momentum
METROPOLITAN

INTEGRATED REPORT

2021

momentum

momentum multiply

METROPOLITAN

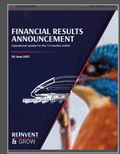
GUARDRISK

Eris

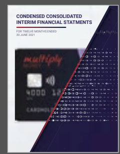
CONTENTS

HOW WE REPORT

Our **integrated report**, which is our primary report to our stakeholders, contains detailed information on Momentum Metropolitan, its performance and outlook.



Our **Annual Financial Statements**



Our **annual financial results announcement**, which provides an overview of Momentum Metropolitan's performance and outlook to investors.

Our **King IV™** application summary provides information on our application of King IV™, our governance philosophy and leadership and our efforts to embed an ethical culture.

Our **Social, Ethical and Transformation Committee's** report, which provides information on the results of our efforts to deliver on our responsibilities as a corporate citizen and our plans for the future.

These reports are all available online at momentummetropolitan.co.za/en/investor-relations/financial-results, and in print

Our sustainability and human resource policies are available online at momentummetropolitan.co.za/en/sustainability

NAVIGATION ICONS

Directs you to information on our website

Identifies the application of King IV™ principles

JSE Corporate Governance Listings Requirements

Covid-19

Reset and Grow

Reset

Grow

Reinvent and Grow

Reinvent

Grow

The capitals

Financial capital

Productive capital

Intellectual capital

Human capital

Social and Relationship capital

Natural capital

OUR PURPOSE

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

Our purpose is underpinned by our values that reflect our priorities and the beliefs by which we conduct ourselves. They are:

We take our responsibilities to our people, society and the environment seriously and align our activities with the relevant international standards. Our sustainability framework articulates our commitment to integrate and collaborate on all sustainability matters within our Group.

SUSTAINABLE INSURANCE

- Momentum Metropolitan is supportive of the Principles for Sustainable Insurance (PSI) initiative, which aims to ensure that all activities in the insurance value chain are responsible and forward looking. This is achieved by identifying, assessing, managing and monitoring risks and opportunities associated with environmental, social and governance (ESG) issues (see page 14)
- We are voluntary participants in the CDP climate change disclosure project for which we achieved a B score in 2020. Our participation reflects our commitment to reducing our impact on climate change (see page152)
- Momentum Metropolitan is a formal supporter of the Task Force on Climate-Related Financial Disclosures (TCFD) and is in the process of improving our climate-related reporting to meet the disclosures recommended by the TCFD (see page 153)
- Momentum Metropolitan has identified five of the United Nations Sustainable Development Goals (UN SDGs) that correlate with our purpose and to which we are able to make the most meaningful contribution. These include:
  - SDG 3: Good health and well-being
  - SDG 4: Quality education
  - SDG 8: Decent work and economic growth
  - SDG 9: Industry, innovation and infrastructure
  - SDG 13: Climate action
- Our Investment team also identified that it makes a meaningful contribution to SDG 7: Affordable and clean energy through its financing of renewable energy infrastructure projects

ABOUT OUR REPORT

This report, which is produced and published annually, covers the period 1 July 2020 to 30 June 2021. Any material events that took place after 30 June 2021 and before the Board approval date of 6 September 2021 have also been included in this report.

We are committed to reporting openly and honestly and providing our stakeholders with a concise and transparent assessment of the Group's ability to create sustainable multi-capital value over the short, medium and long term by practising integrated thinking rather than applying a narrow focus on financial capital.

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

- **Strategy** See page 26
- **Our use of and impact on the six capitals** See pages 10 and 11
- **Operating context** See page 27
- **Stakeholder engagement** See pages 21 to 25
- **Business model** See pages 10 and 11

Our financial reporting boundary includes our

- **Subsidiaries**
- **Associates**
- **Joint ventures**

Our value creation process

The creation, preservation and erosion of value are the consequences of how we leverage and apply our stock of capitals to deliver on our strategic objectives (page 26) and optimise value for our stakeholders (page 21). The consequent outcomes, impacts and trade-offs are described in our business model on pages 10 and 11. We have used icons in this report to indicate value created, value preserved and value eroded. Our value creation and preservation processes, which are driven by our purpose (page 1), are an integral part of our strategy.

Determining what is material

We apply the principle of materiality when assessing what information should be included in our integrated report. Our material matters, which are identified through an internal and external engagement process (set out on page 12) impact our stock of capitals, influence our Group strategy and, of course, our ability to create value. As you will see, the Covid-19 pandemic continues to impact our business materially.

Reporting frameworks

Our integrated reporting process and the content of this report are guided by the principles and requirements of the:

- revised International Integrated Reporting Council's (IIRC) <IR> Framework launched in January 2021
- Johannesburg Stock Exchange (JSE) Listings Requirements where we have our primary listing and the listings requirements of our secondary listings on A2X and the Namibian Stock Exchange
- South African Companies Act, 71 of 2008
- King IV Report on Corporate Governance South Africa (King IV™)

Combined assurance (K) [15]

The Audit Committee is ultimately responsible for Momentum Metropolitan's system of internal controls. The Group applies a combined assurance approach, ensuring that assurance services and functions enable an effective internal control environment, and that these support the integrity of information for internal decision-making and external reporting. We use a combined assurance model to ensure that the information we provide, and our underlying processes, support the credibility and integrity of our reporting:

Assurance of our external reporting	
Financial information	**Non-financial information**
Annual financial reporting Ernst & Young (EY), our independent external auditor, has performed the statutory annual audit of the group annual financial statements of Momentum Metropolitan Holdings Limited (MMH or the Company) and its subsidiaries (collectively Momentum Metropolitan or the Group).	**Broad-based black economic empowerment (B-BBEE) scorecard** The transformation (B-BBEE) scorecard elements are subject to monitoring by management; and assurance is provided by AQRate.
Actuarial liabilities and solvency information We rely on the opinion provided by heads of actuarial functions for some financial information provided in this report like actuarial liabilities and solvency numbers.	**Carbon footprint** Global Carbon Exchange provided limited assurance on the Group's carbon emissions appearing on page 155 of this report.
	Governance, risk and control (GRC) information The assurance over the GRC information in this report is provided through the combined assurance process, including, the control functions namely; Actuarial, Risk Management, Compliance, and Internal Audit.
Audit Committee review The Audit Committee reviews the integrity and consistency of information presented in this report (see pages 30 to 33 of the Annual Financial Statements.	

For more detail on our approach to combined assurance, refer to page 19 of this report.

See pages 3 to 9 of the Annual Financial Statements at https://www.momentummetropolitan.co.za/en/investor-relations/financial-results for the independent auditor's report.

Forward-looking statements

Forward-looking statements involve known and unknown risks, uncertainties and other factors that could result in the actual results, performance or achievements expressed or implied by such forward-looking statements.

Forward-looking statements may be identified by words such as expect, believe, anticipate, plan, estimate, intent, project, target, predict, outlook, and words of similar meaning.

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

BOARD APPROVAL

The Board acknowledges its responsibility for ensuring the integrity of this integrated report. It has applied its collective mind to the preparation and presentation of this report and is of the opinion that the report is in accordance with the <IR> Framework. It has critically assessed the assurance obtained from Momentum Metropolitan's combined assurance model. It is satisfied that the model enables an effective internal 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 integrated report.

The Board also considered materiality for the purposes of the integrated report and the effect that the presence or absence of an item of information might have on the accuracy or validity of a statement in the integrated report, or a decision by a stakeholder. Our overall objective with this integrated report is to provide information that could materially impact the Group's ability to create value over the short, medium and long term. The Board is of the view that, to the best of its knowledge and belief, our integrated reporting addresses matters material to our stakeholders' decision-making by explaining the impact of the Group's value creation process over time. It also takes into consideration the Group's impact on its stakeholders and the environment in which it operates.

The Board unanimously approved our integrated reporting for 2021 on 6 September 2021.

Sello Moloko
Chairman

Hillie Meyer
Group Chief Executive Officer (CEO)

Risto Ketola
Group Finance Director

Jeanette Cilliers (Marais)
Deputy CEO

Lisa Chiume

Peter Cooper

Fatima Daniels

Linda de Beer

Nigel Dunkley

Seelan Gobalsamy

Stephen Jurisich

Paballo Makosholo

Sharron McPherson

Vuyisa Nkonyeni

David Park

Frans Truter

HOW WE CREATE VALUE

HOW OUR BUSINESS WORKS

Momentum Metropolitan is one of South Africa's largest diversified financial services companies with listings on the JSE, A2X Financial Markets and Namibia Stock Exchange.

Our business is about protection (life and non-life), investments and long-term savings and we conduct it through Momentum, Metropolitan, Guardrisk and Eris Properties brands.

Outside South Africa, we operate in six African countries through Momentum Metropolitan Africa, which includes Botswana, Ghana, Kenya, 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. aYo, in which the Group owns a 25% holding, operates in Côte d'Ivoire, Ghana, Uganda and Zambia.

4.9% Return on Equity (ROE)

16 483 Employees (of which 6 601 are distribution staff)

Total claims paid **R21.6** billion on underwritten insurance products

4 million In-force policies

2 263 Supporting independent financial advisers (IFAs)

R836 billion Assets under management and administration

Our solutions

- Life insurance
- Non-life insurance
- Asset and property management, investments and savings
- Employee benefits, including administration and consulting
- Healthcare administration and health risk management
- Non-life and life cell captives

What differentiates us

- Our synergistic portfolio of value-creating businesses is strategically aligned and managed for sustainability
- We execute through empowered end-to-end businesses
- In recognition of the value of advice, we have built strong adviser brand equity and relationships
- We meet a wide range of client needs through a comprehensive but flexible product set
- Through Multiply we offer client engagement and rewards that encourage healthier and safer lifestyles
- We are a responsible business with a long-term perspective, committed to contributing positively to the communities where we operate and dedicated to combating climate change and its impacts and contributing to a just transition to a low carbon economy

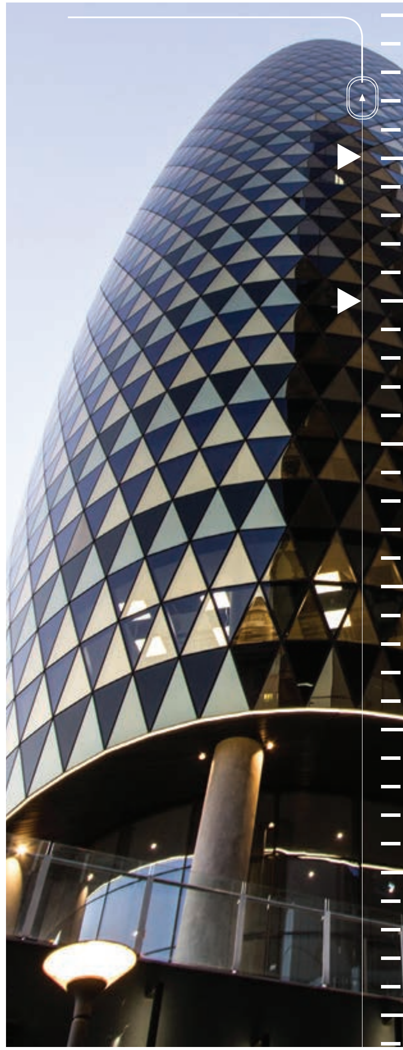
OUR BUSINESSES AND THE VALUE THEY CREATE FOR CLIENTS

momentum life

Our solutions	• Protection through our Myriad life insurance product • Savings through Investo and traditional product ranges • Financial planning and advice through Momentum Financial Planning • Estate administration and estate liquidity benefits through Momentum Trust
Our clients	Lifetime value propositions for clients in the middle, upper and high net worth markets
Distribution	Our distribution capability includes our own agency force and IFAs
Our strengths/ areas of differentiation	• Protection benefit design and underwriting • Savings/life cross-sell further enhances the client value proposition • Well advanced in digitalising retail adviser engagement

momentum investments

Our solutions	• Investment platform and guaranteed investment products • Retail investments • Investment management (multi, single and alternative investments) • Global investments (multi and single asset class solutions for South African, United Kingdom and expat markets) • Eris, a fully integrated property services company, manages shareholder and policyholder direct property exposures
Our clients	Helping individuals, businesses and retirement funds invest with confidence, and stay invested
Distribution	Our distribution capability includes our own agency force and IFAs in the retail segment and a direct distribution team focusing on the institutional market. Additionally, we work closely with Momentum Corporate in distributing our products
Our strengths/ areas of differentiation	• Established open architecture platform with wide local and offshore offering • A wide range of investment solutions underpinned by an outcomes-based investing philosophy • Leadership position in the application of responsible investment practices and the integration of ESG criteria into our investment process • A business model that is built around advice and a brand that is synonymous with partnering with advisers



OUR BUSINESSES AND THE VALUE THEY CREATE FOR CLIENTS

METROPOLITAN
Together we can

Our solutions	• Customisable funeral cover • Customisable life and disability cover • Customisable discretionary savings for life goals • Hospital cash plan • Retirement annuities • Post-retirement solutions including capital preservation, life and living annuities • Digital enrollment and servicing capability
Our clients	Needs-based solutions for our clients in the emerging and middle-income markets
Distribution	Our solutions are distributed through a combination of tied agents, supporting IFAs, an outbound call centre and digital distribution through GetUp
Our strengths/ areas of differentiation	• Strong union relationships and worksite network • Digital enrolment capability supporting agent sales • Reputation for exceptional client service

momentum corporate

Our solutions	• Group insurance • FundsAtWork umbrella fund • Structured investments and annuities • Momentum Corporate Advice and Administration • Member solutions
Our clients	We provide holistic solutions for the needs of employees and employers across various corporate and public sector entities
Distribution	Our solutions are distributed through large specialist actuarial consultants, employee benefits brokers and smaller intermediaries in the SME space
Our strengths/ areas of differentiation	• 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 • Umbrella fund flexibility, digital solutions and innovation

Momentum Metropolitan health business

Our solutions	• Integrated health administration and managed care and wellness services
Our clients	We manage the health of more than 2.5 million South African beneficiaries
Distribution	Our solutions are distributed through advisers as well as directly. Medical scheme and employer group contracts are secured through tenders
Our strengths/ areas of differentiation	• The healthcare administration, managed care and wellness services are fully integrated into our value proposition • The Health4Me low-income offering is a market leader in providing cover to the employed but uninsured in South Africa • Our scale reduces the cost of providing our value proposition and improves our profitability • Use of technology including digitised solutions and engagement as well as data insights

OUR BUSINESSES AND THE VALUE THEY CREATE FOR CLIENTS

momentum Insure

Our 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 SMME market
Our clients	We provide retail non-life insurance to the middle, upper and high-net-worth market segments
Distribution	Non-life retail insurance solutions distributed through Momentum's financial adviser network (both tied agents and IFAs) and direct to consumer marketing campaigns
Our strengths/ areas of differentiation	• Leverage the strength of the direct and agents-based business model and is anchored in its commitment to helping our clients feel safe • Strong broker network

GUARDRISK
TAILORED RISK SOLUTIONS

Our solutions	• Non-life and life cell captives • Branded insurance products for clients to sell to their own customer bases • Microinsurance • Traditional non-life corporate and commercial insurance
Our clients	Corporate and commercial entities
Distribution	Corporate and commercial insurance brokers and underwriting managers in niche sectors
Our strengths/ areas of differentiation	• Guardrisk pioneered the cell captive concept in 1993 and is South Africa's largest cell captive insurer • Awarded South Africa's first cell captive microinsurance licence in 2021 • A highly skilled team driven by a passion for innovation

Momentum Metropolitan Africa

Our solutions	• Life insurance • Non-life insurance • Healthcare • Asset management • Pension administration
Our clients	Over a million clients across six countries and our various solutions
Distribution	The distribution models in each country are tailored to the needs of the local market across tied agents, IFAs, call centres, and mobile technology
Our strengths/ areas of differentiation	• Future-fit healthcare system and products • Diversified product offering • Improved focus on profitable businesses that have potential for long-term growth • Deep understanding of markets and strong relationships within the markets in which we operate

WHERE WE OPERATE

35% black-owned in terms of FSC rules (based on the 31 August 2021 B-BBEE audit)

SHAREHOLDER STRUCTURE AS AT 30 JUNE 2021

Rand Merchant Investment Holdings	26.3%
Coronation Asset Management	21.9%
Other local shareholders	17.5%
Foreign fund managers	10.0%
Government Employees Pension Fund	7.5%
Allan Gray	6.5%
Kagiso Tiso Holdings	7.4%
Momentum Metropolitan iSabelo Trust	2.9%

OUR BUSINESS MODEL
CREATING VALUE USING THE SIX CAPITALS

To ensure we can continue to create sustainable value for all our stakeholders, we actively manage our business activities and assess their impact with the aim of creating and preserving value and minimising any unavoidable erosion of value.

OUR INPUTS

FINANCIAL CAPITAL

- **R4 billion of life insurance required capital** (adjusted for qualifying debt)
- **R7 billion of** free surplus
- **R836 billion** assets under management and administration

PRODUCTIVE CAPITAL

- Increased investment in digitalisation and information technology (IT) systems
- Enhanced and diverse distribution channels, including **322** branches and **2 000** worksites
- Operations located in **12** countries
- Our protection, investment and long-term savings products and services

INTELLECTUAL CAPITAL

- Increased investment in fintech and insurtech venture capital funds
- Entrepreneurial culture enabled by investment in our people
- Robust governance framework
- The intellectual property and organisational knowledge that differentiates us
- Our brands and reputation

HUMAN CAPITAL

- **16 483** employees
- **3 548** Metropolitan Life tied advisers and **818** Momentum Life advisers
- Talent management and succession strategy to support the transformation of our workforce
- Effective, experienced and ethical leaders

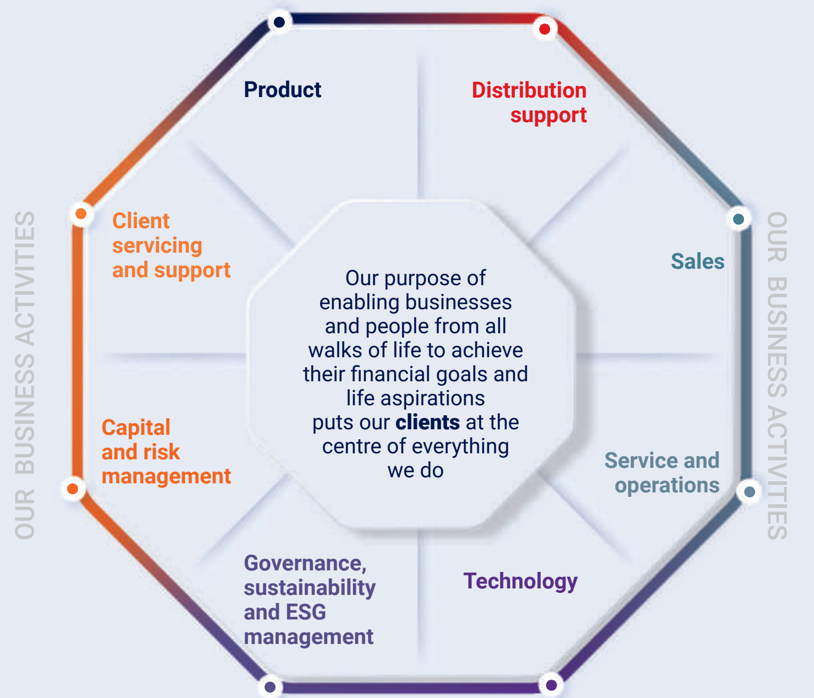
SOCIAL AND RELATIONSHIP CAPITAL

- Level 1 B-BBEE contributor as a result of transformation focus
- **Four million** in-force policies
- Active engagement with regulators, pursuing compliance and contributing to society
- Commitment to global standards of corporate governance and investor stewardship

NATURAL CAPITAL

- **42 014**MWh total energy consumption
- Solar photovoltaic units generated 1 400 000kWh of renewable energy at Eris Property Group shopping malls
- **109 215**kl total water withdrawal from municipal water supplies in South Africa
- The MARC has a 5-star Green Rating from the Green Building Council of South Africa
- Investment in reducing our energy and water usage

OUR BUSINESS ACTIVITIES AND OUTPUTS



OUR OUTPUTS – what we produce

Our solutions

- Life insurance
- Non-life insurance
- Asset and property management, investments and savings
- Employee benefits
- Healthcare administration and health risk management
- Non-life and life cell captives

Our waste and emissions

- Total greenhouse gas (GHG) emissions of **52 668**TCO_2e (2020: 71 580TCO_2e)
- **49.48** tonnes total waste generated (2020: **134** tonnes)
- **20** tonnes waste recycled (2020: **53** tonnes)

LEGEND Positive Neutral Negative

OUTCOMES OF OUR BUSINESS ACTIVITIES

CONTRIBUTION TO VALUE CREATION

TRADE-OFFS REQUIRED TO CREATE VALUE FOR STAKEHOLDERS

FINANCIAL

- Normalised headline earnings (NHE) of **R1.0 billion**, down **34%**
- **R2.2 billion** in Covid-19 related provisions raised
- Solvency capital requirement (SCR) ratio within targeted range
- Paid dividends of **R365 million** to equity holders
- **R897 million** paid to debt funders in interest

We provided financial support to South Africans to the value of more than R700 million in the form of client relief measures, remuneration support to advisers and donations to relief funds. This comes at a short term cost to financial capital, but increased social and relational capital.

It may also have contributed to productive capital – the adviser support bought a lot of goodwill among Metropolitan advisers, and they became much more productive during the lockdown.

PRODUCTIVE

- Accelerated our transformation to a digital business
- Grew Momentum retail distribution channels and improved Metropolitan Life productivity
- A third party unlawfully accessed a limited portion of data of a subsidiary in a cyber attack (no known impact to clients to date)
- Strong new business growth with present value of new business premiums (PVNBP) improving **31%** to **R65.9 billion**
- Value of new business (VNB) more than doubled to **R725 million**

While we had a digital roadmap in place to implement digital solutions and processes over time, we fast-tracked the process to meet the business challenges that the Covid-19 pandemic presented. However, this required significant investment in the financial, human and intellectual capitals.

INTELLECTUAL

- Underwriting and operational efficiency benefits achieved through our investment in Exponential Ventures
- Continued investment in improving pricing and underwriting capabilities through artificial intelligence (AI) and machine learning
- Robust governance structures
- Strengthened IT security through enhanced and expanded controls
- Good progress with Project Rewire digitalisation and integration across business units

Investing in disruptive innovation and new initiatives with growth opportunities comes at the expense of short-term profitability, as new initiatives typically take several years to become profitable. While initially this contribution comes at the cost of our financial capital, it results in a more competitive business that creates long-term value.

HUMAN

- Investment in training and skills development of **R244.6 million**, including upskilling employees for the new world of work
- **R6.7 billion** paid in total remuneration during F2021
- Certified as a Top Employer 2021
- Effective, experienced and ethical leaders
- **36%** black and **18%** female representation in senior management in South Africa, a decrease from 41% and 20% in F2020
- Inclusion of all South African-based employees as shareholders through the Momentum Metropolitan iSabelo Trust

While investing in developing the skills our employees will require in the new world of work reduces our stock of financial capital in the short term, in the long term it will contribute to our stock of human capital and the Group's sustainability.

SOCIAL AND RELATIONSHIP

- **R17 million** investment in enterprise and supplier development
- **R2.6 billion** spent on preferential procurement
- **R27.5 million** invested in socio-economic development

Our investment of financial capital in building social and relationship capital contributes to the transformation of South Africa through the development of black-owned businesses and procurement from these businesses. Our empowerment financing investments contribute to the economy and the transformation of South Africa.

NATURAL

- B score for our voluntary CDP climate change disclosure 2020
- **16%** and **22%** decrease in electricity and water consumption, respectively
- Approximately **40%** of the waste generated at our offices is recycled (2020: **40%**)
- **R2.1 billion** investment in renewable energy projects
- Our total emissions per employee were **2.71** tonnes CO_2e (2019: 3.33 tonnes)

Ensuring that due care and diligence is taken when considering any potential investment with regards to the impact such an investment could have on the environment (specifically on climate change) has a positive impact on natural and social capital but it comes at a potential cost to the short-term returns investors could earn.

MATERIAL MATTERS, RISKS AND OPPORTUNITIES

THE MATTERS WE IDENTIFIED AS BEING MOST MATERIAL TO MOMENTUM METROPOLITAN AND ITS STAKEHOLDERS IN F2021

- Understanding and addressing the impacts of Covid-19 (pages 27 and 28)
- The safety, health and well-being of our employees and clients (pages 27, 28 and 113)
- Thinking differently about distribution (pages 82 and 83)
- Mastering digital transformation (page 106)
- Optimising capital management (pages 69 and 70)
- Meeting the needs and expectations of our employees (page 116)
- The state of the South African economy (page 27)
- The transformation of our Group and South Africa (page 31)
- The present and future sustainability of our business and society, including climate change (pages 141 to 149)
- Regulatory and governance demands (page 15)
- Cyber security (page 17)

Our retrospective and forward-looking materiality determination process facilitates our identification of the matters material to our stakeholders and our business, which form the basis of our internal and external reporting. It is also an integral part of our efforts to embed integrated thinking in Momentum Metropolitan. Stakeholder engagement is, of course, key to our materiality determination process.

The extensive strategy setting process that kicked off early in 2020 and involved significant contributions and participation from management teams throughout the Group, was the starting point for this year's materiality process. It involved taking key market trends into consideration, an analysis of the competitive landscape and related trends, as well as an assessment of the Group's strengths and weaknesses in relation to market dynamics and the internal operating environment. A review of both the external and internal operating environments was then conducted to determine those recurring and new topics that have, or may have, a material impact on our ability to create value.

This was further supported by consideration of the legitimate concerns of our key stakeholders. As in previous years, our external engagement included the investment community, the communities in which we operate, government, industry bodies, our clients, our intermediaries, suppliers and non-governmental organisations. We also drew on information gained from the various external client surveys we conduct as well as our internal employee surveys. (Refer to the stakeholder engagement section of this report on pages 21 to 25 for information on our stakeholder engagement).

MANAGING OUR RISKS AND OPPORTUNITIES FOR SUSTAINABLE VALUE CREATION

To create sustainable value through the management of our risks and opportunities, we need to:

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

Our Own Risk and Solvency Assessment (ORSA) process

Our ORSA process 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 (see page 69 of financial capital).

Risk governance K[11] K[12]

Our Board is responsible for the governance of risk and capital management in Momentum Metropolitan. It sets the direction for how the Group approaches and addresses risk and capital management, and mandates the Board Risk, Capital and Compliance Committee to maintain ongoing oversight of risk, capital and compliance management.
The Board is also responsible for the governance of technology and information. It has delegated its responsibility for oversight of the strategy and operation of the Board Risk, Capital and Compliance Committee (see page 49 for information on the outcome of the Committee's oversight of risk, capital and compliance management and IT strategy and operation within the Group).

OUR APPROACH TO RISK

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

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

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

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

The Group's risk appetite framework has continued to prove invaluable in managing the Group's risk, liquidity and solvency profile, enabling the Group to respond quickly and proactively in managing risk exposures and mitigating risk impacts. Over F2021, the solvency position of the Group remained strong and liquidity was well managed within risk appetite levels during a period of exceptional disruption and volatilityresulting from the impact of the Covid-19 pandemic.

The Group is also incorporating learnings from the Covid-19 crisis to further enhance the management of its risk and capital profile. During F2021, a significant review was undertaken of the Group's capital management framework.

The quantitative work undertaken confirmed that the Momentum Metropolitan Life insurance licence and the Group can operate on slightly lower capital targets than previously assumed while remaining resilient to a range of severe but plausible scenarios. Momentum Metropolitan Life has now adopted a target range for regulatory solvency cover of 1.6 to 2.0 times the SCR (previously 1.7 to 2.1 times the SCR), and the Group now targets a SCR cover range of 1.4 to 1.7 times SCR (previously 1.45 to 1.75 times SCR). The lower Group target incorporates the low regulatory solvency cover levels inherent in cell captive business. The revised framework also incorporates a strong focus on the amount and quality of available capital with a view to further optimising capital management and deployment.

OUR KEY RISKS AND OPPORTUNITIES

In the table that follows we have included a summary of our key risks and opportunities, the material matters related to these risks and opportunities, and our response to them. Momentum Metropolitan's operating performance and delivery of its long-term strategy can be materially impacted by changes in the macroeconomic environment.

LEGEND

- Increase in rating compared to F2020
- Decrease in rating compared to F2020
- No change in rating compared to F2020
- Impacted by Covid-19

1 Financial market volatility

Our earnings and net asset value are exposed to movements in financial markets, most significantly to movements in equity markets and interest rates as consequential features of our business. There is an ongoing risk of elevated volatility as the direct and indirect effects of the Covid-19 pandemic play out locally and abroad.

Strategy and capitals impacted	Material matters	Our response
	• Understanding and addressing the impacts of Covid-19 • Optimising capital management • The present and future sustainability of our business and society • The state of the South African economy	The Group continued to focus on robust market and liquidity risk management in response to market volatility. This included reconfirmation of the measurement and risk appetite associated with the relevant financial market risk exposures and associated hedging positions. Enhanced focus and modelling has 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.

2 Regulatory change and compliance

Operating an efficient and profitable business within a changing compliance landscape presents certain risks and opportunities. The continuing influx of new legislative and regulatory requirements requires ongoing development and operating changes, and places pressure on internal resources and management bandwidth.

Strategy and capitals impacted	Material matters	Our response
	• Regulatory and governance demands • The present and future sustainability of our business and society	Momentum Metropolitan is committed to operating an efficient and profitable business within the parameters of the compliance landscape. The Group's Compliance function assists management in ensuring Momentum Metropolitan effectively manages its compliance risk in line with its risk appetite. The Compliance function also provides assurance to the Board and other relevant stakeholders regarding the effectiveness of compliance risk management within the Group. The Group continues to work closely with the regulators on key issues. We adopt a proactive approach to engagement with regulators and seek to manage the developmental requirements with a combination of internal and external resourcing.

3 Counterparty credit risk

The Group assumes credit-risk from a variety of sources across its operations. The nature of these exposures differs by source, with shareholder credit exposure from investment activities being the most significant.

There has been an increase in credit risk observed for specific counterparties and industries due to the impact of the Covid-19 crisis and the weak macroeconomic environment.

Momentum Metropolitan does not have any counterparty credit risk exposure to some of the potentially more longer-term disrupted sectors, such as the beverage, hospitality and tourism sectors.

Strategy and capitals impacted	Material matters	Our response
	• The state of the South African economy • The present and future sustainability of our business and society	The Group assumes credit risk within a well-developed risk framework and is comfortable with the high quality of its credit portfolio. We continue to monitor the corporate credit exposure closely, given the challenging economic environment, and are engaging proactively with higher-risk counterparties. We practise responsible lending, aligned with our credit policy and mandates, and assess each entity's financial strength on a stand-alone basis, level of government guarantees, governance and strategic importance. As part of our ORSA process we regularly monitor the impact of various credit risk scenarios on our solvency, earnings and liquidity.

4 Claims experience

Momentum Metropolitan is in the business of accepting underwriting risk as part of its core insurance operations. In line with the national experience, the Group experienced high claims during F2021. Significant uncertainty remains regarding the progression of the Covid-19 pandemic, the vaccine rollout and its impact on claims experience, as well as the potential effects of the pandemic and economic outlook on policyholder behaviours.

Through the Non-life Insurance businesses we were also exposed to business interruption claims due to Covid-19 lockdown regulations. Following a number of clarifying court rulings, significant certainty exists as to the treatment of these claims.

Strategy and capitals impacted	Material matters	Our response
	• Understanding and addressing the impacts of Covid-19 • The safety, health and well-being of our employees and clients • Optimising capital management • The state of the South African economy	The Group established provisions for the expected impact of Covid-19 at 30 June 2020. The Group has been revising the provisions regularly to allow for new information on the pandemic and made additional provisions at year-end. The pandemic has proved to be more severe than originally modeled and the Group remains concerned about the pace of vaccination in the country as well as the risk of new variants and long-Covid that may impact claims adversely in the future. The Group is closely monitoring these developments and allowing for these risks through changes to reinsurance arrangements and product pricing. The longer-term impact of Covid-19 on risk product design and underwriting is also being considered. To assist in the vaccination drive, the Group operates five mass vaccination sites with a capacity of 10 000 vaccinations per day. Our Non-life Insurance businesses have dealt with the majority of claims and are adequately reserved for the remaining claims.

5 Information and cyber risk

Information and cyber risk, and in particular exposure to operational and reputational risks emanating from operational systems and processes, network infrastructure and cyber crime, continue to present evolving risk exposures.

Strategy and capitals impacted	Material matters	Our response
	• Cyber security • Understanding and addressing the impacts of Covid-19 • Thinking differently about distribution • Mastering digital transformation • Regulatory and governance demands	The Group continues to roll out initiatives to strengthen the IT security position of the organisation. Controls have been enhanced and expanded to address the additional risks associated with the large-scale remote working practices initiated during lockdown. These initiatives include enhancing our firewall protection, implementing stronger authentication controls, reducing the Group's internet footprint and enhanced 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. The Group has an integrated information and technology framework, based on international standards for management of IT security and information governance.

6 Disruptive innovation

The threat from disruptive innovation, one example of which is the digital transformation of the financial services industry, remains a significant and accelerating risk for the business strategies of traditional insurers.

Strategy and capitals impacted	Material matters	Our response
	• Mastering digital transformation • The transformation of our Group and South Africa • The present and future sustainability of our business and society	In line with our federated model, we have empowered our business units to drive digital transformation. Business units continue to develop their digital strategies to support their objectives, while actioning projects to enhance digital skills and capabilities.

7 Business continuity and people risk

The lockdown restrictions imposed by government have presented numerous challenges to the continuity of business operations.

Business continuity management and operational resilience have been a key focus area of the business and are expected to remain so as the remote working practices, which have developed in response to the lockdown, become more established business practice. The Covid-19 pandemic is a risk to the health and safety of our employees, which is also a key focus area for the Group.

The Group aspires to be an authentically transformed organisation, embracing diversity and inclusion.

Strategy and capitals impacted	Material matters	Our response
	• Understanding and addressing the impacts of Covid-19 • The safety, health and well-being of our employees and clients • The present and future sustainability of our business and society • The state of the South African economy	The Group continued the successful enablement of large-scale remote working and accelerated digital transformation of sales and service processes focusing on enhanced client and intermediary experience. At times, contact service levels deteriorated and were impacted by load shedding during remote work. Most contact centres returned to the office with all Covid-19 protocols in place. Our employees are experiencing increased pressure in this difficult environment and management is ensuring appropriate attention is being placed on wellness, providing employees with support to deal with the impact Covid-19 has had on the workforce and their families and loved ones as well as performance initiatives. See the human capital section of on page 110 this report. The Group is implementing its transformation strategy and is tracking well against its employment equity plan. In F2021, the Group continued with a number of diversity initiatives and implemented the iSabelo employee share scheme.

COMBINED ASSURANCE SYSTEM AND STRUCTURE

The Board provides leadership, direction and oversight of the strategy, design, development and operation of assurance structures, processes and activities. Momentum Metropolitan established combined assurance to enable integrated planning, execution and reporting of all assurance activities across the business. The Momentum Metropolitan Audit Committee is responsible for overseeing the effectiveness of assurance arrangements, and that they enable an effective internal control environment, and support the integrity of information for internal decision-making and for external reports. The integrated approach of combined assurance optimises assurance activities; allows for wider coverage of risks in the business, taking into consideration the business' risk appetite; and provides for more focus on key business risks and improved collaboration between assurance providers.

A combined assurance framework is in place and guides the Group's approach to ensure efficient and effective combined assurance processes. In addition, combined assurance forums (CAFs) have been established to support the Executive Committee with its responsibilities and duties.

Key elements of the framework include:

1. Alignment of the CAF operating model to the business
2. Alignment of the CAF objectives and outcome to Board committee responsibilities
3. Inclusion of all key assurance providers
4. Regular combined assurance workshops and CAF meetings in line with Board governance cycle
5. Reporting and escalation of material matters to the Board committees

Combined assurance process

PLANNING

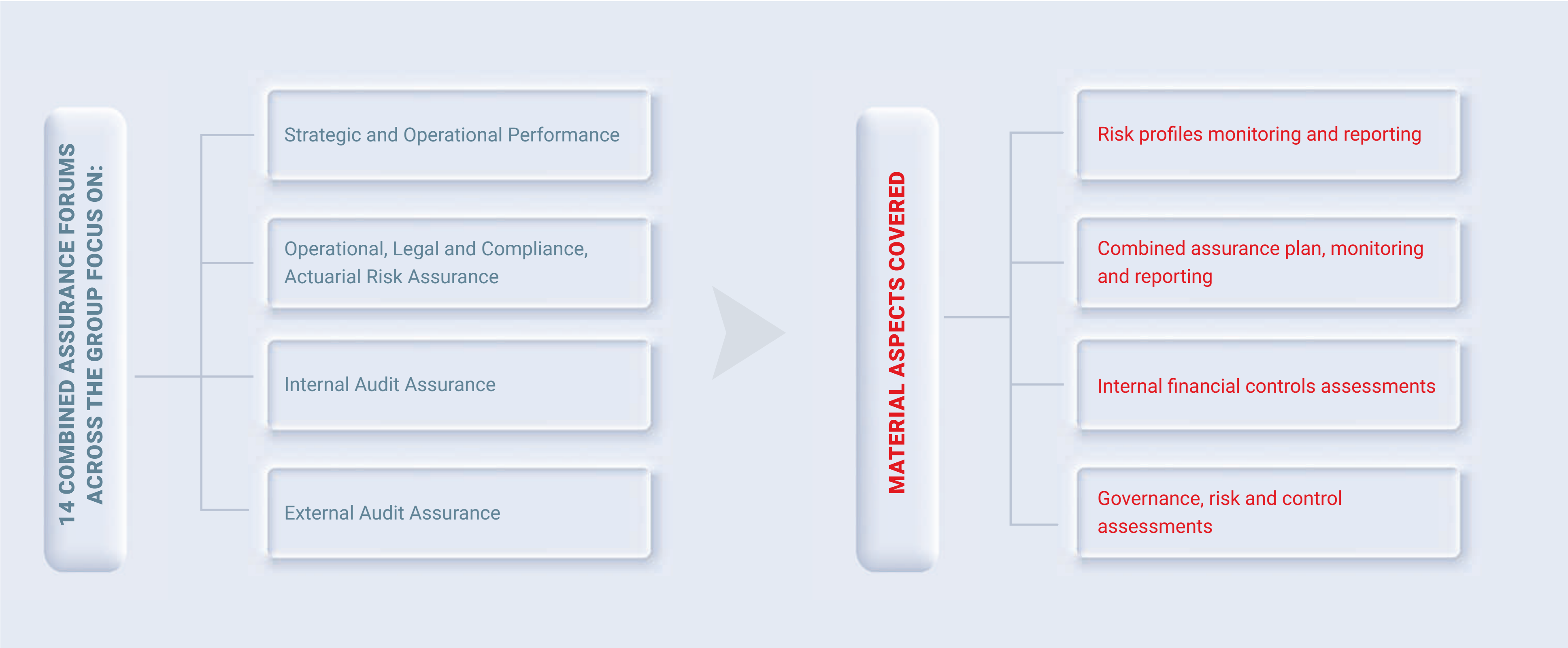
- Results of the risk management process and identification of key business risks
- Proposal of assurance plans by all assurance providers
- Approval of combined assurance plans

EXECUTION

- Scoping of assurance activities, depth and coverage
- Combined assurance activities alignment, timing and execution

REPORTING

- Business unit CAF reporting on assurance activities, results and impact on risk profile
- Escalation of material matters and key risks to the Board committees



Combined assurance results

Operational effectiveness of the combined assurance process

- Quarterly meetings to monitor progress and obtain feedback on assurance provider plans and assurance results
- Quarterly escalation of material and significant issues noted within the business units through CAFs
- Improved combined assurance maturity through self-assessment by business unit Chief Risk Officers
- Combined assurance maturity self-assessment validation by Internal Audit

Integrity and accuracy of the annual financial statements

- Improved management (first line of defence) internal financial controls (IFCs) assessments at business unit level CAFs to support the Group level IFC attestations
- Implemented the business unit and Group level CEO and FD IFC attestation process
- Annual governance, risk and controls, and IFC assessments by Internal Audit to support the conclusions by the Audit Committee

Assurance provider collaboration

- Improved assurance planning and assurance efficiencies
- Improved reliance on other assurance providers and good progress on reducing duplication of effort among assurance providers
- Improved coverage of risks
- Improved view of assurance gaps that require more focus

ENGAGING WITH OUR STAKEHOLDERS

Maintaining good, mutually beneficial relationships with our stakeholders is an integral part of our value creation process. Relationships play a key role in our ability to deliver on our purpose and depending on their quality they can either contribute, maintain or erode our relationship capital.

HOW WE DEFINE OUR RELATIONSHIPS

To define our relationships we analyse the impact, influence and value of a relationship for Momentum Metropolitan and our stakeholders

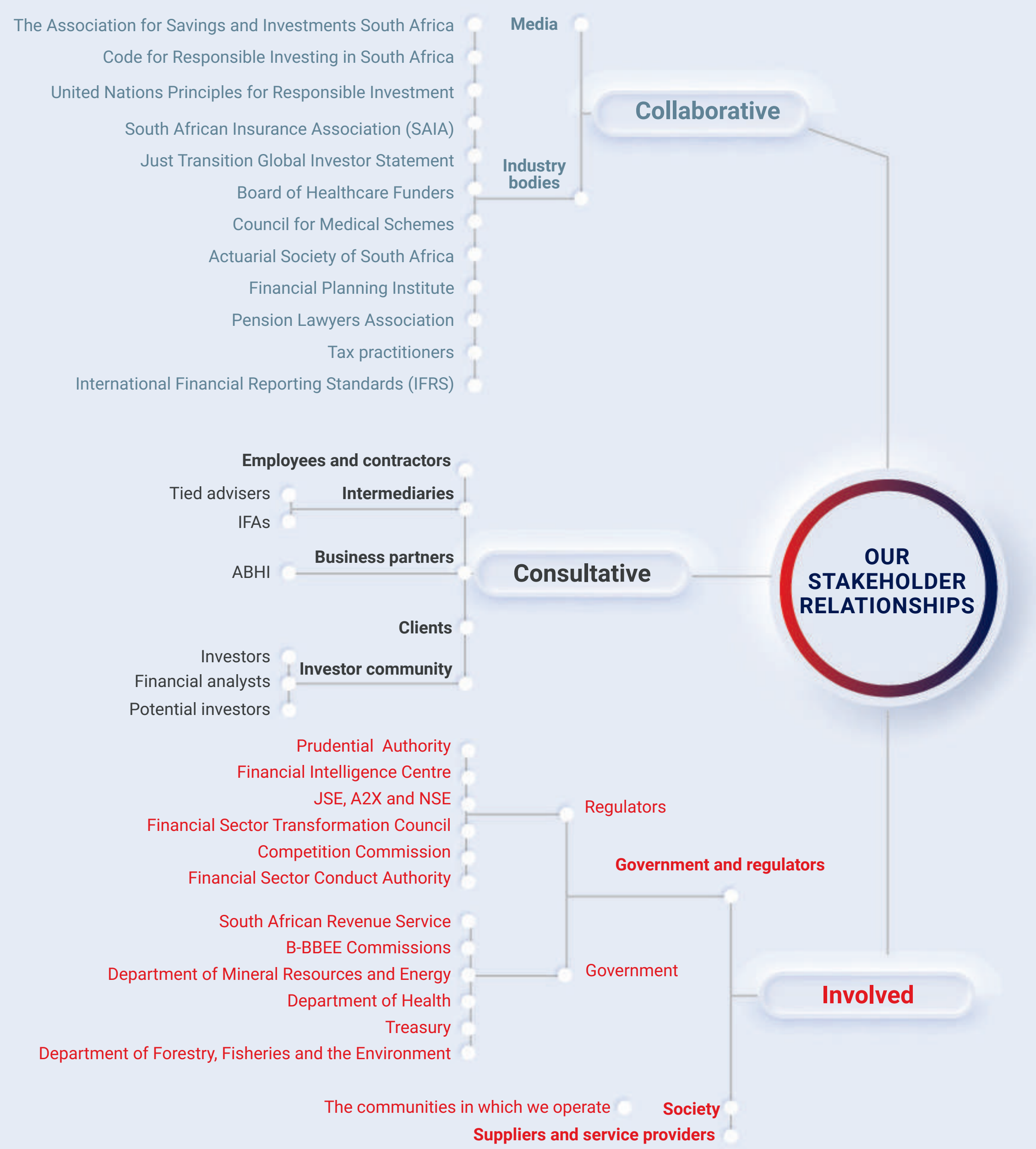
We identify:

- our key stakeholders based on their influence on our business
- stakeholder goals
- material matters and the risks and opportunities arising from our relationships with our stakeholders

We categorise our relationships as:

- **Consultative**
- **Involved**
- **Collaborative**

We design and implement engagement strategies and plans that will assist us in adding value to our business and our stakeholders through our engagement.



