIP performance units, the value is based on the value of the number of October 2020 performance units vesting in October 2023, on the basis of performance conditions measured on 30 June 2023, multiplied by the share price on 30 June 2023. In terms of these LTIP performance conditions, **70%** of these units will vest in October 2023 for Hillie Meyer and Risto Ketola, and **85%** for Jeanette Marais (Cilliers), due to her business unit performance vesting conditions being **100%** achieved*
- *No LTIP retention units were issued to executive directors in 2023, other than the deferred bonus units, which are included in the short-term incentive amounts above.*

[4] After the deduction of unpaid leave totalling R129 000

COMPANIES ACT DISCLOSURE – EXECUTIVE DIRECTORS

R'000	Hillie Meyer 2023	Hillie Meyer 2022	Jeanette Marais (Cilliers) 2023	Jeanette Marais (Cilliers) 2022	Risto Ketola 2023	Risto Ketola 2022	Total 2023	Total 2022
Guaranteed remuneration	8 171	7 121	5 523	5 204	5 338	5 022	19 031	17 347
Salary and allowances	8 171	7 121	5 177	4 882	4 996	4 670	18 344	16 672
Retirement contributions	–	–	283	263	278	257	560	520
Medical aid contributions	–	–	63	59	63	95	127	154
Short-term incentives	4 475	1 300	3 175	1 300	3 050	1 150	10 700	3 750
Long-term incentives	7 058	2 311	5 137	1 618	4 238	2 076	16 433	6 005
Total remuneration	**19 703**	**10 732**	**13 835**	**8 122**	**12 626**	**8 248**	**46 164**	**27 102**

The STI represents the cash bonus payment made in October, while the LTI represents the settlement of LTIs that vested during the year, including deferred bonus units.
- *In 2022, the LTI payments represented only vested deferred bonus units, as no LTIP performance units were vested in this period.*
- *In 2023, the LTI payments represented the vested deferred bonus units and the LTIP performance units that vested during this period.*

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 2008 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 1 above, for salaries to remain competitive, an annual salary increase is awarded. An average increase of 6.0% will be granted in October 2023.

The TGP of the executive directors and their respective increases, effective 1 October 2022, are set out in the table below.

Total Guaranteed Package

	1 August 2023 R'000	1 October 2023 R'000	1 October 2022 R'000	% annual increase
Hillie Meyer*			8 400	
Jeanette Marais (Cilliers)**	8 000		5 500	
Risto Ketola		5 800	5 400	7.4%

** Fixed-term contract as Group CEO ended on 30 September 2023.*
*** Appointed as Group CEO effective from 1 August 2023. A fixed remuneration adjustment was granted upon appointment as CEO on 1 August 2023. No annual increase was granted in October 2023.*

VARIABLE REMUNERATION

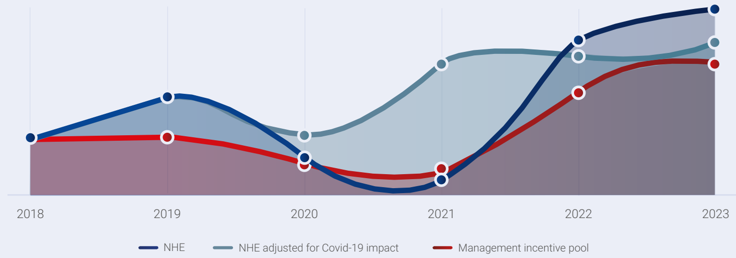
The performance outcomes for both the STI and LTI benefits for the current year, are set out below:

Short-term incentives (STI)

The Group's performance in terms of the key financial metrics was as follows:
- NHE of R5 079 million, which is higher than the F2022 NHE due to the less severe impact of Covid-19 on earnings, with mortality experience having normalised to levels last seen in 2019. Earnings were further supported by a strong improvement in investment variances because of advantageous shifts in yield curves
- New business volumes (on a PVNB basis) decreased by 5% to R68 873 million
- The ROE for the year was 22.3%, a slight decrease from 22.7% in the prior year.

Taking into account the above metrics, and the fact that the NHE for F2023 of R5 billion exceeded the targeted NHE for the year, the Remuneration Committee approved a management STI pool for F2023 which is 125% of the on-target pool, in line with the earnings performance.

