

MM Group Nomination and Evaluation of Directors Policy



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1. INTRODUCTION

- 1.1 Momentum Metropolitan Holdings Limited (“MMH”) and Momentum Metropolitan Life Limited (“MML”) are Johannesburg Stock Exchange (“JSE”) listed entities, on the equity and debt listings boards, respectively and are herein collectively referred to as the “Group” or “MM Group”.
- 1.2 The MM Group is committed to implementing and maintaining sound corporate governance practices. The Group Board acknowledge that sound governance principles are the foundation upon which stakeholder trust is built and confidence instilled within the organization.
- 1.3 The Group implemented a Group Governance Framework, Board Charters and related governance practices subject to the provisions of the Insurance Act, Companies Act, the Memoranda of Incorporation (“MOIs”) of the Group entities, the JSE Listings Requirements, the JSE Debt Listings Requirements, King IV™, other relevant legislation, regulatory and supervisory prescripts, and applicable corporate governance principles, codes and best practices. This policy is drafted in that context.

2. PURPOSE

- 2.1 In accordance with governing laws and practices, the Group Board is required to adopt a formal nomination policy, in line with the guidelines contained in the Board Charters regarding the appointment of Non-Executive Directors (NEDs) to the Boards. This policy establishes and sets out MM Group’s policy in relation to nomination, selection, screening and appointment of directors to the Group Board.
- 2.2 The Group Board is further required to adopt a formal diversity policy for the promotion of broader diversity at Board level. This policy should ensure that the Boards consist of members with due regard to diversity in respect of the Company’s transformation initiatives and appropriate gender representation, skills and qualities, as well as meeting its primary responsibility for promoting the success of the Group in a way that ensures that the interests of stakeholders are promoted and protected.

3. SCOPE

- 3.1 This policy deals with the Board of Directors of the main Group entities (i.e. MMH and MML, herein referred to as the “Group Board”). It does not apply to appointment, assessment, or diversity in relation to employees of the Group or subsidiaries of the main Group entities.

4. GOVERNANCE STRUCTURE

4.1. Board Composition

- 4.1.1 The Group Board and/or its nominated Board Committee (the Nominations Committee or NOMCO) should determine the size of the Boards, subject to the provisions of the MOIs of the main Group entities and recommended governance practices.
- 4.1.2 The Boards should comprise of executive and NEDs, with a majority of NEDs being independent. A Chairman and Lead Independent Director (where applicable) should be appointed among the independent NEDs.
- 4.1.3 Succession planning and staggered rotation of directors form part of the Boards’ responsibilities. This is necessary to introduce new directors who can contribute fresh ideas and perspectives, whilst retaining valuable skills and maintaining continuity of knowledge and experience

4.2. Delegation to Board Committees

- 4.2.1 The Group Board delegates certain functions to its Committees, without abdicating its responsibilities. In particular, the Board has delegated the following responsibilities to NOMCO as per the Board Charter, NOMCO Terms of Reference and Group Delegation of Authority framework:
- a. Review the Boards and Board Committee sizes and compositions for recommendations to the Board.
 - b. Ensure that the process for nomination, election, and appointment of members to the Group Board is formal and transparent, i.e. such process is openly discussed by NOMCO and shared as part of the NOMCO feedback to the Board.
 - c. Establish and maintain a Board diversity and continuity program.
 - d. Set targets for broader diversity, particularly race and gender representation in the Group Board membership.
 - e. Ensure a candidate for election as a NED provides details of his/her professional commitments accompanied by a statement from the candidate confirming that he/she has sufficient time available to fulfil the responsibilities of a director on the MM Group Boards.
 - f. Ensuring that each new director signs a letter of appointment containing the terms and conditions for serving as member of the Group Board.
 - g. Making recommendations to the Board for the continuation (or not) of services of any independent NED who has reached the age of 70 and those who have served as directors for a period of 9 years or longer.
 - h. Evaluating and/or recommending MM Group directors, based on their individual performance, who are retiring by rotation to be put forward for re-election.
 - i. Making recommendations regarding the appointment of key executive positions and the Group Company Secretary.
 - j. Ensuring that the necessary regulatory approval is obtained prior to the appointment of the directors and key executive positions (where applicable).

5. BOARD DIVERSITY

- 5.1 NOMCO is tasked by the Board to assess the Group Board's aspirational targets in respect of broader diversity. This is to ensure that the Boards comprise of gender, racially and culturally diverse directors, of a diverse age group, with the necessary skills, knowledge, and experience to discharge the Boards' responsibilities and maintain their independence.
- 5.2 The voluntary measurable objectives to achieve gender and racial diversity on the Boards should be reviewed annually, for adoption by the Group Board.
- 5.3 Currently, the Group Board intends to ensure that at least 30% of its directors are female, with at least 50% Black and majority independent.
- 5.4 The Board will annually report in the Group Integrated Report on how it has considered and applied this policy in the nomination and appointment of directors. The Integrated Report will further indicate the progress achieved in respect of Board diversity.

6. IDENTIFICATION, NOMINATION AND APPOINTMENT OF DIRECTORS

6.1. The need for director appointment

- 6.1.1 Should the minimum required number of directors be in jeopardy NOMCO should immediately commence with the recruitment and nomination of suitable candidates.
- 6.1.2 NOMCO will also recruit NEDs to ensure that the required balance of skills, experience, expertise of the Group Board and its Committees, and the future needs of the Group are met.
- 6.1.5 NOMCO should continuously seek out new pools of suitable candidates. NOMCO should also consider the candidates nominated for director appointment by the shareholders.