QUALITY OF RELATIONSHIP

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

STAKEHOLDER	ISSUES MATERIAL TO BOTH PARTIES	OUR RESPONSE TO THESE ISSUES IN F2021	THE VALUE CREATED OR PROTECTED THROUGH OUR ENGAGEMENT IN F2021
		CONSULTATIVE RELATIONSHIPS	
Employees and contractors	• Employee safety, health and well-being • Future working environment • Job security • Employee value proposition and benefits • Learning and development • Career development opportunities • Fair remuneration and incentives • Talent management • Employment equity	• Focus on employee safety, health and well-being • Equipping employees to work remotely and in a hybrid manner through the availability of collaboration tools • Competitive value proposition and benefits • Engagement has been a key focus since the onset of the Covid-19 pandemic • Digitalisation of human capital services and digital enablement for the new world of work • Talent pipeline with a focus on achieving transformation and ensuring we have the skills we will need in the long term	• By keeping our employees safe and equipping them to be productive during Covid-19 we ensured that they were able to continue adding value to the business • Our focus on transformation and employment equity is adding value through the increased diversity of our workforce
Intermediaries	• Support and training • Footprint growth • Engagement through digital platforms and solutions • Seamless integration with our platforms for IFAs • Ability to work remotely • Data protection and privacy	• Researching our interactions with IFAs to check if we are meeting their expectations and to understand how we can do better • Through the digitalisation of business we are enhancing the ease of doing business for both our tied advisers and IFAs • Ensuring compliance with all legislation	• Grew the Momentum retail distribution channels' footprint and improved the productivity in Metropolitan

STAKEHOLDER	ISSUES MATERIAL TO BOTH PARTIES	OUR RESPONSE TO THESE ISSUES IN F2021	THE VALUE CREATED OR PROTECTED THROUGH OUR ENGAGEMENT IN F2021
		CONSULTATIVE RELATIONSHIPS	
Clients	• Retention • Relief in times of financial difficulty • Responsible investing • Investment performance • Service quality • Treating customers fairly • Keeping clients informed • Transparency • Products and services that meet clients' needs • Responsible and objective advice	• Through our responsible approach to investment, we ensure portfolios are managed responsibly • Participating in surveys to understand client needs • Our Voice of the Client research provides client input that helps us to continually improve service delivery • Providing more flexible premium-paying options to accommodate target market requirements • Using plain language and infographics in our policies and communication with clients • Investing in digitalisation to improve the ease of doing business for clients and advisers and to generate efficiencies	• By addressing what is important to our clients, understanding what their needs are, treating them fairly and having a responsible approach to investing we create value for our clients • By continually improving our service delivery we improve our client retention and add value to the business
Investor community	• Clear articulation of long-term strategy and solid operational execution • Transparency around financial performance • New business performance • Capital management policies and cash-generation capacity • The impact of Covid-19 on our operations, mortality claims and the adequacy of our provisions • ESG performance • Cost efficiency	• Continuous and transparent engagement with sell-side analysts and the investor community • We hosted an investor conference to announce the Group's new Reinvent and Grow strategy. Several business units presented their targeted outcomes for the three years to F2024 • Maintaining strong corporate governance structures • Transparency and comprehensiveness of regular financial reporting and disclosures	• Improving the investor community's understanding of the Group will help protect value. • By understanding our investor requirements and meeting their expectations, we grow trust in the Group, and strengthen our access to capital

STAKEHOLDER	ISSUES MATERIAL TO BOTH PARTIES	OUR RESPONSE TO THESE ISSUES IN F2021	THE VALUE CREATED OR PROTECTED THROUGH OUR ENGAGEMENT IN F2021
INVOLVED RELATIONSHIPS			
Society	• Securing job placements for young people between the ages of 16 and 25, while offering psychosocial support • Consumer financial education • Supporting those in need during Covid-19 • Human rights • The potential impacts of climate change • B-BBEE transformation	• Momentum Metropolitan was rated a Level 1 B-BBEE contributor status for the third consecutive year • During the year under review we focused on youth employability	• Jobs have been secured and the impact of the skills development and support provided by the corporate social investment (CSI) programme has added value to 58 young people in securing employment
Suppliers	• Meeting contractual terms and agreements • Preferential procurement and enterprise and supplier development • Continuity of work for suppliers • Payment terms for suppliers • Compliance with Momentum Metropolitan's governance and ethical standards • Our approach to ESG matters	• Fair procurement practices • Meeting and exceeding preferential procurement targets and contributing to the sustainability of black-owned SMME suppliers • Prompt payment, particularly during Covid-19 • Providing information on our approach to ethics • Reporting on our sustainability performance	• By meeting and in some instances exceeding our preferential procurement targets, we are contributing to the sustainable development of small black-owned businesses • Our enterprise and supplier development programme is also contributing to the sustainability of these businesses
Government and regulators	• Retaining our licence to operate • A robust supervisory and regulatory framework that promotes fair customer treatment and ensures we meet our compliance commitments with applicable legislation and regulations • Capital adequacy • Cyber security • Protection of personal information • Financial sector transformation • Scrutiny during Covid-19 • Policy making • Fair payment of taxes and abiding by tax rulings • Transformation • Engagement on the National Health Insurance (NHI)	• Ongoing engagement on industry-related matters, including the assigning of risk ratings and new product solutions • Commitment to regulatory compliance including the Listings Requirements of the JSE, A2X and NSE • Ongoing engagement with SARS and National Treasury via industry bodies (ASISA and SAIA) regarding both tax policy and legislation • Meeting our reporting commitment to the B-BBEE commissions and regularly engaging on our progress against our five-year plans • We adhered to the capital requirements prescribed by the Prudential Authority and maintained a Group solvency ratio in excess of regulatory minimums	• Meeting our regulatory compliance commitments ensures we retain our licence to operate and contributes to the good reputation of our brand • By meeting and in some instances exceeding its B-BBEE commitments, Momentum Metropolitan has contributed both to employment equity and the transformation of South Africa

STAKEHOLDER	ISSUES MATERIAL TO BOTH PARTIES	OUR RESPONSE TO THESE ISSUES IN F2021	THE VALUE CREATED OR PROTECTED THROUGH OUR ENGAGEMENT IN F2021
		COLLABORATIVE	
Media	• Accurate and fair news coverage of the Momentum Metropolitan brands and our role as a responsible corporate citizen • Momentum Metropolitan spokespeople being readily available to address media queries	• Committed to being available to respond to inquiries from media representatives • Press releases with balanced content provided on key Momentum Metropolitan events • Inclusion of the press in invitations to attend results presentations and our 2021 Investor Conference	• Through our response to the matters material to the media, we aim to create value by building our brand and developing press relations that give us the opportunity to correct any inaccurate information regarding the Group
Industry bodies	• Commitment to being a responsible investor • Commitment to global standards of corporate governance and investor stewardship • Fair and ethical treatment of our clients • Promoting trust and confidence in the insurance industry • Need to influence policy • Future of medical schemes under the NHI	• We keep informed of any changes in global corporate governance standards and the approach to investor stewardship • Momentum Metropolitan has committed to taking action to ensure a just transition to a low-carbon economy • We influence regulatory policy and debate legislative amendments through industry bodies such as ASISA, BHF and SAIA • Through our involvement in professional associations, we contribute to the formulation of accounting and actuarial practices • Momentum Metropolitan Health engages in discussions where we may be able to influence decisions	• Through our involvement in industry bodies we are able to influence decisions and protect value • The ability of the insurance industry to act as a collective in response to Covid-19 was beneficial

OUR STRATEGIC DNA

Our business is about protection (life insurance and non-life insurance), investments and healthcare after long-term savings. Our primary focus is South Africa, complemented by other carefully selected markets where we are confident we can be successful. We execute through a portfolio of specialised, empowered businesses.

Our approach

Our Group portfolio strategy is to build a synergistic portfolio of high-performing financial services businesses that are strategically aligned, value creating and managed for sustainability.

We aim to generate superior shareholder returns through a focus on:

- product and service leadership
- distribution partnerships that recognise the value of advice
- optimal application of digital opportunities

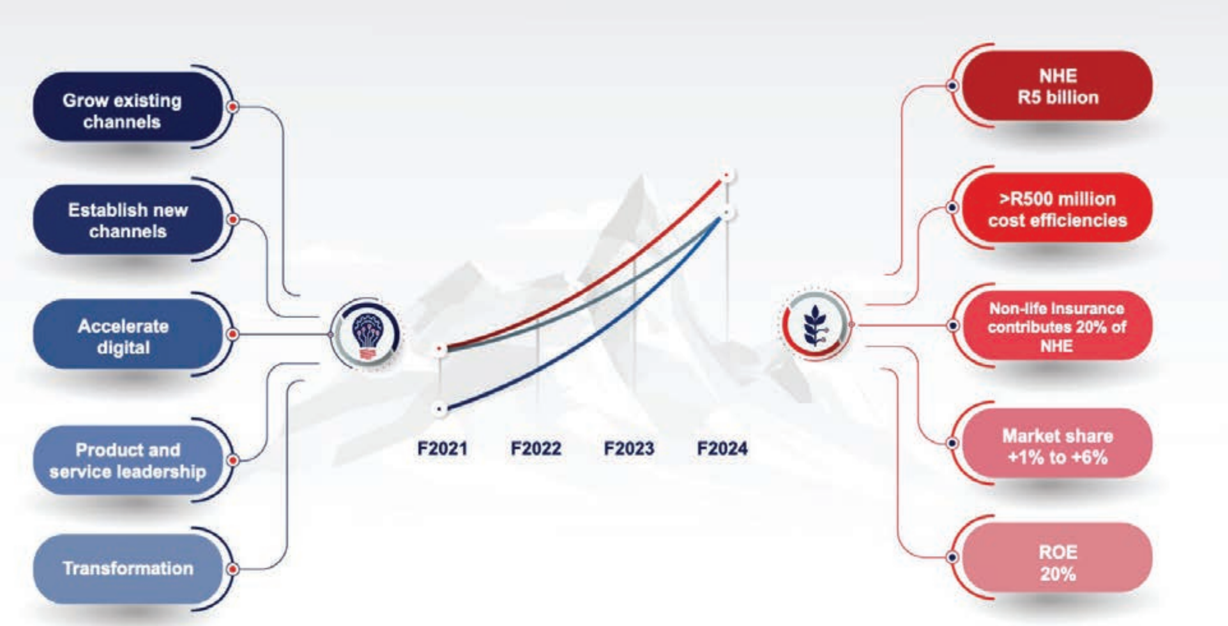
RESET AND GROW

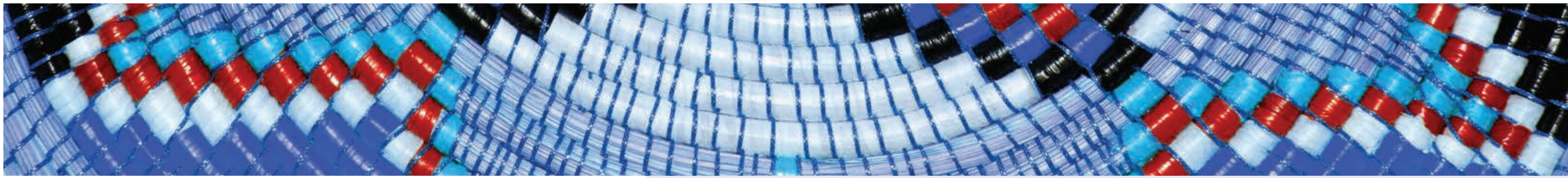
Our Reset and Grow strategy, which was launched in July 2018 and was about fixing the basics, addressing our cost base, re-establishing an external focus and increasing our footprint, guided us for the three-year period (30 June 2021). Our ability to achieve our Grow target of growing our NHE to between R3.6 billion and R4.0 billion by F2021 was hampered by the impact of the Covid-19 pandemic on operating conditions and the need to raise significant additional reserves for potential Covid-19-related claims. We were, however, successful in achieving a number of our targeted outcomes.

Refer to the CEO's strategic review for more detail on our progress against the Reset and Grow strategy.

REINVENT AND GROW STRATEGY

Having achieved the goals of our Reset and Grow strategy, we are now ready to reinvent our business by building a synergistic and resilient portfolio of high-performing businesses, leveraging the benefits of a corporate portfolio strategy underpinned by service excellence, product excellence and digitalisation as a game changer. We plan to create long-term sustainable value for our stakeholders through a future strategy that recognises the realities of the Covid-19 and post-Covid-19 environment. For more detailed information on our performance against our strategy in F2021 and our strategic objectives going forward, refer to the CEO's strategic review on pages 55 to 62 and the productive capital section of this report from page 72.





OUR OPERATING CONTEXT

A CHALLENGING MACROECONOMIC ENVIRONMENT

Pre Covid-19

Pre Covid-19 the South African economy was already facing headwinds from:

- low growth
- muted investor confidence
- policy uncertainty
- fiscal deficits
- low levels of employment

The impact of Covid-19

Covid-19 lockdowns curtailed economic activity through temporary business closures and restrictions on the sale of certain goods, resulting in:

- Negative economic growth
- Increased retrenchments and unemployment
- Government expenditure on economic relief and financial support programmes for individuals and businesses impacted by Covid-19 regulations
- Limited ability for government to increase tax revenues
- Reduction in public sector spending impacting much-needed infrastructure development

Impact on our business:

- Earnings impacted by R2 239 million increase in the provision for possible future Covid-19 related mortality claims, increases in terminations, reduced return-to-work experience on disability income claims in payment, and business interruption claims, as well as a negative mortality experience variance of R702 million
- The Group's South African life insurance businesses paid R10.7 billion in mortality claims (gross of reinsurance and tax), compared to an average of R5.6 billion per annum over the three years preceding the pandemic.
- Lower disposable income levels impacting clients' ability to save or meet insurance premium obligations
- Reduction in members participating in retirement funds
- New business benefited from clients' need for protection cover and safer haven investments

THE HEALTH IMPACT OF COVID-19

From the date the first case of Covid-19 was announced in March 2020, to 30 June 2021, South Africa has experienced three waves of Covid-19 infections.

Our claims experience during the period has revealed the following:

- The impact of the second wave experienced at the end of 2020 and beginning of 2021 was significantly more severe than the first wave. The claims experience in the third quarter was exceptionally high and was more than double the claims experienced in the same period last year
- The number of death claims increased significantly from one wave to the next, but between waves the numbers also remained higher than normal
- The impact of the second and third waves of the pandemic can be seen in the gross mortality claims over the second half of F2021 being 55% higher than the mortality claims in the first half of the year
- For the first month since the Group was formed, the South African life insurance businesses (MML) paid more than R1 billion in mortality claims in January 2021. The trend of high mortality claims continued into July and August 2021; the impact of this will be reported on during F2022

While South Africa's vaccination programme got off to a slow start, it has since picked up speed. The private sector and government are working together to ensure that we administer as many vaccines as possible, as quickly as possible, to save lives and get the economy started (see page 91 for Momentum Metropolitan's participation in the vaccination programme). Despite our efforts to keep our employees safe, 37 of our employees lost their lives to Covid-19.

A CHANGING WORLD

Technology

- Covid-19 intensified the need for digital client experiences and a digitally enabled sales force
- Rapid growth in digital sales and marketing
- Key role of digitalisation in achieving cost efficiencies and driving business transformation
- Technology enabling new distribution models and changing the way in which advice is dispensed
- Advanced analytics are helping businesses better understand evolving clients' needs and preferences
- Advanced analytics also support an increasing focus on risk selection, prevention, and underwriting and pricing sophistication
- Advances in the Internet of Things (IoT) enabled wearables, such as mobile health analytics devices, are likely to change the underwriting process

Competitive landscape

- Increased competition from new technologies targeting the traditional insurance and asset management markets
- New revenue streams are emerging: embedded insurance in the emerging market enabled by cell captives, virtual care, risk prevention by means of health and safety digital applications, and on-demand streams
- Growing value chain of players solving problems related to distribution, IoT, digital processes and customer experience

Regulation

- Changes in regulation introduced to facilitate fair treatment of clients, fair competition between product providers, financial stability and the prevention of large-scale corporate failures
- Requirement for greater oversight of operations, increased controls, additional employee training, and client awareness education – administrative burden for both regulators and the industry, and increased costs
- Recent changes/additions to the regulations include the Retail Development Review (RDR) initiative, NHI, retirement reform, the second version of the Conduct of Financial Institutions Bill (COFI), cell captive conduct standards, the financial inclusion drive and IFRS 17 – *Insurance contracts*

Post year-end impacts

During July 2021 political unrest that resulted in widespread rioting and looting broke out in Gauteng and KwaZulu-Natal. Some of our Metropolitan Life and Metropolitan Health branches in the affected areas were looted, suffering significant damage. The majority of the resultant insurance claims will be settled by Sasria, the government-owned insurer for special risks including political riot, unrest, protest action and similar events. The Group's Non-life Insurance businesses have exposure to claims related to these events and are working together with Sasria to attend to all valid claims. The Group's Non-life Insurance businesses are assisting with the payment of SASRIA claims to ensure that our clients do not face unnecessary delays in settling their claims.

CHAIRMAN'S REVIEW

"We maintained focus, completed the resetting of the business and changed gears by developing plans enabling us to reinvent our business for growth."

Sello Moloko
Chairman

The year under review can be described as the most unprecedented in the modern insurance era. The macroeconomic environment, which was already facing significant headwinds before the ratings agencies downgrades in 2020, was badly affected by the Covid-19 pandemic and its associated disruptions. This has, of course, impacted both our retail and institutional clients. While the Group has been impacted by the slowdown in economic activity and a substantial increase in Covid-19-related claims, particularly in our life insurance businesses, our business units have still found ways to be productive, serve our clients and deliver credible operating results (see pages 72 to 103). Despite the adverse impact of Covid-19, which has been both direct and fundamental, we were able to maintain the resilience our business units demonstrated in F2020.

The Board was actively engaged in guiding the Group's strategic response to Covid-19. We applied our minds to addressing its impact on the sustainability of the business including our capital management strategy, the significant changes to our reserving approach, our employees' working environment, and how we incentivise our workforce to maintain high levels of productivity.

This was all happening at a time when the Group was going through its own process of resetting for future growth. Despite the many challenges encountered, we maintained focus, completed the resetting of the business and changed gears by developing plans enabling us to reinvent our business for growth in uncertain and changing times.

Our management team continues to do outstanding work with regard to the safety of our employees, our clients and the communities in which we operate. The team continues to maintain excellent communication with our employees (who are mainly working remotely) and our clients, and continues to address the challenges our employees are facing as a result of Covid-19. I believe the ability of our people to continue to be productive and effective and their fast adjustment to the new way of doing things can be attributed to the salubrious culture that has been fostered in the business.

Sustainability and ESG

The sustainability of the Group and its ability to create value remains a key focus of the Board, which includes our performance in terms of ESG. The Board recognises that ESG is a critical component of our value creation and that it requires careful attention in terms of how we weave it into our business planning. While the Group has already made substantial progress in this regard, our management team is focusing on how best to further integrate ESG into our Group strategy and the strategies of our individual business units.

Our commitment to meeting our responsibilities regarding the environment was reinforced this year when we became a formal supporter of the TCFD (see page 153). Our efforts to meet our commitments as a responsible corporate citizen, which includes being a signatory to the UN Principles of Responsible Investment (UNPRI), are detailed on pages 148 and 149.

It has been challenging in the current economic environment to make progress in ensuring more young South Africans are employed through our focus on youth employability. Our efforts in the year ahead will include supporting black female entrepreneurs in the agricultural value chain, and through incubating innovation among young people in the socially inclusive green economy and growing climate-aware young leaders, we will be preparing young people for roles in the changing world of work.

Our investments in start-ups in insurtech and fintech are creating an enabling environment for smart young people to come up with solutions which could, in future, emerge as innovative big businesses.

Board and executive succession

This is my first year as Chairman of the Group. The Board is in a period of transition during which some Board members have come to the end of their tenure. Our approach to selecting new members of our Board has been deliberate and strategic from a skills, gender and racial diversity perspective. We have a skills matrix in place that considers gender and race issues. However, to ensure we appoint people to the Board who can add value and make a difference, it is driven from a skills perspective. This drive has seen the introduction in 2021 of two new directors with considerable financial services skills and experience, Nigel Dunkley and Seelan Gobalsamy. Over the past three years we have also bolstered the Board's technology and insurance skills.

Succession planning is critical for the Group, both from a Board and executive perspective. In the past 15 months the Nominations Committee has looked in depth at our leadership team, and gained a good understanding of our talent base with a view to developing a succession plan. Because this is such a critical issue, the Board will be holding a detailed discussion dedicated to executive succession before the end of 2021.

Governance

By practising good corporate governance through the application of the King IV Code, we ensure the Board provides ethical, effective and responsible leadership and strategic decision-making that balances short, medium and long-term outcomes. It also acts with integrity and provides robust risk and performance management, and monitors the embedding of an ethical culture and a response to our role as a responsible corporate citizen that goes well beyond compliance. During the year under review the Board approved a new Group conflict of interest policy for directors as part of its efforts to continually improve corporate governance in the Group.

Our transformation journey

Our transformation agenda remains on course, which includes our role in structures such as Business Leadership South Africa (BLSA) and Business Unity South Africa (BUSA). We continue to work hard to ensure that we improve the demographics of our senior leadership team; however, we continue to focus on authentically transforming our workforce. From a Board perspective we have made good progress with transformation. An area where we can continue to contribute to the transformation of South Africa is through the ongoing transformation of our product range.

Thanks

On behalf of the Board, I wish to thank Hillie Meyer and his executive team for their dedication and resilience in the most unprecedented of commercial eras. In addition to bedding down the Reset and Grow strategy, they did outstanding work in ensuring employee safety and productivity. I would also like to thank all the employees of Momentum Metropolitan for the Group's achievements in this tough operating environment. It would be remiss of me not to thank our clients for their continued support.

I also thank my predecessor, JJ Njeke, for leaving behind a sound governance legacy. I would also like to welcome our two new Board members, Nigel Dunkley and Seelan Gobalsamy, and to thank all our Board members for their valuable contribution, energy and commitment during the year under review.

Going forward

During the year ahead the Group's business units will be implementing their Reinvent and Grow strategies, which they shared at our 2021 Investor Conference.

My view is that we are likely to be grappling with the impact of Covid-19 until around 2023. It is my belief that, in future, we will look back and realise that the Covid-19 pandemic created an inflection point for South Africa. We need to start thinking about how we can turn this crisis into an opportunity, and how we can use it to retool, achieve digital acceleration across the Group and use gaps that exist in the market to preserve and grow value.

Sello Moloko
Chairman

VALUE CREATING LEADERSHIP – BOARD OF DIRECTORS

K[7] INDEPENDENT NON-EXECUTIVE DIRECTORS

SELLO MOLOKO
Chair: Board and Nominations Committee

Appointment
1 March 2019
Appointed Chairman of the Board 26 November 2020

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

Skills and experience
Sello is the executive chair and co-founder of Thesele Group, a diversified investment holding company. He has more than 29 years' business experience in diverse sectors. He is the independent non-executive chair of Telkom and also serves as non-executive director of DG Capital and Prudential Investment Managers. He was previously chair of the Alexander Forbes Group (executive) and General Reinsurance Africa, and CEO of Old Mutual Asset Managers.

Attendance

Board meetings	Committees	Directorships in listed entities
4/4	Investments: 5/5 Remuneration: 4/4 Nominations: 5/5	Telkom SA Soc

PETER COOPER
Chair: Remuneration Committee

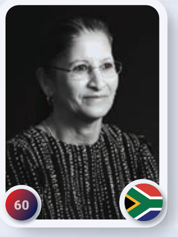
Appointment
20 November 2015

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

Skills and experience
Peter, a qualified chartered accountant, previously 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 RMH, RMI, OUTsurance and Imperial Holdings.

Attendance

Board meetings	Committees	Directorships in listed entities
4/4	Investments: 5/5 Remuneration: 4/4 Nominations: 5/5	RMI Imperial Logistics Shoprite Holdings



FATIMA DANIELS

Appointment
1 December 2010

Qualifications
BSc, CA(SA)

Skills and experience
Fatima, who currently conducts her own business consulting practice, has extensive corporate experience and has served on many listed boards since 1994. She previously served on the Metropolitan Holdings Board (May 2005 to November 2010). She is currently a director of the MTN Group (West and Central Africa Region) and Clicks Group Ltd.

Attendance

Board meetings	Committees	Directorships in listed entities
4/4	Audit: 9/9 Risk, Capital and Compliance: 4/4	Clicks Group Ltd

LINDA DE BEER
Chair: Audit Committee

Appointment
1 March 2019

Qualifications
CA(SA), Chartered Director, Master's degree in Taxation

Skills and experience
Linda is a professional director who currently also serves on the boards of Aspen Ltd, Tongaat Hulett Ltd and Shoprite Holdings Ltd. In addition, she chairs the Public Interest Oversight Board, based in Spain, which oversees the setting of international standards for accountants and auditors and serves on the Board of Trustees of the International Valuations Standards Council in London. Her background is in technical accounting, corporate governance, JSE Listings requirements and international standard setting. She is also an honorary professor (professor in practice) at the University of Johannesburg.

Attendance

Board meetings	Committees	Directorships in listed entities
4/4	Audit: 9/9 Risk, Capital and Compliance: 4/4 Nominations: 4/4* *Appointed 1 September 2020	Aspen Holdings Shoprite Holdings Tongaat Hulett

K[7] INDEPENDENT NON-EXECUTIVE DIRECTORS

NIGEL DUNKLEY

Appointment
1 June 2021

Qualifications

BCompt Hons, CA(SA), Advanced Taxation Certificate, AMP (Oxford)

Skills and experience

Nigel has extensive and varied experience in the insurance industry, which includes 22 years spent in various executive positions within the Momentum Group between 1991 and 2013. In 2014 he moved to London to own and manage a hotel golf and leisure business, while acting as a non-executive director of Momentum Metropolitan interests in the UK, Guernsey, Gibraltar and South Africa. Nigel, who is currently residing in the UK, has experience as an executive and non-executive board member and board chairman.

Attendance

Board meetings	Committee
1/1	Audit: 1/1

SEELAN GOBALSAMY

Appointment
1 June 2021

Qualifications

BCom (Accountancy and Law), Post-graduate Diploma in Accounting, Advanced Taxation Certificate, CA(SA), AMP (Harvard)

Skills and experience

Seelan is currently the group CEO of Omnia Holdings, having previously held CEO positions at STANLIB Asset Management, Liberty Holdings Emerging Markets, Liberty Corporate and Old Mutual Corporate. Seelan has extensive international experience gained across multiple geographies and sectors in complex emerging and developed markets and has a proven track record of redefining the strategic direction of companies, turning around businesses and delivering sustainable growth.

Attendance

Board meetings	Committee	Directorship in listed entities
1/1	Audit: 1/1	Omnia Holdings

STEPHEN JURISICH

Chair: Actuarial and Fair Practices committees

Appointment
1 October 2016

Qualifications

BSc Hons Actuarial Science, FASSA, FFA

Skills and experience

Prof Jurisich is Head of the School of Statistics and Actuarial Science at the University of the Witwatersrand. He is a Fellow of the Faculty of Actuaries in Edinburgh and a Fellow of the Actuarial Society of South Africa. He has a wealth of actuarial experience, including previously being 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

Board meetings	Committees
4/4	Actuarial: 5/5 Fair Practices: 4/4

SHARRON MCPHERSON

Chair: Social, Ethics and Transformation Committee

Appointment
1 March 2019

Qualifications

BA (Economics) Doctor of Jurisprudence

Skills and experience

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

Attendance

Board meetings	Committees
4/4	Risk, Capital and Compliance : 4/4 Social, Ethics and Transformation: 3/3

K[7] INDEPENDENT NON-EXECUTIVE DIRECTORS

VUYISA NKONYENI
Chair: Investments Committee

Appointment
22 November 2011

Qualifications
BSc Hons, CA(SA)

Skills and experience
Vuyisa has over 20 years' experience in investment banking and private equity. He gained investment banking experience at Deutsche Bank, primarily in corporate and project finance advisory work. He has also served as the financial director of Worldwide African Investment Holdings and as director at Actis LLP in its black economic empowerment funding unit. He was CEO of Kagiso Tiso Holdings between 2012 to 2017 where he resigned to pursue various private business opportunities.

Attendance

Board meetings	Committees	Directorships in listed entities
4/4	Investments: 3/5 Risk, Capital and Compliance: 4/4	Emira Property Fund Exxaro Resources

DAVID PARK

Appointment
1 December 2019

Qualifications
BSc (Actuarial Science), FASSA, FFA

Skills and experience
David has over 25 years of experience in life insurance, with a focus on risk and capital management, actuarial consulting and machine learning for financial services. He was a director at Deloitte, where he was the statutory actuary for several South African life insurance companies and was involved in the development and implementation of the current South African insurance legislation. He is a member of the Actuarial Society of South Africa's Professional Matters Board and is involved in educational and mentoring activities at the Actuarial Society.

Attendance

Board meetings	Committees
4/4	Actuarial: 5/5 Risk, Capital and Compliance: 4/4 Social, Ethics and Transformation: 3/3

FRANS TRUTER
Chair: Risk, Capital and Compliance Committee

Appointment
1 December 2010

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

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

Attendance

Board meetings	Committees
4/4	Audit: 9/9 Risk, Capital and Compliance: 4/4 Remuneration: 4/4 Nominations: 5/5

K[7] NON-EXECUTIVE DIRECTORS

		Qualifications	Skills and experience	Attendance
	**LISA CHIUME** **Appointment** 1 March 2019	BCom (Business Finance and Economics), CFA	Lisa is a senior investment executive at Rand Merchant Investment Holdings (RMI) and RMB Holdings Limited (RMH). As portfolio manager she is responsible for a number of key RMI and RMH's investments. She is also co-portfolio manager for AlphaCode (RMI's fintech and next generation financial services incubator). Before joining RMI, Lisa was employed by Deutsche Bank South Africa as director of country coverage and investment Banking.	**Board meetings** 4/4 **Committees** Fair Practices: 2/3* Investments: 5/5 Remuneration: 4/4 *Appointed 1 September 2020
	**PABALLO MAKOSHOLO** **Appointment** 1 July 2020	NDip (Cost and Management Accounting), CTA, MCom (SA and International Tax), CA(SA)	Paballo is currently group chief executive officer at Kagiso Tiso Holdings, having previously held the position of chief financial officer at Kagiso Trust and chief operations officer at Kagiso Capital. He has over 15 years' experience in auditing, investment and finance within highly volatile, complex and business environments.	**Board meetings** 4/4 **Committees** Investments: 3/4* Social, Ethics and Transformation: 2/2* *Appointed 1 September 2020

K[7] EXECUTIVE DIRECTORS

HILLIE MEYER

Group Chief Executive Officer

Appointment
15 February 2018

Qualifications

BCom (Econometrics) (cum laude), FASSA

Skills and experience

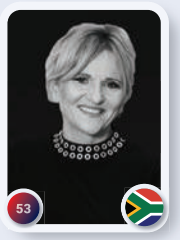
Hillie, an actuary, has more than 35 years' financial services experience. He has held leadership positions in insurance, pensions, investments and banking. He joined the Momentum Group in 1988 and served as its Managing Director from 1996 to 2005, during which time he progressed through various roles, ranging from technical actuarial roles to management roles including Momentum CEO – a position he held for nine years. Hillie then left the Group and became an active investor in a number of small private companies, which led to him being a founding shareholder and the managing partner of Nodus Investment Managers from 2009 to early 2018. Hillie returned to Momentum Metropolitan as Group CEO in 2018.

Attendance

Board meetings: 4/4

Committees

Risk, Capital and Compliance: 4/4
Social, Ethics and Transformation: 3/3



JEANETTE CILLIERS (MARAIS)

Group Deputy Chief Executive Officer

Appointment
1 March 2018

Qualifications

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

Skills and experience

Jeanette joined Momentum Metropolitan on 1 March 2018 as Deputy Chief Executive Officer and CEO of Momentum Investments. She has a strong track record of building profitable businesses at various financial institutions. She started her career at Momentum in 1990, filling various roles in actuarial product development, marketing and as part of the team that launched Momentum Administration Services, pioneering investment platforms in South Africa. She filled executive level positions at PSG, STANLIB and Old Mutual before joining Allan Gray in 2009 as co-head of retail business, where she became executive director. She is passionate about the upliftment of women and making financial services accessible to all South Africans.

Attendance

Board meetings: 4/4

Committees

Fair Practices: 3/3*

*Appointed 1 September 2020

RISTO KETOLA

Group Finance Director

Appointment
16 January 2018

Qualifications

BSc, CFA Charterholder, FIA, FASSA

Skills and experience

Risto joined Momentum Metropolitan in August 2016 to head up investor relations and business performance management. He gained extensive experience as a financial services analyst and researcher with Standard Bank, Ketola Research and Deutsche Bank. As the Group FD, Risto is responsible for investor relations, business performance management, 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

Board meetings: 4/4

Committees

Actuarial: 5/5
Investments: 5/5

OUR BOARD

Our Board policy is to ensure that the majority of our Board members are non-executive directors, of whom the majority are independent. The independence of our Board protects our shareholders' interests.

Board diversity

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

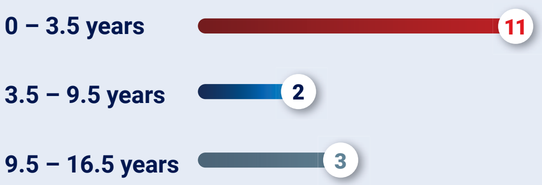
Gender diversity
31% of our Board members are women (target 30%)

Racial diversity
44% of our Board members are black (target 50%)

We have 16 Board members

The average age of our Board members is 53 years

Board tenure



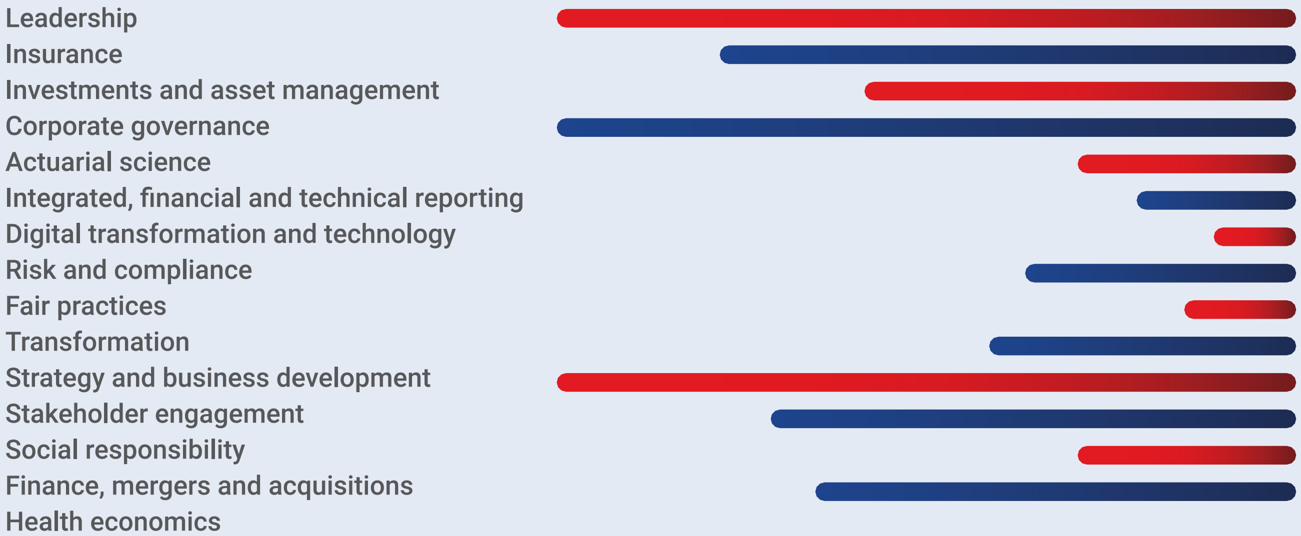
The independence of our Board

- Independent non-executive directors **69%** (11)
- Non-executive directors **12%** (2)
- Executive directors **19%** (3)

THE INDEPENDENCE OF OUR BOARD COMMITTEES

All our Board committees are chaired by independent non-executive directors and the composition of the committees complies with the Companies Act and other regulatory requirements, where applicable.

Our Board's skills and experience



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

To ensure our directors are kept up to date with trends and changes in our statutory and regulatory obligations, they regularly receive training (see page 46).

BOARD APPOINTMENTS

Board independence review

Vuyisa Nkonyeni, who is the Chair of the Investments Committee and a member of the Risk, Capital and Compliance Committee, reached a tenure of nine years as a Board member in November 2020. The Nominations Committee recommended that, in view of the current process of retirements of long-serving directors that is set to complete in November 2021, Vuyisa's retirement should be scheduled for November 2022. The Nominations Committee also approved that an independence assessment be performed with regard to his independence after a lengthy term on the Board. This was done by The Board Practice (Dr Victor Prozesky) which found that there is no doubt that Vuyisa displays strong independence as indicated by the high scores he received, in addition to comments made by his peers. Given the high regard in which he is held for both the contribution he makes and the independent behaviour he displays, it was concluded that his continued directorship will be beneficial to the Board with no qualification in terms of independence, other than long tenure.

When Frans Truter retires at the annual general meeting (AGM) in November, David Park will take over as Chair of the Risk, Capital and Compliance Committee.

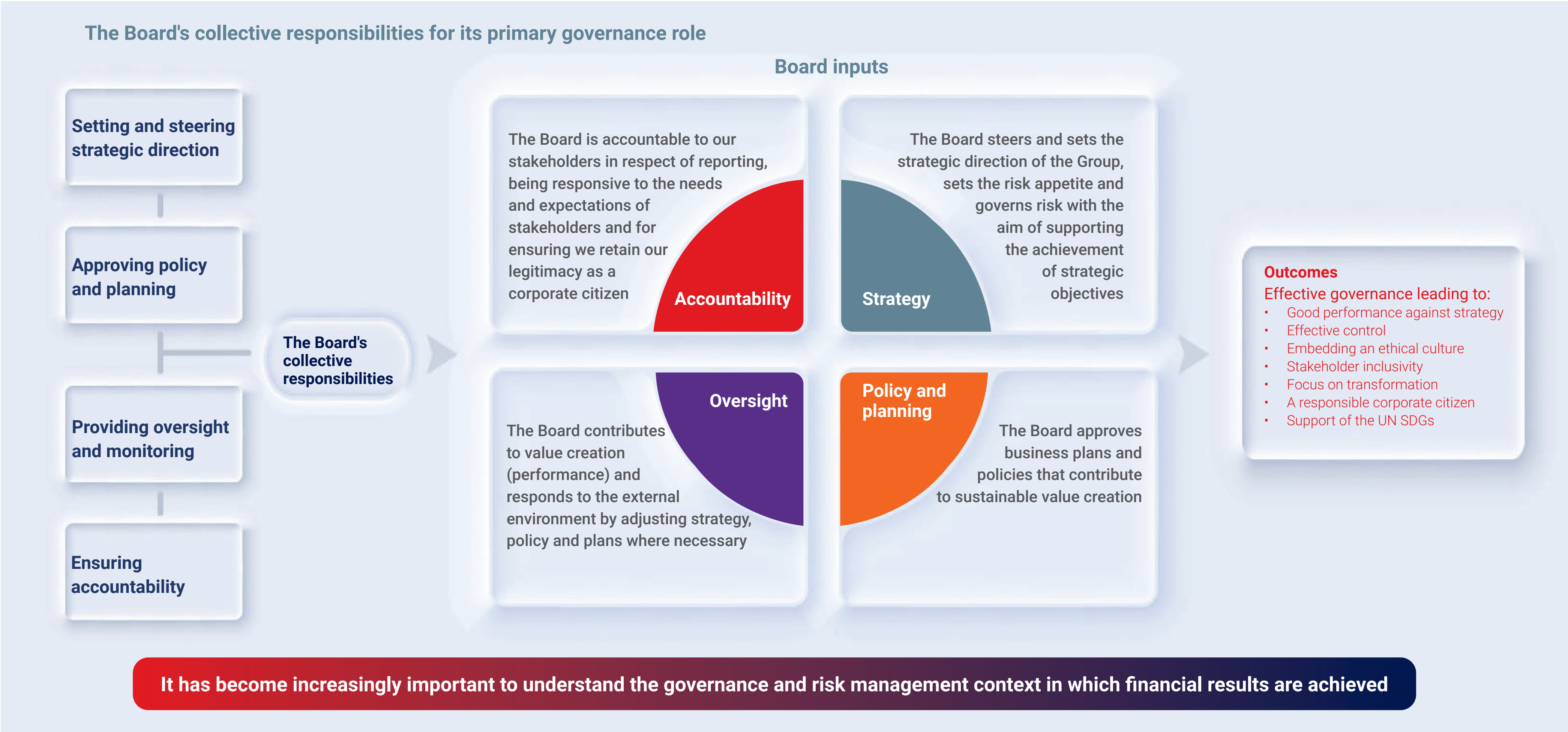
Directors to be elected or re-elected

In accordance with the Company's Memorandum of Incorporation (MOI) and the JSE Listings Requirements, one-third of our non-executive directors (being those longest in office at the date of the AGM) must retire by rotation and can choose to offer themselves for re-election, while directors appointed by the Board during the year must also offer themselves for election at the AGM. Non-executive directors, namely Sello Moloko, Linda de Beer and Lisa Chiume will offer themselves for re-election.