The graph below illustrates the change in the annual management STI pool since F2019, together with the NHE trend over the same period:



Since F2018, NHE has increased by 153.6%, while the management STI pool has increased by 84.6%. Overall, the level of the STI pool has tracked the NHE trend closely, including the F2020 and F2021 years that were impacted by the Covid-19 pandemic.

Short-term incentives awarded in cash and deferred – executive directors

The short-term incentives awarded to executive directors in F2023 (payable in F2024 and subject to the short-term incentive deferral rules as referred to in **Part 2 of the Remuneration Report**) are set out below:

	Approved STI 2023 R'000	% of TGP 2023 %	Approved STI 2022 R'000	% of TGP 2022 %
Hillie Meyer	13 000	155%	8 850	105%
Jeanette Marais (Cilliers)	8 000	100%	6 250	114%
Risto Ketola	7 000	121%	6 000	111%

Long-term incentive vesting – LTIP scheme

The performance conditions for the October 2020 award, along with the actual performance measured at the performance vesting date of 30 June 2023, are set out below:

Performance measure	% weighting	Target	Actual
Normalised headline earnings (lower target)	20%	R3.7 billion	R5.1 billion
Normalised headline earnings (upper target)	20%	R4.2 billion	R5.1 billion
Return on equity (ROE)	30%	15% Group ROE in 2023	22.3%
Total Shareholder Return (TSR) vs equal-weighted peer index	30%	Exceed peer Group TSR	9.5% behind benchmark

The four performance conditions are measured independently, i.e. achieving one of the conditions will result in proportionate vesting equivalent to the weighting allocated to the specific target, and achieving all four will result in 100% vesting. The above performance targets apply to all executives at Group level, while business unit executives have a 50% weighting to these targets and 50% weighted towards business unit-specific targets.

As a result of three of the four performance conditions being met, 70% of the LTIP units will vest at Group level, while the achievement of business unit performance measures ranges between 35% and 85%, resulting in an overall Group average vesting of 69%. These vested units will be settled in three equal tranches on 1 October 2023, 2024 and 2025, based on the 20-day volume-weighted average share price of Momentum Metropolitan up to 1 October each year, including dividends declared and paid by Momentum Metropolitan during the settlement period, in the form of additional dividend units.

The approved STIs for the 2023 financial year are settled as follows:

	Cash – October 2023 R'000	Deferred into LTIP R'000	Cash – October 2022 R'000
Hillie Meyer	6 650	6 350	4 475
Jeanette Marais (Cilliers)	4 150	3 850	3 175
Risto Ketola	3 650	3 350	3 050

The performance ratings for the executive directors are determined based on a mix between their achievement of individual objectives and the overall Group performance.

Long-term incentives to be awarded in October 2023 – executive directors

The following table sets out the approved LTIP performance unit awards to the executive directors, effective 1 October 2023:

	Approved LTIP face value 2023 R'000	% of TGP 2023 %	Approved LTIP face value 2022 R'000	% of TGP 2022 %
Hillie Meyer	–	–	16 800	200%
Jeanette Marais (Cilliers)	16 000	200%	9 000	164%
Risto Ketola	9 000	155%	9 000	167%

For the October 2023 LTIP awards, the Remuneration Committee has decided to apply performance conditions, as set out in the table below:

		Performance targets				
Performance metric	**Threshold**	**2024 R'm**	**2025 R'm**	**2026 R'm**	**Total weighting**	**Annual weighting**
Normalised headline earnings (NHE)*	Lower	R4 000	R4 250	R4 500	30.0%	10%,10%,10%
	Upper	**R4 500**	**R4 750**	**R5 000**		
Value of new business (VNB)*	Lower	R600	R700	R800	30.0%	10%,10%,10%
	Upper	**R800**	**R900**	**R1 000**		
Return on equity (ROE)**	Lower			16.00%	20.0%	n/a
	Upper			**18.00%**		
MMH – TSR***		Exceed Peers			20.0%	n/a
Total for MMH					**100.0%**	

For this LTIP tranche to vest in full, or partially in October 2026, the Momentum Metropolitan Group performance must meet the performance conditions as set out above, and elaborated further below:

** NHE and VNB targets set for each of the financial years 2024 to 2026. Each year's target contributes 33.33% to the total three-year allocated weightings of 30%*
*** ROE target to set and measured for the end of the three-year measurement period (June 2026)*
**** TSR target to be set and measured against the peer group (Discovery, OM and Sanlam) as an average over the three-year performance measurement period*
*****The proposal includes lower and upper thresholds. Linear vesting will occur, with 50% of the vesting at lower thresholds, proportionately progressing to 100% at the upper threshold.*