6.2. Principles to consider for selection and appointment of directors

- 6.2.1 In line with its delegated authority from the Board, NOMCO must expressly consider, either at a meeting or by way of telephonic or written communication, the merits of any candidate proposed for appointment as director.
- 6.2.2 The formal procedures by NOMCO to identify, consider and make recommendations to the Board on the appointments, must comply with the following:
- a. A fair and transparent procedure, in assessing competency and suitability of the candidates.
 - b. Decisions and recommendations are not affected by conflict of interest of any member of NOMCO.
 - c. All relevant factors should be considered, including the candidate's experience, skills, reputation and character, and any preference or requirement in respect of the existing and future composition of the Board.
 - d. Candidates should be compliant with the fit and proper requirements as per the Group Fit and Proper Policy and all times be able to meet the objectives set out in the Code of Conduct for directors annexed to the MMH Board Charter and as required in terms of the law.
 - e. The proposed candidate should not have existing interests which could conflict with the interests of the Company, otherwise, any such interest should be disclosed. The candidate should also not be ineligible or disqualified from acting as a director.
 - f. The interview panel is comprised of members of NOMCO.
 - g. Overall, the relevant requirements of the JSE Listings Requirements, the JSE Debt Listings Requirements, the Companies Act, and other applicable legislation and standards issued by Regulators (such as the Prudential Authority), if any, are considered.
 - h. The selection process will include reviewing whether the candidate:
 - Possesses the relevant knowledge, skills, experience and, particularly in respect of non-executive directors, independence of mind, given their responsibilities as directors and considering the Group's business and risk profile;
 - Has a record of integrity and good repute;
 - Has sufficient time to fully carry out their responsibilities; and
 - Has disclosed all conflicts of interest, where applicable.
 - i. The following checks/tests are conducted on the appointment of a director and/or thereafter on a regular basis:
 - Credit and criminal check
 - SARS Compliance
 - CIPC external directorship check
 - Anti-money laundering (AML) sanctions screening
 - Politically exposed persons (PEP) screening
 - Adverse media screening
 - Qualification checks (on appointment only)
 - Reference checks (on appointment only).

7. APPOINTMENT OF DIRECTORS TO THE BOARD

- 7.1 NOMCO will identify suitable candidates for consideration by the Board. All Board appointments are subject to no objections being raised by the Prudential Authority, as well as shareholder approval at the AGM following the appointment.
- 7.2 The appointment of NEDs is subject to rotation per the MOIs of the main Group entities and in line with good governance principles.
- 7.3 Each appointed director shall receive a letter of appointment, which will contain, among others, the remuneration of the director, and Induction Pack. Board remuneration is determined by the shareholders on an annual basis.

7.4 The appointment of directors shall be announced via SENS.

8. BOARD EVALUATION

- 8.1. NOMCO will assist the Board in relation to performance of the Board, Board Committees, and its members by:
- 8.1.1 Determining and evaluating the adequacy, efficiency, and appropriateness of the governance structures within the Group.
- 8.1.2 Overseeing the co-coordinating of the performance assessments of the Chairman, the Group Board, individual directors and Board Committees. Directors will be assessed both individually and collectively as a Board. Board performance will be assessed at least annually.
- 8.1.3 A formal appraisal process will be followed. This process will either be internally or externally facilitated. However, it will be in accordance with a NOMCO approved methodology.
- 8.1.4 Ensuring individual directors adhere to the directors' Code of Conduct.
- 8.1.4 Ensuring that the Group Board annually appraise the performance of the Group CEO and Company Secretary.
- 8.1.5 NOMCO must ensure that an independent NED, who has served in such capacity on the Board for a period of 9 (nine) years, undergo an annual assessment to determine his/her independence.
- 8.1.6 The performance evaluation of the Board will be disclosed in the Integrated Report.

9. POLICY REVIEW

The policy should be reviewed at least annually, or when there is a change in the relevant governance practices.

10. DEFINITIONS AND ABBREVIATIONS

AGM	Annual General Meeting
Board/Boards/Group Board	Board of Directors of the main Group entities (i.e. MMH and MML)
Code of Conduct	A set of principles, norms, values, or ethical behaviour by which an individual should conduct themselves
Companies Act	Companies Act No.71 of 2008 and its regulations (as amended from time to time)
Director	A director includes an alternate director, a prescribed officer, and a person who is a member of a Board Committee, irrespective of whether the person is also a member of the Board.
Fit and Proper Requirements	Personal character qualities of honesty, integrity, and competence, including experience, offences, convictions, qualifications, and knowledge as may be prescribed by legislative and governance requirements.
Ineligible or disqualified	This means ineligible or disqualified as contemplated in the Companies Act, which applies not only to directors and alternate directors but also to members of Board Committees, prescribed officers, and the Group Company Secretary.
Insurance Act	The Insurance Act, 18 of 2017
JSE Debt Listings Requirements	The Debt Listings Requirements issued by the JSE (as amended from time to time), which govern new applications and continuing obligations applicable to issuers of debt securities

JSE Listings Requirements	Johannesburg Stock Exchange Listings Requirements (as amended from time to time)
King IV™	King IV Report on Corporate Governance for South Africa 2016
Prudential Authority	A juristic person operating within the administration of the South African Reserve Bank

11. DOCUMENT CONTROL

11.1. Key Document Summary

Document Status	FINAL
Document Owner	Group Company Secretary
Approved by	MM Group Boards
Date Approved	02/03/2021
Evidenced by	Minutes
Document Location	MM Intranet

11.2. Document Draft History

Date	Version & Status		Reviewers	Action / Comment
05/02/2021	V1.0	Final	Group Company Secretariat	Draft policy in terms of amended JSE Debt Listings requirements and in compliance with other governing legislation, good governance and best practice

11.3. Review and Approval

Date	Reviewers	Action / Comment
22/02/2021	Board Nominations Committee	V1.0 Recommended for Board approval
02/03/2021	MM Group Boards	V1.0 Approved