The Board welcomed two new members on 1 June 2021: Nigel Dunkley and Seelan Gobalsamy, who have both joined the Audit Committee as independent non-executive directors. Their profiles are available on page 34 of this report. They will both offer themselves for election at the AGM on 25 November 2021.

PURPOSE-DRIVEN GOVERNANCE

The good governance that we aim to achieve by applying the King IV Code protects and creates sustainable value, and ensures effective control, an ethical culture and legitimacy through our stakeholder relations. It also contributes to effective and responsible leadership at Board and executive levels and throughout the Group. It promotes strategic decision-making that balances short, medium and long-term outcomes, integrity and robust risk and performance management, and supports the embedding of an ethical culture and a response to our role as a responsible corporate citizen that goes well beyond compliance.

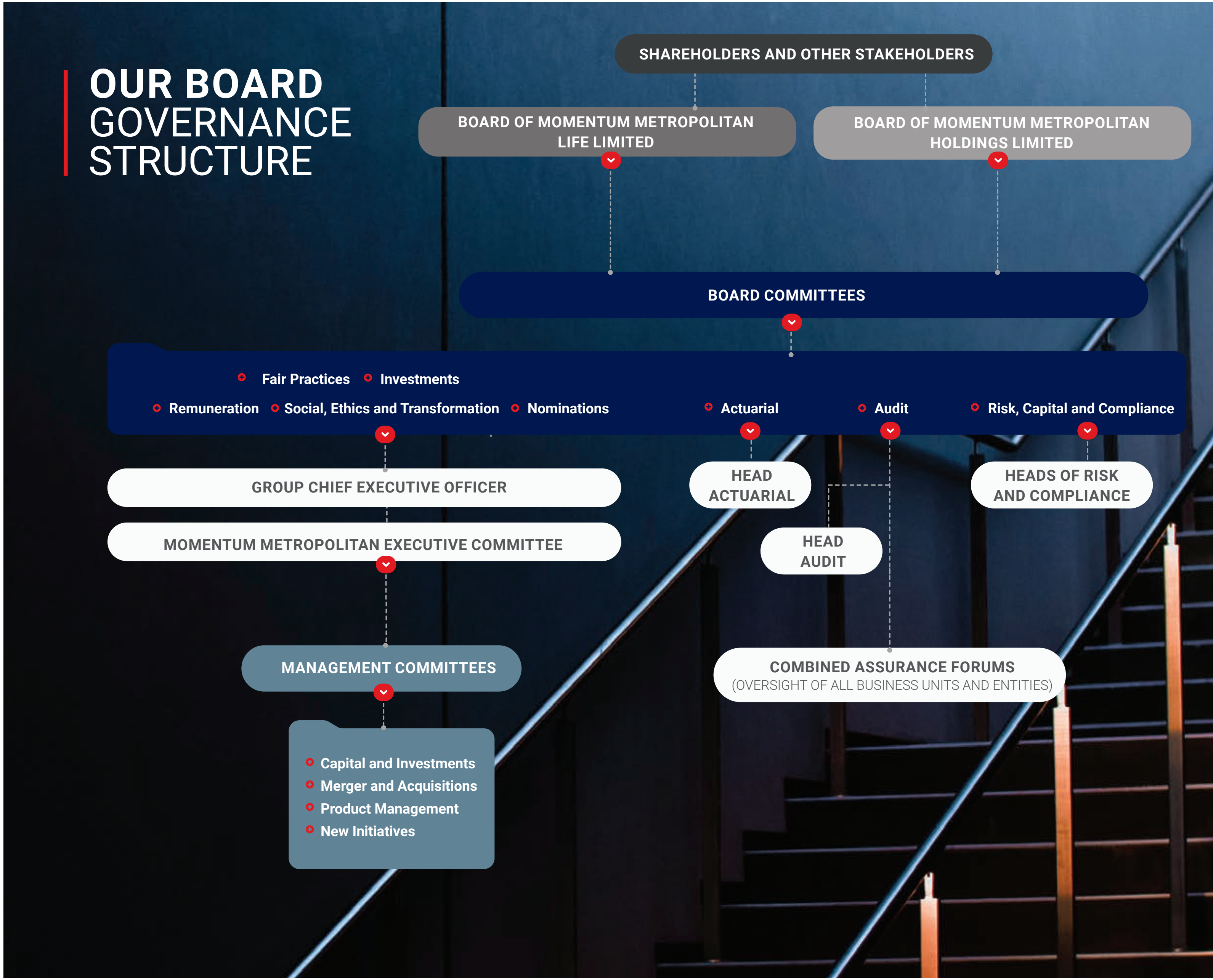


Our Board serves as the focal point and custodian of corporate governance in Momentum Metropolitan. K[6]

Our governance framework positions the Board as the custodian of corporate governance in Momentum Metropolitan and provides it with effective control of the business. By effectively governing the Group and taking into consideration our stakeholders' interests, our Board and management contribute value to both the business and its stakeholders. The Board uses its quarterly meetings to discharge its duties in terms of the Companies Act, the JSE Listings Requirements, King IV™ and legislation regulating the financial services industry. We consider quarterly reports on operating and financial performance; risks, opportunities and compliance; the results of efforts to embed an ethical culture in Momentum Metropolitan and combat fraud and corruption; safety, health and environmental performance, including our climate change mitigation; and our social performance. We also monitor the macro environment and its potential impact on our business. K[1] K[2] K[3] K[4] K[16]

The following diagram sets out our governance structures at Board, executive management and operational levels.

OUR BOARD GOVERNANCE STRUCTURE



BOARD REVIEW

In F2021 an independent external review of the effectiveness of the Momentum Metropolitan Board was conducted by The Board Practice. The overall performance of the Board was reviewed for F2021, its strengths and weaknesses were reviewed and areas for improvement were identified. A web-based board effectiveness questionnaire was used in which all Board members participated. Board members were interviewed and a 360 Board review was conducted.

The key components reviewed were:
- strategic focus, priorities and overall effectiveness
- core governance
- Board dynamics
- Board agility in terms of assisting management to anticipate and shape the future and lead transformation ahead of the market
- committee effectiveness of all eight Board committees

The review concluded that ours is a complex business requiring a Board with diverse skill sets and that the Board has been able to navigate and provide oversight to management in turbulent times. It is a collegial Board with a good work ethic and discipline, dealing well with both governance and future-looking aspects. Some experienced directors have departed from the Board recently, resulting in new arrivals.

The new arrivals have landed well and the Board has a good range of skills and experience to deal with all material matters. During the last few years this Board has been stress-tested.

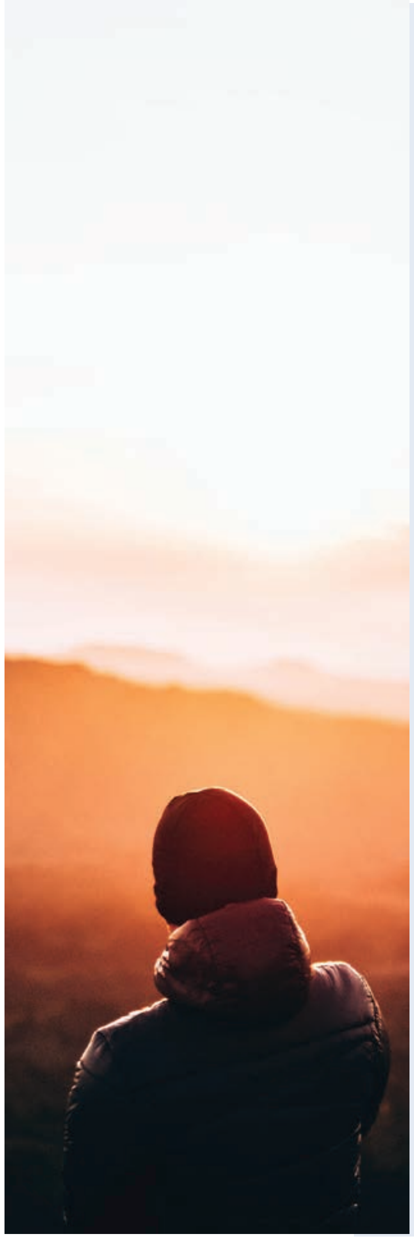
The feedback is that it is a professional Board functioning well in challenging circumstances. It is a unified, well-rounded and mature Board with good all-round deliberations and contributions. There is a good mix of independent non-executive, non-executive and executive directors, and diversity. Deliberations are characterised by honest and open discussion with effective decision-making.

Committee performance

Committees are strong and effective with balanced composition, good interaction and exposure to senior management. Feedback to the Board from committees is to the point and committee chairs are highly regarded.

There is a sense of healthy trust between the Board and management and between the Group Chief Executive Officer and the Chair, with healthy tension, challenge and support. Management is appropriately held to account and empowered to execute the agreed strategy with effective role clarification between non-executives and executives.

Deep dives into critical business issues by committees are well received and they lead to improved understanding for directors.



Areas of refinement for the Board

Given the increased demands relating to all aspects of sustainability, the Board has indicated that it wants to increase the focus on ESG and broader related matters, which need to be consolidated into a common approach and understanding using universal frameworks for reporting and assurance, with the Group seeing sustainability as a strategic imperative.

The Nominations Committee is paying attention to the need for long-term planning for succession and has made significant progress in this regard. However, the reviewers felt that it would be beneficial for the Board to be more exposed to the talent management processes and outcomes in order to determine areas of concern. The Board has identified competencies for future appointments.

Critical strategic priorities and issues

The Board listed the following as key strategic priorities and issues requiring its focus over the next 12 to 14 months. These include:
- a successor for the Group CEO
- the impact of Covid-19 on people growth, markets, consumers, competitive landscape, and technology transformation (digitalisation)
- diversity in senior management
- market share

Board members also identified the capabilities, experience or skills they would like to see on the Board, with the two main areas being insurance business experience and IT/technology/digitalisation.

OVERSIGHT ROOTED IN KING IV™ PRINCIPLES

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

Our application of all 17 King IV™ principles is explained on:
Page 43: 1, 2, 4, 5, 6 and 7
Page 44: 2
Page 45: 8 and 10
Page 46: 3, 9, 11, 12, 13, 14, 16
Page 47: 15
Pages 72, 141, 146 and 150: 17

Leading ethically, effectively and responsibly

K[1] K[2] K[6] K[7] JSE 3.84(i)

The Board sets the tone and leads the Group ethically, effectively and responsibly. When making decisions, individual Board members ensure they are well-informed and act independently, with courage, awareness and insight. The Board ensures that the Group plays a key role in society as a major employer, taxpayer, contributor to transformation and economic growth, and as a responsible corporate citizen. Information on the progress we have made in embedding an ethical culture in the Group is provided on page 44.

The balance of knowledge, skills, experience, diversity and independence that the Board requires in order to discharge its governance role and responsibilities objectively and effectively are set out on pages 38 and 39 of this report. Our Nominations Committee monitors and provides oversight of our Board diversity policy, which includes gender and racial targets.

Steering strategy, monitoring performance and reporting K[4] K[5]

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

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

Information on required disclosures can be found in this report, our annual financial statements and in the summary of our financial performance.

GOVERNANCE THAT ESTABLISHES AN ETHICAL CULTURE (K)[2]

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

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

Group Forensics annually reviews the ethics-related policies and guidance, and any revision to these is communicated to employees and loaded on our intranet.

Our values and all our codes of expected behaviour and standards are well-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.

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

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

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

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

During the year under review the Board approved a new Group conflict of interest policy for directors. Members of our Board and of our management committees annually complete a disclosure of interests document in accordance with section 75(4) of the Companies Act, King IV™ and the JSE Debt Listings Requirements.

Our ethics policies and guidance notes

- **Code of ethics and standards for conduct policy**
- **Gift policy**
- **Conflict of interest policy**
- **Group conflict of interest policy for directors**
- **Whistle-blowing escalating protocol guidance notes**
- **Whistle-blowing policies for South African and international operations**

JSE 3.84(a and b)
JSE 3.84(h)
K 8 K 10

Board delegation and independence

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

Through the appointment of strong independent directors and the separation and clear definition of the roles and responsibilities of the Chair and Group Chief Executive Officer, Momentum Metropolitan has established a clear balance of power and authority at Board level. The Group Chief Executive Officer in turn delegates responsibilities in accordance with the Company's delegation of authority framework. The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercising of authority and responsibility.

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

Our Board performs its duties within a framework of policies and controls that provides for effective risk assessment and management of our economic, environmental and social performance. The Momentum Metropolitan Board Charter, which is closely aligned with the recommendations of King IV™, details the responsibilities of the Board, while our MOI also addresses certain of the directors' responsibilities and powers. The MOI also requires that one-third of our directors retire from office at every AGM based on their tenure since they were previously elected or re-elected to the Board (see page 39 for the names of those retiring and standing for re-election at our 2021 AGM).

Through its Board committees, the holding company provides guidance and monitors the functions of subsidiaries and centralised Group functions to ensure that companies within the Group are applying established governance policies and processes.

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

69% of our directors are independent non-executive directors

81% of our Board members are non-executive directors

Evaluating performance K[9]

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

During F2021 the Board approved a new Momentum Metropolitan Group nomination and evaluation of directors policy, the purpose of which is to adopt a formal nomination policy in line with the guidelines contained in the Board Charter, regarding the appointment of non-executive directors.

Executive performance is evaluated against agreed performance indicators at Group and business unit levels. Performance against these indicators forms the basis for the determination of both short-term incentives, including salary increases and bonuses, and long-term incentives (see the remuneration review on pages 118 to 139).

Board development

The Board received training on the JSE's amended Debt Listings Requirements in February 2021 and the Audit and Actuarial committees received training on IFRS 17 – *Insurance Contracts* in March 2021. The rest of the Board received IFRS 17 training via e-learning in July 2021.

Remuneration that is fair and promotes the achievement of our strategic objectives K[14]

Momentum Metropolitan understands that it is essential that our strategy, risks, performance and rewards are aligned if we are to create shareholder value. The Remuneration Committee is charged with ensuring that executive directors and senior management are fairly rewarded for their individual contributions to the Company's overall performance, and for ensuring that our remuneration policies and practices are designed to align performance with reward and to attract and retain the right talent, while having regard for the interests of stakeholders and the financial conditions of the Group. See page122 of this report for our remuneration review, which sets out our remuneration philosophy, policy and structure, our efforts to achieve fair and responsible remuneration, our engagement with shareholders on our remuneration reporting, and the implementation report setting out the implementation of our remuneration policy.

Stakeholder inclusivity K[16]

By identifying the Group's stakeholders through engagement and taking into consideration our stakeholders' interests, needs and expectations, our Board and management achieve stakeholder inclusivity and contribute value to both the business and its stakeholders (see pages 141 to 150 of the social and relationship capital section of this report for more information). By effectively governing the Group through its oversight and monitoring of performance, and taking into consideration our stakeholders' interests, our Board and management contribute value to both the Group and its stakeholders.

Technology and information governance that supports the achievement of our strategic objectives K[12]

The Risk, Capital and Compliance Committee's mandate includes the monitoring of IT governance, information security and cyber risk. To fulfil its mandate, the Committee monitors and evaluates the effectiveness of cyber security strategy across the Group and critical risks facing the business with regard to technology renewal and remote working.

Compliance governance K[11] K[13]

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

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

Enabling an effective control environment

K[15] JSE[3.84(g)]

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

The Audit Committee obtained assurance on the financial statements and internal financial controls and carried out its statutory duties set out in section 94 of the Companies Act. It satisfied itself as to the expertise and experience of the Group Finance Director and the finance function and assessed the independence and performance of the internal and external audit functions (see the Audit Committee report on pages 30 to 33 of the Annual Financial Statements for 2021).

The SETC advises and provides guidance to the Board on the effectiveness of management efforts in respect of social, ethics, sustainable development-related matters and transformation. It also carries out its duties in terms of the Companies Act and reports on its fulfilment of its mandate in this regard to the Board and stakeholders (see its report on our website at https://www.momentummetropolitan.co.za/en/investor-relations/financial-results). The Committee has confirmed that there were no instances of material non-compliance requiring disclosure in F2021.

External audit quality and independence

JSE[3.84(g)(iii)] JSE[22.15(h)]

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

External audit fees are disclosed on page 113 within note 26 to the AFS. All the non-audit services (disclosed on page 113, note 26 of our annual financial statements) provided by EY were approved by the committee in accordance with the policy for the provision of non-audit services. JSE[7.F5]

BOARD AND COMMITTEE KEY FOCUS AREAS

THE FOCUS OF THE BOARD AND COMMITTEES IN F2021	WHAT THEY WILL FOCUS ON IN F2022
THE BOARD	
• Reviewed and approved the Group's long-term Reinvent and Grow strategy and business plans post Reset and Grow • Reviewed and monitored the Group's transformation strategy and its performance against the strategy • Monitored the ongoing impact of the Covid-19 pandemic on the Group and its ability to achieve its current strategic and business plans, with particular focus on its impact on the growth component of our Reset and Grow strategy • Monitored the oversight of technology and information governance and digital transformation by the Board committees to which the responsibility is allocated • Ongoing executive and Board succession planning • Monitored the implementation of the employee share ownership plan	• Overseeing the implementation of the Reinvent and Grow strategy, with particular focus on the transformation and digital strategy • Ongoing monitoring of the impact of the Covid-19 pandemic on the Group and its ability to achieve its strategic and business plans • Oversight of sustainability and capital management programmes by the Board committees to which the responsibility is allocated • Ongoing executive and Board succession planning
FAIR PRACTICES COMMITTEE	
• Monitored the impact of the Covid-19 pandemic on market conduct practices, particularly in relation to treating customers fairly • Ensured that market conduct matters are adequately considered and addressed as part of the product management control cycle	• Ongoing monitoring of the impact of the Covid-19 pandemic on market conduct practices, particularly in relation to treating customers fairly • Ensuring that market conduct matters are adequately considered and addressed as part of the product management control cycle • Deep dive into topical subjects such as the pricing philosophy, as well as future of savings and life insurance underwriting
AUDIT COMMITTEE	
• Continually assessed the adequacy of Covid-19-related provisioning and valuations, as well as the underlying methodology and assumptions applied in doing this • Embedded the learnings from the 2020 audit firm rotation to EY and further matured the engagement between the external auditor, management and the Committee • Focused on the reviews and findings by Internal Audit, with particular reference to the various businesses outside South Africa, as well as findings and corrective action relating to the ever-increasing regulatory requirements of the Group • Monitored the Group's readiness for the implementation of IFRS 17 – *Insurance contracts* • Enhanced combined assurance, including the new requirement in terms of the JSE Listings Requirements with regard to CEO and FD sign-off on the controls that underpin the reliability of financial information	• Ongoing assessment of the impact of Covid-19 on the business in respect of performance and provisioning • Ensuring that the Group is ready to comply with IFRS 17 • Ensuring the Group is ready to implement joint audit requirements, should these become mandatory, which will inadvertently impact the construct of other assurance providers and services for which the Committee is responsible • Continued focus on developments in the regulatory environment to ensure controls and processes are in place to ensure compliance

THE FOCUS OF THE BOARD AND COMMITTEES IN F2021	WHAT THEY WILL FOCUS ON IN F2022
RISK, CAPITAL AND COMPLIANCE COMMITTEE	
• Reviewed the Group risk appetite statements and risk strategy • Monitored the impact of the Covid-19 pandemic on capital management solvency, liquidity and earnings (including the impact on dividends and other capital distributions) • Monitored the overall business risk profile as part of the ORSA process, with particular focus on credit risk, market risk, IT governance, information security and cyber risk • Monitored the impact of the Covid-19 pandemic on business operations and employees, particularly focusing on the operational and people risks associated with remote working • Reviewed Group policies and their compliance with all relevant legal and regulatory requirements	• Monitoring the impact of the Covid-19 pandemic on capital management solvency, liquidity and earnings (including the impact on dividends and other capital distributions) • Deeper dive into the critical risks facing the business, including technology renewal and remote working • Continue monitoring cyber risk and evaluating the effectiveness of cyber security strategies across the Group • Monitoring exposure to credit risks, as well as risk appetite levels in general and towards this particular risk
SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE	
• Monitored the implementation of the Group transformation strategy, with particular focus on the diversity and inclusion programme • Monitored the implementation of our new five-year employment equity plan and progress made in achieving other financial sector charter targets • Continually monitored ethics matters within the Group in the spirit of promoting ethical conduct by our employees and embedding an ethical culture • Monitored our progress to mitigate and adapt to climate change • Reviewed the proposed sustainability framework	• Ongoing monitoring of the implementation of the Group transformation strategy, with particular focus on the diversity and inclusion programme • Deeper dive into the implementation of the business unit transformation plans • Monitoring the progress made in the continuous learning programmes with the focus on creating an ethical culture and the continuous monitoring and commenting on matters related to ethics to ensure that high standards of ethics remain in the Group • Monitoring progress on the implementation of the Group sustainability programme
ACTUARIAL COMMITTEE	
• Reviewed various aspects of IFRS, embedded value and the statutory reporting basis, as well as the results thereof across the Group's other entities • Reviewed the actuarial aspects of the Group's preparations for the implementation of IFRS 17 • Oversight of product management matters within the Group • Oversight of the management of the discretionary participation business, including bonus distributions to policyholders • Monitored the impact of the Covid-19 pandemic on actuarial valuations as well as actual experience against provisions created	• Ongoing review of the actuarial aspects of the Group's preparations for the implementation of IFRS 17 • Overseeing the management of the discretionary participation business, including bonus distributions to policyholders • Ongoing monitoring of the impact of the Covid-19 pandemic on actuarial valuations as well as actual experience against provisions created

THE FOCUS OF THE BOARD AND COMMITTEES IN F2021	WHAT THEY WILL FOCUS ON IN F2022
INVESTMENTS COMMITTEE	
• Reviewed and monitored existing key strategic investments in detail to ensure delivery against base case business plans • Monitored the finalisation of the revised framework for the assessment of the risk return of strategic investments and the adoption of the hurdle rate framework for future investment decisions • Ensured that the Group maintains prudent gearing levels in light of the expected challenging macro-environment exacerbated by the Covid-19 pandemic • Continued to monitor the impact of the Covid-19 pandemic on Group investments and developed mitigation strategies	• Detailed review and monitoring of existing key strategic investments to ensure delivery against base case business plans • Development of the Group investment strategy and alignment to the Reinvent and Grow corporate strategy • Review and re-affirmation of the Group's overall desired gearing levels and alignment to the investment strategy • Continue to monitor the impact of the Covid-19 pandemic on Group investments and develop mitigation strategies • Ongoing optimisation of the capital management practices of the Group
NOMINATIONS COMMITTEE	
• Addressed succession planning for the board and its committees, in view of the current process to retire long-serving directors on the board • Addressed succession planning for the boards of the significant subsidiaries of the Group, with the view to rotate long-serving directors whilst maintaining a balanced skills set on those boards • Commenced the Group CEO succession process and reviewed the overall succession plan for the executive and senior management across the Group entities • Approved an independent assessment of the board's performance and effectiveness, including that of its committees and peer review • Approved an independent assessment of the long-servicing directors on the Group boards • Approved a board development programme	• Ongoing focus on the succession planning for the board and its committees • Ongoing focus on the succession planning for the boards of the significant subsidiaries of the Group • Advance the Group CEO succession process, in view of the current incumbent's term expiring in mid-2023 • Ongoing review of the overall succession plan for the executive and senior management across the Group, to ensure that identified gaps are closed • Assess the appropriateness of the size of the Group boards • Oversee the implementation of the board development programme
REMUNERATION COMMITTEE	
• The standardisation of Executive Committee employment contracts to ensure improved governance • Benchmarking the executive management compensation to a comparator group, comprising the large listed life insurance groups (Discovery, Liberty, Old Mutual and Sanlam), along with other financial services companies of similar size and complexity • Benchmarking the non-executive director fees to a comparator group, comprising Alexander Forbes, Discovery, Liberty, Old Mutual, Sanlam, Santam, PSG and Rand Merchant Insurance Holdings • Engaging with shareholders regarding the rationale for voting against the Group's remuneration policy at the AGM which took place on 26 November 2020 • Reviewing the benchmarking of the overall incentive scheme (STI and LTI) quantum • The Committee approved a change in the share scheme hedging strategy • Approving the performance criteria applicable to the October 2021 LTIP allocation	• Continued engagement with shareholders to address any concerns regarding the Group's remuneration policy, or the application thereof • Identifying and addressing potential retention risks amongst high impact talent in the Group through customised remuneration practices • Reviewing the mix between short- and long-term incentives at the various levels of management to ensure that these incentives are still fit for purpose

OUR EXECUTIVE COMMITTEE

Hillie Meyer

Jeanette Cilliers (Marais)

Risto Ketola

Hannes Viljoen

Zureida Atkinson (Ebrahim)

Peter Tshiguvho

Johann Le Roux

Herman Schoeman

Jan Lubbe

Dumo Mbethe

Nontokozo Madonsela

OUR EXECUTIVE COMMITTEE

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ZUREIDA ATKINSON (EBRAHIM)

CEO: Client Engagement Solutions

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

Appointment
1 May 2016

Experience
Since joining Momentum, Zureida has been responsible for setting up an employer services function, operations for a joint venture between Momentum and FNB and, before taking on her current role, she was accountable for client service and client management for Momentum as well as the Momentum digital channels. In her current role she is involved in integrating Momentum Multiply, our wellness and rewards proposition, into the Momentum client value proposition as well as building our new transactional banking business. Her portfolio includes our client digital, insights and analytics capabilities for Momentum.

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

Zureida resigned from the Group Executive Committee.
Her resignation is effective from 1 October 2021.

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JOHANN LE ROUX

CEO: Momentum Life

Qualifications
BSc (Mathematical Statistics) Hons, FASSA, MBA

Appointment
1 April 2018

Experience
Johann originally joined Momentum in 1998 as a member of the Corporate Actuarial team. He went on to become involved in life product development and the management of Momentum's life insurance business. In 2005 he became a member of the Momentum leadership team and assumed executive responsibility for legacy and new generation insurance, savings solutions and sales and distribution functions. In 2010 he became CEO of Momentum Retail. Having retired from full-time executive responsibilities in 2011, he continued to assist the Group with a number of strategic initiatives before taking up his current role in 2018.

Key strengths
- Strategy
- Business transformation
- Insurance
- Financial planning
- Intermediary distribution

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JAN LUBBE

Group Chief Risk Officer

Qualifications
CA(SA), MComm, MBA

Appointment
21 November 2013

Experience
Jan joined Momentum Metropolitan as Chief Risk Officer in 2013, having previously served as chief risk officer at Barclays Africa and FirstRand. Having started his career at KPMG (Pretoria and London) where he became a senior manager, he joined Goldman Sachs as an executive director. He received the Institute of Risk Management's Santam Risk Manager of the Year Award in 2006.

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

OUR EXECUTIVE COMMITTEE

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NONTOKOZO MADONSELA

Group Chief Marketing Officer

Qualifications
BCom

Appointment
9 October 2017

Experience
Nontokozo has specialised in marketing and brand strategy, creative development process, delivery of brand and corporate identity and strategic execution of advertising and marketing campaigns during her more than 20 years of experience in brands and marketing. She was formerly executive head of marketing for personal and business banking at Standard Bank, having previously worked in the transport, telecommunications, insurance and fastmoving consumer goods industries.

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

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DUMO MBETHE

CEO: Momentum Corporate

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

Appointment
12 September 2019

Experience
Dumo is a business leader with 18 years' experience in financial services. He joined Momentum Metropolitan in 2017 as Chief Operating Officer of Momentum Metropolitan Africa and Asia and soon became its CEO before becoming CEO of Momentum Corporate in 2019. Before joining the Group he was general manager – member solutions in Old Mutual's corporate business. He is currently a non-executive director of Metropolitan International Holdings and the Metropolitan Internal Support board of directors. He is also a member of the Actuarial Governance Board of South Africa and until recently served on the board of aYo, a joint venture between the Group and MTN.

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

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HERMAN SCHOEMAN

CEO: Guardrisk Group and Non-life Insurance

Qualifications
BCom, MBA

Appointment
1 July 2014

Experience
Herman joined Guardrisk in 1999, having previously worked for the Financial Services Board for 10 years during which he became director: short-term insurance and served on the Minister of Finance's advisory committee on short-term insurance. He has also served as a member of the Ombudsman for the Short-term Insurance board and was a member of the Sasria board. He is currently a member and the deputy chairman of the board of the South African Insurance Association. He joined the Group to head up Non-life insurance following its acquisition of the Guardrisk business.

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

OUR EXECUTIVE COMMITTEE

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PETER TSHIGUVHO

CEO: Metropolitan Life

Qualifications
BA (Psychology), MBA, CFP

Appointment
27 February 2018

Experience
Peter has extensive financial services distribution experience having previously fulfilled various distribution-related roles across lower-income and affluent markets and across different product segments, both in South Africa and the Rest of Africa. Before joining Metropolitan, he was the head of corporate and public worksites for Old Mutual, having previously been responsible for sales and distribution in the Rest of Africa countries where Old Mutual has a presence.

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

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HANNES VILJOEN

CEO: Momentum Metropolitan Health

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

Appointment
1 September 2019

Experience
Hannes has over 26 years' experience in the South African health sector. A qualified dentist, he achieved his Master's in Public Health and Health Administration (University of Pretoria), which equipped him to understand the intricacies and nuances of the South African health economics landscape. After years as an entrepreneur in the health sector, including starting the National Hospital Network and founding Ingwe HPO, he co-founded Pulz in 2003 and built it into what Momentum Metropolitan Health is today.

Key strengths
- Health economics
- Entrepreneurship
- Health strategy

GROUP CEO'S STRATEGIC REVIEW

The turnaround of the business, as well as the improvement in fundamentals and the competitive position of our businesses, places us in a strong position to deliver attractive earnings growth when South Africa's economy starts to recover.

Hillie Meyer
Chief Executive Officer

The virus that changed everything

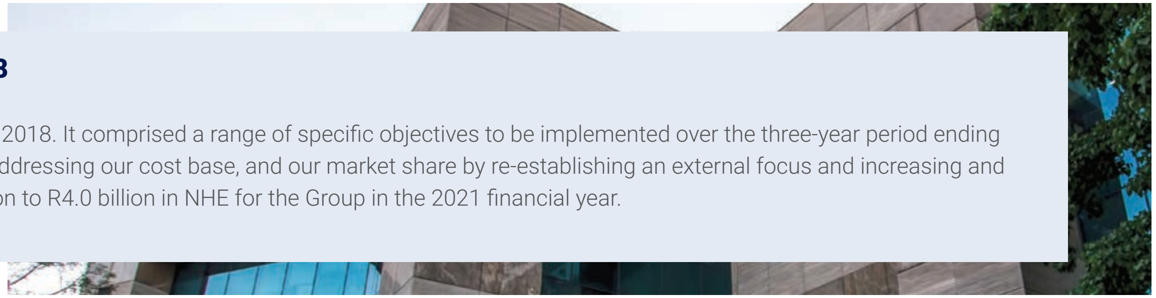
It was almost two years ago that we first felt the impact of Covid-19. Unfortunately, we continue to be subjected to its devastating impact – as a country, as a company and as individuals. The relatively fast development of vaccines, which right from the start was identified as the most important weapon against the pandemic, could not prevent South Africa from experiencing a severe third wave. After a slow start, our vaccination programme has recently made good progress, which should assist in limiting the impact of a fourth wave.

We are very proud of how Momentum Metropolitan coped with the pandemic and contributed to South Africa's fight against it in the following ways:

- Most importantly, we honoured our promises to our clients and paid record claims during the past year, of which a large proportion went to the beneficiaries of insured lives who had succumbed to Covid-19
- In the early stages of the pandemic, as part of a broad range of measures, we provided relief to clients who experienced financial difficulties
- We contributed to the Solidarity Fund
- We participated in numerous industry and national forums, through which government and the private sector combined forces to plan and implement initiatives to combat the impact of Covid-19
- From the outset we have taken every precaution to keep our employees and clients safe both through remote working, and digital engagement and sanitising of our premises
- Early into the pandemic we established testing sites, and when vaccines became available, we moved swiftly to establish four large vaccination centres, in the main metropolitan centres. By the end of August 2021, our centres had performed more than 175 000 vaccinations
- We funded research into vaccine rollout modelling, at the request of B4SA. The aim of the study was to optimise vaccine demand and capacity matching in different areas throughout the country, and it identified challenges related to public sector delivery, as well as a potential over-capacity in metropolitan areas

As a company, we demonstrated resilience, adapting and successfully dealing with the challenging conditions introduced by lockdowns, including the impact of isolation, illness and loss on our employees. We could not; however, escape the inevitable impact of the pandemic and at the time of writing this review, we have lost 37 of our employees to Covid-19-related deaths. Understandably, losing colleagues, family members or friends had an emotional impact on our employees. We were able to assist our employees with wellness and coaching programmes dealing with grief, burnout, depression and financial challenges. By registering as a worksite vaccination centre we were able to advance the vaccination of our employees in South Africa.

In the year ahead our focus will increasingly shift to addressing the longer-term implications of the pandemic. Covid-19 will impact pricing, underwriting and reserving. While it will take a number of years to fully grasp the long-term implications and impact of the pandemic, we will in the coming year start to address some of the implications.



COMPLETION OF THE TURNAROUND WE ANNOUNCED IN 2018

Momentum Metropolitan announced our Reset and Grow strategy in September 2018. It comprised a range of specific objectives to be implemented over the three-year period ending 30 June 2021. The main focus of the turnaround plan was on fixing the basics, addressing our cost base, and our market share by re-establishing an external focus and increasing and improving our distribution footprint. It set as a goal the achievement of R3.6 billion to R4.0 billion in NHE for the Group in the 2021 financial year.

Having reached the end of the three-year period, this is an opportune time to reflect on our performance relative to our **Reset and Grow** objectives:

- The swift implementation of our **federated operating model in July 2018** contributed to the empowerment of our business units, which in turn significantly contributed to improved accountability and implementation. This laid the foundation for improvements in many service aspects, and also helped to quickly establish an external focus
- We **targeted footprint growth in our Momentum retail businesses.** Momentum Consult substantially achieved its footprint growth targets by growing from 221 advisers in 2018 to 282 advisers in 2021, while the Momentum Life agency force increased its adviser base from 805 in 2018 to 818 in 2021. The restructuring of the agency force, as well as the impact of Covid-19, resulted in us falling short of our growth ambition (for the three-year period) by about 220 advisers
- Our **Momentum retail broker channel**, Momentum Distribution Services, increased the number of supporting independent advisers (measured by using a minimum level of new business support) from 1 812 in 2018 to 2 263 in 2021, a commendable improvement of 25% amid the impact of Covid-19. In the year ending 30 June 2021, Momentum Distribution Services delivered its best sales performance since 2010 and new business annual premium equivalent (APE) for F2021 increased by 49% year-on-year
- In **Metropolitan Life**, the agency force was completely transformed by replacing underperforming management and advisers, improving the training and vesting of new advisers, as well as significantly enhancing activity management. It was necessary to first reduce the size of the agency force from around 4 000 in 2017 to 3 041 in 2020, before growing it again to 3 548 by 30 June 2021. The combination of these initiatives improved both productivity (from 1.8 policies per adviser per week in 2018, to 3.42 policies per adviser per week in 2021) and the retention of advisers (from an adviser retention rate of 35% in 2018 to 61% in 2021) without a deterioration in quality as measured by the policy retention rate
- The **improvement in our retail sales channels** contributed to an improvement in the Group's market share across product lines
- We have **restored financial discipline** throughout the Group, which has translated into effective cost management and an environment where beating budgets became the norm. The average annual increase in controllable expenses (adjusted for acquisitions to make it comparable) during the Reset and Grow strategy three-year time horizon amounted to 1%, compared to an average inflation rate of around 4% over the same period
- Meaningful steps were taken to **champion our main consumer brands**, namely Momentum and Metropolitan, which included changing the name of our holding company – from **MMI Holdings** to **Momentum Metropolitan Holdings**. Good progress has also been made in improving the brand positioning of these brands. The recent SAcsi (South African Client Satisfaction Index) results for life insurance clients confirmed the progress we have made, with Metropolitan Life in the top position with a score of 83.4, and Momentum improving its score from 74.7 points three years ago, to 79.5
- In line with our objective to continue **increasing the contribution to earnings from Non-life Insurance**, we deliberately grew organically and through selective acquisitions. Continued growth in Guardrisk and a large acquisition to scale Momentum Insure increased the relevance of our Non-life Insurance businesses which contributed R544 million to NHE by June 2021, outperforming the original objective of R507 million
- The **impact of New Initiatives** on our F2021 earnings was larger than originally planned, mainly due to higher than expected losses in the India Health joint venture. The higher losses were consistent with a decision to fast-track growth in this joint venture by accelerating distribution through bank channels. We have reduced our exposure to New Initiatives by withdrawing from less attractive ventures. The remaining initiatives in the corporate portfolio, namely the India Health Joint Venture with Aditya Birla and our transactional banking initiative remain fully aligned to our strategy and have shown solid traction against plans
- The successful rationalisation of our Africa footprint and concerted turnaround efforts made it possible for the Momentum Metropolitan Africa business, which was previously loss making to contribute NHE of R256 million by June 2021

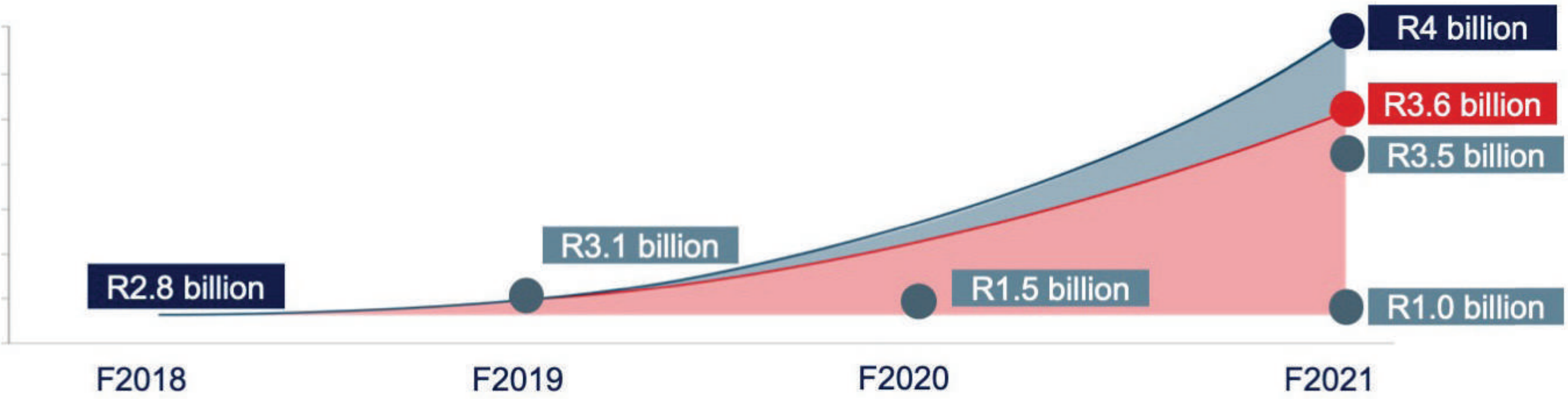
The severe impact, both directly and indirectly, of Covid-19 on all aspects of our business, unfortunately prevented us from achieving our NHE target for 2021. The result of R1 007 million falls far short of the target range of R3.6 billion to R4 billion. However, the turnaround of the business, as well as the improvement in fundamentals and the competitive position of our businesses, places us in a strong position to deliver attractive earnings growth when South Africa's economy starts to recover.

RESET

- Fix the basics
- Address cost base

GROW

- Distribution
- Products
- Service
- Marketing



The R2.8 billion in F2018 represents core headline earnings, which excluded the impact of basis changes and investment variances. From F2019 the Group implemented normalised headline earnings as defined on page 64 of this report.

I am firmly of the view that the Reset and Grow turnaround strategy was a resounding success. The Group is in a significantly healthier position than was the case three years ago and we have built a foundation and capabilities that improved our competitive position and put us in a strong position from which we can continue to grow. Our success can to a large extent be ascribed to:

- The **deliberate alignment of the Group** around the Reset and Grow strategy, which became a living rallying force that permeated the entire organisation
- The **swift implementation, in 2018, of restructuring** the Group to comprise empowered end-to-end business units. All businesses had clear objectives across their full value chains, immediately ensuring accountability and simultaneously creating an entrepreneurial mindset and competitive spirit. The focus was on implementation and results, and on enabling leaders with the authority and responsibility to deliver what was required
- **Financial discipline becoming ingrained**, which further vested accountability. The monitoring of performance was democratised by communicating it honestly, both internally and externally. Performance measurement was more closely aligned to our focus on financial discipline, prioritising earnings growth and return on capital as key metrics
- The **purposeful guidance** from our Board, and the positive response from our employees and our partners to our efforts to turn the business around

Having successfully completed our Reset and Grow turnaround strategy, we can now look forward to the next three years. The commitment of our employees and their willingness to go the extra mile have been instrumental in our achievement of the Reset and Grow strategy and we look forward to embarking on the journey with our employees and other stakeholders to reinvent the Group over the next three years.

STRATEGIC REVIEW COMPLETED IN 2021

During the past year, the Group has undergone a comprehensive review of its strategy, as we were approaching the close-out of our three-year turnaround strategy. This review included honest introspection, as well as careful analysis of future trends that would impact our business.

We followed a corporate portfolio approach during the strategic planning process. In terms of this approach, we believe the best way to deliver our strategy is through a federation of empowered business units. The Group's portfolio strategy is therefore to build a synergistic portfolio of high-performing financial services businesses that are strategically aligned, value creating and managed for sustainability. We aim to generate superior shareholder returns through a focus on:

- product and service leadership
- distribution partnerships that recognise the value of advice
- optimal application of digital opportunities

Following this strategic direction, the leadership teams of our empowered business units took responsibility for the development of their own strategies and for setting their own strategic plans and objectives. From a Group point of view, our business units are expected to meet minimum performance benchmarks and create synergies by leveraging key assets across the Group.