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 2021	Granted during 2022	Forfeited during 2022	Vested during 2022	Closing number on 30 June 2022[1]	Cash flow on settlements 2022[3]	Estimated fair value on 30 June 2022[4]	Granted during 2023[2]	Forfeited /Cancelled during 2023	Vested during 2023	Closing number on 30 June 2023	Cash flow on settlements 2023[3]	Estimated fair value on 30 June 2023
	'000	'000	'000	'000	'000	R'000	R'000	'000	'000	'000	'000	R'000	R'000
Hillie Meyer	**5 737**	**1 023**	**(1 357)**	**(118)**	**4 450**	**2 311**	**20 829**	**1 662**	**(2 662)**	**(413)**	**3 871**	**7 058**	**47 977**
LTIP – performance units													
Award date – 9 April 2018[1]	1 347	10	(1 357)	–	–	–	–	–	–	–	–	–	–
Award date – 1 October 2019	963	26	–	–	989	–	9 449	32	(330)	(220)	471	3 755	8 512
Award date – 1 October 2020	835	23	–	–	858	–	115	62	–	–	920	–	8 969
Award date – 1 October 2021	–	844	–	–	844	–	2 080	61	–	–	905	–	6 048
Award date – 1 October 2022	–	–	–	–	–	–	–	1 056			1 056		15 062
LTIP — deferred bonus units													
Grant date – 1 October 2018	20	–	–	(20)	–	389	–	–	–	–	–	–	–
Grant date – 1 October 2019	113	2	–	(56)	59	1 098	841	–	–	(58)	–	989	–
Grant date – 1 October 2020	127	2	–	(42)	87	824	1 241	3		(43)	47	741	843
Grant date – 1 October 2021	–	116	–	–	116	–	1 654	6	–	(39)	83	660	1 498
Grant date – 1 October 2022	–	–	–	–	–	–	–	274			275		4 965
SAR — performance units													
Award date – 1 October 2018	2 332	–	–	–	2 332	–	1 281	–	(2 332)		–	–	–
Converted to deferred retention units	–	–	–	–	–	–	–	168		(53)	115	913	2 080
Jeanette Marais (Cilliers)	**2 641**	**702**	**–**	**(83)**	**3 260**	**1 618**	**16 729**	**968**	**(1 488)**	**(301)**	**2 439**	**5 137**	**31 747**
LTIP – performance units													
Award date – 1 October 2019	521	14	–	–	535	–	6 332	21	(89)	(149)	319	2 535	5 756
Award date – 1 October 2020	534	15	–	–	549	–	4 776	40	–	–	588	–	6 906
Award date – 1 October 2021		528	–	–	528	–	1 302	38	–	–	566	–	3 781
Award date – 1 October 2022								**566**			**566**		**8 073**
LTIP – deferred bonus units													
Grant date – 1 October 2018	12	–	–	(12)	-	235	–	–	–	–	–	–	–
Grant date – 1 October 2019	75	1	–	(38)	38	733	542	–	–	(38)	-	659	–
Grant date – 1 October 2020	100	2	–	(33)	69	650	984	2	–	(34)	37	585	666
Grant date – 1 October 2021	–	142	–	–	142	–	2 025	7	–	(48)	102	810	1 839
Grant date – 1 October 2022	–	-	–	–	–	–	–	**193**	–		**193**	–	**3 490**
SAR – performance units				–									
Award date – 1 October 2018	1 399	–	–	–	1 399	–	769	–	(1 399)	–	–	–	–
Converted to deferred retention units								101		(32)	68	548	1 236
iSabelo B-BBEE Trust[5]	17	–	–	–	17	–	11	–	–	–	17	–	11

[1] *The CEO's initial LTIP award on 9 April 2018 has a vesting date of 31 October 2021, with a performance period from 1 July 2018 to 30 June 2021.*
[2] *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.*
[3] *Represents the cash settled on vesting date, including vested dividend units.*
[4] *Calculated as:*
- LTIP retention units and deferred bonus units – the number of unvested units multiplied by the 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

[5] *Each unit granted by the iSabelo Trust represents 0.1 Momentum Metropolitan Holdings shares and is therefore not included in the total for each director in the table above.*