Three strategic pillars have been identified to guide business units on the contribution the Group expects them to make to the Momentum Metropolitan corporate portfolio:

- **Strategic alignment:** Business units should contribute to Group competitiveness by being, or aspiring to be, one of the Top 3 in their chosen segment. This means they should demonstrate product leadership and be obsessed with client experience and the ease of doing business. Brand, distribution and client assets across the corporate portfolio, as well as the Group's balance sheet, should be leveraged appropriately to enhance business unit competitiveness
- **Value creation:** In order to qualify as contributing constituents of the Group's corporate portfolio, business units must show real earnings growth and contribute positively to achieving Group return on equity targets. Superior risk selection, pricing accuracy and setting clear performance targets and milestones are critical in this regard. The Group in turn has a responsibility to optimally allocate and manage capital. While good performance will be rewarded, underperforming businesses will be addressed or eliminated
- **Sustainability:** Momentum Metropolitan's corporate portfolio will be more sustainable if it comprises a balanced and diversified portfolio of businesses with a healthy pipeline of new initiatives. All business units 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. Business units are further required to enhance the sustainability of the corporate portfolio by managing their businesses according to an appropriate risk appetite, by encouraging digital transformation, and through excellent governance and ethical business practices.

The strategic review preceding the design of our Reinvent and Grow strategy analysed key trends, most of which have been driven by technology advances. Interrelated technologies such as advanced analytics, machine learning, wearables, mobile health, Internet of Things (IoT), robotic process automation (RPA) and many more, have introduced trends around digital marketing and distribution, sales force enablement, client engagement and experience, risk selection, pricing sophistication and on-demand insurance. Digital advances have also driven consumer trends, resulting in changing client needs, preferences and expectations. Some of the more traditional trends have remained in place, for example the fact that advice will remain a differentiator in our industry and the importance of transformation in the South African context.

We are also positioning ourselves for longer-term implications from climate change. The prevailing Covid-19 pandemic, and its longer-term impact on many fronts, including way of work, benefit and product design, and accelerated technology adoption, also featured in our trends analysis work. However, we specifically guarded against the "recency effect" that Covid-19 might have on our long-term plans, mitigating against the risk that a recent event could weigh disproportionally on strategic thinking about potential future events.

REINVENT AND GROW

At Momentum Metropolitan, we are preparing ourselves for a better future – encapsulated by our new strategy, which we termed our Reinvent and Grow strategy. It covers the three years from 1 July 2021 to 30 June 2024. Through this strategy, we plan to fundamentally change the way in which we do business. If Reset and Grow was about doing the same things but doing them better, then Reinvent and Grow is about doing things differently and doing different things.

The Reinvent and Grow strategy is anchored in five pillars, and the objectives are defined in five categories summarised below:

The foundational pillars of our Reinvent and Grow strategy comprise:

- **Growing existing channels:** Our existing distribution channels will remain core assets for the Group. We plan to continue growing the footprint of the existing channels, but an important part of this objective is to digitally enable our existing channels. Digital enablement will comprise efficiency gains and work to significantly improve the ease of doing business for advisers, all of which will contribute to increasing market shares
- **Establishing new channels:** New generations of clients expect to engage with us in new and different ways, often more directly and using digital solutions. We plan to establish new channels to meet this client need
- **Accelerating digital:** The Covid-19 pandemic has very clearly demonstrated the need for digital acceleration. Across the Group, digital transformation has been prioritised and will be targeted at key parts of business units' value chains to significantly improve competitiveness
- **Product and service leadership:** Reinvention of products and services is critical to achieve our leadership objective. All our business units will embark on reinvention initiatives in this regard, improving product design to better meet clients' needs and actively using new technologies to build capabilities, create competitive advantages and increase our prominence in the market
- **Transformation:** The Reinvent and Grow strategy has specifically identified authentic transformation as our guiding light for this strategic objective. Multiple initiatives across the Group will be pursued to ensure we become an inclusive organisation that is authentically transformed, achieving this transformation in conjunction with the reinvention of our Group

As tangible, measurable objectives, we have set the following five targets:

- **NHE of R5 billion:** The Group's NHE target of R5 billion in F2024 has been derived from a bottom-up basis, locking in the earnings contributions that business units believe their respective Reinvent and Grow strategies will make
- **>R500 million cost efficiencies:** We will rely on a continuation of the financial discipline of the Reset and Grow strategy. Although the main objective of various digitisation initiatives across the Group is not to cut costs, these initiatives will also secure efficiency improvements and introduce cost savings in excess of R500 million
- **Non-life Insurance contributes 20% of NHE:** The shift towards a higher contribution from the Group's Non-life Insurance businesses has already exceeded expectations for the Reset and Grow strategy, and will continue to be driven as part of the new strategy
- **Market share growth:** Our different businesses have set market share growth targets between 1% to 6% each, depending on the market dynamics of the different product lines and market segments. This growth in market share is necessary to support our other growth objectives, given our expectation of low growth in the South African economy
- **ROE of 20%:** Through a combination of strategic plans to grow earnings and optimise the Group's capital base, we have set an ROE target of 20% for F2024, which will be a meaningful improvement on historic levels of around 15%

The strategy and all our strategic objectives continue to rely on the federal and entrepreneurial operating model that served us well in the Reset and Grow turnaround strategy. The Group's empowered and accountable business units will remain responsible for their full value chains, while they are expected to perform in line with the requirements of the Momentum Metropolitan corporate portfolio, as well as meet their strategic targets, in order to create value for our stakeholders.

We have launched the Reinvent and Grow strategy to the external market and to the Group's employees. The new strategy has been positively received and has helped to energise employees amid the Covid-19 pandemic that continues to weigh heavily on them. There is an excitement around reinventing the organisation with a new strategy, in pursuit of improving our competitive position in a dynamic and sustainable way, for a future beyond the turnaround of the Group, and beyond Covid-19.

CONCLUSION

We are committed to our ESG objectives and continue to contribute to the UN SDGs. When thinking of our responsibilities towards the environment and society, we always approach the challenge from a perspective that is grounded in “creating more” rather than “giving back”. As we did when we designed the Reinvent and Grow strategy, it is important not to lose sight of the fact that we want our businesses to prosper when we formulate ESG requirements. We believe business has an important role to play, and therefore are in favour of an environment and legislation in which businesses can continue to grow in a responsible way that supports equity, inclusivity and sustainability.

We are embarking on an ambitious Reinvent and Grow strategy during a time of unprecedented uncertainty and trauma, which is taking its toll on the morale of all people. We are not insensitive to the challenge that lies ahead and will be sensitive to our employees’ capacity to cope with all they are experiencing and facing daily.

South Africa’s economic challenges remain significant and the uncertain short-term and medium-term outcomes have been exacerbated by Covid-19. The strategic objectives we have set for the next three years should therefore be viewed as indicating intent. Our success will, of course, depend on how South Africa navigates its way out of the Covid-19 pandemic and turns the country’s economy around, and our own ability to successfully implement the Reinvent and Grow strategy.

In spite of many uncertainties and the challenges we still have to overcome around Covid-19, I remain confident about the Group’s readiness to embark on our new strategy, and about our ability to deliver on our plans, for the following reasons:

- The Reinvent and Grow strategy is grounded in reality. We are not blind to our weak areas, or where we need to do some heavy lifting. Our plans are pragmatic
- We are not relying on a single big idea. Our federal operating model and many empowered business units provide us with diversification benefits and optionality. There are a number of small bets, rather than one big one
- There is alignment in the Group’s corporate portfolio and the different businesses are all pulling in the same direction. Our teams are settled and for many of our plans we are not starting from scratch. A lot of groundwork has already been done over the past few years
- We are building on the successes of the past three years. Success breeds success. The impact of a positive culture can never be under-estimated

THANKS

Our employees have experienced exceptionally difficult circumstances over the past year, yet persevered and demonstrated commendable commitment to the Group. For this I am truly thankful. My thanks also go to the executive teams throughout the Group for living up to challenges never before experienced and providing the requisite leadership. Thank you to our Board for its continued support and guidance, and to our distribution partners and clients for their ongoing support.

FINANCIAL CAPITAL

GROUP FINANCE DIRECTOR'S REVIEW

OUR KEY METRICS

	Basic			Diluted		
	F2021	Restated F2020	Δ%	F2021	Restated F2020	Δ%
Earnings (R million)[1]	451	188	>100%	451	188	>100%
Headline earnings (R million)	445	1 036	(57)%	445	1 036	(57)%
Normalised headline earnings (R million)[2]				1 007	1 521	(34)%
Operating profit (R million)[3]				73	1 001	(93)%
Investment return (R million)				934	520	80%
Earnings per share (cents)	31.3	12.9	>100%	31.3	12.9	>100%
Headline earnings per share (cents)	30.9	71.3	(57)%	30.9	71.3	(57)%
Normalised headline earnings per share (cents)[2]				67.1	101.5	(34)%
Interim dividend per share – March (cents)				25	40	(38)%
Final dividend per share – September (cents)				15	–	100%
Total dividend per share (cents)				40	40	0%
Present value of new business premiums				65 898	50 447	31%
Value of new business				725	280	>100%
Value of new business margin				1.1%	0.6%	
Diluted embedded value per share (R)				27.08	25.70	5%
Return on embedded value				7.3%	(3.7)%	
Return on equity[4]				4.9%	7.4%	

R million	F2021	Restated[5] F2020	Δ%
Total assets	552 784	505 702	9%
Total liabilities	(530 861)	(482 699)	(10)%
Total equity	**21 923**	**23 003**	**(5)%**

[1] The Momentum Mozambique LDA business is no longer classified as held for sale, following the cancellation of its sale due to conditions precedent not being met by the agreed deadline. The result is a restatement of the earnings per share for the Group for F2020, which increased by 0.6 cents. Headline earnings per share and normalised headline earnings per share were unaffected.

[2] Normalised headline earnings adjusts 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, B-BBEE costs and the amortisation of the discount at which the iSabelo Trust acquired the Momentum Metropolitan treasury shares. A reconciliation of earnings, headline earnings and normalised headline earnings is provided in the summarised audited annual financial statements for the year ended 30 June 2021.

[3] Operating profit represents the profits (net of tax) that are generated from the Group's operational activities and reflects normalised headline earnings excluding the investment return on shareholder funds. Comparatives are reported for the first time.

[4] Return on equity expresses normalised headline earnings as a percentage of net asset value, adjusted for the items outlined in footnote 3, as well as the adjusting items to determine headline earnings. Comparatives are reported for the first time.

[5] Refer to note 12 of the summarised audited annual financial statements for more information on the restatements.

OVERVIEW

During F2021 Momentum Metropolitan was impacted by all three waves of the Covid-19 pandemic, which had a material negative impact on the Group's earnings. As a predominantly South African life insurance group, the abnormally high number of deaths experienced during the year and the need for additional provisions against adverse mortality experience for an extended period, led to a decline in our normalised headline earnings of 34% to R1 007 million. Our South African life insurance businesses paid R10.7 billion in mortality claims (gross of reinsurance and tax) during F2021, compared to an average of R5.6 billion per annum over the three years preceding the pandemic.

Despite the adverse impact of Covid-19, our businesses less directly exposed to mortality risk continued to perform well. New business was excellent across all the Group's retail investments and life insurance businesses, as well as in the Africa portfolio. Momentum Investments and Metropolitan Life both experienced record years. This was supported by a renewed external focus, accelerated digital enablement in all the distribution forces, an improvement in the experience and productivity of our tied-advisers, and a growing number of supporting independent financial advisers. Although Momentum Corporate's new business declined year-on-year, it is encouraging that the new business in the second half of the year showed a strong improvement on the prior year.

F2021 was the final year of our Reset and Grow strategy, announced in 2018. The Group is in a significantly healthier position and has built a foundation and capabilities that have improved its competitive position and created a strong foundation from which it can continue to grow. The Group set itself a target to achieve normalised headline earnings of R3.6 billion to 4.0 billion by F2021. Unfortunately, this could not be achieved during the pandemic. Excluding the impact of Covid-19 on mortality, disability, termination and business interruption experience, as well as investment variances impacted by yield curve movements, the Group's underlying normalised headline earnings was R3.5 billion.

CONSOLIDATED GROUP FINANCIAL PERFORMANCE

Group earnings performance

The normalised headline earnings of the Group declined by 34% to R1 007 million, and includes a decline of 93% in operating profit, offset by an increase in investment return of 80%.

The year-on-year decline of 93% in operating profit from R1 001 million to R73 million was largely attributable to the negative impacts related to Covid-19 in the current year, as well as anticipated future impacts from the third and possible fourth wave of the pandemic that is expected to emerge in the next year ending 30 June 2022. In F2021 the Group increased its additional Covid-19 provision by R2 239 million (net of tax), of which R2 129 million related to mortality. In the current year a negative mortality variance of R702 million was experienced, contributing to the Group's total mortality losses for the year ended 30 June 2021 of R2 831 million.

A significant level of uncertainty remains over long-term impacts that Covid-19 may have on the Group. Most notably, future mortality experience remains highly uncertain and is sensitive to the pace at which the vaccination programme is rolled out. Although the pace of vaccinations has increased over recent months, we believe that to curb the negative impact of the pandemic, the pace must be accelerated.

Investment returns increased by 80% to R934 million and were supported by the recovery of investment markets, fair value gains from the revaluation of the Group's investment in venture capital funds, and the recovery of previously written-off loans. This was partly offset by lower investment returns on the shareholder investment portfolio within the South African life business due to short-dated interest rates being around 250 basis points lower than in the prior year.

The Group's normalised headline earnings per share declined by 34% to 67.1 cents, while headline earnings per share declined by 57% to 30.9 cents. Earnings per share of 31.3 cents more than doubled due to a prior year impairment on the MARC, a partially owner-occupied property in Sandton, of R550 million, as well as a R244 million write-off of goodwill and other intangible assets on the Non-life Insurance operations that were not repeated in the current year.

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

R million	F2021 Operating profit	F2021 Investment return	F2021 Normalised headline earnings	Restated[6] F2020 Operating profit	Restated[6] F2020 Investment return	Restated[6] F2020 Normalised headline earnings	Δ% Operating profit	Δ% Investment return	Δ% Normalised headline earnings
Momentum Life	(991)	132	(859)	400	178	578	<(100)%	(26)%	<(100)%
Momentum Investments	1 103	(8)	1 095	313	27	340	>100%	<(100)%	>100%
Metropolitan Life	367	68	435	302	91	393	22%	(25)%	11%
Momentum Corporate	(607)	55	(552)	104	73	177	<(100)%	(25)%	<(100)%
Momentum Metropolitan Health	214	(1)	213	158	(2)	156	35%	50%	37%
Non-life Insurance	508	36	544	348	57	405	46%	(37)%	34%
Momentum Metropolitan Africa	62	194	256	70	247	317	(11)%	(21)%	(19)%
Normalised headline earnings from operating business units	**656**	**476**	**1 132**	**1 695**	**671**	**2 366**	**(61)%**	**(29)%**	**(52)%**
New Initiatives	(360)	2	(358)	(511)	2	(509)	30%	0%	30%
Shareholders	(223)	456	233	(183)	(153)	(336)	(22)%	>100%	>100%
Normalised headline earnings	**73**	**934**	**1 007**	**1 001**	**520**	**1 521**	**(93)%**	**80%**	**(34)%**

[6] Normalised headline earnings for the South African life insurance business units for the year ended 30 June 2020 have been restated to be consistent with the reporting in F2021. Investment return on shareholder assets were previously reported in Shareholders but is now included in business unit earnings. The Group normalised headline earnings were unaffected.

For more details on the Group's earnings performance, including a detailed analysis of the impact of Covid-19 on the Group and segmental information on the performance of the Group's businesses, refer to the Group's full results announcement and Audited Annual Financial Statements for the 12 months ended 30 June 2021, available on the Group's website at momentummetropolitan.co.za/en/investor-relations/financial-results, as well as the productive capital sections of this report on pages 72 to 103.

CONSOLIDATED NEW BUSINESS PERFORMANCE

Key metrics	F2021	F2020	Δ%
Recurring premiums (Rm)	3 783	3 417	11%
Single premiums (Rm)	47 497	33 189	43%
PVNBP (Rm)	65 898	50 447	31%
Value of new business (Rm)	725	280	>100%
New business margin	1.1%	0.6%	

The table below shows the PVNBP by business unit for each quarter of F2020:

R million	1Q	2Q	3Q	4Q	F2021	F2020	Δ%
Momentum Life	1 722	1 887	1 918	1 952	7 479	7 072	6%
Momentum Investments	8 698	10 048	10 561	12 164	41 471	26 812	55%
Metropolitan Life	1 100	1 451	1 582	1 752	5 885	4 701	25%
Momentum Corporate	1 230	2 352	2 316	2 322	8 220	9 206	(11)%
Momentum Metropolitan Africa	675	829	612	727	2 843	2 656	7%
Total PVNBP	**13 425**	**16 567**	**16 989**	**18 917**	**65 898**	**50 447**	**31%**

The Group's present value of new business premiums (PVNBP) increased to R65.9 billion, a strong 31% improvement from the prior year. This growth was driven by excellent performance from Momentum Investments on the Momentum Wealth investment platform business. Metropolitan Life continued to deliver exceptional growth in protection new business throughout the year. Momentum Life saw an increase in both protection and savings new business volumes. Momentum Metropolitan Africa also saw pleasing new business volume growth.

Value of new business growth to R725 million was outstanding and was driven by strong new business volumes, excellent expense management across the Group, a sustained focus on improving the quality of new business written, and an improved mix towards higher-margin products. This resulted in a significant improvement in new business margins from 0.6% to 1.1%.

RETURN ON EQUITY

Return on equity (ROE) has been established as a key performance metric for the Group. For F2021 the Group's ROE was 4.9%. The impact of the negative mortality experience, which significantly affected our life insurance operations, is evident in the relatively low ROE achieved by the Group.

EMBEDDED VALUE

Embedded value earnings (R million)	**F2021**	**F2020**	**Δ%**
Embedded value at the start of the year	38 524	41 193	
Change in embedded value before capital flows	2 819	(1 537)	>100%
Embedded value earnings from operations (covered business)	(445)	2 073	<(100)%
Embedded value earnings attributable to investment markets	1 598	(2 945)	>100%
IImpact from change in *IFRS 16 – Leases*	–	(19)	>100%
Embedded value profit from non-covered businesses	1 666	(646)	>100%
Capital flows	(15)	(1 132)	>100%
Embedded value at the end of the year	**41 328**	**38 524**	**9%**
Return on embedded value (ROEV)	7.3%	(3.7)%	
ROEV on covered business	3.8%	(2.7)%	
ROEV on non-covered business	20.8%	(8.4)%	
ROEV per share	**6.3%**	**(3.8)%**	

The growth in the Group's embedded value results for the 12 months ended 30 June 2021 was strongly supported by a recovery of the investment markets, while embedded value earnings from operations reflect the impact of Covid-19, most evident in negative mortality experience variance of R547 million, and operating assumption changes, consisting mainly of the increase in the additional Covid-19 provisions of R2.1 billion. Positive expense variances were observed across all South African covered businesses, reflecting the trend in relatively low expense growth over recent years, contributing R248 million to embedded value profit.

Embedded value profit from non-covered business was largely generated from stronger earnings growth in Momentum Investments, on the back of improved investment market conditions leading to higher assets under management; Non-life Insurance, where Guardrisk continues to deliver good earnings growth, as well as synergies realised from the integration of Momentum Insurance into Momentum Insure; and the impact of fair value gains related to the Group's venture capital investments. In Momentum Metropolitan Health, the embedded value of low-cost products (Health4Me) was included for the first time.

ROEV increased from -3.7% in F2020 to 7.3% in F2021, supported by a substantial improvement in investment markets and partially offset by additional provisions against the impact of the pandemic.

SOLVENCY AND CAPITAL MANAGEMENT

The Group remains well capitalised with a strong balance sheet. The regulatory solvency positions of all the Group's entities remain within the target ranges.

Regulatory solo solvency position of the Group's insurance entities

The solo Solvency Capital Requirement (SCR) for the Group's insurance entities was as follows:

Regulatory solvency position as at 30 June 2021

R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	Momentum Insure	Momentum Insurance
Eligible own funds (pre dividend)	28 030	2 781	3 789	538	470
SCR	16 169	2 460	3 333	309	279
SCR cover (times)	**1.73**	**1.13**	**1.14**	**1.74**	**1.69**

Regulatory solvency position as at 31 December 2020

R million	Momentum Metropolitan Life	Guardrisk Insurance	Guardrisk Life	MSTI	Momentum Insurance
Eligible own funds (pre dividend)	29 067	2 633	3 526	506	437
SCR	15 737	2 339	3 105	254	143
SCR cover (times)	**1.85**	**1.13**	**1.14**	**1.99**	**3.06**

Momentum Metropolitan Life has adopted a target range for regulatory solvency cover of 1.6 to 2.0 times the SCR. This was reduced during F2021 from the previous target range of 1.7 to 2.1 times the SCR. A recently completed review of the solvency management framework concluded that the Group and Momentum Metropolitan Life can operate on capital targets slightly lower than previously assumed, while remaining resilient to a range of severe shock scenarios.

The regulatory solvency position of Momentum Metropolitan Life declined from 1.85 times SCR at 30 June 2020 to 1.73 times SCR at 30 June 2021. This decline was predominantly as a result of high mortality claims due to the Covid-19 pandemic and the additional Covid-19 provisions that were established over the year. In addition, the SCR cover of Momentum Metropolitan Life reduced due to the transfer of MSTI to Momentum Metropolitan Strategic Investments in order to facilitate the integration of MSTI and Momentum Insurance to form Momentum Insure.

The SCR cover for Guardrisk Insurance of 1.13 times the SCR has remained stable, as has the SCR cover for Guardrisk Life of 1.14 times the SCR. In both cases, the solvency position remains above their respective risk appetite thresholds of 1.05 times SCR. The regulatory solvency position of cell captive insurers is weighted towards 1.0 times the SCR because the own funds in excess of the SCR of individual cells must be disregarded. At 30 June 2021, excess own funds of R1.9 billion were disregarded for Guardrisk Insurance, and excess own funds of R2.5 billion were disregarded for Guardrisk Life.

On 1 July 2021 MSTI was renamed to Momentum Insure and Momentum Insurance was integrated into the new entity. At 30 June 2021, the SCR cover for the previous MSTI decreased to 1.74 times, reflecting an increase in the SCR due to allowance for the sale of all Momentum Insurance new business on the Momentum Insure licence from 1 July 2021. The SCR cover of the previous Momentum Insurance decreased due to dividends paid and changes made to reinsurance arrangements as part of the integration process, offset in part by profits recognised over the period. While the forecast sale of new business on the Momentum Insure licence from 1 July 2021 reduced the Momentum Insurance SCR, this was offset by the impact of changes to the reinsurance arrangements on the in-force business. Going forward, only the SCR cover of the combined Momentum Insure will be reported.

Regulatory group solvency position for Momentum Metropolitan Holdings

During F2021 Momentum Metropolitan Holdings was designated as an insurance group by the Prudential Authority. Approval for the licensing of MMH as the controlling company of the insurance group was received in August 2021. As such, the solvency position of MMH at 30 June 2021 has been reported in line with the provisions of the Comprehensive Parallel Run.

The group solvency position is determined by aggregating the results of all the underlying entities under the regulatory framework, after elimination of intragroup arrangements. At 30 June 2021, Momentum Metropolitan Holdings had group SCR cover of 1.5 times SCR, down from 1.6 times SCR at the prior year. The change in group SCR cover primarily reflects the decline in the Momentum Metropolitan Life solvency position. The group SCR cover is also impacted by the restrictions applied to the own funds of cell captive insurers, and will increase to 1.6 times SCR at 30 June 2021 when Guardrisk is excluded from the result.

In line with the change to the capital targets of Momentum Metropolitan Life, the group target range was lowered from 1.45 to 1.75 times SCR to 1.4 to 1.7 times SCR in F2021. The group target range is set to reflect the target solvency levels and operational requirements of the underlying entities, while ensuring appropriate resilience of the group solvency position.

CAPITAL DEPLOYMENT

Momentum Metropolitan allocates capital to support value creation within the businesses. This is underpinned by the appropriate return on capital targets linked to the Group hurdle rate framework and Group strategy.

The following strategic investments were made during the year:

Areas of capital deployment	R million
Momentum Investments	240
Momentum Metropolitan Health	50
Non-life Insurance	41
Momentum Metropolitan Africa	178
New Initiatives	502
Shareholders	234
Total	**1 245**

DIVIDENDS

Momentum Metropolitan declared a final ordinary dividend of 15 cents per ordinary share in F2021. Together with the interim ordinary dividend of 25 cents per ordinary share that was declared in March 2021, the total dividend for the 12 months ended 30 June 2021 is 40 cents per ordinary share and represents a dividend cover of 1.7 times normalised headline earnings. The payout is slightly below the target dividend cover range of 2.0x to 3.0x normalised headline earnings and represents a distribution to shareholders as a result of special remittances from entities in Momentum Metropolitan Africa, following a review of the capital held in these businesses.

The total ordinary dividend for the year is 40 cents per share, which is flat relative to the ordinary dividend declared in F2020.

During F2021 capital was deployed to Momentum Investments to fund the acquisition of Seneca Investment Managers in the UK, as well as for capital support of subsidiaries. In New Initiatives, capital was mainly deployed to ABHI, our health insurance joint venture in India, as well as committed investments into our venture capital investment funds. The deployment to Shareholders relates to the completion of the MARC, a partially owner-occupied property in Sandton, and renovation of the Group's head office in Centurion.

OTHER AREAS OF FOCUS

Implementation of IFRS 17 – *Insurance Contracts*

IFRS 17 – *insurance contracts* will be effective for the Group from 1 July 2023. The implementation of the standard requires significant effort in the financial reporting systems and processes to enable the preparation of financial statements that are compliant with the standard.

During F2021 the Group progressed well and areas of significant uncertainty have been addressed. The Group progressed with the development of the chart of accounts, identification of transition methods, the calculation of the risk adjustment, fair values of groups of insurance contracts, the treatment of insurance cell captives, identification of fulfilment cash flows and treatment of cash-back benefits.

The Group currently anticipates that some compulsory and discretionary margins might be released into equity on transition to IFRS 17. Preliminary assessments indicate that post the implementation of IFRS 17, the Group will experience lower new business strain on profits during the first year of business being written.

Update on iSabelo employee share ownership scheme

In F2020 we announced a proposal to establish a broad-based employee share ownership plan (ESOP), which would acquire 3% of the Group's ordinary share capital. At the Group's AGM in November 2020, shareholders voted overwhelmingly in favour of the ESOP. The iSabelo ESOP was implemented in April 2021 and over 12 000 of our South African employees became shareholders in Momentum Metropolitan. iSabelo is an embodiment of the Group's entrepreneurial culture and will further empower and motivate employees as we aspire to achieve the targeted outcomes of the Reinvent and Grow strategy.

OUTLOOK

We are positive about the underlying operational performance of the Group. This is evident in new business volumes, which speak to our improved ability to meet intermediary and client needs, and in new business margins, reflecting our delivery on efficiency initiatives and successful product and/or benefit updates. We believe that we continue to improve market share in most market segments.

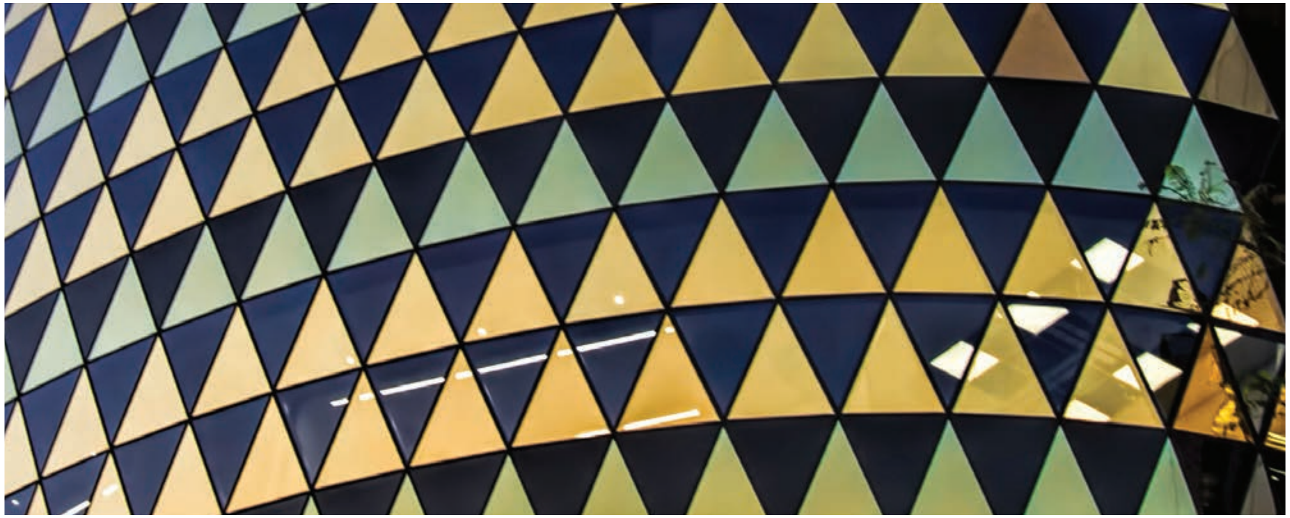
The Reset and Grow strategy, which was the cornerstone of the operational turnaround evident in our results over the past three years, has now come to an end. The Group has already shifted focus to executing the Reinvent and Grow strategy that was launched at our Investor Conference in May 2021. By focusing on investment in digital initiatives to generate efficiency and improve client experience, as well as strengthening and diversifying our distribution capabilities, we aim to achieve normalised headline earnings of between R4.6 billion to R5.0 billion and ROE of 18% to 20% by F2024. These are ambitious targets in the current economic climate, exacerbated by uncertainty about how long Covid-19 will have a material impact on our results. Our success to implement the Reinvent and Grow strategy will to some degree depend on how South Africa navigates its way through the Covid-19 pandemic and manages to turn the country's economy around.

Considering the uncertainty in our operating environment, it would be inappropriate to provide firm guidance on our near-term earnings expectations. We continue to estimate, however, that in the absence of extraneous shocks, the underlying level of normalised headline earnings for the Group is around R800 million to R900 million per quarter.

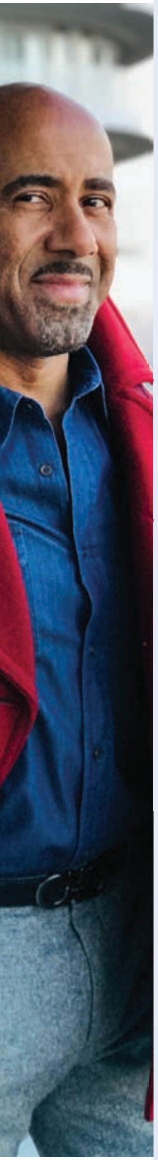
We are navigating through this challenging period with a strong solvency position and with sufficient liquidity to withstand impacts from the continually evolving environment. We will continue to selectively invest in our core operations to take advantage of the opportunities for growth brought about by the current crisis.

Risto Ketola
Group Finance Director

The information in this report by the Group Finance Director, including the financial information on which the outlook is based, has not been reviewed and reported on by Momentum Metropolitan's external auditors. Financial figures in this report have been correctly extracted from the audited annual financial statements for the 12 months ended 30 June 2021. It is only a summary of the information contained in the full announcement and does not contain full or complete details. Any investment decision should be based on the full announcement and annual financial statements which are accessible from the Group's website at momentummetropolitan.co.za/en/investor-relations/financial-results.



PRODUCTIVE CAPITAL



momentum life

Product leadership in a digital context

Our solutions

Protection through Myriad

Savings through Investo

Traditional (closed life book) products administration

Advice through Momentum Financial Planning

Momentum Trust Estate administration and estate liquidity benefits

Over **520 000** risk policies in issue

385 000 savings policies in issue

70% of wills were conducted digitally

30% growth in wills drafted since launch of digital wills

PVNBP improved **6%** to **R7.4 billion**

RESET AND GROW IN F2021

The Reset journey in Momentum Life over the past three years, to re-establish a competitive focus in all four of its products businesses; serve our distribution channels; and vest modern IT architecture rules across the broader Momentum portfolio, has been profound. F2021 saw this journey close to completion. We have successfully re-established all four of our product houses as full value chain competitive businesses.

Our progress

Reset		Grow	
Continued to improve our service levels	Achieved	Product innovation through Myriad and Investo enhancements	Achieved
Established full value chain business	Achieved	Good progress with rejuvenation of our back-end systems to support digitalisation and digital transformation	Achieved

LEGEND

Achieved Underway Neutral

Normalised headline earnings, having declined from a profit of R578 million in the prior year to a loss of R859 million, were impacted by net mortality losses of R1 089 million.

Investment variances were negatively affected by the impact of a change in the shape and level (decline) of the yield curve, which was more pronounced at longer durations, specifically negatively impacting the protection business. Investment variances on the savings and traditional business improved year-on-year in line with market recovery.

During the ongoing Covid-19 pandemic we needed to find innovative ways of onboarding clients while maintaining the protocols in place. We launched electronic signatures to our various channels and enabled our nurses to visit clients at home for medicals using our bespoke Covid-19 protocols.

Digital-led business transformation

During F2021 a great deal of planning was done in preparation for building our future, which is being driven by major digital-led business transformation efforts. A key enabler included completing the unbundling of our traditional book and reducing process complexity, both in terms of migrating legacy product houses into the traditional and new savings product businesses and the improved alignment of our service centres with our product businesses. The work done on our new generation Myriad platform has also benefited Metropolitan Life by providing the product building blocks for its new funeral product. We are also providing the product system and service building blocks for the Momentum Metropolitan Africa team.

Our digital-led transformation is aimed at establishing product leadership in a digital context and offering clients and advisers a smoother, more cohesive experience. From an operational perspective, a more automated, technology-driven approach will result in efficiencies and enhance critical functions such as sales and distribution, pricing, claims management, fraud detection, and risk analysis. We are now ready to Reinvent and Grow.

Product enhancements

In F2021 we saw an upgrade to the Investo discretionary savings solution as well as various digital solutions to enable a more efficient new business acquisition process. The product was launched through the digital marketing initiative, reaching both independent advisers and Momentum agents.

Momentum Trust continued to make good progress by increasing its wills business, which saw a 30% increase in wills drafted since the launch of digital wills.

GOING FORWARD

Reinvent and Grow objectives

Optimising our value chain and achieving vertical integration

Reinvent	Grow
• Improved channel focus • Digital processing and service model • Legacy and IT reset • Product leadership • Finding growth • Reporting and analytics • Brand and culture	• NHE of R1.2 billion • ROE of 20 to 25%

Myriad (protection products)

We expect to see radical change and reinvention in the protection market in the near future, driven not only by a reassessment of underwriting approaches due to the impact of the Covid-19 pandemic, but also by the profound impact of digitalisation. We expect some growth in direct-to-consumer sales; however, the alignment between ourselves and the financial adviser industry remains a key focus, as we believe it is still the place where clients can find good quality advice. Our focus going forward will be on service leadership, product leadership and process leadership, and the benefits our IFAs will gain from the digitalisation and vertical integration of our business.

Investo (insurance-based savings products)

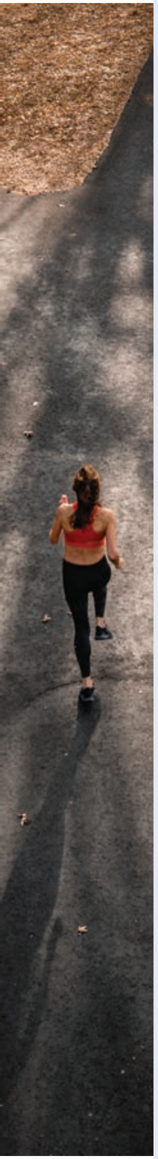
We believe that the current industry business models in the traditional low-margin business of insurance-based recurring premium savings products are not sustainable and therefore require radical reinvention. A focus on simplicity through digital processing together with embedded product and financial planning advice will be essential to ensure the sustainability of these products. Our digital journey is essential in this market.

Momentum Trust

We have achieved phenomenal growth in our Momentum Trust business in the past few years. The launch of Momentum Trust's digital wills solution and the Myriad estate liquidity benefit offer a cost-effective solution to the ever-present liquidity issue around estates. Momentum Trust provides the building blocks essential for estate planning, which is a clear value-add for our financial advisers and their clients when it comes to financial planning outcomes.

Our traditional book

Our excellent skills in the administration of traditional life products and product system consolidation will help us to continue achieving further efficiencies as we complete the final migration of the one million contracts on the Metropolitan Life and Momentum Metropolitan Africa savings platform.



momentum multiply

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

Our solutions

We reward members through cashbacks and discounts

74 000
active members

Sales impacted by the lockdown and reduced by **50%** from F2020 to F2021

Members have access to savings from over **70** partners

Momentum Multiply had a challenging year. Premier sales remained under pressure from low benefit utilisation due to Covid-19 lockdown restrictions on travel and gyms. Despite these challenges, lapse rates improved while brand reach and digital leads increased significantly.

Health engagement improved towards the end of the financial year, with the proportion of members with valid Healthy Heart Scores and engaging in fitness activities ending close to pre-Covid-19 levels, despite some Active Dayz™ being invalidated by the introduction of new intensity thresholds. Partner Rewards engagement improved during the financial year and ended the year above pre-Covid-19 levels. Travel utilisation remains low, but retail partner spend and Weekly Wins continued to perform well.

Momentum Multiply made significant progress with its digital business transformation by successfully implementing the following strategic initiatives during F2021:

- Migration from legacy systems onto a modern Wellness core system
- Implementation of the Multiply app
- Digitalising critical member engagement processes, such as replacing the plastic membership card with a digital card, linking rewards partners through digital processes, and implementing an online travel portal to replace the service desk
- Enabling servicing through WhatsApp, webchat and in-app chat on all channels and driving self-servicing through relevant search articles
- Migration of the pre-login Multiply website to a new modern technology platform
- Implementing automated onboarding communication
- Implementing a new Business Intelligence capability linked to the new core technology and digital platforms and migrating all reporting to PowerBI

Our progress

Reset		Grow	
Improved service, apart from technology modernisation affecting Momentum Multiply service during the festive season		Good progress increasing brand presence	
Increased efficiency		Sales in Multiply impacted by decline in membership base	
Product innovation			

LEGEND
Achieved Underway Neutral

LOOKING FORWARD – REINVENT AND GROW F2024

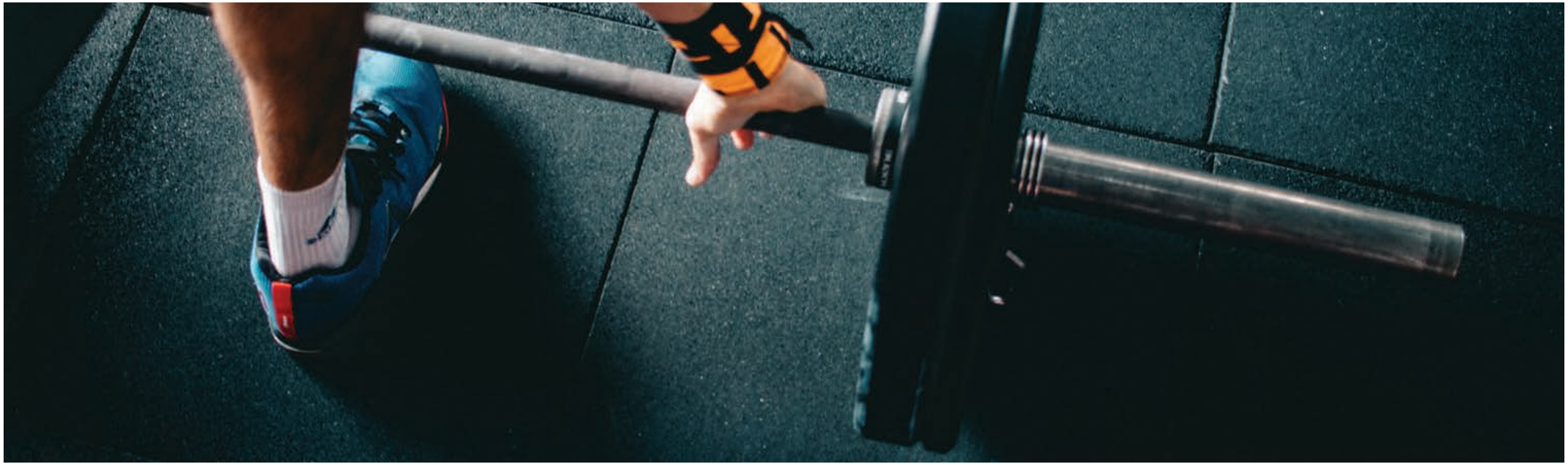
Momentum Multiply

Momentum Multiply completed a comprehensive strategic review where the long-term strategic ambition of "More wellness and rewards for more Momentum Metropolitan clients for less" was articulated. The aim of the new strategy is to achieve a scaled, Group-wide loyalty rewards programme, create responsiveness to wellness tech advances, and meet product house needs more effectively. As part of the strategic review, various new growth opportunities were identified to grow Multiply within Momentum and beyond.

Following the completion of the strategic review, the team was restructured into three focused products teams and an enablement team to create the required focus on the delivery of the new strategy.

Reinvent and Grow objectives

Reset	Grow
• Establish new business model (Rewards and Wellness) and develop new propositions • Transform partner network to cashback model and enhance e-commerce capability • Create digital-first, smart client experience • Establish an engaged team with a growth culture and strong commercial focus	• Grow Multiply members • Establish key business-to-business relationships and value creation • Establish new revenue streams • Build external awareness and brand love for Multiply



momentum investments

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

Our solutions

Retail investments
- Investment platform products
- Guaranteed investments
- Annuities
- Structured products
- Collective investments
- Investment consulting

Institutional investments
- Multi-asset solutions
- Asset management
- Administration platform
- Alternative investments

Global investments
- Multi-asset solutions
- Single asset class funds
- Investment consulting

Eris Properties
- A fully integrated property services company

PVNBP increased **55%** to **R41.5 billion**

Value of new business increased from **R134 million** to **R392 million**

Assets of **R671 billion** under management and administration

Seneca Investment Managers in the UK contributed **R14.3 billion** to the growth in institutional assets under management

RESET AND GROW IN F2021

The progress we made with our Reset and Grow strategy over the past three years, and in particular with our efforts to reshape and grow our distribution channels, saw us achieve substantial new business growth in F2021 (see pages 82 and 83 for information on the distribution of Momentum-branded retail solutions). This was further supported by our commitment to service excellence and a focus on improving brand awareness. As a result, we saw normalised headline earnings for Momentum Investments improve threefold from R340 million to R1 095 million. This improvement was largely because of significantly improved operating profits from annuities and structured products, for which market-related impacts from relative movements in the bond and swap curves turned around from a loss in the prior year to a profit in F2021. The operating profit from these products was further boosted by increased new business volumes, good credit risk experience, longevity profits, and good expense discipline.

We have also significantly bolstered the institutional distribution and improved the way of work with Momentum Corporate to expand our institutional distribution footprint. We significantly increased our participation in industry events and our marketing activity to take our funds and solutions to market. Additionally, we have successfully assisted our agency channel in designing an investment house view which will in future result in more vertical integration for our business.

Our progress

Reset		Grow	
Client service impacted by growth in new business volumes	✗	Products rationalised and unnecessary complexity removed	✓
Wealth platform fees rolled out to financial advisers	✓	Improve the flows into our own funds	✓
Reposition UK business	✓	Increase institutional distribution footprint	✓
Optimise the operating model	✓	Return to positive net investment flow	✓

LEGEND
✓ Achieved ✗ Underway — Neutral

STRATEGIC PARTNERSHIP WITH FNZ

Digitisation is key to a compelling integrated investment proposition and optimising our existing expense base. Momentum Wealth partnered with FNZ, a leading global provider of cutting-edge, digital-first wealth management solutions. FNZ has a track record of more than 40 successful international platform migrations and has industrialised the process of platform transformation, minimising risk and disruption for clients. With Momentum Wealth's transition to FNZ, Momentum advisers will benefit from FNZ's cutting-edge capabilities, a rich digital-first wealth management experience, and increased efficiency through streamlined processes. The partnership will accelerate the transformation of our retail platform businesses, provide us with the scalability we need to optimise our business, continue growing our market share and better serve our clients and IFAs.

OUR RESPONSIBLE APPROACH TO INVESTING

We have a duty to invest responsibly on behalf of our clients. We do so by applying 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 achieving our clients' investment goals.

Refer to the social and relationship capital section of this report (pages 148 and 149) for our approach to responsible investment governance, and how we apply responsible investing principles to our empowerment financing and investing, which includes investing in efforts to reduce the impact on climate change.

Over and above the Group's focus goals, Momentum Investments added UN SDG 7: Affordable and clean energy to the goals to which it can make a meaningful contribution through its responsible investing approach.

Recognition of our responsible approach

Momentum Alternative Investments has joined Eris, which manages shareholder and policyholder direct property exposures for the Group, in a venture within the student accommodation market. Eris has set up an impact investment platform called South Africa Student Accommodation Impact Investments (SASAII).The company is committed to build a strong portfolio of purpose-built student accommodation assets in South Africa and is supported by Eris's internal offerings through developments and property management services – culminating in the development of its Eris property management sub-brand RISE Student Living.

SASAII's first student accommodation, RISE Student Living – Units on Park, won the South African Property Owners Association (SAPOA) Innovative Award for Property Excellence in the residential category. The complex, situated 600 metres from the University of Pretoria, offers one, two and four-bedroom accommodation for students, biometric access control, computer labs and study rooms, game rooms, laundry facilities, an outdoor gym with a running track and braai areas. The rental covers water, electricity and uncapped Wi-Fi usage.

We have identified that student accommodation is a sector where we can invest responsibly, achieve a sustainable financial return, and have a measurable social impact. Appropriate accommodation for tertiary students is in short supply and our aim is to provide accommodation that offers a strategic choice of locations, coupled with cutting-edge design and buildings of exceptional quality.

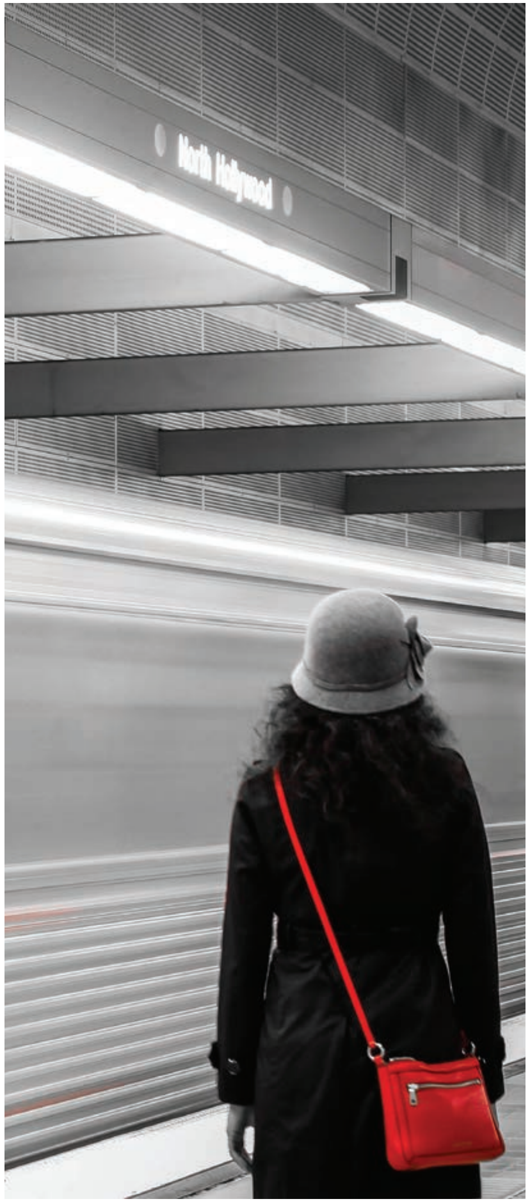
SASAII ensures that project investments meet UN SDG targets in terms of resource efficiency and adhere strictly to ESG legislation.

Offshore investing

Momentum Global Investment Management (MGIM), our offshore investment arm, is committed to responsible ownership of assets and stewardship through the creation of funds with strong sustainable themes that exclude specific companies based on these themes. MGIM is also driving companies it invests in to reduce their impacts on climate change and to disclose in terms of the TCFD, of which Momentum Metropolitan is a recognised supporter.

Enhancing corporate governance and shareholder participation

As part of our efforts to continually improve our service offering to our clients, we are exploring a range of innovative solutions. One of these is the Strate e-Voting platform, which is a secure web-based solution used to manage shareholder meetings for South African and foreign-listed issuers, which has improved the accessibility, efficiency and transparency of shareholder decision-making at meetings and has eliminated costs and complexity for all stakeholders. There is no manual intervention at any stage of the end-to-end solution, which reduces risk, and interactive audited reporting provides improved corporate governance. Momentum Investments was the first investment management services provider to partner with Strate's e-Voting platform.



Helping investors make better decisions

We continue to invest in research into how investors behave in different market circumstances to help our advisers and our clients understand the behaviours that will detract from investment outcomes. Recent research we conducted during the Covid-19 pandemic will help advisers better understand the impact of decisions investors made at this time and how they can help their clients make better-informed decisions in future.

GOING FORWARD
Reinvent and Grow objectives

With our digitally transformed platforms and best-in-class products, we are re-establishing a position of market dominance.

Reinvent	Grow
• Radical shift of our platform operating model with digital capabilities and service optimisation • New-generation structured and annuity solutions through bespoke capabilities and off-the-shelf solutions • Focus on multi and single management capabilities • B-BBEE transformation • Brand building and profiling of teams and capabilities • Vertical integration of Momentum Financial Planning (MFP) house view • Enabling end-to-end execution through vertical integration • New markets through third-party discretionary fund managers (DFMs) and third-party platforms	• Regain market share of platform business • Continue to build in-house distribution capabilities • Renewed focus on structured and balance sheet capabilities • Specialised distribution • Continue to build in-house advice offerings • Develop and grow global single asset capabilities • Increase South African offshore market share • Grow UK investment consulting with large defined benefit schemes

A key element of our Reinvent strategy is radically shifting our platform operating model with digital capabilities and service optimisation. This shift is likely to affect both internal and external elements of our platform operating model.

End-to-end execution across our go-to-market strategy will be enabled through vertical integration, digitised, operationally efficient and scalable DFMs, and entering new markets through third-party DFMs and third-party platforms.

We will also be building on our structured product and annuity portfolios with new innovative solutions to unlock earnings outcomes. These will include hybrid annuities, a guaranteed suite of products and structured products through bespoke capabilities and off-the-shelf solutions.

We will grow by maintaining our distribution focus and distribution enablement in partnership with Momentum Distribution Services (MDS), Momentum Consult, MFP and we will continue to investigate specialised distribution options. Through our focus on distribution, we aim to regain our market share of the platform business, continue to build in-house distribution capabilities, and renew our focus on our structured and balance sheet capabilities.

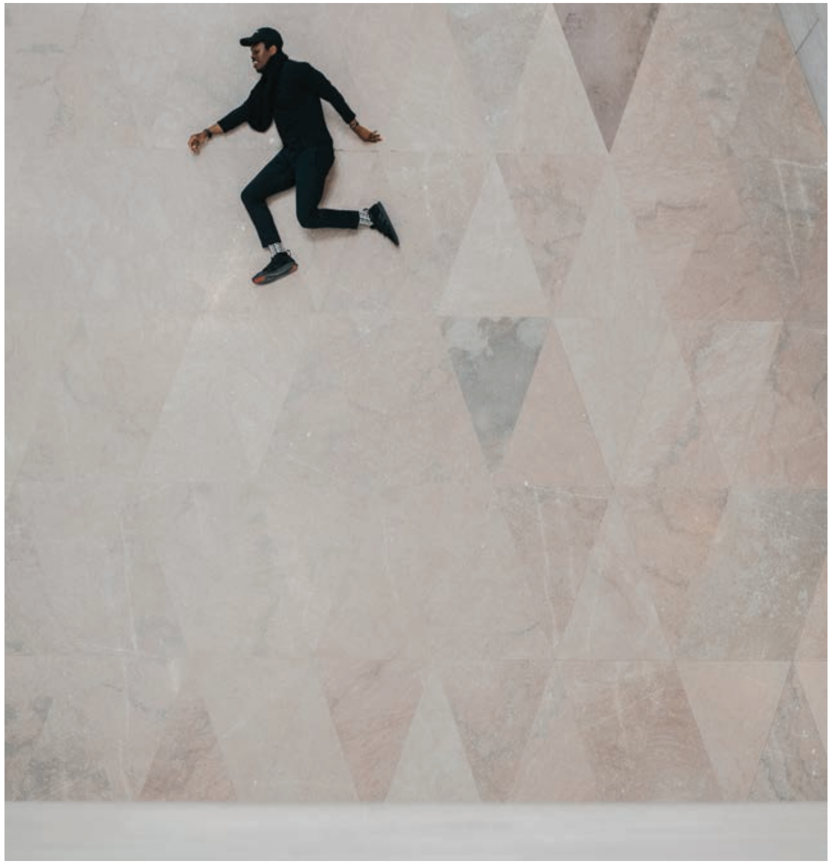
We constantly, evaluate our investment offering to ensure it is in line with market trends and that it is complete. Taking into account the current market trends that we have identified, we currently have various initiatives under way to expand and diversify our product offering.

Our commitment to contribute to the transformation of the investment management industry includes various initiatives designed to rapidly transform the Momentum investment business.

Through MGIM, and the integration of the Seneca Investment Managers Limited acquisition into our business, we plan to use our combined UK distribution footprint to grow organically in non-South African markets and gain a larger share of South African offshore flows, in partnership with MDS and MFP. We will also be growing our UK investment consulting business with large DB schemes, building on the success of the past six years and developing and positioning our global single asset capabilities to DFMs, smaller institutions and wealth managers across our global markets.

SASAII approach to impact investing

SASAII is committed to the Quality education and Climate action SDG goals as the core focus that governs our actions, and targets strategies to develop purpose-built student accommodation that gives rise to interconnected impacts such as less time spent commuting, lower carbon emissions, quality student housing, improved access, greater equality and inclusion, and support for work readiness, which leads to greater environmental sustainability and a more prosperous society. The company is expected to contribute to the significant shortage of quality student accommodation in South Africa, with the added benefits of job creation and additional work in the construction sector, which we regard as essential in these times. Development projects will offer a home away from home for future generations of students and incorporate environmentally responsible development principles, using green technologies during the design and development process, as guided by the green building principles. They have adopted IFC EDGE (an innovation of IFC, a member of the World Bank Group, EDGE makes it easy to design and certify resource-efficient and zero carbon buildings) standards. Eris's dynamic approach to private student accommodation will endeavour to commit to projects that house a minimum of 70% of the beds at National Student Financial Aid Scheme (NSFAS) rates or below.



momentum

Distribution of Momentum-branded retail solutions

Embracing advice-led distribution
Enabling digital-led distribution

Our ambition is to be the leading long-term investments, protection and savings partner to financial advisers and their clients by partnering closely and offering personalised and tailored solutions.

Our solutions

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

Momentum Consult
- A stand-alone financial planning business operating under its own FSP licence

Momentum Distribution Services (MDS)
- To be the preferred product and service provider and business partner of IFAs
- Advice-led distribution partner of the future

Momentum Direct Sales
- Business units such as Momentum Insure and Momentum Multiply make use of direct sales channels. Direct sales contribute approximately 45% of Momentum Insure's sales. The Momentum Insure agency force is also an important distribution asset

2 263 supporting IFAs (F2020: 1 900)

Momentum Consult grew from **221** advisers in F2018 to **294** in F2021

3% Momentum Wealth platform market share gain in two years

Myriad reclaimed its position as market leader with **17.4%** of the IFA market

RESET AND GROW IN F2021

Having made good progress with our Reset goal of reshaping our distribution channels in F2020, we were also able to grow our number of supporting IFAs by a further 5.3% in F2021. The successful growth in MFP's footprint over the past three years came from the recruitment of both new-to-industry and experienced planners, a focus on upskilling and developing our planners and improving financial planner engagement with various digital platforms and solutions. We are particularly excited about the recent launch of the Momentum Institute of Financial Planning, which grounds the development of the new planners in MFP.

Our progress

Reset	Grow
Continued to reshape MFP, increasing the number of IFAs	Our focus has been on growing the number of supportive IFAs, who we were able to grow from 1 645 in 2018 to 2 263 in 2021
	Increased flows into own funds
	Grew Momentum Consult footprint

LEGEND
Achieved Underway Neutral

Being a seven-year old business, Momentum Consult has become a respected insurer-owned financial planning and advice network. The growth in our adviser footprint has been central to the success of Momentum Consult. We increased our footprint from 15 advisers in F2014 to 294 advisers in F2021, with total assets under advice of R30 billion.

> ***Winning back independent financial adviser support and market share will prove that we have fixed our business.***
>
> Hillie Meyer
> 2018

In MDS our focus has been on growing the number of productive IFAs, who we were able to grow to 2 263, exceeding our target of 2 500. To effectively support IFAs on different product solutions, we will split our business consultant footprint in future to focus on Investments and Retail (Myriad, Investo and Health) going forward. During the past year, we also increased our business consultant footprint to enable better and more regular intermediary engagements. Our success in MDS is further evidenced by the 50% growth in APE.

GOING FORWARD

Reinvent and Grow objectives

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

Advice-led distribution

Our focus over the Reset and Grow period has been on the evolution of our business from being a product-led business to an advice-led business where our brand, service and quality of advice work together to keep clients with us for as long as possible. This has brought about better outcomes for us and the client. We continue to recognise that the adviser is critical to our business. By focusing on innovative product design, improving the knowledge levels of advisers and collaborating with them, we ensure that the entire advice journey is improved for the client. "Advice-led" means that we are putting advice at the centre of vertically integrated products that are well researched.

We plan to grow our MFP footprint by attracting , developing and retaining more planners, expanding our target market and establishing business continuity partnerships. We will also be focusing on giving planners the right knowledge, skills, tools and solutions through the Momentum Institute for Financial Planning and the vertical integration of financial planning tools and advice-led capabilities.

MDS will provide us with a competitive advantage by delivering a comprehensive value proposition customised for each IFA segment. This will include digital and system integration architecture, data and analytics, key account strategies and product specialisation. It will also provide an advice-led value proposition to IFAs in terms of client, advice and practice management.

Momentum Consult's ambition is to become the preferred advice provider through its client-focused approach, offering a market-leading client value proposition, service and experience. Its financial planning service will provide each client with a financial plan into which advice, house views, review and reporting are integrated.

Enabling digital-led distribution

The progress we have made with reshaping, developing and redesigning our distribution channels has positioned the Group well for delivering on its Reinvent and Grow strategy. In the year ahead, we will continue to develop our service model and enhance it through digital processing.

We will seek additional growth through digital-led sales, which have already made a substantial contribution to our Momentum product house sales and MFP sales. Areas for growth include our digital wills offering which has attracted over 20 000 visits, with 6 200 wills being drafted online since the launch of this product. Two-thirds of these clients have self-fulfilled.

Our success will depend on the ability of our product houses to digitally connect with the advice value chain, directly linking advice and service.

METROPOLITAN
Together we can

A turnaround tale to growth

Our vision: To be a household name, with a product in every emerging market home.

Our purpose: To help clients achieve their financial life goals. To create value for all our stakeholders.

Our solutions

- Funeral
- Life cover
- Retirement savings
- Discretionary savings
- Annuities and capital protection
- Hospital plan

PVNBP increased **25%** to **R5.9 billion**

Just under **2 million** policies in issue

Leadership position in SAcsi Overall Net Promoter Score

53% improvement in agent productivity

RESET AND GROW IN F2021

When we started our Reset and Grow journey the challenges we identified were the need to make operating model changes, restructure our distribution channels, address the development of our less experienced advisers and adviser churn, develop a new sales remuneration model, increase productivity, and address the underinvestment in our points of presence. Our strengths were our long history of exceptional client service, with two million active clients; strong relationships with the trade unions; and our committed and loyal employees. By F2020 we had made good progress with stabilising our sales force leadership and upgrading our points of sale. We had achieved the improvements we wanted to make to our client value proposition and were using digital onboarding, which made it possible for our advisers and service agents to continue selling and servicing during lockdown. By year-end we had reduced our Reset challenges to just three to be addressed in F2021.

Our progress

Reset		Grow	
Stabilised our salesforce leadership	Achieved	Improved adviser productivity	Achieved
Upgraded our points of presence	Achieved	Improved market access	Achieved
Made good progress with our legacy system migration	Neutral	Improved client value proposition	Neutral
		Achieved sales and service efficiencies	Achieved
		Made good progress with Metropolitan GetUp	Neutral

LEGEND
Achieved | Underway | Neutral

Metropolitan Life's NHE increased 11% to R435 million. This improvement was largely supported by the recovery in investment markets, strong new business growth, a change in new business mix to more protection business, improved persistency experience and effective expense management. Growth was, however, hampered by net negative mortality losses of R467 million.

These results are an indication of how the disciplined execution of our Reset and Grow strategy has yielded the desired results. Cumulatively, we have been able to efficiently achieve higher sales volumes of more profitable products and we are gaining back market share in the traditional insurance market.

Improving the quality of business

Despite the pressure that Covid-19 placed on our client base, adviser productivity reached its highest level in March 2021 since the merger that created Momentum Metropolitan in 2010. The ongoing stabilisation of our key sales leadership roles and the improvement in the recruitment criteria for advisers in F2021, together with fit-for-purpose development programmes and digital training, have contributed to improved adviser productivity and retention.

During F2021 we further diversified our distribution channel mix to reduce our reliance on tied agents and increased single premium sales through experienced brokers. The affinity for the Metropolitan brand and our diverse product offering support our broker value proposition.

Our ongoing focus on maintaining strong union relationships and executing our worksite strategy, which supports premium payments that are collected via payroll, resulted in the number of policy premiums being paid for by means of payroll deductions increasing to 58% of our business. This has further improved the quality of our business and contributed to the substantial improvement in our retention of advisers.

The innovative use of flexibility in our debit order collection mechanism, Pay@, has improved our premium collections by around 2%. If clients who pay by debit orders miss a payment, we send them an SMS and give them the option to pay via a number of mechanisms including SnapScan and Checkers, among other methods.

Continued emphasis on client service

Metropolitan was recognised as an industry leader in the South African Customer Satisfaction Index (SAcsi). We are extremely proud of the Metropolitan brand's record of providing excellent service. We have continued to build on the excellent turnaround time we achieved on payouts during F2020 using robotics and paperless claims. We have also introduced a WhatsApp service through which our clients can engage with us.

- **91%** of our funeral claims are paid out within four hours
- **99%** of cashback payments are made on the same day
- **81%** of maturity claims are paid within five days

While our digital capabilities have been invaluable during the Covid-19 pandemic, not all our clients are comfortable with technology and many of our clients returned to our branches as soon as they could. This confirmed the need to upgrade our branches and make our services more accessible to clients.

The role of Metropolitan GetUp

Metropolitan GetUp is our direct-to-consumer digital business, aimed at digitally minded consumers who want to get into the driving seat of their own financial lives. GetUp provides advice and digitally native protection solutions to consumers via channels such as chatbots and digital self-help. Currently 78% of sales made to date are attributed to clients under 40 years of age, thus ensuring that Metropolitan captures market share in younger generations and thus future-proofing our business. Through the use of algorithmic data-driven decisions, GetUp makes it possible for us to compete with banks and start-ups in the digital market. Using digital technologies, we can personalise market access and engagement while keeping our products simple, intuitive and easily accessible.

While GetUp is a young start-up business only now entering its scaling phase, by leveraging the strength of the Metropolitan mother-brand into a new rejuvenated translation for younger audiences, we have managed to grow a significant digital following in excess of 110 000 consumer engagements which translated into over 13 000 sales interactions since inception in 2020.

GetUp PVNBP not included – as per guidance from Group Finance and in line with competitor disclosures on similar initiatives, we will not yet separately disclose GetUp financial outcomes other than the potential ring-fencing of investment costs.

GOING FORWARD

Reinvent and Grow objectives

Reinvent	Grow
• Reduce acquisition cost per policy • Talent management and transformation • Migration and automation • Metropolitan GetUp	• Double-digit APE growth • Metropolitan GetUp • Improved brand health

We are confident that we have a strong leadership team in place that can take the business forward.

In the year ahead, we will continue to improve the aesthetics of our premises and we will be expanding our presence where we have identified the need to do so.

Our advisers have done well with upgrading our clients' existing products, but in F2022 our focus will be on new business, which will require that we continue building partnerships or relationships with our targeted market in order to provide our advisers with sales opportunities.

We will be working to ensure that every person who is part of our business understands that they need to ensure that whatever they do is going to help our advisers sell more products. Part of our focus will be on growing our younger client base, articulating our customer value proposition for these clients, and through innovation and reinvention come up with new solutions aligned with what they want.

We will continue looking for new opportunities to automate processes both with the aim of solving problems for clients and increasing our cost efficiencies. This will involve reviewing our entire value chain to ensure our solutions contribute to the bottom line as a whole.

We are targeting double-digit growth and believe we will be able to achieve it with our more experienced and stable sales force. The affinity our brand is developing through its turnaround is attracting the right people to our team. In the year ahead, we will be building on this opportunity and investing in building on our brand health.

We are well positioned for our distribution-centric Reinvent and Grow strategy in F2022. We will continue to focus on market access, supported by our full value chain, while pursuing the new opportunities that Metropolitan GetUp presents.

momentum corporate

Delivering sustainable growth through engagement-rich solutions

Our solutions

- FundsAtWork umbrella fund
- Group Insurance
- Structured investments and annuities
- Advice and Administration
- Member solutions

R65 billion FundsAtWork assets under management (F2020: R55 billion)

R5.1 billion in annualised premium income for Group Insurance (F2020: R5.1 billion)

R5.4 billion paid in group life, income disability and lump sum disability benefits (F2020: R3.5 billion)

R35 billion assets under management in structured investments and annuities (F2020: R34 billion)

434 000 members under administration of stand-alone retirement administration businesses

RESET AND GROW IN F2021

Momentum Corporate was successful in completing the outstanding elements of its Reset strategy in F2021, which included making good progress with the implementation of its operating model and new structure, and achieving full value chain responsibility. We continued to deliver engagement-rich solutions to clients, leveraging technology to improve client experience while driving efficiencies through our self-service platforms.

We strengthened our sales and distribution capability across all channels, the impact of which can be seen in our FundsAtWork sales for the period. However, the impact of Covid-19 was significant on our Group Insurance sales where a cautious pricing strategy was followed.

Our progress

Reset		Grow	
Implemented new operating model which has established end-to-end businesses with full value chain responsibilities	✓	Retailisation initiative gained traction	✓
Strengthened the leadership team	✓	Improved risk rating practices and claims management. Underwriting margins were, however affected by the significant increase in Covid-19 mortality claims. Income disability has returned to profitability	– – –
Rebuilt relationships with supportive intermediaries through an expanded intermediary servicing model	✓	Grew our market shares in the organised labour and public sector segments	✓
		Diversified distribution channels with the strengthening of our direct to client engagement model	– – –

LEGEND

✓ Achieved ✗ Underway – – – Neutral

Momentum Corporate normalised headline earnings declined to a loss of R552 million. This was mainly due to a dramatic increase in Covid-19-related mortality claims and an increase in reserves for future claims. The operating profit was positively impacted by normalised headline earnings from disability products that continued to improve year-on-year, benefiting from a significant improvement in the disability experience variance, aided by the repricing programme that took place over the last three years, and mortality variance on income disability claims in payment. Expenses continued to be well managed and reduced by 4% from the prior year.

New business volumes came under pressure due to a weak economic outlook and Covid-19 lockdown impacts. Both single and recurring premium new business for our FundsAtWork umbrella fund, has however, been strong, demonstrating our continued focus on providing solutions that meet client needs and our commitment to partnering with our distribution channels.

With sectors such as hospitality, travel, tourism and construction being hard hit by lockdowns and related economic impacts, we are seeing increases in liquidations and retrenchments, which have resulted in high attrition rates. We are responding to this through disciplined cost management.

Implementing and bedding down our new operating model

In July 2020, we implemented our new operating model which establishes end-to-end product businesses as a means of unlocking an entrepreneurial culture through end-to-end profit centre ownership, clear accountabilities and full value chains.

Delivering engagement-rich solutions to clients

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 Smart Solutions in particular are easy to use and are designed to help our members with making the right financial decisions throughout their life events. The use of these tools, in collaboration with the Member Solutions business and other distribution partners, has seen an increase in member preservation from R112 million in 2020 to R123 million in 2021 – despite the impact of Covid-19 in F2021. Smart Exits, our preservation tool, continues to receive a good client experience rating from members, achieving a 4.4 out of 5 rating for the year.

During F2021 we launched the new Smart Benefit Statement, which, similar to the app, provides members with real-time live asset values on their mobile phones. The new benefit statement reached over 106 000 members. By the end of F2021, we had digitally engaged with 187 000 FundsAtWork members, a substantial increase from the approximately 69 500 members we engaged with in F2020. The successful launch of the new Smart Benefit Statement drove this engagement.

Multiply for Corporates is a unique rewards programme for businesses. By taking care of employees' physical and financial health and creating a safe workplace, employers can earn rewards to spend on various employee initiatives. Since its inception, over 1 000 employers have accumulated over R8.1 million in rewards.

With the advent of Covid-19 in 2020, we enabled employers to use their rewards for Covid-19-related expenses (e.g. to support remote working, workplace safety and sanitation measures for workplace reintegration). In F2021, R567 000 in rewards was used for Covid-19-related initiatives.

Strengthening and growing our sales and distribution capability

To continue strengthening and growing our sales and distribution capability, we launched Multiply for Corporates Optimiser, a partnership programme that focuses on optimising intermediary value by delivering support, insights and greater earnings through the bundling of our corporate and health solutions.

Our Direct Distribution team, which is now fully capacitated, has adopted a focused approach, and identified opportunities through a market segmentation exercise that they will target as they build and strengthen their sales pipeline. The team is working closely with our internal product houses and Momentum Corporate Advice & Administration (MCAA) with the aim of establishing an effective, collaborative approach to drive sales.

Product leadership

During the year, we reviewed our structured investments and annuities business to improve our competitiveness in the market. These solutions will be launched to the market in F2022, and we look forward to seeing a medium-term sales improvement from the changes.

We have also identified alternate distribution channels for our existing Smooth Bonus and Annuity solutions to further enhance sales from our intermediated distribution partners.

GOING FORWARD

Reinvent

- Drive operational efficiency
- Enhance client engagement
- Cultivate an entrepreneurial culture in a transformed business

Grow

- Refresh our core solutions through digitalisation
- Partner effectively to drive sales
- Position the Momentum Corporate brand for success

Drive operational efficiency

Following the implementation of our new operating model, our refreshed approach to expense management has resulted in an improved cost-to-income ratio. However, there remains significant opportunity to drive further efficiency in how we operate as a business, while enhancing client experience.

Enhance client engagement

Through our self-service solutions, we see an opportunity to create meaningful touchpoints for members through their life journeys. We will add Smart Solutions Onboarding to our suite of Smart Solutions as we enhance several others (such as Smart Exits) for an improved mobile experience.

Cultivate an entrepreneurial culture in a transformed business

F2021 was the first year of our refreshed five-year employment equity plan. Going forward, transformation remains a critical focus for our business, coupled with a drive towards cultivating an entrepreneurial culture within Momentum Corporate. Through various initiatives, where we recognise and reward teams that promote/enable operational excellence and new growth avenues, we seek to encourage innovation, teamwork and collaboration.

Refresh our core solutions through digitalisation

Momentum Corporate has been on its digitalisation journey for over 10 years (as evidenced by the self-service solutions we offer members, employers and brokers). New technologies in the market present us with significant opportunities to fundamentally review how we offer our core solutions, which we are currently doing with the aim of identifying the technologies we can use to achieve new and innovative approaches to doing business. We shall also be leveraging advanced data analytics to unlock revenue and efficiencies.

Partner effectively to drive sales

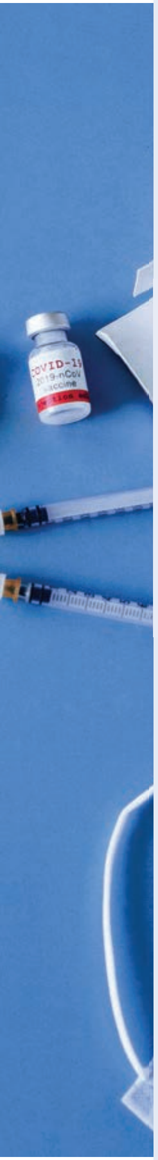
Delivering on profitable growth is of the utmost importance. We have implemented several initiatives in F2021 that will position us for success in F2022. These included strengthening relationships with intermediaries, providing training on our structured investment and annuity products, and establishing a direct distribution capability.

Position the Momentum Corporate brand for success

F2022 will see the rollout of our brand positioning strategy that seeks to support the articulation of our value proposition, and drive brand awareness and visibility. The positioning will focus on how our solutions enable and enhance the human experience.

Our ambitions

- To become the number one employee benefits business in South Africa in terms of sustainable profit growth
- To be a leader in digital transformation among our traditional competitors and rivalling our emerging competitors in delivering engagement-rich solutions to clients



Momentum Metropolitan health business

More health for more South Africans for less

Our solutions

Integrated healthcare administration, managed care and wellness delivered to:

- **Public sector**
- **Corporates**
- **Mining clients**
- **Retail clients**
- **Our Africa and India operations**

82% growth in Health4Me membership

32% growth in restricted schemes, increasing market share to 18%

7% growth in public sector market share to 72% in F2021

1% growth in open schemes market to 7% market share

RESET AND GROW IN F2021

While F2021 was a challenging year for our business, we have made good progress with our Reset and Grow strategy.

Membership increased as we saw ongoing growth in the public sector and low-cost products membership – a good result given the increased competition for corporate and mining members and the current strained economic environment. The membership of our low-income health offering, Health4Me, an innovative solution that focuses on the employed but uninsured market, grew by between 3 000 and 4 000 new members on average every month during F2021.This growth was further supported by the onboarding of a large corporate client in the third quarter.

Our progress

Reset		Grow	
Good progress made in moving towards system consolidation and simplification		Grew public sector membership	
Improved our public sector value proposition through a focus on achieving service excellence		Significant growth in our Health4Me low-income health offering membership	
Execution of our differentiated integrated value proposition for all clients in progress		Focused distribution	

- **We are managing the medical scheme administration of >2.5 million South Africans in F2021**
- **R800 million in claims paid weekly**

LEGEND

Achieved Underway Neutral

Normalised headline earnings improved by 37% to R213 million. This result was mainly driven by an increase in administration fee income, growth in Health4Me and public sector membership, lower claims on insurance products and effective expense management.

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

We continue to focus on providing excellent service to our public sector clients through service enhancements, which included the onboarding process and call centre service levels, where we have substantially reduced hold times and the number of complaints. We are constantly enhancing the relationship with Government Employees Medical Scheme (GEMS) as a strategic partner in designing relevant solutions for the future, enhancing our system capabilities and delivering exceptional member experience.

Digital and AI capabilities

We reported in F2020 on the substantial acceleration of the digital transformation of our business, which included moving 95% of our business out of the office into executing from home and maintaining service levels, and the digital enablement of our members through a range of digital facilities that are changing the health experience. These include coaches that assist our clients needing support, as well as our Hello Doctor facility, which provides 24/7 access for 1.2 million users to medical advice via a mobile app, one-on-one phone calls or the website. Hello Doctor is part of Momentum Health's offering through which our members can access advice or a referral for further treatment from a doctor. Seven out of 10 calls to Hello Doctor are resolved without the need for face-to-face intervention.

In support of the vaccine rollout

Momentum Metropolitan set up five mass vaccination sites in Johannesburg, Pretoria, Cape Town, Gqeberha and Durban to support the government's co-ordinated rollout of Covid-19 vaccinations. These sites are open to all South Africans and have the capacity to vaccinate over 10 000 people a day. The private sector and government are working together to ensure that we administer as many vaccines as possible, as quickly as possible, to save lives and get the economy started.

GOING FORWARD
Reinvent and Grow objectives

Reinvent	Grow
• Integrated wellness solutions to improve health outcomes • Digital consumer engagement solution • Virtual care – making care more accessible and affordable • Incentivising behaviour change • World-class healthcare at low cost through scale and reduction of expense base	• Diversify into new markets • Momentum Health Scheme to continue outperforming growth in its mature market • Growth from new and existing channels • Covering more of the employed but uninsured in South Africa • Invest in delivery and evolve into digital care

Both our business and our clients are likely to continue to be impacted by the Covid-19 pandemic. We believe that despite the uncertainty around its potential impact, Momentum Metropolitan Health is well-positioned to achieve its Reinvent and Grow strategy and tap into the top transformational trend in healthcare, which is universal access to care through more health for more people, for less.

Towards achieving our purpose

Current access to healthcare, particularly in low-income segments where market penetration is low, is not affordable or sustainable. In South Africa, this is exacerbated by unequal allocation of health resources with a resultant push to NHI. Covid-19 has further increased the pressure to resolve this problem. Our ability to win going forward will depend on how well we are able to solve this problem and execute at low cost. We would like to influence the NHI debate by supporting a multi-funder system, where both the private and public sectors execute to increase access to care for all South Africans at affordable levels. Our market-leading low-income solution, Health4Me, and our good union relationships put us in a position to win.

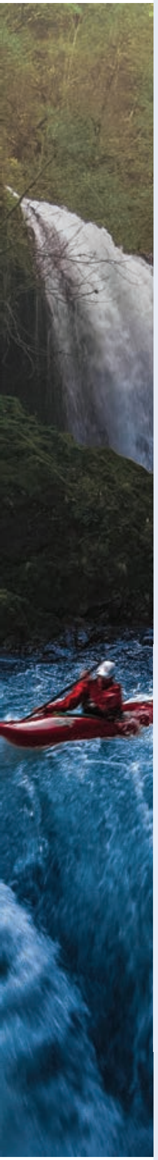
To achieve our purpose of "More health for more South Africans for less", we need to reduce the current cost of healthcare. This will require innovative design and optimal healthcare risk management and delivery. Elements like Hello Doctor are already contributing to a reduction in costly visits to doctors and an increased understanding of the impacts of lifestyle on wellness. Digitalisation will play a key role in reducing costs and increasing operational efficiencies as well as improving access to digital service delivery.

Reinventing for a market that is:

- More demanding
- More self-indulgent
- More sophisticated – the emerging middle classes want smarter services
- More youth – they have different needs
- More geriatrics – need access to medicine and care in the home
- More diverse – global growth of women in the workforce

One of the biggest challenges and costs facing the health industry worldwide is the burden of disease, whether it is as a result of an ageing population, or the increase in chronic diseases.

Momentum Metropolitan Health's focus is on ensuring we properly understand the challenges so we can address the key variables that affect the diseases that are the main contributors to the burden of disease. We invest in wellness, prevention and primary care, with the aim of increasing awareness around the causes of disease which we believe will reduce the number of people suffering from preventable chronic diseases. Reducing the burden of disease will ultimately reduce costs and make it possible to increase access to healthcare. Our wellness business unit, Momentum Wellness, plays an important role in our focus on disease prevention and particularly during the past year in assisting members with the impact of Covid-19 on their mental health.



momentum Insure

Our ambition is to lead the way in keeping South Africans safe, beyond insurance

Value proposition

Anchored in the belief that when someone feels safe, it ignites the confidence for their success, Momentum Insure aims to promote safety as a key differentiator. Momentum Insure believes safety is a science and its value proposition enables clients to improve their personal safety, safety on the road and safety at home.

Our 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 SMME market**

21 776 Momentum Insure and Multiply clients have taken on Safe Dayz™ value proposition

>40% of possible client service transactions were digitally performed

Combined net claims ratio of **62%**, (incl. Covid-19 business interruption reserves)

Combined net earned premiums improved **5.8%**

2.7% improvement in combined underwriting profits

RESET AND GROW IN F2021

Following Momentum Insure's (formerly Momentum Short-Term Insurance (MSTI)) successful Reset, it now has a full value chain business focused only on the South African market. We have exited our unprofitable portfolios and further strengthened our pricing and underwriting capability. Although well on our way to sustainable profitability, we remained a subscale business, and the required growth was proving too challenging in the highly competitive South African short-term insurance market.

The successful acquisition of Momentum Insurance (formerly Alexander Forbes Insurance (AFI)) in July 2019 presented a unique opportunity to address both our scale and sustainable growth challenges. Integrating the two businesses under the Momentum Insure brand, with a clear and distinct positioning with safety at its core; offering a broader set of product solutions aimed at specific client segments; supported by diversified distribution and sales capabilities; and using Momentum Insure's modernised systems and digital capabilities positions the business for sustainable profitability.

Our progress

Reset		Grow	
Successfully exited unprofitable portfolios	Achieved	Grew the client base through the successful acquisition of Momentum Insurance (AFI)	Achieved
Enhanced pricing and underwriting capability through investment in data and advanced analytics	Achieved	Improve claims ratio (slight deterioration due to Covid-19 business interruption reserve)	Neutral
South African focus only	Achieved	Enhanced the client value proposition by integrating the MSTI and AFI products and anchoring them in our safety positioning	Achieved

LEGEND

Achieved | Under way | Neutral

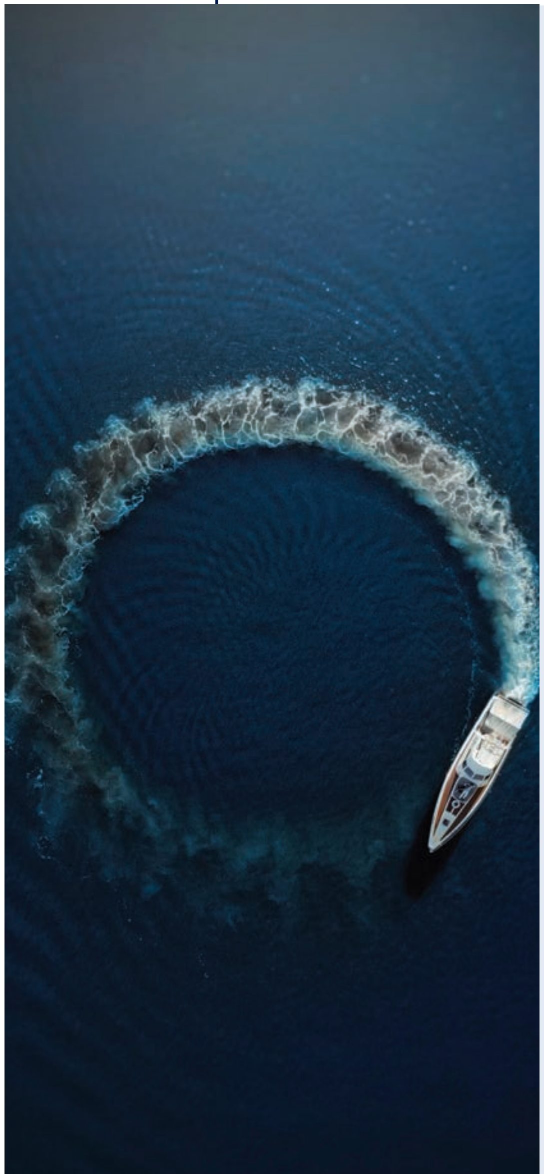
Momentum Insure's (MSTI) net premium increased by 11%, aided by the decision to integrate all Momentum Insurance's (AFI) commercial insurance new business on the Momentum Insure product and line of business system from August 2020 onwards. Normalised headline earnings improved to R2 million, from an R18 million loss in 2020. Results benefited from a growing client base, a continued improvement in underwriting results and well-managed expenses.

Momentum Insurance normalised headline earnings of R165 million were negatively impacted by a R27 million (net of tax) business interruption claims provision.

New business growth was challenging for both businesses. While some distribution channels performed better year-on-year, most notably the IFA and MFP channels, others performed worse than we expected. This was most evident in the Momentum Insurance (AFI) tied agency channel, where we were unable to achieve our headcount targets, although productivity increased.

Our good client retention in both businesses during tough circumstances is a positive reflection on the strength of the Momentum brand. These results are particularly pleasing given the typical uncertainty brought about by a business acquisition and integration. It confirms that Momentum is a trusted brand delivering good service, which was reflected in the further improvement in our performance in the recently published SAcsi survey, conducted by Consulta.

From a claims point of view, although the mobility of clients due to lockdown regulations was lower during some periods in the year, we saw a continued shift towards pre-lockdown mobility levels. We had some large fire claims during the period, and the wetter than normal second quarter of 2021 resulted in a slightly higher number of claims.



Integration of Momentum Insurance (AFI) into the Momentum Insure (MSTI) business

Our purpose is to keep what matters most to the people in South Africa safe, so they have freedom to live. We defined our medium-term ambition to become a sustainably profitable insurer, known for keeping South Africans safe, beyond insurance. To realise both our purpose and ambition, we have set ourselves the following four key strategic objectives:

1. To prioritise the integration of the two businesses as quickly and effectively as possible
2. To own safety as a very distinctive brand and marketing position
3. To shift our business from a product-led business to a more market-led business, where we develop an even deeper understanding of the market segments we intend to focus on
4. To embark on the digital transformation of the business focusing on enabling integration, owning safety and driving growth and efficiency through our digital capabilities

Our primary focus during F2021 was on achieving our first strategic goal, namely the successful integration of Momentum Insure (MSTI) and Momentum Insurance (AFI) into one business. The first phase of this process was successfully concluded F2021, which allowed us to launch the integrated business, under the Momentum Insure brand, on 1 July 2021.

In addition, we had set ourselves objectives to achieve specific claims procurement synergies and optimise our office and systems utilisation to remove duplication. We were able to achieve both these objectives during the year. In addition, we are encouraged by the fact that we have been able to retain all key management and sales and distribution employees, and our strategic business partnerships remain in place.