Long-term incentive table of unvested awards – executive directors continued

Executive director	Opening number on 1 July 2021	Granted during 2022	Forfeited during 2022	Vested during 2022	Closing number on 30 June 2022[1]	Cash flow on settlements 2022[3]	Estimated fair value on 30 June 2022[4]	Granted during 2023[2]	Forfeited /Cancelled during 2023	Vested during 2023	Closing number on 30 June 2023	Cash flow on settlements 2023[3]	Estimated fair value on 30 June 2023
Risto Ketola	**2 591**	**587**	**–**	**(106)**	**3 072**	**2 076**	**12 052**	**944**	**(1 577)**	**(249)**	**2 189**	**4 238**	**27 322**
LTIP – performance units													
Award date – 1 October 2019	520	14	–	–	534	–	5 102	17	(178)	(119)	255	2 029	4 598
Award date – 1 October 2020	468	13	–	–	481	–	2 401	35	–	–	515	–	5 026
Award date – 1 October 2021	–	475	–	–	475	–	1 171	34	–	–	510	–	3 402
Award date – 1 October 2022	–	–	–	–	–	–	–	566	–	–	566	–	8 070
LTIP – deferred bonus units													
Grant date – 1 October 2018	38	–	–	(38)	–	747	–	–	–	–	–	–	–
Grant date – 1 October 2019	79	1	–	(39)	41	765	585	–	–	(41)	–	689	–
Grant date – 1 October 2020	87	2	–	(29)	60	564	856	2	–	(30)	32	507	579
Grant date – 1 October 2021	–	82	–	–	82	–	1 169	4	–	(27)	58	465	1 063
Grant date – 1 October 2022								185	–	–	185	–	3 348
SAR – performance units													
Award date – 1 October 2018	1 399	–	–	–	1 399	–	769		(1 399)	–	–	–	–
Converted to deferred retention units	–	–	–	–	–	–		101	–	(32)	68	548	1 236
Isabelo B-BBEE trust[5]	17	–	–	–	17	–	11	–	–	–	17	–	11

[1] *The CEO's initial LTIP award on 9 April 2018 has a vesting date of 31 October 2021, with a performance period from 1 July 2018 to 30 June 2021.*
[2] *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.*
[3] *Represents the cash settled on vesting date, including vested dividend units.*
[4] *Calculated as:*
- LTIP retention units and deferred bonus units – the number of unvested units multiplied by the 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 – – Before the 01 October 2022 vesting the number of unvested units were multiplied by the latest probability of vesting at the reporting date, multiplied by the option valuation per unit as at the reporting date. After the 01 October vesting the SAR vested units were converted to deferred retention units to be cash settled in October 2022, October 2023 and October 2024 respectively.

[5] *Each unit granted by the iSabelo Trust represents 0.1 Momentum Metropolitan Holdings shares and is therefore not included in the total for each director in the table above.*

VOTING STATEMENT (NON-BINDING ADVISORY VOTE ON THE IMPLEMENTATION REPORT)

This report is subject to a non-binding advisory vote by shareholders at the AGM on 23 November 2023.

Shareholders are requested to cast a non-binding advisory vote on the remuneration implementation report as contained in Part 3 of this report.

NON-EXECUTIVE DIRECTORS' FEES

The following table reflects the fees paid to non-executive directors during the year.

	Months service		Fees	
R'000	**2023**	**2022**	**2023**	**2022**
PB Baloyi[5]	12	3	2 813	185
P Cooper[5]	12	12	1 438	2 280
LM Chiume[5]	11	12	1 729	1 661
F Jakoet	–	5	–	528
L de Beer[5]	12	12	1 876	1 696
NJ Dunkley[2]	12	12	3 002	2 528
T Gobalsamy[5]	12	12	1 159	902
SC Jurisich	12	12	2 081	1 924
F Leautier[3]	1	–	43	–
PJ Makosholo	12	12	1 056	944
P Matlakala[3]	1	–	1 516	–
SL McPherson[4]	6	12	655	1 279
MS Moloko	–	5	–	1 167
V Nkonyeni	5	12	821	1 225
DJ Park	12	12	1 794	1 305
FCJ Truter	–	–	–	1 667
DT Soondarjee[3]	1	-	87	–
			20 070	**19 291**

INTEREST OF DIRECTORS IN SHARE CAPITAL

Directors' Momentum Metropolitan shareholding at 30 June 2023 – number of ordinary shares:

'000	Direct beneficial	Indirect beneficial	2023	2022
Hillie Meyer	254	518	773	649
Jeanette Marais (Cilliers)	189	–	189	189
Risto Ketola	65	–	65	25
Peter Cooper	500	952	1452	1 452
Nigel Dunkley	73	–	73	73
Stephen Jurisich*	–	–	–	–
Total ordinary shares at 30 June	**1 083**	**1 470**	**2552**	**2 389**

* A total of 988 shares held in Momentum Metropolitan in the current year and prior year.