To achieve our second strategic goal of owning safety, we spent time building and designing our brand and market positioning and infusing our entire business with our safety philosophy. We were also able to enhance our mobile panic button, Safety Alert, and introduce all our Momentum Insurance (AFI) clients to this part of our value proposition in February 2021.

The uptake of this benefit has been encouraging and we are excited by the prospect of introducing the entire safety proposition to all our clients in 2022.

During the year under review, we also made good progress with our third strategic goal of becoming a more market-led business. Our focus was to ensure that our distribution and sales channels and product and service offering become more closely aligned with our target market segments. This is reflected in the new Momentum Insure product offering that was launched on 1 July 2021. This product offering provides bespoke and flexible benefits across multiple market segments, from the high-net-worth market to specific benefits for our female clients. Exciting and innovative new benefits have also been added to all three of our personal insurance products.

The focus of our digital transformation in the medium term was to enable some of our other strategic objectives, namely the integration of the two businesses, as well as using our digital capabilities to improve our safety value proposition. Good progress was made on both counts, as evidenced by the fact that all our integration-related digital deliverables were successfully implemented, and we launched and introduced Safety Alert to our entire client base.

GOING FORWARD
Reinvent and Grow objectives

Sustainable profitability through scale and value beyond traditional insurance

Reinvent	Grow
• Deliver an integrated business by F2022 • Own safety as a distinctive customer value proposition • Shift towards a market-led business, with leading product and service solutions for targeted segments • Evolutionary digital transformation	**Grow gross premium income to between R3.6 billion and R4 billion by F2024** • Achieve new business growth objectives • Improve client retention **Unlock the Momentum Insure new business growth potential** • Increase tied agent headcount and productivity • Vest the Momentum Insure brand and increase direct and digital marketing spend • Enhance our commercial insurance value proposition • Strengthen our IFA distribution capability • Develop bespoke digital products and solutions • Double F2020 earnings by F2024 • Achieve targeted integration synergies • Maintain claims ratio between 58% and 61%

We are excited to have successfully completed the first phase of our integration process. We have created a new strategy, brand, market positioning and operating model for the integrated Momentum Insure business. We believe that this sets us up to better meet the needs of shareholders, clients, intermediaries, employees and other business partners. During the coming financial year, our attention will shift to migrating all existing Momentum Insurance (AFI) clients onto the Momentum Insure systems and platforms, and expose them to the full Momentum Insure value proposition and benefit set.

We expect our digital capabilities to position us well to take advantage of the structural changes taking place in the market. We have already seen that clients who engage with our safety value proposition display improved behaviour in terms of claims frequency and persistency and during the year ahead we will be further enhancing our product range and safety proposition.

We continue to be inspired by the opportunity to keep what matters most to the people in South Africa safe, so they have freedom to live.

GUARDRISK
TAILORED RISK SOLUTIONS

Our long-term growth story

Our vision: To be our clients' partner of choice for unconventional risk solutions and affinity structures.

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

Our solutions

CELL CAPTIVE
Life and Non-life cell captives
Alternative risk transfer solutions

GENERAL INSURANCE
Corporate and commercial underwriting solutions

MICROINSURANCE
Economic inclusion through micro-insurance products using our cell captive expertise

R27 billion gross written premium income before premium refund

16% growth in underwriting profit year-on-year

Total assets of approximately R38 billion

Granted South Africa's first microinsurance cell captive licence

RESET AND GROW IN F2021

Having completed its Reset strategy during F2020, Guardrisk focused on its Grow strategy during F2021. The resilience of Guardrisk's diversification, both in the sectors of the economy in which it operates and in its sources of revenue as it moves more into underwriting of specialist lines, served it well during the Covid-19 pandemic in F2020 and has also stood it in good stead during F2021. The business is well positioned, especially given its ongoing modernisation initiatives and insurtech partnership with Root, to align its strategy with key market trends, specifically advances in digital technology, data analytics and AI.

Guardrisk's normalised headline earnings improved by 13% to R377 million. This increase was supported by strong growth in underwriting profits, despite an increase in the Covid-19 business interruption provision in the first quarter of F2021.

Our progress

Reset		Grow	
Repriced loss-making schemes, with good growth and profitability achieved in both municipal business and health product ranges	Achieved	Good growth in underwriting revenue	Achieved
		Good performance from the linked investment products offered to retail and corporate clients	Achieved
		Bolt-on transactions now divisionalised and well embedded in the business	Achieved
		The open architecture embedded insurance platform developed in partnership with Root continues to grow	Achieved

LEGEND
Achieved Underway Neutral

Organic growth in revenue streams in both the underwriting managers and Guardrisk Life divisions also contributed positively. Guardrisk benefited from its diversification in terms of industry and product type exposure across the cells, offsetting the impact that Covid-19 had in some of its areas. Persistency levels across all core divisions remain strong. Underwriting results improved by 16%, despite the increase in the provision against business interruption claims. While new business growth slowed, Guardrisk continued to see good persistency across all core divisions.

The greatest impact that the Covid-19 pandemic has had on Guardrisk has been exposure to business interruption claims, predominantly in the hospitality sector. Guardrisk has settled over 80% of claims received for Covid-19-related business interruption losses.

To date:

- 516 claims have been finalised, with payments amounting to R409 million
- A further 96 outstanding claims are estimated at R245 million. These claims include claims with indemnity periods of 18 months or longer, which have not as yet run their course
- Appropriate reinsurance continues to reduce the impact of the claims on the Guardrisk underwriting account

Scalable digital distribution channels

Part of Guardrisk's diversification of its sources of revenue initiatives is its partnership with Root, a disruptive innovator start-up which has opened up exciting scalable digital distribution channels for Guardrisk and its clients. The technology can be used to launch quick-to-market products such as funeral cover and handset insurance to clients in retail stores. It provides access to millions of potential policyholders and facilitates financial inclusion through microinsurance products, some of which helped consumers without incomes during Covid-19. Income from the premiums provided retailers that closed during lockdown level 5 with some additional income.

Economic inclusion

The nature of Guardrisk's business requires us to innovatively find solutions that benefit our clients and our business. During F2021 we have been able to make some progress with our aim of using our cell captive expertise to achieve economic inclusion through the development of start-up microinsurance offerings. During F2021, we were granted South Africa's first microinsurance cell captive licence by the Prudential Authority. Traditionally, the most significant barrier to entry in the insurance industry has been the minimum capital requirement of R15 million as well as the significant cost involved in running and managing an insurance company. For life and non-life cell captives, the required capital is reduced to R1 million and with cells in a microinsurance cell captive licence it reduces even further to R250 000. This means that entrepreneurs now have access to the benefits of owning, controlling and managing their own insurance facility, under the guidance of the cell captive insurer, with the economic benefits of the insurance business in the cell flowing directly to the cell owner. This, while providing consumers with access to custom-designed insurance products that offer value for money backed by a registered and financially sound insurer.

Through its microinsurance licence, Guardrisk is able to sell individual life, group life, credit life and funeral insurance, as well as products that provide cover for motor, property, legal expenses, and accident and health.

Protecting municipalities

Having achieved good growth and profitability in our municipal business during F2020, our focus in F2021 has been on ensuring that municipalities remain insurable and that they are comprehensively insured. We have assisted municipalities to manage their risks by ensuring they have accurate asset registers in place and that replacement values are calculated accurately. We have also ensured municipalities put in place measures to mitigate risk in general and to protect their assets from increasing vandalism.

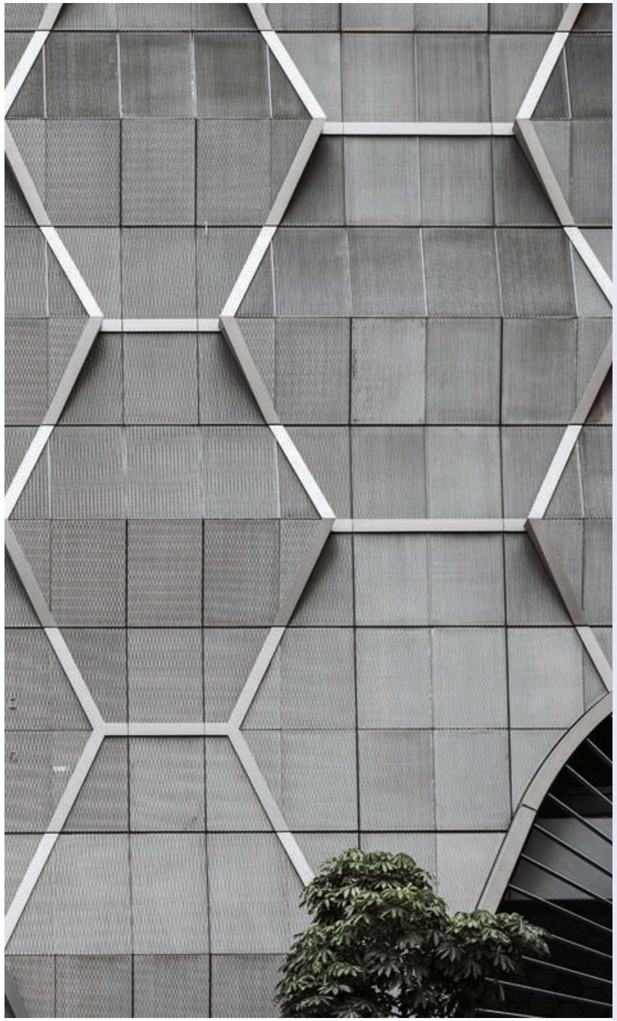
Growing through specialist lines

During F2021 we completed an additional substantial bolt-on transaction in the corporate sector, and were able to finalise the integration of our existing bolt-on transactions in the assets, construction and engineering, and marine sectors into Guardrisk. These are medium-sized underwriting operations that were operating under our licence prior to the integration.

A new and significant development for Guardrisk has been the establishment of a Specialist Liability Underwriting team with the necessary technical underwriting skills to support our strategy to grow our general insurance business through specialist lines.

Mining industry funding

Our flexible and efficiently priced solution for the funding of mines' post-closure requirements continues to perform well.



GOING FORWARD
Reinvent and Grow objectives

Sustainable profitability through scale and value beyond traditional insurance

Reinvent	Grow
• Digital transformation • Underwriting skills • Capital efficiencies (RoE) • Value proposition beyond cell captives	• Increase underwriting revenue • Broker enablement • Bolt-on transactions • Insuretech • Microinsurance (embedded insurance and ownership)

The reinvention of our business through digital transformation, monetising our data assets through advanced analytics, achieving capital efficiencies, and developing a value proposition beyond cell captives will ensure we maintain our competitive advantage.

Our revenue diversification, ability to innovate, superior cell captive capabilities and our deep client and broker relationships are all key enablers of our growth strategy. The progress we made during F2021 with positioning the Guardrisk General Insurance specialist lines business through bolt-on transactions and enabling brokers has positioned us well to grow this part of our business with the support of our improved technical underwriting skills. We also made excellent progress growing the sales of our embedded insurance products and expect to continue growing this market in F2022.

Having suffered from a severe decline in growth in local infrastructure projects, which negatively impacted our engineering and guarantee businesses, we are hopeful that the increase in economic activity and investment in energy projects will result in renewed growth in our specialist lines in F2022.

Momentum Metropolitan Africa

Our solutions

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

R5.2 billion gross written premiums for life, health and short-term insurance

R3.1 billion in recurring premiums (F2020: R3.0 billion)

R928 million single premiums (F2020: R718 million)

76% market share of Namibian health administration market

R4 billion assets under management in Lesotho (F2020: R3.5 billion)

RESET AND GROW IN F2021

The progress we made with our Reset and Grow strategy boosted the resilience of our business in F2020. In F2021 the work we put in previously bore fruit. We achieved excellent sales performance with PVNBP of R2.8 billion, up 7% from F2020.

Normalised headline earnings declined by 19% to R256 million, negatively impacted by operating assumption changes and an increase of R91 million (net of tax) in Covid-19 reserves. This followed a sharp increase in mortality claims in the second half of F2021 in both Namibia and Botswana. Investment variances improved following the reversal of the unrealised market-related losses observed in the prior year.

Having largely completed the planned exits from loss-making countries, we saw an increase in once-off expenses relating to wind-down costs in implementing the country exits. Expenses were further impacted by withholding tax on funds remitted to the Group. Expense management will remain a key focus going forward.

Despite the impact of Covid-19, our capital adequacy regime and strong balance sheets have also stood us in good stead and saw us being able to declare dividends in our various businesses.

Our progress

Reset		Grow	
Exited five non-core African countries	✓	Further strengthened our distribution	– – –
Made good progress towards improving in-country governance and control environments	✓	Improved our product mix and margins	✓
Made good progress with updating systems and the automation of processes	– – –	Progress made on the target operating model for a future-fit business	– – –
Strengthened our leadership team	✓		

LEGEND

✓ Achieved ✗ Underway – – – Neutral

We completed the rationalisation element of our strategy during F2021, and Momentum Metropolitan Africa now operates in Botswana, Kenya, Lesotho, Mozambique, Namibia and Ghana, where we have met the requirement that 15% of our health operations is locally owned.

Having finalised the structure of Momentum Metropolitan Africa, we are bedding down the high-level elements of our new operating model, which is expected to streamline our processes, increase efficiencies and ultimately reduce our cost base. While we have already made good progress with expense management, we have some way to go to achieve the efficiencies we are targeting.

The second arm of our strategy, which is the reform of our business, addressed in-country governance and control. We have been able to achieve a substantial improvement in our control environment with a consequent pleasing improvement in performance. A new automated IT system has been rolled out across our health operations to further improve in-country control environments, drive efficiencies, reduce costs and enhance our client and employee experiences. We are making good progress with the updating and connectivity of the rest of our systems. Once this has been completed, we will be future-fit and able to operate effectively in the digital world.

Having introduced new leadership in Botswana, Ghana and Lesotho in F2020 and the appointment of a permanent CEO in Namibia during the current year further strengthened our leadership team.

Product and service leadership

During the year under review, we were able to refresh a number of products and launch new products. We launched a refreshed funeral product in Lesotho and Botswana and will be refreshing our savings product in Botswana. The rollout of the new health system in Namibia, which can be accessed via mobile phones, is holding its own in the market and has given us access to better data analytics and digital capability.

In Namibia our acquisition of the Alexander Forbes Insurance (AFI) non-life business, which received regulatory approval, has provided us with an opening into the retail short-term insurance market and has increased our market share to around 19%. During F2021 we have been busy with the integration of AFI into Momentum Insure, which should be finalised during F2022. Together with our Guardrisk offering we now have a complete non-life offering in the market of which we are proud.

We see our customer service strategy as a two to three-year project. We are now able to track all the different metrics and can pinpoint where we have challenges and address them, and we are already beginning to see improvements.

GOING FORWARD
Reinvent and Grow objectives

Reinvent

- Continue with reforming our business
- Ongoing focus on client experience
- Build digital capabilities
- Foster and maintain relationships with our partners and regulators

Grow

- Build our brand presence
- Refresh our entire product range
- Expand savings product offering
- Grow our earnings to
- R500 million by 2024

In F2022 we will continue to reform our business. Our efforts in the control environment will continue in the year ahead, where the focus will be on processes.

Top of mind for us is a seamless client experience, which we are driving. Building our digital capabilities will assist with achieving this.

We will also be building on the work we did on our brand presence in F2021, which included starting the process of revamping our websites, which is well underway.

In addition to refreshing our product range we also aim to increase our savings product range, with savings products needing to be finalised in Botswana, Lesotho and Ghana. Once these products are finalised we will be looking at our pure risk products. During the refresh process our aim is to simplify and consolidate our products into a well-targeted, market-appropriate competitive offering.

Growth expectations in the Rest of Africa are encouraging. We expect to see significant growth in both Ghana and Botswana during F2022 and ongoing solid growth in Lesotho and Namibia, with an increased focus on the corporate market in Namibia. The economies of both Botswana and Namibia are driven by commodities, which are performing exceptionally well and should have a positive impact on growth in Botswana and hopefully help Namibia out of its recession. The new Insurance Act in Ghana, where GDP growth is around 8%, has created opportunities for growth for us. In Mozambique, where our focus is on health insurance, the economy is picking up with GDP growth expected to be between 4% to 6%, and Kenya expects to see GDP growth of around 5% to 6%.

NEW INITIATIVES

Included under this segment are:

A health insurance joint venture with Aditya Birla Capital in India

A mobile insurance joint venture with MTN in selected African countries

Local and offshore venture capital funds with a focus on fintech and insurtech start-ups, as well as other local start-up operations.

OUR JOINT VENTURE IN THE INDIAN HEALTH INSURANCE INDUSTRY

Aditya Birla Health Insurance (ABHI), which is the fastest growing health insurer in India, was founded in 2016. Our partner, Aditya Birla Capital, is one of India's most trusted, respected and leading business conglomerates operating in 36 countries across five continents. Momentum Metropolitan has a 49% shareholding in the venture. Our "health first" model contributes to early detection and preventative care, chronic care management, disease risk management, a health ecosystem-enabled senior citizen health plan, and incentivised wellness. It is unique to the market and this offering, together with our health risk management skills, are key differentiators for ABHI.

Fastest growing health insurer in India

Through its distribution network, ABHI continues to build scale. We have built one of the largest third-party distribution capacities with our nine bancassurance partners giving us access to over 14 000 branches. Our agency force across our 140 branches has increased from 25 000 to about 42 800 over the past year. We continue to leverage digital partnerships with our 38 partners covering over four million lives through micro and byte-sized products.

The business, which has a 31 March year-end, achieved 61% growth to 13.4 million lives covered year-on-year. This resulted in gross written premiums growing 43% to R2.7 billion.

Despite a spike in the number and average size of Covid-19 claims, the combined claims ratio continued to improve, ending at 119.8% for F2021 (F2020: 134.4%).

Covid-19 response

In line with the national Indian experience, the business saw a spike in Covid-19-related claims. ABHI has adapted to the management of Covid-19 claims by negotiating with providers on an outlier framework covering hospitals and disease clusters; implementing special claims audits, and refining its fraud, waste and abuse model; provisioning for variable capacity to manage the workload during the surge; and interfacing with various industry platforms.

A big advantage for the business is that, having no legacy systems, it could be digitally driven from the outset. ABHI's ability to communicate with its clients digitally, sell digitally and train online has been a particular advantage during the Covid-19 pandemic. Digital analytics also play an important role in the acquisition and retention of clients.

Going forward

ABHI continues to focus on offering extensive end-to-end digital service, supporting channel growth, as well as diversifying its business. The business has maintained its growth trajectory and is performing in accordance with the business case and business plan except for the Covid-19-related claims.

MOBILE INSURANCE JOINT VENTURE

Following a strategic review of the Group's aYo joint venture with MTN during 2020, Momentum Metropolitan and MTN have agreed that Momentum Metropolitan will reduce its shareholding in aYo from 50% to 25%, effective 30 June 2021. This transaction has substantially been completed and the effect is reflected in the F2021 results.

Furthermore, an agreement was reached for a transaction in which Momentum Metropolitan sells its remaining 25% stake in aYo to MTN. Subsequent to the end of the financial year, this transaction was finalised in September 2021.

OUR INVESTMENT IN VENTURE CAPITAL FUNDS

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 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. It is through this investment process that 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 is discussed in the intellectual capital section of this report on pages 104 to 108.

MULTIPLY MONEY

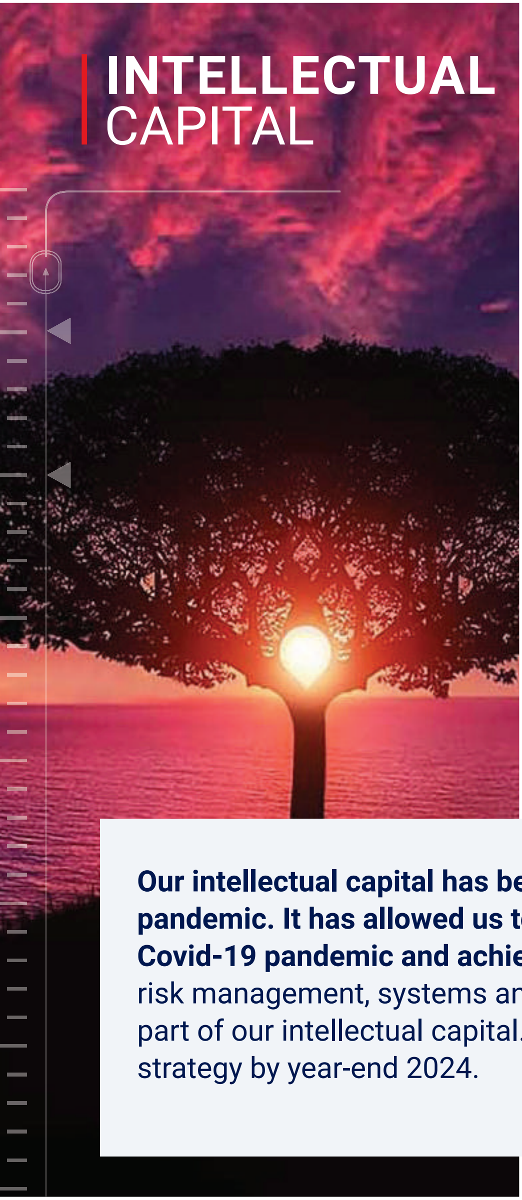
During F2021, the Multiply Money business continued to help Multiply clients save more and spend smarter with its range of smart transactional and savings solutions. This is evident from the 52% growth in the Multiply Money deposit book and the 65% growth in spend. As the Multiply client base has become more aware of the savings proposition, there has been a significant shift in the source of inflows with an increasing number of members depositing their own money into Multiply Money. During the year under review, more than 25% of all inflows were client deposits.

Despite the impact of Covid-19, the Multiply Money service team managed to retain good service levels and the Multiply Money app continued to receive usability scores above the benchmark for financial services apps. The business continued to build on its capabilities and further enhanced its security and fraud features. It also put the right building blocks in place to evolve Multiply Money to make it available to all South Africans and deliver on a low-cost, digital savings proposition that brings together great returns, as well as convenient, seamless 24/7 accessibility to clients' savings.

Multiply Money also started to see results from the development of the smart money system, which will allow or already allows for effortless savings, frictionless payments, and admin-free money movements between Momentum products. When using their funds, clients selected to transfer 10% of their funds into their Momentum HealthSaver account and use 20% for purchases on the Multiply Online Shop. This means that 30% of all funds accessed were used within the Momentum ecosystem.

INTELLECTUAL CAPITAL

INTELLECTUAL CAPITAL



SUPPORTING EFFECTIVE, ETHICAL AND RESPONSIBLE DECISION-MAKING

The governance of an organisation is a key element of its intellectual capital. Our governance and leadership structures, policies and processes, risk and sustainability management and approach to remuneration support our overall value creation process and ensure our Group is effectively led, well managed and controlled (see pages 30 to 54).

Maintaining business resilience

In F2020 our main focus was on equipping our people to work from home, ensuring they had the technology and support they needed to be productive, and keeping them safe if they needed to work in the office. In F2021 the focus of our business resilience programme has been on the health and wellness of our employees (see page 112 of human capital for more information).

Momentum Metropolitan has adopted a hybrid way of working. We have people who work from the office when they need to, but otherwise continue to work from home. Some of our employees, particularly those in client service areas, experienced disruption exacerbated by load shedding and data connectivity challenges, which negatively impacted their service levels. To address these challenges most of our client service areas have returned to working in our offices. Ensuring they are safe in the workplace by maintaining safety protocols is key.

Going forward we face the unknown in terms of how long the pandemic will continue to have an impact and what the impact may be. Hopefully, the vaccine roll out will accelerate, which will go a long way towards alleviating fear and anxiety as it reduces the impact of Covid-19.

A big challenge in future will be finding ways to sustain our organisational culture in a hybrid working environment and balance out working remotely versus working in the office. It is unlikely that we will ever go back to how things were. Research has shown that many employees want to continue working remotely, because they have found that they are more productive working remotely. Also, the integration that has taken place of their personal lives with how they work means it would now be difficult for them to deconstruct these arrangements. At the same time these employees say they miss being able to engage with their colleagues, particularly on important topics.

Our intellectual capital has been a major contributor to the resilience the Group has been able to draw on since the onset of the Covid-19 pandemic. It has allowed us to maintain business continuity, protect the sustainability of the Group from the unprecedented impact of the Covid-19 pandemic and achieve most of the targeted outcomes of the Reset and Grow strategy. Our robust corporate governance, effective risk management, systems and processes, and the ability of our people to innovate, transform and respond rapidly and effectively are all part of our intellectual capital. All these elements of our intellectual capital will play a key role in the achievement of our Reinvent and Grow strategy by year-end 2024.

CONTINUING OUR DIGITAL JOURNEY

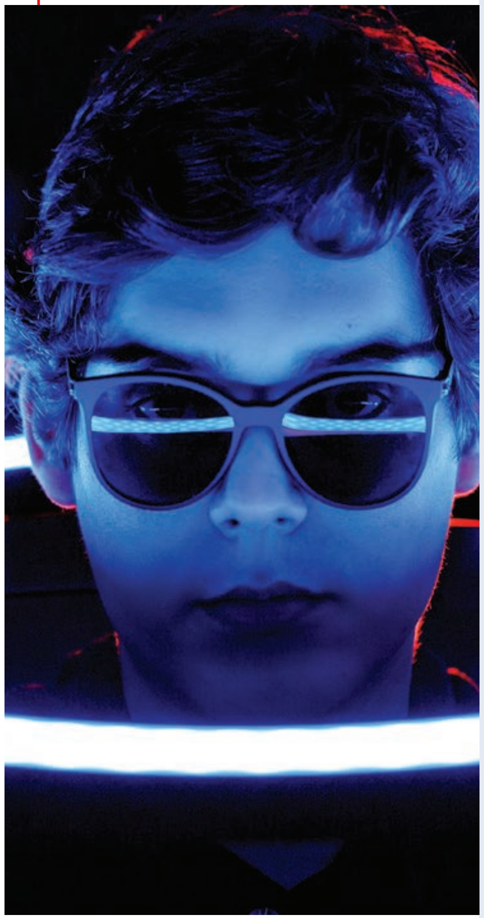
We believe that a key contributor to the future sustainability of our business is its digital transformation.

Digital solutions have played a key role in our ability to be resilient during the Covid-19 pandemic. They have made it possible for our employees to be safe and operate remotely, and for our business units to continue serving our clients. We have also made good progress with the digitalisation of our retail client and adviser engagements, which form the foundation for broadening our service and distribution options.

INFORMATION TECHNOLOGY GOVERNANCE

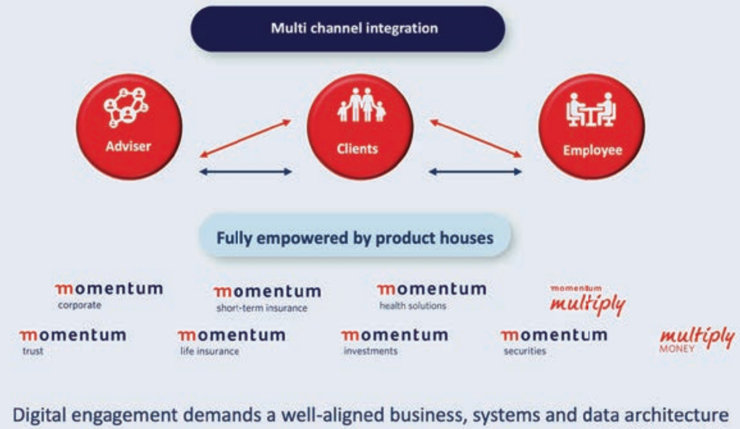
In order to make optimal use of our digital opportunities we needed to ensure that our systems architecture supports our distribution channels and our product businesses. We also need to be able to prioritise and align the strategies of the businesses that make up our corporate portfolios. A governance structure that includes a Group IT Executive Committee; channel portfolio, architecture and IT implementation forums; and delivery steering committees is in place to ensure our business units, systems and data architecture are well aligned and can meet the demands of digital engagement.

Achieving our Reinvent and Grow strategy requires making optimal use of digital opportunities



THE ROLE OF DIGITAL IN OUR REINVENT AND GROW STRATEGY

Connecting the **digital ecosystem**



Successful innovation and digital transformation are prerequisites for achieving our strategic objectives. Digital-led advice has become a key component of our distribution channels. However, while digital-led advice will play an important role in the distribution of our products, the role of the financial adviser in advice-led distribution will always be key.

We aim to accelerate our digital abilities through:

- digital channel enablement
- establishing new channels
- fintech and insurtech as a catalyst for innovation
- better use of data and data analytics, and the insights they provide, to improve and manage our sales processes
- continuing to build on the progress we have already made with an open application programming interface platform to enable value chain integration, which will include simple, frictionless and efficient service digitalisation and automation
- decommissioning of our legacy retail channel systems
- the use of digital platforms to improve access to healthcare and the accuracy of this care
- a change from centralised contact centres to decentralised digital service
- mobi-underwriting and risk selection
- unlocking efficiencies through digital transformation and uncovering new revenue streams
- using advanced data analytics to improve risk pricing and efficiency
- increasingly integrating with advice networks and distribution partners

MOMENTUM iX

The iX business is a key element of our digital transformation strategy, within which we develop and mature the digital capabilities we need to connect our clients to our solutions and deliver exceptional client experiences. The iX business is refining its approach to fulfilling an increasingly critical mandate of being a digital and delivery hub for Momentum that enables product businesses to achieve their digital ambitions.

Apart from several self-service features that were introduced to clients during F2021, there have also been continual user experience and user interface design reviews and optimisations. The Momentum user-centred design approach is now widely used to support user-centric project delivery throughout the business. This approach has led to better collaboration between product teams and stakeholders, more successful business outcomes and fewer changes in the post-development process.

A new Research and Development capability was set up in the second half of the year to support both Momentum Multiply and Multiply Money. This rapid prototyping function supports and enables business owners to make their strategic visions come alive through innovative ideas and a small-scale pilot approach focused on fast execution.

The Insights team partnered with business on 18 projects to establish and update the understanding of client and market needs. A big focus was on cost saving initiatives and efficiencies in which digital technologies played a big role. The Advanced Analytics team successfully executed an operational model that allowed it to work on numerous machine learning projects with many stakeholders across Momentum and built an excellent pipeline of machine learning projects that focus on client growth and experience.

OUR BRANDS AND REPUTATION

Our brands, the purpose of which is to enable businesses and people from all walks of life to achieve their financial goals and life aspirations, are a key element of our intellectual capital and our ability to create value. Maintaining our reputation as an ethical, responsible business that treats its clients fairly is a key focus for both Momentum and Metropolitan.

REINVENTION THROUGH DISRUPTIVE INNOVATION

The Group's disruptive innovation initiative, Exponential Ventures, 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.

Through Momentum Metropolitan's partnership in the 4Di Exponential Tech Fund and Anthemis Exponential Ventures Fund and Anthemis Ventures Fund 1, we are invested in a number of disruptive innovation start-ups across the globe.

One of the most important strategic benefits we gain from our investments in these start-ups is the learnings regarding trends and technology advances, what works and what doesn't. Some start-ups fail, but we find that on the whole we have more successes than failures. It is helpful to be able to experience in practice how a wide range of innovative ideas pan out in our industry. To gain these insights without access to the products of disruptive innovation start-ups would require extensive expensive research.

Some unexpected venture capital results

The past year has seen some unexpected failures (which have provided helpful learnings) and some great successes in both funds.

A number of start-ups in all three of the venture capital funds we are invested in have achieved valuations in later funding rounds that are multiples higher compared to their earlier valuations. A key strategic objective of our venture capital fund investments is to partner with start-ups in the funds to use their innovative and disruptive abilities to help us create exciting new value propositions and distribution channels for our clients. For example, our Metropolitan Life business partnered with two insurtech start-ups to develop a digital value proposition for a specific digitally native target market, delivered through digital channels. This partnership model helped Metropolitan GetUp launch in a significantly shorter space of time than is usually the case, free of legacy constraints.

The Group co-funded the Root Insurance start-up, born out of Anthemis Exponential Ventures. We have been able to introduce Roots' innovative and disruptive abilities to the business. When Metropolitan needed an agile and flexible operating system for its new GetUp product, Root was able to quickly build the system for it. Partnering with Guardrisk, Root has developed an open architecture insurance platform, which offers exciting new scalable distribution channels for Guardrisk and its clients. This technology can be used to launch quick-to-market products such as funeral cover and handset insurance to clients in retail stores, providing access to millions of potential policyholders and facilitating financial inclusion through microinsurance products.

Integrating Exponential start-ups with our business

The focus of our approach to integrating the digital innovations of Exponential start-ups is on:

- big data and the physiological data gathered from the Internet of Things, aggregation and new collection mechanisms
- machine learning and AI
- new digital acquisition and onboarding

The initiatives include:

- Kimi, an internal venture developer initiative
- our partnership with the TaxTim start-up
- an Optical character recognition (OCR) solution in partnership with the Isazi start-up
- E-Fica solutions in partnership with start-ups in this space
- a co-planning partnership with the Wealthbit start-up

Start-ups may have particular technology capabilities we don't have, but they generally have a limited distribution ability, brand presence or client base. We have developed an ability to combine their capabilities with our assets to create innovative, integrated digital solutions.

For example, using the AI capability of a start-up we have run a pilot in one of our call centres to gauge levels of satisfaction and control, or monitor the quality of the calls without any human intervention. The pilot halved the number of complaints in the call centre by listening to the calls and working to reduce the number of complaints.

Kimi

Kimi focuses on the lifestyle factors that impact disease. Through subjective inputs into Kimi Quiz it is possible to compare someone's chronological age with their biological age. Kimi Screening provides key biomarkers for heart, fitness, stress, respiration and oxygen saturation levels using a mobile device.

Kimi Tracking provides continuous tracking for peace of mind using wearables or a mobile phone to pick up early diagnosis. Underlying the Kimi products is Hello Doctor. Kimi has enabled early disease identification and intervention, using the power of combining AI, health coaches and Hello Doctor.

TaxTim

Increasingly, TaxTim is attracting new clients, with over two million clients, both individuals and small businesses, using its free calculators or to complete their tax returns. Using the TaxTim chatbot, the average time it takes people to complete their tax returns is 20 minutes. TaxTim's assistance has helped approximately 80% of its users receive a refund from SARS.

The application also provides an ecosystem for advisers who receive a copy of their client's tax health score once they have completed their tax returns. This data can then be used to assess a client's tax efficiency and make recommendations that will improve it. Five financial service partners are currently using the TaxTim offering.

isazi

Using unemployed youths to create more efficient algorithms for machine learning, Isazi has increased the literacy rates of its OCR product to between 90% and 95% (typically OCR efficacy rates are around 65%). The Isazi product can understand handwriting, which allows it to take a handwritten form and digitise it for uploading to a system.

Start-up Isazi has created full-time employment for 10 young people previously unemployed and provides temporary employment to 135 previously unemployed youths.

Wealthbit

Working with start-up Wealthbit we are piloting a co-planning application that allows advisers and clients to interact on the same future scenarios. The client can input their assets and liabilities and, using various scenarios, Wealthbit recommends solutions fitting the user's profile.

At any time a client can seamlessly request the assistance of an adviser who can pick up their scenarios and complete product recommendations.

E-Fica

Integrating the data aggregation and engagement abilities developed by start-ups in e-Fica we will be able to offer an efficient and speedy onboarding process for clients across the Group.

HUMAN CAPITAL

HUMAN CAPITAL

Momentum Metropolitan is very proud to be one of 1 700 employers recognised globally as Top Employers in terms of their human capital practices. This certification recognises employers for their people practices, benchmarks, processes and activities.

It is with great sadness that we remember the 39 employees we have lost to Covid-19-related deaths. Our condolences go to their families, colleagues and friends.

Human capital governance

To meet our commitments as a responsible corporate citizen, we have incorporated the following United Nations Global Compact (UNGC) Principles:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
- Principle 2: Businesses should make sure that they are not complicit in human rights abuses
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour
- Principle 5: Businesses should uphold the effective abolition of child labour
- Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation

Our application of the UNGC Principles includes upholding the UN Declaration of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

Keeping people safe from gender-based violence

In November and December 2020, we used the 16 days of activism against gender-based violence (GBV) to implement the Momentum Metropolitan GBV guideline and GBV toolkit to help anyone confronted with GBV challenges. We aim to empower, influence and give a voice to both men and women who find themselves face-to-face with GBV.

Momentum Metropolitan supports this always-on initiative and will continue to look for innovative ways to assist our employees in improving their lives and the lives of those they support. At the end of the 16 days of activism, we officially launched our GBV manifesto video to affirm our commitment to empowering our employees.

OUR PEOPLE

13 338 permanent employees
(2020: 12 881)

645 temporary employees
(2020: 733)

64% women in our workforce
(2020: 64%)

6% annualised permanent employee voluntary turnover rate*
(2020: 8%)

1.3% of employees covered by an independent union or collective bargaining agreement
(2020: 1.5%)

Absenteeism rate** of **1.1%**
(2020: 1.2%)

Total remuneration of
R6.7 billion
(2020: R6.1 billion)

R3.3 million investment in employee wellness
(2020: R3.5 million)

** Annualised voluntary turnover includes resignation only*
*** Absenteeism includes all sick leave taken during the financial year*

In support of the UN SDGs

We have identified three of the UN SDGs as SDGs to which we can make a meaningful, direct contribution and that correlate with our purpose and the key focus of our strategic objectives that impact our human capital. They are:

The contribution we have been able to make to these SDGs is explained in both the human capital and the social and relationship capital sections of this report.

BUILDING AN EMPLOYEE VALUE PROPOSITION THAT ATTRACTS AND RETAINS CRITICAL TALENT

The philosophy underpinning our employee value proposition is based on treating every employee with dignity and respect; developing an inspirational employer brand that attracts people who aspire to join us to grow a career and not just do a job and providing a workplace that encourages employees to contribute meaningfully to our success story.

Keeping our empowerment promise

In April 2021 the Momentum Metropolitan iSabelo Trust, which was approved by shareholders in November 2020, empowered over 13 000 employees from an allocation of 44.9 million shares (3% of the Group's issued ordinary share capital). While all our permanent South African-based employees benefit from the Trust, the share allocation is weighted in favour of black employees. Black employees who currently constitute over 78% of our employees will receive at least 85% of the economic benefits of the scheme, while our black female employees will receive 55% of the economic benefits. Current employees received 80% of the share allocation. The remaining 20% has been set aside for new employees joining the Group over the next five years. Employees are not required to contribute financially to their allocation of shares, however, they need to remain in the Group's employ for seven years to retain 100% of the allocated equity, subject to a 10-year redemption restriction.

Employees resigning early will retain a percentage of their allocation, also subject to the 10-year redemption restriction. Retiring employees or any employees who pass away will retain 100% of their allocation. Uptake of shares was at 93% at year-end and feedback from employees has been very positive as we create a culture of ownership and belonging among our people.

Engaging with our employees

Employee engagement has an impact on organisational performance, with higher engagement leading to lower turnover and absenteeism.

Companies with high levels of engaged employees are more productive, have a better client focus and tend to have a higher profit. We conducted two employee surveys during F2021. The Wellness Pulse Survey measured people's ability to adapt to working from home and their general well-being during Covid-19. The insights gathered from this survey guided our actions as part of our Covid-19 employee support initiatives. The Group achieved a pleasing 78% response rate from our surveyed employees in the annual Heartbeat Survey, which measures levels of employee engagement.

More than 80% of our employees were either fully engaged or engaged in comparison with the market levels of 37% fully engaged and 39% engaged. Our employees also showed a high level of commitment to the organisation and believe in what it stands for (87%), and 80% are willing to do more than what is required to help the organisation achieve its goals. Both of these scores are higher than the benchmark scores. At 76% the answers to the well-being and resilience questions in the survey scored slightly lower than the answers to willingness and commitment. This response is understandable under the current circumstances, however, in an effort to improve our employees' well-being and resilience we are looking at ways to improve the support we provide to our employees that will improve their well-being and resilience in the longer term. Our Wise & Well programme has since seen increased use with support and care being provided to employees in terms of mental, physical and financial well-being.

Creating a supportive environment during challenging times

Our efforts to support and guide our employees through the Covid-19 pandemic have included providing:

- remote working guidelines for employees
- leadership support containing tips and tools to help our leadership navigate the pandemic
- a self-risk Covid-19 assessment tool enabled with a call back from Hello Doctor for high-risk cases
- ongoing training and awareness sessions to support employees' well-being
- regular employee communication on managing mental, physical and financial well-being. The topics include how to deal with grief, benefits of structured exercise, financial wellness and guides to prevent and treat burnout
- options to assist employees with their financial well-being during this difficult period
- access to our Wise & Well programme for all our employees and their immediate families

We will continue to enhance and adapt these offerings during the pandemic and as we move into a post-Covid-19 environment. We anticipate that the needs of our employees will change post the pandemic and will adapt our programme to remain relevant to the changes in the employee/employer relationship.

The Covid-19 pandemic prevention measures have transitioned Momentum Metropolitan from a traditional office-based workforce to that of a hybrid workforce where the majority of our employees are working remotely. Momentum Metropolitan wishes to keep all its stakeholders safe and we have implemented various health and safety protocols across all our buildings to help mitigate the spread of Covid-19. During F2021 we reported 16 minor injury-on-duty cases, which constitute a 76% decrease from the previous financial year. The decrease can largely be attributed to the new way of work, which resulted in most of our employees not being in our offices. As we look ahead, with the hybrid working model becoming a permanent solution, our focus is on educating all our employees on safety precautions and the basics of what to do in an emergency to equip them to deal with situations that may arise.

The safety, health and well-being of our people

100% of employees have access to Wise & Well programme (2020: 100%)

100% of employees have access to psychological support (2020: 100%)

2 430 employees attended wellness training (2020: 649)

90% of employees have access to flexible working arrangements (2020: 90%)

Safety, health and wellness have always been a focus of our employee value proposition; however, since March 2020 our efforts to address the impact of the Covid-19 pandemic on our employees' well-being and productivity have been top of mind.

Our ability to provide each business unit with a trend report is helping them craft business-unit-specific wellness interventions. Monthly wellness forums are attended by the business unit wellness champions. The sharing of experiences we are gaining through these forums is helping us to gain an understanding of what will be required to keep our employees safe, healthy and well in future.

Using innovation to protect our employees

The digital passport that we developed to screen and ensure the safety of our employees returning to the workplace after lockdown was nominated for the Innovative Human Capital Technology Award for 2020 by TopCo. The passport has been utilised to enable employees to understand our safety protocol and provide immediate information with regard to dealing with Covid-19-related challenges. The digital passport also provides access to our online Human Capital app, which provides employees with more information regarding topics such as safety in the workplace, well-being, employee value proposition and self-service employee tools via our Human Hub. To date, we see more than 30 000 sessions on average per month with employees accessing these services.

The value that volunteering creates

Volunteering has long been part of the Momentum Metropolitan DNA. Every year we honour and celebrate our employees who have given back to their communities through volunteering. Despite the many challenges of the past 15 months, our people not only continued to find ways to volunteer, but an additional 530 employees registered as volunteers on our online volunteering platform. Our employees also continued to make donations through payroll giving. During the Covid-19 pandemic human connection has become more critical than ever. Indications are that the mental health of people who sought to help others through acts of kindness like volunteering, benefited from this activity (see page 143 of the social and relationship capital section of this report for information on our volunteering programme, Forgood).

B-BBEE transformation

Momentum Metropolitan wishes to be a business that is authentically transformed and which embraces diversity and inclusion. During F2021 we spent time on employee education through webinars to ensure the Group's stance on transformation and that what we stand for in this regard is made clear to all our employees. The webinars were well attended. We have also invested in educating employees on issues such as unconscious bias in the workplace and will be continuing with this programme in F2022.

We have also launched Mpowered, a talent initiative focused on historically disadvantaged groups that we have identified for fast-tracking in terms of talent opportunities in the organisation.

Year	Top management		Senior management		Middle management		Junior management	
	Black %	Black female %	Black %	Black female %	Black %	Black female %	Black%	Black female %
2019	40	30	33	10	40	20	81	51
2020	36	18	36	13	40	22	82	53
2021	36	18	37	15	44	23	84	54

51% black (African, Coloured and Indian (ACI)) women in our workforce
(2020: 51%)

36% black employees who are members of top, senior and middle management
(2020: 41%)

27% females who are members of top management
(2020: 27%)

18% black females who are members of top, senior and middle management
(2020: 20%)

Fair and responsible remuneration – ensuring pay equity and addressing the wage gap

In order to address both gender and racial pay equity, we closely monitor and address potential unfair discrimination by reviewing the comparative ratios (i.e. the ratio of the actual remuneration to the benchmark remuneration for the role) and highlighting any discrepancies that do not relate to justifiable reasons for differentiation. These would include, for instance, differing levels of performance, skills and/or expertise.

We recognise that the main contributing factor to the wage gap in terms of both gender and race is the lower representation of women and black employees in leadership positions. Therefore, as part of our transformation plans, we have set specific targets aimed at increasing the representation of women and black employees in leadership. The measurement of these targets is included in our incentive pool allocation to divisions.

Building a talent pipeline

Our investment in youth development through bursaries and internships is an important element of our talent development programme. Our internships, bursaries and learning requirements have been consolidated into a holistic skills development plan for the Group. More than 840 young people participated in learnerships, internships and apprenticeships of whom approximately 49% (314) were black. Our 12-month learnership initiatives, which included training programmes in short-term insurance, wealth management, generic management, call centre and medical claims assessment, provided participants with a formal qualification. In total, 55 learners were offered permanent employment at the end of the programme.

The Employment Equity Act requires that a company complies with the Act in terms of its recruitment policy, and the Skills Development legislation requires that employees be trained and developed. Effective implementation of skills development not only improves productivity by assisting employees to build on their competencies, but also offers unemployed youth the platform to diversify their employment opportunities.

Continued focus on skills development

Momentum Metropolitan has retained its Level 1 B-BBEE status under the revised Financial Sector Code (FSC) for the third year running. Skills development is one of the key elements to comply within the Revised Codes. It measures the extent to which companies carry out initiatives designed to develop the competencies of black people, internally and externally. This means that if the sub-minimum of eight points out of 20 (which must be achieved, excluding the five possible bonus points) is not achieved, the measured entity will be discounted one B-BBEE Recognition Level. Momentum Metropolitan is embracing the skills development element of the B-BBEE scorecard as well as offering skills development initiatives in specialised areas of study within the insurance industry.

Developing the skill sets of previously disadvantaged population groups (of both the industry and the country) is a key priority for Momentum Metropolitan. An important element in our aim to achieve the authentic transformation of Momentum Metropolitan, is our investment in a female talent pipeline that will substantially increase the number of females in all tiers of our business. Our one-year leadership development programme, run in partnership with a prestigious business school focusing on African females at executive, senior, middle and junior management levels, will play an important role in transforming our leadership team and enabling African women to gain the necessary skills to advance to senior leadership positions within the insurance sector.

Investing in talent and diversity

- **57** graduates participated in a 12-month internship programme to the value of **R4.4 million**
- **840** youths participated in learnerships, internships and apprenticeships, of whom **314** were black
- **16** black youths received bursaries to the value of **R1.4 million** in support of their actuarial studies
- **32** candidates received bursaries to the value of **R1.6 million** to support their enrolment for the Certified Fraud Examiner programme
- **350** employees received financial support of **R1.7 million** through a skills programme to assist with preparation for regulatory exams
- **126** unemployed young black people were employed by Momentum Metropolitan in F2021

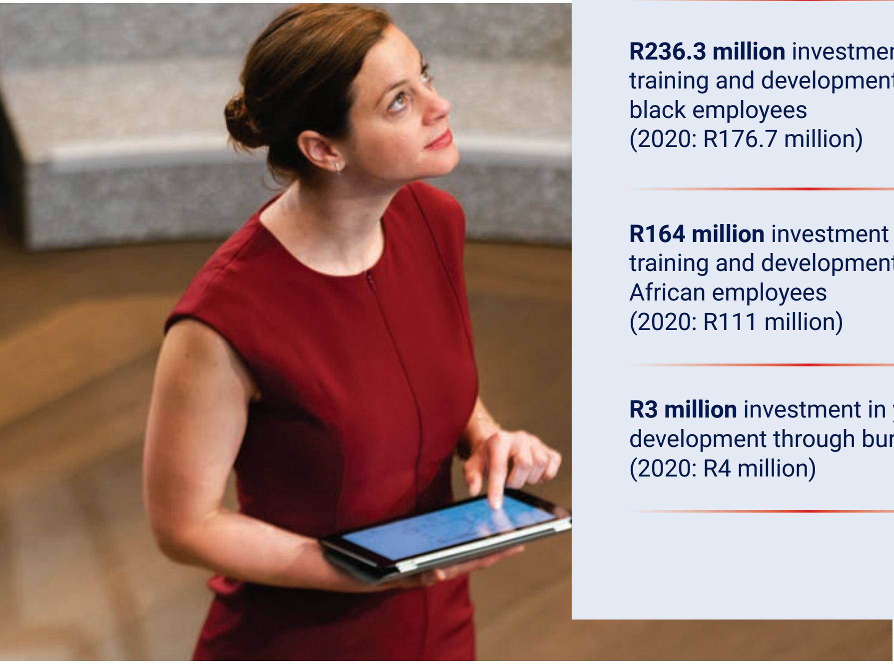
The Spirit of Excellence

The Spirit of Excellence award was introduced by the Group CEO on 24 October 2019 at the annual leadership summit and was formally launched in December 2019. The purpose of the award was to encourage, stretch and reward teams who continually strive for excellence in their current place of work. Any team throughout the Group (natural or cross-functional) and permanent employees were eligible for this award.

A total of 177 nominations were received between February and October 2020. A formal event was hosted on 24 November 2020, which saw the winning team walk away with a total prize of R1 million. The cash prize was shared between 16 team members as a personal incentive.

EQUIPPING OUR EMPLOYEES WITH THE SKILLS TO PERFORM IN AN EVOLVING ENVIRONMENT

During F2021 we achieved an improvement in our skills development score, which forms part of our performance against the revised FSC, from 11.3 to 15.1. This demonstrates our commitment to creating a culture of curiosity and learning while also focusing on unemployment and youth development through our graduate, bursary and internship programmes.



R244.6 million investment in training and skills development (2020: R183.3 million)

15 666 employees received training (2020: 14 189)

63% of employees trained were women (2020: 64%)

81% of black employees received training (2020: 83%)

R236.3 million investment in the training and development of black employees (2020: R176.7 million)

R164 million investment in the training and development of African employees (2020: R111 million)

R3 million investment in youth development through bursaries (2020: R4 million)

During F2021 we continued with our training and development programmes, which include internships, management development, leadership development and a bursary programme. A renewed focus with regard to the range of digital learning platforms has been top of mind over the past 12 months, which ties in with our philosophy that learning should be available to any employees regardless of who they are, where they work or at what level they are in the organisation. This included the rollout of the Skypiom Learning Management System and other learning experience platforms. This rollout will be completed throughout the Group in F2022, with the exception of the distribution channel environment where the rollout is planned as part of a future development.

Performance excellence plays an important part in the development of our employees, as it provides the building blocks to articulate the contribution the employee makes to the organisational strategy; aligns expectations; creates a platform to plan for current and future development; and through continuous dialogue throughout the year drives higher levels of performance and employee engagement. Development plans form part of all performance excellence processes at Momentum Metropolitan and are accessible throughout the financial year to allow employees and managers to continually reflect on learning objectives. During this financial year, we saw 94% of employees completing their contracts via our renewed performance system, which included a digital personal development plan completed by 2 884 employees (compared to 631 in the previous financial year), which allowed employees to reflect on and plan for their development and aided managers to discuss development in a tangible way with employees. Development plans and dialogues will be used as a basis for our internal mobility and career initiatives into the future as part of our broader talent development approach.

There is an increasing need for leaders and managers to adapt to managing teams in the remote world of work. Our curated content on LeaderFlix and ManagerFlix has attracted over 10 000 sessions as our leaders seek to enhance their skills. This content is continually refreshed and curated and meets the requirements of our leaders in terms of topics such as Well-being in the workplace, Managing remotely and Leading with empathy. During the year under review, we also launched a revised and digitally fit Management 101 course. Leadership remains a key priority for the Group, and we are focusing on holistic leadership development through experiential approaches.

To build the capabilities that lie at the heart of our business, which is our ability to service our clients, we will continue to focus on building service skills through academies. We successfully launched a Service and Sales Academy during this financial year to specifically focus on the development of these skills and will continue to equip our employees to excel in these areas.

MAINTAINING AN EMBEDDED ETHICAL CULTURE

At Momentum Metropolitan we define ethics in the workplace as the moral code that guides the behaviour of our employees with respect to what is right and what is wrong in terms of their conduct and decision-making. Despite most of our employees working from home with reduced oversight during the Covid-19 pandemic, we have had very few cases where our ethical standards were breached.

At Momentum Metropolitan we see people, both our clients and our employees, as critical assets. We understand that our clients find compliance processes onerous. Addressing their frustration can sometimes be an ethical challenge for our employees. We provide our employees with the knowledge they need regarding compliance requirements and systems and processes to assist them with addressing these challenges.

We continue to support our employees' ethics and compliance knowledge through continuous learning and information on the ethics lines available for their use. Our leaders' ongoing engagement with employees on what is expected of them in terms of living our standards of accountability and integrity and adhering to our Code of Ethics and Standards for Conduct policy, has supported these efforts. We have also introduced a training calendar to refresh employees on our stance with regard to ethics and other topical matters, which is rolled out annually.

Our employee-specific conflict of interest policy, which requires our employees to self-declare any possible conflict of interest, is working well with employees self-declaring matters they think may be a conflict of interest for Momentum. Should employees self-declare something they think may be a conflict of interest, their manager will receive an alert to discuss the matter with the employee and make a finding as to whether the declaration constitutes a conflict of interest for Momentum.

During the year under review less than one percent of our employees were involved in disciplinary processes, which are designed to be well managed, transparent and not punitive. For more information on our governance of ethics see page 44 of this report and momentummetropolitan.co.za/en/about/governance on our website.

OUR PEOPLE STRATEGY IN SUPPORT OF REINVENT AND GROW

As we move forward, we can expect the world to be different; a hybrid working model, new routines and habits, new skills and priorities and an economy that will take time to recover. Amid these challenges it is encouraging to see how our people have adapted in the face of adversity, have shown genuine and authentic care for colleagues and above all, shown the passion for our clients that lies at the heart of our business. It is in times of adversity that leadership and culture are truly tested, and we have proved we can endure with high levels of integrity, a strong Think Human First people philosophy and the belief that success is truly better together.

During the year ahead we will be focusing on:

- the end-to-end employee experience through our technology platforms and creating memorable human moments of interaction
- encouraging internal mobility by creating an internal marketplace of available opportunities and exposure
- enabling people to upskill themselves and develop their own careers
- continuing to drive digital learning
- embedding the hybrid way of work
- identifying and developing the skills our new way of work will require through additional training academies
- helping our people to make sense of the new world, settling into a new work rhythm and assisting them with setting up new routines and boundaries to take care of themselves

Our hybrid working environment provides us with an opportunity to re-evaluate our employee value proposition and some of our traditional location-based offerings. We have also identified that we need to find ways to make it easier for our employees to understand and access the benefits we currently provide, and are preparing an e-benefits booklet, which will form part of our onboarding portal and practice in future.

We want to be an employer that is able to provide its employees with choice. In this connection we are working on our remuneration philosophy, looking at how it should evolve to meet evolving business needs and looking at non-traditional forms of employment that we expect to become more prominent as the talent environment evolves in terms of gig-work and talent exchange trends.

We believe that culture lies at the heart of our business and have been engaging various leaders across the Group over the past 12 months in leadership dialogues in order to co-create a people promise and leadership philosophy that will form the basis of our culture journey into the future. These beliefs guide our conduct and ensure that we remain true to our principles, values and morals as a Top Employer where people love to work.

PART 1: REMUNERATION REPORT

> The impact of the Covid-19 pandemic on our employees, our customers and society continued to be felt during 2021, with the second and third waves of the pandemic significantly delaying the economic recovery, and dramatically increasing the volume and size of mortality claims across our retail and corporate life insurance businesses. As was the case in 2020, the Remuneration Committee has had to balance the need to motivate and retain our employees with the need to align remuneration outcomes with shareholder and other stakeholder outcomes.
>
> Despite the challenges it posed managed successfully navigated the environment, as is demonstrated by the pleasing increase in overall new business volumes, and the significant growth in earnings in our Investments, Health and Non-life Insurance businesses.

The salient features of the financial results for 2021 are:

- The impact of the second and third Covid-19 waves resulted in a R2.8 billion net mortality loss for the year. This resulted in an overall decline in normalised headline earnings of 34%
- Excluding the additional Covid-19 provision and net negative mortality experience variance, the Group's underlying performance remained resilient with earnings in Momentum Investments, Metropolitan Life and Momentum Metropolitan Health benefiting from strong new business revenue, further supported by good growth from the Non-life Insurance business, and strong investment returns on the shareholder investment portfolio
- New business volumes, on a present value of premiums (PVP) basis, increased by 31%, mainly due to an excellent 55% new business growth in Momentum Investments, and 25% growth in PVP in Metropolitan Life. This resulted in the Value of New Business increasing in excess of 150%, which is an excellent recovery from the 2020 levels
- The Group remains well capitalised, with the regulatory solvency cover of Momentum Metropolitan Life, the Group's main life insurance entity, as well as the group solvency for Momentum Metropolitan Holdings, remaining within the target range after taking into account the additional Covid-19 provision and net negative mortality experience variance

In response to the financial results, the Remuneration Committee took the following decisions:

- In order for salaries to remain competitive, an annual salary increase will be awarded. An average increase of 4% will be granted in October 2021, with an additional 0.5% being set aside for out-of-cycle adjustments
- The overall management incentive pool for 2021, has remained in line with the 2020 pool (which was 29% lower than the pre-Covid-19 2019 pool), and represents 50% of the on-target management incentive pool. The Committee is of the view that this outcome is fair given the significant effort management has put into stabilising the business, and continuing to fulfil the Group's purpose of "Enabling clients to achieve their financial goals and aspirations". This can be seen in the 31% increase in new business volumes in F2021, and the strong earnings recovery in Momentum Investments, Metropolitan Life, Momentum Metropolitan Health and the Non-life Insurance business. It is important to note that, in line with the Group's short-term incentive (STI) deferral policy, where the accrued STI is above R300 000, 50% of the STI will be deferred into the long-term incentive plan (LTIP) over a period of three years. By design, the STI deferral is greater at the executive and senior management levels
- Regarding the impact of the reduced earnings in 2020 and 2021 on the achievement of the performance conditions set for the long-term incentive tranches in issue, the Committee decided not to make any adjustments to the performance conditions or the vesting periods of these awards. The LTIP performance units awarded in 2018, and vesting in October 2021, did not meet the performance conditions set for this tranche, mainly due to the negative impact of Covid-19 in 2020 and 2021 on the financial performance criteria for this tranche. As a result, these performance units will be forfeited

Other matters considered by the Remuneration Committee in 2021 included:

- The standardisation of Executive Committee employment contracts to ensure improved governance
- Benchmarking the executive management compensation to a comparator group, comprising the large listed life insurance groups (Discovery, Liberty, Old Mutual and Sanlam), along with other financial services companies of similar size and complexity
- Benchmarking the non-executive director fees to a comparator group, comprising Alexander Forbes, Discovery, Liberty, Old Mutual, Sanlam, Santam, PSG and Rand Merchant Insurance Holdings
- Engaging with shareholders regarding the rationale for voting against the Group's remuneration policy at the AGM which took place on 26 November 2020 (see below, the actions taken by the Remuneration Committee to address the concerns raised by shareholders)
- Reviewing the benchmarking of the overall incentive scheme (STI and LTI) quantum – the Committee is satisfied that the approved percentage of pre-tax pre-incentive NHE remains appropriate as the basis for the overall (STI + LTI) incentive pool calculation
- The Committee approved a change in the share scheme hedging strategy. The share schemes were previously hedged on an embedded value (or economic) basis, however, following the implementation of the iSabelo Employee Share Ownership Plan, this was changed to the IFRS basis, whereby the IFRS cash-settled liability is hedged
- Approving the performance criteria applicable to the October 2021 LTIP allocation

Shareholder voting

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

Resolution	2019	2020
Overview of the Remuneration Policy	14% against	14% against
Implementation Report	12% against	49% against

At the Group's 26 November 2020 AGM, the Remuneration Policy received a 14% dissenting non-binding advisory vote from shareholders, while the Implementation Report received a 49% dissenting non-binding advisory vote from shareholders. As a result of the dissenting non-binding vote related to the Implementation Report exceeding 25%, we invited shareholders to engage with us regarding the rationale for their dissenting vote, in addition to engagements we had with shareholders prior to the AGM. Set out on the following page are the concerns raised by shareholders regarding our 2020 Remuneration Report and Policy, along with our response to these concerns.

Shareholder concern raised	Feedback and actions taken
Adjustments should not have been made to in-flight LTIP performance targets and performance periods, in light of the impact of the Covid-19 pandemic on Group performance.	Although the Remuneration Committee believes that the adjustment to targets, and the extension of the performance vesting periods for long term incentives, were justified given the unusual and extreme impact of the pandemic on the Group's performance in F2020, no further changes have been made to in-flight long-term incentives during the current year. The adjustments represented an application of discretion in circumstances the Remuneration Committee considered to be extraordinary and to mitigate the impact of Covid-19.
The 15% ex-gratia vesting of the October 2017 long-term incentive, which vested in October 2020, should not have taken place when vesting outcomes would otherwise have been nil.	The decision to allow the ex-gratia vesting of 15% took account of the good progress made by the leadership team in F2019 and F2020 towards the Reset and Grow targets. The LTIPs vesting in October 2021 have also not met the performance conditions set for this tranche, and the Remuneration Committee has decided not to apply any discretion with regard to this vesting outcome. The result is that none of these performance units will vest.
The performance targets for the October 2020 LTIP award were not published in the F2020 Implementation Report, with the result that shareholders could not evaluate these targets in considering the Implementation Report. Even though these targets were published on SENS on 27 November 2020, this was too late to enable shareholders to consider these as part of the voting process.	The delay in finalising the 2020 long-term incentive targets was caused by the difficulty in setting targets amid the uncertain impact of the Covid-19 pandemic on future financial performance. For the current year, the Remuneration Committee has approved the performance conditions for the October 2021 long-term incentive award, and these are set out in the Implementation Report on page 134.

The Group will continue its practice of proactively engaging with shareholders, in the form of one-on-one engagements in the run up to the AGM, to address comments and concerns that may flow from our current approach as set out in this report. The Remuneration Committee encourages and pursues open and regular dialogues with all stakeholders and values shareholders' continued support and feedback regarding the remuneration framework. 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, MMH will release a SENS announcement inviting dissenting shareholders to engage one-on-one with it, and the details regarding such engagement will be disclosed in the 2022 remuneration report.

F2022 FOCUS AREAS

The Remuneration Committee will be focusing on the following areas:

- Continued engagement with shareholders to address any concerns regarding the Group's remuneration policy, or the application thereof
- Identifying and addressing potential retention risks related to high-impact talent in the Group, through customised remuneration practices
- Reviewing the mix between short- and long-term incentives at the various levels of management to ensure that these incentives are still fit for purpose.

Independent advice

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

Achievement of the stated objectives of the remuneration policy

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

Approval

This remuneration report was approved by the Remuneration Committee of Momentum Metropolitan Holdings on 2 September 2021.

Peter Cooper

PART 2: OVERVIEW OF THE GROUP'S REMUNERATION POLICY

The Group's remuneration philosophy is to recruit, motivate, reward and retain employees who believe in and live by our culture and values. We endeavour to encourage entrepreneurship by creating a working environment that motivates high performance, so that all employees can positively contribute to the strategy, vision, goals and values of the Group. This philosophy, supported by a robust performance management practice, strives to set our employees' total remuneration package at a competitive level, by benchmarking to the market and providing incentives geared to agreed performance outcomes, where appropriate.

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

THE GROUP'S REMUNERATION PHILOSOPHY

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

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

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

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

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

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

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

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

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

REMUNERATION STRUCTURE AND DESIGN

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

Remuneration element	Purpose and link to strategy	Eligibility	Remuneration policy	Performance conditions
Total Guaranteed Pay (TGP) – Cash salary plus benefits	To attract and retain talent by providing the core guaranteed element of remuneration for the role.	All staff employed by the Group.	TGPs are benchmarked against the financial services market, targeting the 50th percentile. Increases are awarded on 1 October annually.	Meet the requirements of the role.
Short-term incentives (STI)	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.	All full time staff.	STIs are discretionary, and are awarded as a percentage of TGP, which varies according to the level and complexity of the role. The actual award is based on a weighted mix of the level of performance achieved by the Group, the division and the individual, that is weighted towards financial outcomes. Above a certain value threshold, STIs are deferred into the LTI scheme to enhance retention and improve alignment with shareholders.	The Group performance relative to targets determines the size of the Group STI pool.
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) on page 134.

TOTAL GUARANTEED PAY

In order to ensure that the Group's TGP remains in line with the market, salaries are regularly benchmarked against the financial services market. TGP is generally benchmarked against the market median (50th percentile) for all employees that meet the requirements of the role, with exceptions at-or-above the upper quartile (75th percentile) for certain key roles where there are premiums due to scarce and/or specialised skills, continued outstanding performance, and/or high-impact talent retention. In addition, the Remuneration Committee annually reviews the TGP benchmarks of Executive Management against a comparator group. The Group uses a recognised job grading system, and continually conducts job evaluations and grading wherever there are changes within the organisation.

The Group awards TGP increases on 1 October annually.

OVERALL INCENTIVES (STIs AND LTIs)

This year the incentive pool determination process was enhanced to ensure that incentives are market related at a Group level, and are appropriate and equitable across all divisions in the Group. The determination of the overall incentive pool is now based on the following approach:

Step 1

The overall on-target incentive pool is calculated on a bottom-up basis, by adding together the benchmark on-target STIs and LTIs for all participants, based on the industry in which the business operates. This then also determines the on-target incentive pool per business unit.

Step 2

This bottom-up 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 incentive pool is therefore the level of incentives (STIs and LTIs) that can be funded by achieving the targeted NHE.

Step 3

The top-down calculation is then applied to the actual NHE for the year, subject to approval of the calculated incentive pool by the Remuneration Committee.

Step 4

The allocation of the Remuneration Committee approved incentive pool to business units, takes place as follows:

- The on-target incentive 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 new business profitability and expense management versus annual targets
- The non-financial performance modifier relates to meeting Employment Equity targets, and the successful implementation of strategic initiatives in the business
- The business unit performance-modified on-target incentive pools (STIs and LTIs) are then adjusted back to the actual Group incentive pool as approved by the Remuneration Committee for the year.

Step 5

Individual incentives are then calculated based on the individual's performance-adjusted on-target incentive as a proportion of the business unit pool. Management discretion is then applied where appropriate, in order to make adjustments for factors not taken into account in the calculation, such as talent retention.

SHORT-TERM INCENTIVES

The Group's key STI is a discretionary profit-sharing STI pool with participation at management level. As mentioned above, the management STI pool is a component of the overall approved management incentive pool, which is determined based on the Group pre-tax pre-incentive NHE.

Executive, senior and upper-middle management employees are eligible to participate in the management STI pool, excluding employees who are already on pay-for-performance contracts, which includes sales employees who are paid on a commission basis.

For management pool participants that do not participate in the LTIP, the STI is equal to the individual's overall incentive as calculated in steps 1 to 5 above. For those in the management pool that participate in the LTIP, their STI is calculated as their overall incentive less the expected cost of the LTIP. All STIs are paid annually, subject to deferral into the long-term incentive scheme of 50% of the STI above a set threshold.

Employees outside these management layers participate in a general staff 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 (CEO) (and approved by the Remuneration Committee), while the CEO's objectives are agreed with the Board.

Details regarding the actual management STI pool for 2021 are set out in Part 3 (implementation report) on page 134.

MAXIMUM STI CAP

The maximum cap on the STI for all employees and executives (inclusive of the portion of the STI deferred into the LTIP) is equal to 200% of the on-target STI.

DEFERRAL OF STI INTO THE LTI

The management STI pool has a compulsory deferral component, which provides that 50% of all STIs above a minimum threshold are paid in cash, with the remaining 50% of the STI being deferred into the LTIP. The following STI deferral policy applies:

Quantum of STI	Deferral terms
Below R300 000	No deferral and STI is paid in cash
Above R300 000	The first R100 000, plus 50% of the amount above R100 000 is paid in cash (subject to a minimum cash payment of R300 000), with the remainder being deferred into the LTIP in the form of deferred bonus units, 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 purpose of the deferral component of the STI is to act as a retention mechanism of key talent, and to drive sustainable results, while also allowing 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 in which pre-vesting forfeiture, and clawback, can be invoked, please see the malus and clawback section below).

LONG-TERM INCENTIVES

The Group currently operates three LTI schemes, namely:

- The Long-term Incentive Plan (LTIP)
- The Share Appreciation Rights scheme (SAR)
- The Momentum Metropolitan iSabelo Trust (iSabelo)

The Group's main LTI is the LTIP, and participation is limited to executives and senior management that have a direct impact on value creation over the medium to longer term. The quantum of individual LTIP awards is based on financial services market benchmarks.

Both the LTIP and the SAR are cash-settled phantom share plans with performance vesting periods of three years, with an additional two-year holding period. In addition, for the LTIP scheme, where dividends are paid on ordinary shares, these dividend equivalent amounts are credited to participants as additional units that vest in line with the vesting date (and subject to the achievement of performance conditions) of the LTIP units to which they relate. In the SAR scheme, the value of dividends paid on ordinary shares during the vesting and settlement periods is credited to participants (dividend equivalents) by deducting them from the option strike price, for those units that ultimately vest, to the extent that performance conditions are achieved.

iSabelo 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 annual allocations to new employees to take place annually for four more years, from April 2022.

LTIP scheme

The Group adopted the LTIP in 2011. The LTIP is a cash-settled scheme comprising both retention and performance units that reference their value to the Momentum Metropolitan share price.

All allocations from the LTIP post 2018 represent performance units, which vest after three years subject to the achievement of performance conditions set at the award date, with an additional two-year holding period. The only exception relates to the deferral of management STI payments into the LTIP through the awarding of retention units (as the underlying STI represents a reward earned "on the way in", that is, the retention units are not subject to performance conditions).

Details regarding the LTIP performance vesting outcomes for the tranche vesting in October 2021, are set out in Part 3 (Implementation Report) on page 135.

The performance conditions for the October 2019 award, to be measured on the June 2022 results, are set out below:

PERFORMANCE MEASURE	% WEIGHTING	TARGET
Normalised headline earnings – lower bound	33%	R3.2 billion in F2022
Normalised headline earnings – lower bound	33%	R3.6 billion in F2022
Total shareholder return (TSR) vs equal-weighted peer index	33%	Exceed peer group TSR

The performance conditions for the October 2020 award, to be measured on the June 2023 results, are set out below:

PERFORMANCE MEASURE	% WEIGHTING	TARGET
Normalised Headline Earnings (lower bound)	20%	R3.7 billion in F2023
Normalised Headline Earnings (upper bound)	20%	R4.2 billion in F2023
Return on Equity (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 each of the performance conditions are measured independently, with a maximum vesting percentage of 100% in total. These performance conditions are applicable to the CEO, FD and all Group-wide service employees, while for business unit executives and senior managers, 50% of the performance conditions relate to the above, and the other 50% to equivalent, but business unit-specific, financial targets.

SAR scheme

The SAR scheme is a cash-settled performance-based phantom scheme that was implemented in October 2018, in terms of which a small group of executives and senior managers were allocated Share Appreciation Rights (SARs) that reference their value to the growth in the Momentum Metropolitan share price over the vesting period, with vesting originally taking place over three years (but extended to four years in 2020), and with settlement of the vested benefit taking place in three annual tranches after three, four and five years (extended to four, five and six years in 2020).

There is therefore an additional two-year holding period. The last award was made in October 2018 and subject to the achievement of the performance conditions related to the awards and the two-year holding period, will run until June 2024.

The performance conditions for the October 2018 award, to be measured on the June 2022 results are set out below:

PERFORMANCE MEASURE	% WEIGHTING	TARGET
Normalised Headline Earnings	33%	R3.2 billion in F2022
Return on Embedded Value	33%	Risk-Free rate + 3% over the performance period
TSR vs equal-weighted peer index	33%	Exceed peer group TSR

The three performance conditions are measured independently, i.e. the achievement of one of the conditions will result in 1/3rd of the total benefit vesting, achieving two will result on 2/3rds vesting and achieving all three will result in 100% vesting.

No further awards have since been made from the SAR scheme.

iSabelo

The iSabelo Employee Share Ownership Trust is an equity-settled share ownership scheme, whereby eligible employees are granted units in the Trust, which units vest over a period of seven years, and become unrestricted after 10 years. Once the units become unrestricted, the net asset value of the Trust will be distributed to beneficiaries in the form of MMH shares, in proportion to their individual unit holding. Any ordinary dividends declared by the Group during the restricted period, will be applied at least 80% to 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.

ENSURING FAIR, EQUITABLE AND RESPONSIBLE REMUNERATION

Role levels

All roles in the organisation are subjected to a job evaluation process, which results in a particular grade being attached to the role, thus enabling the appropriate benchmarking of the role against the market. Job grades are broadly based on the level of responsibility, skills and qualifications, effort and complexity of the role.

Internal pay equity

Jobs are benchmarked centrally in the Group, to ensure a consistent assessment of the level of the role relative to other similar roles in the Group, and relative to the market. Salary benchmark surveys that are appropriate to the markets in which we operate, are used across the Group, to ensure comparability with peers, and to ensure a consistent benchmark outcome for jobs of equal value.

Pay comparisons are performed across areas where the potential exists for unfair pay discrimination. 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

In awarding annual salary increases, the increase percentages granted to general staff 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.
Fair remuneration is achieved through:

- Fair pay differentiation based on factors such as skills, experience and performance
- Applying the principle of "equal pay for work of equal value" (as set out under "Internal pay equity" above), to identify possible areas of pay discrimination or bias

Responsible remuneration is achieved through:

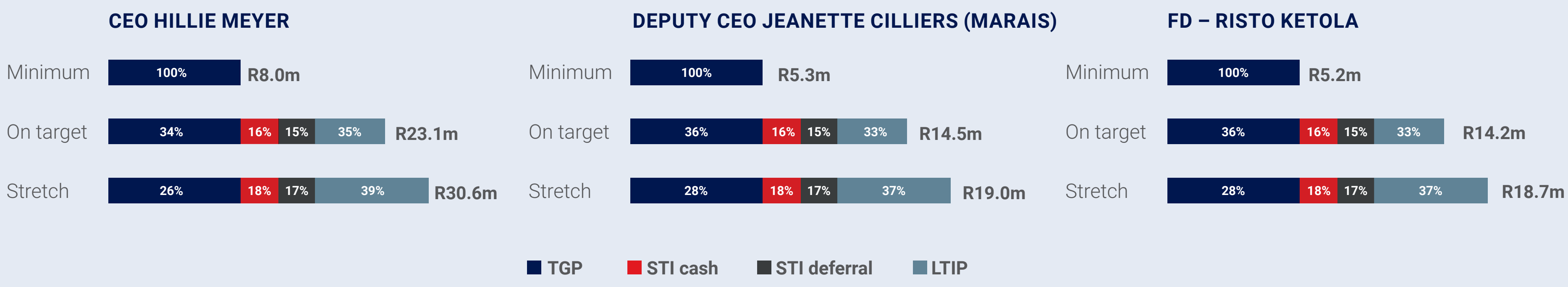
- An annual review of the minimum guaranteed package of employees at the basic skills level to ensure that this is set at a level that offers employees a decent standard of living
- The level of variable remuneration paid is based on performance outcomes against targets, and benchmarked against the financial services market

EXECUTIVE DIRECTOR PAY MIX

On an executive management level the graphs below show the pay mix for the CEO, Deputy CEO and the FD respectively, at minimum, on target and stretch levels of performance. The pay mix at executive level is weighted towards "at-risk" variable pay, and in turn the variable pay is contingent on meeting financial and strategic performance targets. The objective is to achieve a balanced pay mix appropriate for the job demands and performance of each executive.

The basis for determining the amounts under the minimum, on target and stretch performance levels is as follows:

- **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 100% of TGP for the CEO and 90% of TGP for the other executive directors. The LTI is assumed to meet two of the three performance criteria (i.e, 67% vesting), and is based on an LTIP allocation of 150% of TGP for the CEO and 135% of TGP for the other executive directors, and no share price growth.
- **Stretch** – is based on meeting the stretch targets, where the STI represents 150% of TGP for the CEO, and 135% of TGP for the other executive directors. 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 CEO and 135% of TGP for the other executive directors, 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 above graphs, 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.

MALUS AND CLAWBACK

The Group has developed and implemented a malus and clawback policy which allows for the pre-vesting forfeiture (malus) and/or post-vesting recovery (clawback) of all unvested and vested deferred STI, LTIP and SAR amounts respectively, relating to executive directors, senior managers, heads of control functions and other material risk takers in circumstances where actual risk events occurred.

The Remuneration Committee may, at any time on or before the vesting date for unvested incentives, reduce the quantum of a deferred STI or number of units comprising an LTIP and SAR award, in whole or in part, after the occurrence of an actual risk event.

In addition to the pre-vesting forfeiture of unvested incentives, from 1 September 2019 the Committee introduced a clawback policy for all variable incentive awards from that date. In terms of this policy the Remuneration Committee may pursue the recovery of previously vested and paid STI 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. 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 executive management level in the past year.

Restraints of trade

The Remuneration Committee may, from time to time, conclude restraint of trade agreements with members of executive management. These restraint of trade agreements may be contractual only, i.e. unpaid or, where appropriate, subject to an appropriate payment, and are aligned with the overall business strategy of the Group. Disclosure of these payments will be made in line with any applicable regulatory requirements. Restraint agreements are in place for certain key executive and senior management roles in the Group.

Payments on termination of employment

The employment contracts for members of the executive management do not compel the Remuneration Committee to make any payments in the event of termination of employment on account of their failures. Upon termination of employment, any payments made to such an executive will be as required in terms of legislation, and the consequences of unvested STIs, SARs and LTIPs will be governed by the rules of the incentive plans and the basis for the termination of employment. The Remuneration Committee has discretion regarding the terms of such agreements (to be exercised on a case-by-case basis). No payment shall be made due to a termination based on a lack of performance.

In the event of resignation or dismissal for just cause, all unvested incentives in the form of deferred STIs, LTIPs and SARs, will be forfeited in terms of the relevant incentive plan rules.

In the event of death, disability, retrenchment, retirement or early retirement, unvested incentives will vest pro rata based on the period of employment from award date to termination of service date, and, if applicable, the extent to which performance conditions were met as at that date.

The following table sets out how payments under each element of remuneration are dealt with, for the various reasons for termination:

	Reasons for termination			
	Voluntary resignation	**Dismissal/ termination for cause**	**Normal and early retirement, retrenchment and death**	**Mutual separation**
TGP	Paid over the notice period or as a lump sum	No payment	Normally no payment is made; however, in some cases pre-retirement leave is paid in terms of certain legacy employment contracts	Paid over the agreed notice period or as a lump sum
STI – cash	Forfeited if not in the employ of the Group at the payment date of the STI	No payment	No payment	Discretion applied based on terms of the separation agreement
STI – deferral	Automatic forfeiture of unvested deferred 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 F2021.

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 MMH shares towards achieving the required level of exposure.

The 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, or 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) on page 139.

NON-EXECUTIVE DIRECTOR FEES

Non-executive directors, in serving the Group, are paid an annual retainer fee. They do not receive additional fees per meeting. Also, they do not receive performance incentive payments, SARs, pension fund benefits, loans on preferential terms, expense allowances or any other form of financial assistance. The Group pays for all travel and accommodation costs in respect of the attendance of Board meetings.

The fees for non-executive directors are revised annually and submitted for consideration to the Remuneration Committee. The fees are submitted annually for approval at the AGM. In considering the non-executive directors' fees, various factors are considered, 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, Liberty, Old Mutual, Sanlam, Santam, PSG and RMI.

Non-executive directors may receive ad hoc supplementary fees, calculated on an hourly basis, for significant additional work performed during the financial year. Payment of these fees is not guaranteed and is limited to ad hoc committee work required from non-executive directors.

The details regarding the proposed non-executive director fees for 2022 are set out in the Notice of Annual General Meeting, Special Resolution Number 3 which is will be available on our website https://www. momentummetropolitan. co.za/en/investor-relations/financial-results) on 30 September 2021.

Voting statement (non-binding advisory vote on the remuneration policy)

This remuneration policy is subject to an advisory vote by shareholders at the November 2021 AGM. Shareholders are requested to cast a non-binding advisory vote on Part 2 of this remuneration report, as it appears above.

PART 3: IMPLEMENTATION REPORT

EXECUTIVE DIRECTORS – SINGLE FIGURE DISCLOSURE

The South African Companies Act, 71 of 2008 (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 officers" and resolved that the executive directors are the prescribed officers of the Group. Remuneration earned by the executive directors in accordance with the single figure remuneration disclosure guidance set out in King IV™, is set out below:

Single figure remuneration: executive directors

	Hillie Meyer		Jeanette Cilliers (Marais)		Risto Ketola		Total	
R'000	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Guaranteed remuneration[1]	7 613	6 756	4 532	4 321	4 282	4 129	16 427	15 206
Salary and allowances	7 613	6 756[4]	4 243	4 042	3 932	3 772	15 788	14 570
Retirement contributions	–	–	231	224	223	235	454	459
Medical aid contributions	–	–	58	55	127	122	185	177
Short-term incentives[2]	3 500	3 900	4 000	3 100	2 700	2 700	10 200	9 700
Cash	1 300	2 000	1 300	1 600	1 150	1 400	3 750	5 000
Deferred	2 200	1 900	2 700	1 500	1 550	1 300	6 450	4 700
Long-term incentives[3]	–	–	–	–	–	631	-	631
Total remuneration	**11 113**	**10 656**	**8 532**	**7 421**	**6 982**	**7 460**	**26 627**	**25 537**

[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 133 represent 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 (LTIs) is:

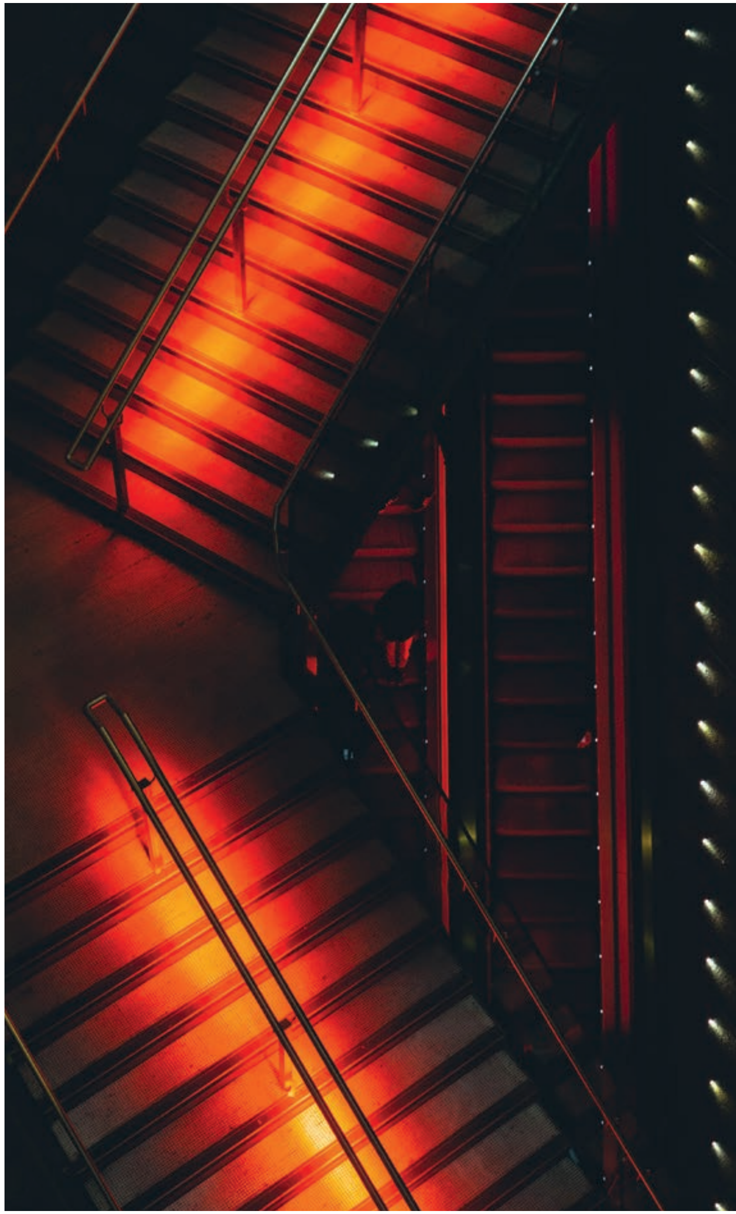
2020:

- For LTIP performance units – the value is based on the value of the number of October 2017 performance units vesting in October 2020, on the basis of performance conditions measured on 30 June 2020. In terms of these LTIP performance conditions, 85% of the performance units were forfeited
- No LTIP retention units were issued to executive directors in the 2020 year, other than the deferred bonus units, which are included in the short-term incentive amounts above.

2021:

- For LTIP performance units – the value is based on the value of the number of October 2018 performance units vesting in October 2021, on the basis of performance conditions measured on 30 June 2021. In terms of these LTIP performance conditions, all these performance units will be forfeited.
- No LTIP retention units were issued to executive directors in the 2021 year, other than the deferred bonus units, which are included in the short-term incentive amounts above.'