MINIMUM SHAREHOLDING REQUIREMENT MEASUREMENT

The following table reflects the current shareholding by executive directors in Momentum Metropolitan shares, relative to the minimum shareholding requirement (MSR) as set out in the Group's remuneration policy.

The director's shareholding comprises the shareholding in the table above, together with the balance of deferred STI units in the LTIP, as this remains a relatively constant exposure through the replacement of vested tranches with new tranches.

Number of Momentum Metropolitan ordinary shares at 30 June 2023

'000	Minimum shareholding requirement	Current qualifying shareholding
Hillie Meyer	966	1 177
Jeanette Marais (Cilliers)**	921	521
Risto Ketola	311	341

***Appointed as Group CEO, effective 1 August 2023. The MSR requirement is based on the GCE package, effective 1 August 2023.*

With the exception of the incoming Group CEO, the minimum shareholding requirement in the above table is calculated based on the Total Guaranteed Package at 30 June 2023, and an average share price for the financial year of R17.38 per share.

[1] *Resigned May 2023.*
[2] *Includes fees from directorships in the United Kingdom (MGIM and Euroguard Boards).*
[3] *Appointed June 2023. Include fees from directorships for serving in MMH's Kenya subsidiary. companies and an ad hoc fee for additional work related to the disposal of the Kenya subsidiaries. The ad hoc fee was based on the approved hourly rate.*
[4] *Resigned December 2022.*
[5] *Includes ad hoc fees for additional Nominations Committee work relating to the Group Chief Executive succession process. The ad hoc fee was based on the approved hourly rate.*

SHAREHOLDER PROFILE

Shareholder	Number of shareholders	% of issued share capital	Shares held (million)
Non-public			
Directors	6	0.2	3
Kagiso Tiso Holdings Proprietary Limited	1	7.9	114
Government Employees Pension Fund	11	14.9	217
Public			
Private investors	27 085	9.9	144
Pension funds	400	3.6	52
Collective investment schemes and mutual funds	1 814	59.0	857
Banks and insurance companies	74	4.5	66
Total	**29 391**	**100.0**	**1 453**

An estimated 328 million shares (2022: 249 million shares) representing 22.6% (2022: 16.3%) 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	26 481	90.1	16	1.1
5 001 - 10 000	998	3.4	7	0.5
10 001 - 50 000	1 057	3.6	24	1.7
50 001 - 100 000	260	0.9	18	1.2
100 001 - 1 000 000	451	1.5	147	10.1
1 000 001 and more	144	0.5	1 241	85.4
Total	**29 391**	**100.0**	**1 453**	**100.0**

Beneficial owners	Shares held (million)	% of issued share capital
Government Employees Pension Fund	217	14.9
Remgro Limited	123	8.5
Kagiso Tiso Holdings Proprietary Limited	114	7.9
Total	**454**	**31.3**

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 2023, are disclosed.

CORPORATE INFORMATION

SHAREHOLDERS' DIARY

Financial year end: 30 June each year
Interim period end: 31 December each year

COMPANY REGISTERED OFFICE

Momentum Metropolitan Holdings Limited
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

AUDITORS

Ernst & Young Inc.
102 Rivonia Road
Sandton
2194

TRANSFER SECRETARIES

South Africa

JSE Investor Services Proprietary Limited
One Exchange Square
2 Gwen Lane
Sandown
2196

Namibia

Transfer Secretaries Proprietary Limited
4 Robert Mugabe Avenue
Burg Street Entrance
Windhoek Namibia

EQUITY SPONSOR

Merrill Lynch South Africa Proprietary Limited t/a BofA Securities
1 Sandton Drive
Sandhurst
2196

DEBT SPONSOR

Rand Merchant Bank (A division of FirstRand Bank Limited)
1 Merchant Place
Rivonia Road
Sandton
2196

NAMIBIA SPONSOR

Simonis Storm Securities Proprietary Limited
4 Koch Street
Klein Windhoek
Namibia