[4] After the deduction of the unpaid leave amounting to R615 000



Companies Act disclosure: executive directors

	Hillie Meyer		Jeanette Cilliers (Marais)		Risto Ketola		Total	
R'000	2021	2020	2021	2020	2021	2020	2021	2020
Guaranteed remuneration	7 613	6 756	4 532	4 321	4 282	4 129	16 427	15 206
Salary and allowances	7 613	6 756	4 243	4 042	3 932	3 772	15 788	14 570
Retirement contributions	–	–	231	224	223	235	454	459
Medical aid contributions	–	–	58	55	127	122	185	177
Short-term incentives	2 000	3 025	1 600	2 050	1 400	2 138	5 000	7 213
Long-term incentives	1 144	345	1 524	209	2 614	2 208	5 282	2 762
Total remuneration	**10 757**	**10 126**	**7 656**	**6 580**	**8 296**	**8 475**	**26 709**	**25 181**

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, in order for salaries to remain competitive, an annual salary increase is awarded. An average increase of 4% will be granted in October 2021, with an additional 0.5% set aside for out-of-cycle adjustments.

The TGP of the executive directors and their respective increases, effective 1 October 2021, are set out in the table below. Both the Deputy CEO and Financial Director received benchmark adjustments, following the results of the comparator benchmarking process.

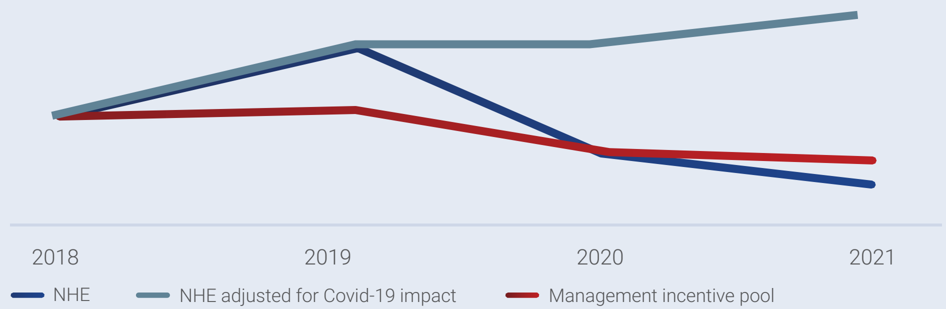
Total guaranteed package

	1 October 2021 R'000	1 September 2020 R'000	% annual increase	% benchmark adjustment
Hillie Meyer	8 000	7 650	4.6%	0%
Jeanette Cilliers (Marais)	5 250	4 470	4.0%	13.4%
Risto Ketola	5 150	4 300	4.0%	15.8%

Variable remuneration

The graph below illustrates the change in the overall incentive pool (STI plus LTI) since 2018, together with the NHE trend over the same period (both on a published basis, and after adjusting for the Covid-19 impact on 2020 and 2021):

EARNINGS RELATIVE TO MANAGEMENT INCENTIVE POOL



Since 2018, NHE has reduced by 50% (and increased by 77% on a pre-Covid-19 basis), while the management incentive pool has reduced by 26%. Overall, the level of the incentive pool has tracked the NHE trend quite closely.

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 R1 007 million, or 34% lower than F2020. This was mainly due to the impact of the second and third Covid-19 waves, which resulted in a R2.8 billion net mortality loss for the year
- New business volumes (on a Present Value of Premiums basis) increased by 31% to R66.3 billion. The excellent new business performance was mainly due to a 55% increase in the Momentum Investments new business, and a 25% increase in Metropolitan Life new business; and
- Value of New Business +159% to R721 million. Again this excellent performance was mainly due to the significant increase in the Momentum Investments and Metropolitan Life new business volumes

Taking into account the above metrics, the Remuneration Committee approved a management STI pool for F2021 that is in line with the F2020 pool.

Short-term incentives awarded in cash and deferred – executive directors

The short-term incentives awarded to executive directors for the 2021 financial year (payable in the 2022 financial year 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 2021 R'000	% of TGP 2021 %	Approved STI 2020 R'000	% of TGP 2020 %
Hillie Meyer	3 500	44%	3 900	51%
Jeanette Cilliers (Marais)	4 000	76%	3 100	69%
Risto Ketola	2 700	52%	2 700	63%

The approved STIs for the 2021 financial year are settled as follows:

	Cash – October 2021 R'000	Deferred into LTIP R'000
Hillie Meyer	1 300	2 200
Jeanette Cilliers (Marais)	1 300	2 700
Risto Ketola	1 150	1 550

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

Long-term incentive vesting

The performance conditions for the performance units allocated out of the LTIP on 1 October 2018, along with the vesting profile, are set out below:

Threshold	Target	Stretch
Annualised ROEV over the performance period (three years) to meet/exceed the 10-year zero-coupon RSA bond yield at the start of the financial year (defined as "risk-free rate") + 1.5%.	Annualised ROEV over the performance period (three years) to meet/exceed the "risk-free rate" + 3%.	Annualised ROEV over the performance period (three years) to meet/exceed the "risk-free rate" + 6%.

The following table summarises the actual performance to date for the LTIP 2018 tranche which vests in October 2021:

LTIP tranche	Performance threshold	Actual RoEV
Units issues in 2018 and vesting in 2021 – performance over the period 1 July 2018 to 30 June 2021	10.6%	3.7%

Based on the above, none of the LTIP performance units will vest in October 2021, which will result in the full forfeiture of performance units with regard to this tranche.

LTIs to be awarded in October 2021 – executive directors

The following table sets out the approved LTIP performance unit awards to the executive directors, with effect from 1 October 2021:

	Approved LTIP face value	% of TGP	Approved LTIP face value	% of TGP
	2021 R'000	2021 %	2020 R'000	2020 %
Hillie Meyer	16 000	200%	12 500	163%
Jeanette Cilliers (Marais)	10 000	190%	8 000	179%
Risto Ketola	9 000	175%	7 000	163%

Due to the difficulty in setting meaningful stretching financial performance targets in the current environment, the Remuneration Committee has decided to only apply one performance measure, which is Total Shareholder Return (TSR) relative to an equal-weighted peer group comprising Discovery, Old Mutual and Sanlam. In order for this LTIP tranche to vest in October 2024, the Momentum Metropolitan TSR must exceed the average of the peer group TSR between 1 July 2021 and 30 June 2024.

Long-term incentive table of unvested awards – Executive Directors

The table on the following page 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 2019	Granted during 2020[2]	Forfeited during 2020	Vested during 2020	Closing number on 30 June 2020	Cash flow on settlements 2020[3]	Estimated fair value on 30 June 2020[4]	Granted during 2021[2]	Forfeited during 2021	Vested during 2021	Closing number on 30 June 2021	Cash flow on settlements 2021[3]	Estimated fair value on 30 June 2021[4]
	'000	'000	'000	'000	'000	R'000	R'000	'000	'000	'000	'000	R'000	R'000
Hillie Meyer	**3 661**	**1 175**	**–**	**(19)**	**4 817**	**345**	**30 784**	**996**	**–**	**(76)**	**5 737**	**1 144**	**28 257**
LTIP – performance units													
Award date – 9 April 2018[1]	1 272	56	-	-	1 328	-	7 717	19	-	-	1 347	-	-
Award date – 1 October 2019	-	950	-	-	950	-	11 209	13	-	-	963	-	9 389
Award date – 1 October 2020	-	-	-	-	-	-	-	835	-	-	835	-	7 653
LTIP - deferred bonus units													
Grant date – 1 October 2018	57	2	-	(19)	40	345	704	-	-	(20)	20	299	390
Grant date – 1 October 2019	-	167	-	-	167	-	2 941	2	-	(56)	113	845	2 204
Grant date – 1 October 2020	-	-	-	-	-	-	-	127	-	-	127	-	2 477
SAR - performance units													
Award date – 1 October 2018	2 332	-	-	-	2 332	-	8 213	-	-	-	2 332	-	6 145
Jeanette Cilliers (Marais)	**1 710**	**637**	**-**	**(12)**	**2 335**	**209**	**14 103**	**647**	**(249)**	**(92)**	**2 641**	**1 524**	**20 685**
LTIP - performance units													
Award date – 1 April 2018	277	12	-	-	289	-	763	4	(249)	(44)	-	780	-
Award date – 1 October 2019	-	513	-	-	513	-	6 053	8	-	-	521	-	7 416
Award date – 1 October 2020	-	-	-	-	-	-	-	534	-	-	534	-	5 935
LTIP – deferred bonus units													
Grant date – 1 October 2018	34	1	-	(12)	23	209	405	-	-	(11)	12	181	234
Grant date – 1 October 2019	-	111	-	-	111	-	1 955	1	-	(37)	75	563	1 463
Grant date – 1 October 2020	-	-	-	-	-	-	-	100	-	-	100	-	1 950
SAR – performance units													
Award date – 1 October 2018	1 399	-	-	-	1 399	-	4 927	-	-	-	1 399	-	3 686
iSabelo BBBEE Trust[5]	-	-	-	-	-	-	-	17	-	-	17	-	15

[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*

Executive director	Opening number on 1 July 2019	Granted during 2020[2]	Forfeited during 2020	Vested during 2020	Closing number on 30 June 2020	Cash flow on settlements 2020[3]	Estimated fair value on 30 June 2020[4]	Granted during 2021[2]	Forfeited during 2021	Vested during 2021	Closing number on 30 June 2021	Cash flow on settlements 2021[3]	Estimated fair value on 30 June 2021[4]
Risto Ketola	**2 132**	**648**	**(253)**	**(124)**	**2 403**	**2 208**	**16 049**	**563**	**(203)**	**(172)**	**2 591**	**2 614**	**17 024**
LTIP – retention units													
Grant date – 1 October 2016	85	2	–	(87)	–	1 545	–	–	–	–	–		–
Grant date – 1 October 2017	57	3			60	–	1 057	–	–	(60)	–	907	–
LTIP - performance units													
Award date – 1 October 2016	253	–	(253)	–	–	–	–	–	–	–	–		–
Award date – 1 October 2017	229	10	–	–	239	–	631	–	(203)	(36)	–	544	–
Award date – 1 October 2019	–	513	–	–	513	–	6 053	7			520		5 070
Award date – 1 October 2020	–	–	–	–	–	–	–	468			468		4 289
LTIP – deferred bonus units													
Grant date – 1 October 2018	109	4	–	(37)	76	663	1 338	–		(38)	38	574	741
Grant date – 1 October 2019	–	116	–	–	116	–	2 043	1		(38)	79	589	1 541
Grant date – 1 October 2020	–	–	–	–	–	–	–	87			87		1 697
SAR – performance units													
Award date – 1 October 2018	1 399	–	–	–	1 399	–	4 927	–	–	–	1 399		3 686
iSabelo BBBEE Trust[5]	–	–	–	–	–	–	–	17	–	–	17	–	15

[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*

FAIR AND RESPONSIBLE REMUNERATION

The Group is cognisant of its internal wage gap. As envisaged by the principles of fair and responsible remuneration, the Remuneration Committee considered the following:

- A review of the minimum guaranteed package of employees at the basic skills level to ensure that this is set at a level that offers employees a decent standard of living. The current minimum guaranteed package amounts to R145 000 per annum, which represents a 5.8% increase from the prior year
- Ensuring that the average increases in guaranteed packages at executive and senior levels are lower on average than for general employees, reflecting the reality that inflationary pressure is more marked among general employees
- The level of variable remuneration paid is based primarily on the actual financial performance for the year.

Additionally, and when considering increases, the Remuneration Committee takes into account factors including, but not limited to, inflation, affordability, market trends, competitor remuneration and scarcity of skills.

NON-EXECUTIVE DIRECTORS' FEES

The following table reflects the fees paid to non-executive directors during the year.

	Months service		Fees	
R'000	2021	2020	2021	2020
P Cooper	12	12	1 199	1 160
LM Chiume	12	12	1 580	1 492
F Jakoet	12	12	1 066	981
L de Beer	12	12	1 589	1 330
NJ Dunkley[1]	–	–	–	–
T Gobalsamy[1]	–	–	–	–
SC Jurisich	12	12	1 736	1 570
JD Krige	–	5	-	285
KG Legoabe-Kgomari[2]	–	12	-	806
PJ Makosholo[3]	12	–	871	–
SL McPherson	12	12	1 185	854
PJ Moleketi	–	5	–	338
MS Moloko	12	12	2 344	1 692
JJ Njeke[4]	5	12	869	2 126
V Nkonyeni	12	12	1 058	1 024
DJ Park	12	7	1 156	805
KC Shubane[4]	5	12	416	991
FJC Truter	12	12	2 438	2 321
JC van Reenen[4]	5	12	389	926
			17 896	**18 701**

[1] Appointed June 2021
[2] Resigned June 2020
[3] Appointed July 2020
[4] Resigned November 2020

INTEREST OF DIRECTORS IN SHARE CAPITAL

Directors' MMH shareholding at 30 June 2021 – No. of ordinary shares ('000):

	Direct beneficial	Indirect beneficial	2021	2020
Hillie Meyer	248	390	638	638
Jeanette (Cilliers) Marais	189	–	189	189
Peter Cooper	292	150	442	442
Nigel Dunkley	73	–	73	–
Stephen Jurisich*	–	–	–	–
Frans Truter	44	433	477	477
Total ordinary shares at 30 June	**846**	**973**	**1 819**	**1 746**

** 169 shares held in MMH*

MMH shareholding of directors who resigned or retired during 2021 – No. of ordinary shares ('000):

	Direct beneficial	Indirect beneficial	Total
Khehla Shubane	78	7	85
Johan van Reenen	–	144	144
Total ordinary shares			

Directors' RMIH shareholding at 30 June 2021 – No. of ordinary shares ('000):

	Direct beneficial	Indirect beneficial	2021	2020
Hillie Meyer	26	18	44	44
Peter Cooper	795	3 061	3 856	3 819
Stephen Jurisich	3	–	3	3
Frans Truter	21	154	175	185

No changes in the above shareholding/interest occurred between 30 June 2021 and the date of approval of the Annual Financial Statements.

MINIMUM SHAREHOLDING REQUIREMENT MEASUREMENT

The following table reflects the current shareholding by executive directors in MMH shares, relative to the minimum shareholding requirement (MSR) as set out in the Group remuneration policy:

No of MMH ordinary shares at 30 June 2021 ('000):

	Minimum shareholding requirement	Current qualifying shareholding[1]	Date by which the minimum shareholding requirement must be met
Hillie Meyer	785	898	1 March 2023
Jeanette Marais	229	376	1 March 2023
Risto Ketola	221	204	1 July 2022

[1] *Comprises the directors' shareholding as set out in the tables above, and the balance of deferred STI units in the LTIP, as this remains a relatively constant share exposure through the replacement of vesting tranches with new tranches.*

The MSR in the table alongside is calculated based on the Total Guaranteed Package at 30 June 2021, and a closing share price on that date of R19.50 per share.

VOTING STATEMENT (NON-BINDING ADVISORY VOTE ON THE IMPLEMENTATION REPORT)

This report is subject to a non-binding advisory vote by shareholders at the November 2021 AGM.

Shareholders are requested to cast a non-binding advisory vote on the remuneration implementation report as contained in Part 3 of this report.

SOCIAL AND RELATIONSHIP CAPITAL

SOCIAL AND RELATIONSHIP CAPITAL

Our investment in social and relationship capital addresses a number of our most material issues. These include:

- Addressing the impact the state of our economy and the Covid-19 pandemic is having on the communities in which we operate
- The contribution we can make to the transformation of South Africa and the sustainability of society
- Maximising our contribution to economic growth and sector transformation by maintaining and where possible, exceeding the requirements of the revised FSC

This is achieved through:

Moving beyond compliance to authentic transformation

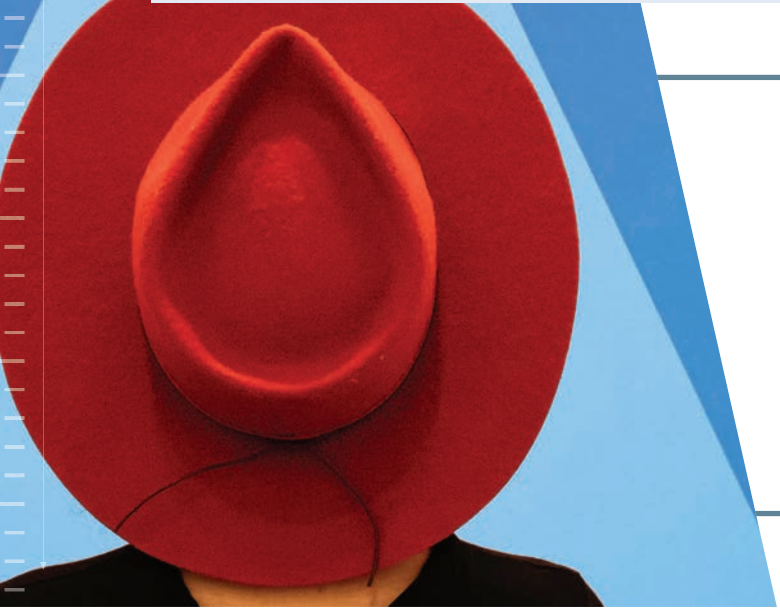
- Making a positive measurable difference to youth unemployment among those aged between 16 to 25
- Equal opportunity
- Empowerment financing
- Enterprise and supplier development
- Financial inclusion
- Preferential procurement

Delivering on our role as a corporate citizen

- Responsible investing
- Our approach to climate change as a signatory to the Just Transition Global Investor Statement
- Support of the UN SDGs
- Promoting well-being for all
- Treating customers fairly and improving financial literacy through consumer education

In support of the UN SDGs

We are pleased to have been able to contribute to SDGs 3: Good health and well-being; 4: Quality education; 8: Decent work and economic growth; 9: Industry, innovation and infrastructure; and 13: Climate action through our investment in the transformation of society and meeting our commitments as a responsible corporate citizen.



GOVERNANCE OF OUR SOCIAL INVESTMENT

The Momentum Metropolitan Foundation (MMF) is an independent not-for-profit company with its own board of directors whose roles and responsibilities are set out in its MOI. Its board members, 50% of whom are independent non-executive directors with the remaining 50% being drawn from the Momentum Metropolitan management team, are chosen for their skills and experience in corporate social investment (CSI). The MMF has mandated the Momentum Metropolitan CSI team to deliver on its youth employment strategy, which is aligned with Chapter Three of the South African National Development Plan (NDP); UN SDG 4.4: Substantially increase the number of youth and adults who have relevant skills including technical and vocational skills for employment, decent jobs and entrepreneurship and UN SDG 8.6: By 2020, substantially reduce the proportion of youth not in employment, education or training. The CSI team reports to the MMF on its progress at least every quarter, and more frequently if required.

OUR CSI FOCUS

When it comes to developing a strategy and an effective approach to halting the increase in youth unemployment and contributing to turning it around, the MMF has had to be deliberate about its approach. Its starting point was differentiating between a focus on employability versus employment. The MMF's focus is on employability, which is about equipping people with a set of skills, knowledge and understanding that make them capable of getting and keeping fulfilling work.

While South Africa faces its highest unemployment rate to date, there aren't sufficient applicants available with the skills needed for the available employment opportunities.

To achieve employability, we will also be focusing on programmes that demonstrate a clear, intentional flow from recruitment, technical training, psychosocial support and self-development to job placement, self-employment and career or business mentoring and support.

Over the past three years we have learned some valuable lessons regarding our youth employment strategy. Equipping young people with skills that will increase their employability remains our focus, but going forward we will have an increased focus on entrepreneurship, applying our Board-approved Entrepreneurship Framework. In this regard, we are partnering with AgriSA to support 300 black female entrepreneurs active in the agricultural value chain. We are also piloting a project with the PrimeStars Foundation, which is aimed at incubating innovation among young people in the low-carbon, resource-efficient and socially inclusive green economy, and growing young leadership in climate awareness.

Quality education

The skills areas on which we plan to focus in order to increase employability and job creation are:

IT and digital skills

Short courses provide quick entry to digital jobs and longer-term courses provide for high earning potential.

The rapid digitalisation of our environment is making these skills highly employable and very much part of the future world of work.

Entrepreneurship

In the South African context, entrepreneurship is needed to drive economic growth and job creation. We intend finding a niche in the area of entrepreneurship through which we can nurture the next generation of job creators.

Vocational training

The focus is on short courses to entry-level jobs. The programme has a broad reach and a quick turnover. We encourage our partners in this area to motivate young people to aim for training that will provide opportunities, growth and higher earning potential.

Recognising our volunteers

Through our Lesedi awards we recognise the outstanding work our employees do as volunteers. During the year under review 151 volunteers were nominated for awards and there were 27 finalists.

The nominees are evaluated on to what extent they live the Momentum Metropolitan values, how innovative they have been as volunteers and the impact and sustainability of their efforts. Personal growth that has occurred as a result of their volunteering is also taken into account. The non-profit organisations (NPOs) where the finalists volunteered benefit financially from their recognition.

This year 36 NPOs benefited from the awards.

Our focus on providing young people with IT and digital skills aims to provide a skilled talent pool from which Momentum Metropolitan and other businesses can draw.

Our partnership with one of the leading coding institutions, WeThinkCode, presented us with the opportunity to bridge the gender gap in the coding field when we became the founding partners of WomenThinkCode. This programme, which is aimed at increasing female representation in technology, focuses on recruiting, training and placing women in permanent employment in the software development sector. Our goal is to achieve gender parity in the programme by 2023. So far, the programme is on track to achieve this goal.

Our aim of creating a talent pool for the Group has resulted in WeThinkCode interns being permanently employed by Momentum Metropolitan, and in F2021 we grew the number of WeThinkCode interns from two in F2019 to 15 in F2021.

Employment for young people with disabilities is particularly challenging as most upskilling programmes are not accessible to them. Our partnership with the QuadPara Association of South Africa (QASA) has made it possible for young people with disabilities to develop basic computer literacy and business finance skills and to learn how to develop business plans for new ventures. QASA has been able to achieve a 70% placement rate for those who have completed their work-readiness programme. Collaboration between our partners resulted in graduates from the Life Choices Academy assisting QASA by redesigning its website.

During F2021 we invested approximately **R12 million** in our programme as a result of which:

- **283** young people completed their training
- **155** young people had workplace experience
- **74** young people were placed in jobs, 60 of whom were females
- **1 057** young people were recruited for training opportunities across all our programmes

We have also used smaller pilot programmes, such as our partnership with IT Varsity, through which we have awarded 10 young women from disadvantaged backgrounds with bursaries to study web development.

An area of concern in our vocational skills programme, where it remains extremely challenging for young people to secure employment, has been around the ongoing challenge of remuneration below the minimum wage set by government. We are working with our partners in this sector to raise our concerns with employers regarding employee remuneration for entry-level jobs.

Employee volunteering in numbers

- **2 535** employees volunteered during F2021 and they volunteered **4 263** hours of their time
- In-kind donations of **R250 000** were made by our employees
- **R260 000** in payroll giving by employees
- **17%** increase in the number of our employees who volunteered for Group-wide volunteering initiatives

VOLUNTEERING VIRTUALLY

We recognise that volunteering is known to contribute positively to people's mental health. We are therefore focusing on improving the quality of our volunteers' engagements and the kinds of volunteering initiatives we are able to make available under Covid-19 restrictions, with the aim of supporting the mental health of our employees and their communities in which they volunteer during this challenging time.

The focus of our employee volunteering programme is also on youth, with the main focus of the programme being on volunteers collaborating with youth-focused NPOs. This collaboration, which provides our employees with an opportunity to empower young people and includes mentorship and knowledge sharing, has given our volunteering programme a clear focus and purpose. Centralising the programme around a strategy that supports the Group's CSI strategy has greatly increased its effectiveness.

Covid-19 restrictions and protocols have changed the face of employee volunteering. We needed to find creative ways to continue running our programme. Our employees needed to find purpose and connect during the pandemic and our NPOs required financial support and the skills our employees could provide. Virtual volunteering provided a unique way to support our NPOs remotely. One such initiative was The Cube, a virtual event where 50 employees co-created solutions with four youth-focused NPOs to meet their challenges, help the NPOs excel and reach more beneficiaries more effectively, so young people can reach their full potential.

Our participation in the Forgood platform, which connects people who want to make a difference to causes that need their help, has grown to place us third in corporate participation on the Forgood platform. Our aim is to increase the number of Momentum Metropolitan volunteers registering on the Forgood platform offering skills-based volunteering to 5 000 in the next three years.

CONTRIBUTING TO ECONOMIC GROWTH AND SECTOR TRANSFORMATION

Empowerment financing

Through our empowerment financing we support SDG 9 by contributing to reliable and resilient infrastructure, supporting economic development and human well-being with a focus on affordable and equitable access for all.

Infrastructure investment is key to South Africa's post-Covid-19 economic reconstruction and recovery plan. Government's aim is to stimulate the various sectors of the economy through this investment. Momentum Metropolitan is committed to supporting South Africa's economic recovery by contributing to the development of reliable and resilient infrastructure and by continuing to invest in infrastructure developments across different sectors.

Renewable energy investments

We will continue to invest in clean energy projects that contribute to a transition to a low-carbon economy. To date our investment in clean energy projects of over R2.1 billion, powers almost 900 000 South African households. These projects include six wind projects and five solar projects. By reducing the use of energy produced by the burning of fossil fuel these projects have reduced carbon emissions by over 2.9 million tonnes annually and have also reduced water consumption as the production of solar and wind power requires significantly less water than gas and fossil fuel-fired power stations.

Responsibly investing in water infrastructure

In F2021 we also invested R600 million in two water infrastructure projects. One of the these is a bulk raw water infrastructure project, and the second project will increase access to clean water. The funding of the second project using new age sustainability-linked funding, requires that the project owner builds a solar plant for its own use to reduce its reliance on fossil fuel energy from Eskom. If they do not meet these requirements the interest rate they are charged will increase.

Climate action

Our investments of over **R2.1 billion** in renewable energy projects have reduced carbon emissions by over **2.9 million** tonnes annually.

Investing in connectivity and service delivery

Investments we made in F2021 are indirectly enabling connectivity to 43.1 million telecommunication subscribers and over 300 schools; service delivery to 3.7 million disadvantaged households in Gauteng; and providing homes to the previously disadvantaged. By investing in roads and trains we are facilitating the movement of essential goods and services and also between the provinces of Gauteng and KwaZulu-Natal by road and using modern transport, which enables efficiency and economic activity.

ENTERPRISE AND SUPPLIER DEVELOPMENT

Momentum Metropolitan is committed to making a meaningful contribution to an inclusive South African economy through our ESD programme. The Momentum Metropolitan Enterprise and Supplier Development (ESD) Trust was established in 2015 with the aim of being an impactful ESD Trust that enhances economic empowerment by developing and supporting black SMEs in South Africa. Through the Trust, Momentum Metropolitan aims to deliver measurable social impact by improving the ability of qualifying entrepreneurs to access skills, funding and markets, and developing their businesses to achieve sustainable and inclusive growth. We also aim to drive efficiency and resilience in our supply chain.

The Trust's objectives include:

- investing in black SMEs to enable economic empowerment and transformation
- providing access to the best quality business development support
- future-proofing qualifying businesses by investing in programmes that ensure long-term sustainability
- implementing intermediary development programmes that enable the transformation of intermediaries and access to markets
- fostering supplier diversity
- exploring opportunities that create access to market for qualifying enterprises

During the past year transitioning from face-to-face delivery of our programmes to providing them digitally presented us with challenges that we were able to quickly overcome.

We partner with specialists in entrepreneurial development to deliver our programmes. During F2021 our key ESD initiatives included:

Key Initiatives in progress to support ESD strategy

Momentum Intermediary Coaching Programme	Momentum Metropolitan Intermediary Development Programme	Momentum GreenShoots Programme	Momentum Metropolitan IT SME Development Programme
60 black intermediaries **22** black female intermediaries	Targeting **150 to 200 black** intermediaries	**4** black female-owned businesses **1** youth-owned business **3** businesses in carbon footprint verification **1** business in waste management	**6** black-owned SMEs supported **20** black women-owned businesses **31** new jobs created **1 263** hours of business development support **2** new clients onboarded
R2.3 million	**R9.0 million**	**R2.0 million**	**R3.5 million**

Development and transformation of intermediaries

We partnered with Association of Savings and Investment in South Africa (ASISA) on three broker development programmes. Financial planning is a highly regulated profession with the main focus being on technical, technological and product advances. To achieve true and meaningful transformation in this field we are supporting black intermediaries by giving them access to the best skills in the industry, the business resources they need to succeed and new market and business opportunities. Our programme includes existing intermediaries and Momentum Metropolitan consultants with the aim of transforming our distribution channels and supply chain industry.

An innovative intermediary development programme that we co-created with our business partners has proved to be effective in the holistic development of IFAs who require new skill sets in a digitally transforming environment.

Developing IT enterprises

Our IT SME Development Programme focused on upskilling and developing medium to high-maturity black-owned IT SMEs, with specific reference to cloud consulting services and cyber security services. This supports our IT strategy, which is predominantly structured along these lines and therefore requires service providers in this space. The programme was delivered during the Covid-19 pandemic and therefore needed to be delivered virtually. The aim of the programme was to improve the ability of these businesses to gain access to skills and create platforms for access to markets. We were able to create new market opportunities for some of the participants in the programme.

In support of the green economy

A new addition to our enterprise development programmes is the Momentum Metropolitan GreenShoots Programme, which targets an area of the economy where black-owned enterprises are in very short supply – the green economy. Momentum Metropolitan felt that a good place to start would be to stimulate the growth of the existing black businesses in this field by providing access to business development support. The programme takes the selected SMEs through an intensive 18-month tailor-made ESD programme.

Supplier development

Our investment of R50 million in the ASISA ESD Fund has allowed Momentum Metropolitan to create meaningful and measurable commercial and social impact outcomes through the development of black SMEs in the financial services sector. We constantly look for ways to incorporate SMEs developed by the Fund into our supply chain. We also provide leads to ASISA with a view to creating funding opportunities for SMEs within our supply chain. We also use the Fund to host webinars on access to funding opportunities for our enterprise development beneficiaries.

The impact of our industry's investment in the ASISA ESD Fund (Momentum Metropolitan's investment is R50 million)

- **961** black SMEs developed
- **35%** average growth in revenue of these SMEs
- Over **2 000** new jobs created
- Over **4 500** jobs supported
- **R220 million** in procurement to support SMEs
- **96 100** hours in business development support

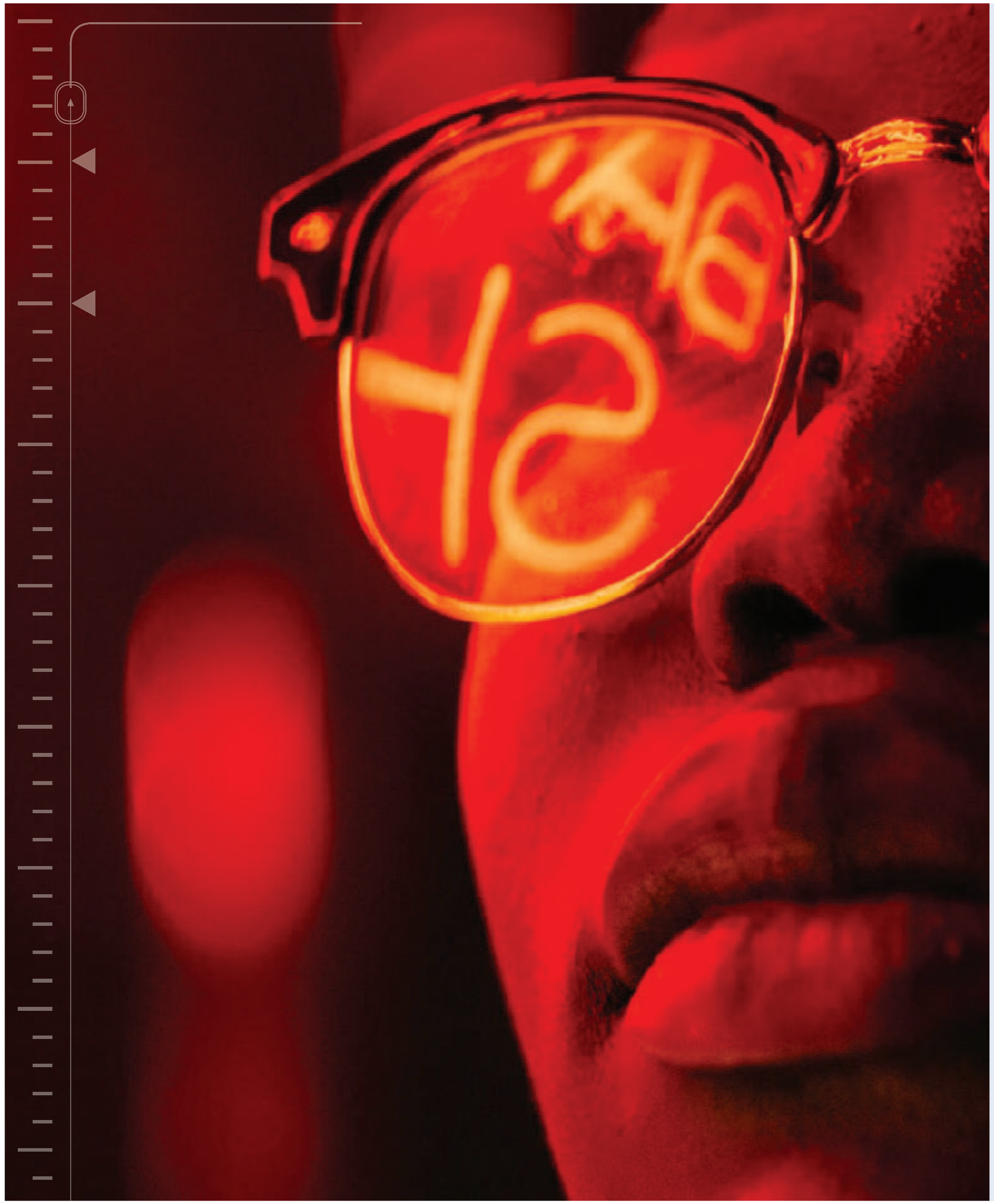
Financial inclusion

The insurance industry is currently critically rethinking the financial inclusion scorecard with the aim of making the 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 savings regulatory framework revision is completed.

An area that will need to be addressed is access. With the shift to digital, the measuring of a company's presence in the market will need to include both its physical and digital footprints.

Some notable examples of products that provide financial inclusion are Guardrisk's insurtech partnership through which clients of retail stores have access to innovative niche insurance products through digital distribution channels and Momentum's Health4Me low-cost health insurance product and the Metropolitan digital GetUp offering young people assistance with stability and growing their finances.

Through the Momentum Metropolitan iSabelo Trust, our employee share ownership plan, all our permanent South African-based employees benefit from an allocation of shares. The allocation of shares is weighted in favour of black employees.



PREFERENTIAL PROCUREMENT

The aim of our approach to preferential procurement from black-owned businesses is not only to meet and where possible exceed our B-BBEE scorecard targets, but also to achieve meaningful inclusion of black business in our procurement.

During F2021 we exceeded the targets for four of the six B-BBEE procurement targets and met the other two. An area where we performed exceptionally well was our spend with black intermediaries, which increased 47%.

OUR B-BBEE PREFERENTIAL PROCUREMENT

OUR SPEND WITH	
All empowered suppliers	**R2.6 billion**
Qualifying small enterprises	**R484 million**
Exempted micro-enterprises	**R282 million**
51% black-owned businesses	**R1.1 billion**
30% black-owned businesses	**R690 million**
Black intermediaries	**R25 million**
Designated group suppliers who are at least 51% black owned as a percentage of total measured procurement spend	**R149 million**

OUR PERFORMANCE AGAINST THE TARGETS

TARGET	SCORE
%	%
75	**78**
14	**14**
8	**8**
20	**33**
9	**20**
5	**47**
2	**4**

RESPONSIBLE INVESTING

Management Committee governance of investments in Momentum Metropolitan

Governance of responsible investing

The Responsible Investment Committee (RIC), which sets policy and provides oversight of our approach to responsible investment practices, has member representation from across our business. We have also established a RIC for our UK business, MGIM, that also ensures alignment with the policies and practices of Momentum Metropolitan.

Our responsible investment policy, climate change investment policy, CRISA statement, proxy voting and engagement policy, together with our voting records, are available on the Momentum Metropolitan website (momentummetropolitan.co.za/en/responsible investing).

Our commitment to responsible investing and good corporate governance

We have been a signatory of the United Nations supported Principles for Responsible Investment (UNPRI) since 2006, which makes us one of the first signatories. We report annually and our application of the principles is rated by UNPRI annually

Momentum Metropolitan supports and endorses the Code for Responsible Investing in South Africa (CRISA)

We are a participating member of the ASISA Responsible Investment Committee

We signed the international statement of investor commitment to the just transition. This builds on our commitment to address climate change risks.

Momentum Metropolitan is a formal supporter of the TCFD

Metropolitan Global Investment Management has adopted the UK Stewardship Code 2020's 12 principles and intends being recognised by the Financial Reporting Council (FRC) as a signatory to the Code

Reporting on the progress we make

We deliver on our commitment to responsible investing by applying responsible investment practices across all our savings and investment products and Momentum Investments reports on these practices in its **responsible investing stewardship report annually** momentummetropolitan.co.za/en/responsible-investment. We disclose our responsible investment and climate change investment policies; proxy voting activities; UNPRI annual transparency report; stewardship report and our public commitment to a just transition on our website, momentum.co.za/momentum/invest-and-save/responsible-investing and momentummetropolitan.co.za/en/responsible-investment.

We seek disclosure

We seek to actively engage with companies and fund managers that we invest in to keep them accountable, and to ensure that we assess the ESG risks posed by any investment we make. We maintain an engagement register and publish it in our stewardship report.

Through our investment manager responsible investment rating assessment we aim to take our appointed investment managers along with us on our responsible investment journey. The primary aim of the questions we ask within this assessment is to encourage investment managers to disclose their responsible investment practices.

Advocacy

We work with investment managers to advocate responsible investment practices and transparency regarding responsible investment practices across the industry. We contributed to a PRI global research paper, an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact, titled Understanding and aligning with beneficiaries' sustainability preferences. We were one of 14 signatories who shared their experiences of better understanding and aligning with their beneficiaries' interests.

We collaborate

In June 2021 we formed part of an investor grouping consisting of 36 asset managers that collectively undersigned a letter that raised our concerns with regard to the PRX voluntary share exchanges offer for NPN shares, as initially announced on 12 May 2021 in a joint announcement by PRX and NPN.

We are also part of a Steinhoff Shareholder Group working together in a number of legal actions against Steinhoff International Holdings NV. We form part of an international collaborative group that signed a Just Transition statement to support the workforce in our transition to a resilient and low-carbon economy.

We integrate ESG

We consider environmental, social and governance risk factors across the assets in which we invest to be relevant to the performance of the overall investment objective - across all asset classes, sectors and markets.

Our ESG integration approach is reported on in our annual Stewardship report and in our UN PRI Transparency report available on our website... (momentum.co.za/momentum/invest-and-save/responsible-investing)

Through our focused commitment to the SDG goals (SDG 3, 4, 7, 8, 9 and 13) our investment teams have set forward looking goals to positively contribute towards achieving SDG goals as set by the United Nations Member States in 2015. For more information visit: https://www.undp.org/content/undp/en/home/sustainable-development-goals.html

Our UNPRI Scorecard

The UNPRI has encountered some challenges with its pilot of a new reporting framework for investors, which is intended to better capture responsible investment activities. These challenges have resulted in the release of participants' annual assessments until June 2022. As a result, we do not have a scorecard available for publication.

We are active owners

Proxy voting summary

Number of shareholder meetings voted on	**247**
Total resolutions	**4 052**
Abstentions	**59**
Votes in favour	**3 506**
Votes against	**487**

TREATING CUSTOMERS FAIRLY

One of our values is integrity, which for us means always meaning what we say and saying what we mean. We believe in doing the right thing, sticking to our word and treating all people with the same amount of sincere, generous respect. We are committed to being transparent, courageous and building trust by always acting in the best interests of our stakeholders. Our responsibility for treating customers fairly is to ensure that we deliver specific, clearly set out fairness outcomes for our clients.

Protecting clients' rights to privacy

The Protection of Personal Information Act, 4 of 2013 (POPIA) came into effect on 1 July 2020. The aim of POPIA is to entrench the constitutional right to privacy and set conditions for the lawful process of personal information. There was a one-year transition period before companies needed to be fully compliant on 1 July 2021. To ensure we met our obligations in this regard, we established a POPIA steering committee and 14 workstreams, all of which were completed, ensuring we were fully compliant on 1 July 2021.

Consumer education

We invested R7.5 million in consumer education during F2021. It focuses on schools, NPOs and Technical Vocational Education and Training (TVET) colleges. It should provide consumers with the knowledge they need to understand product outcomes and be able to choose the

right product to meet their needs. Improving the financial literacy of young South Africans , including the ability to apply financial literacy concepts such as budgeting, savings and interest. is an important element of consumer education and financial inclusion.

During F2021 we rolled out five digital financial literacy programmes including a successful pilot of our revamped Metro KickStarz face-to-face programme. The MMF also participated in Money Smart Week South Africa (MSWSA) 2021, which reached a broad range of South Africans with a panel discussion on financial education as a basic human right. We launched the second series of That Majola Magic, which reached over 8 000 participants. All in all, over 18 000 people benefited from our various programmes during the year under review.

Growing the reach of our programmes

During F2021 we provided financial education information on radio, TV and online media. Our face-to-face financial education programmes are still on hold due to Covid-19 restrictions. While our digital financial literacy programmes are readily available, certain POPIA requirements, our ability to access devices and the cost of data are presenting us with challenges.

NATURAL CAPITAL

NATURAL CAPITAL

Our approach to environmental governance

Momentum Metropolitan, which is classified as having a low environmental impact, recognises that the responsible management of our environmental footprint through reducing energy and water consumption and managing waste in line with the waste management hierarchy is key to the sustainability and wellness of our business, clients, employees and communities. Our environmental and sustainability policies and our sustainability framework govern our approach to the sustainability of our business.

We have adopted a precautionary approach to environmental management, which is based on best practice and legal compliance with all applicable environmental legislation and regulations.

OUR RESPONSE TO CLIMATE CHANGE

Take urgent action to combat climate change and its impacts on SDG 13, one of the six SDGs to which we are able to make a meaningful contribution.

MITIGATING OUR IMPACT ON CLIMATE CHANGE

Climate change represents one of the biggest risks for society, the economy and financial institutions. Mitigating climate change, including the reduction of greenhouse gas (GHG) emissions, is a major global challenge. Momentum Metropolitan believes that governments, companies, and investors have a responsibility to mitigate their impact on climate change and facilitate a transition to a low-carbon economy.

As a financial services provider, we do not operate energy or resource-intensive processes in the offices and data centres that comprise our direct business operations. The majority of the direct environmental impacts of our business activities is from the use of electricity, our company-owned vehicles and generator diesel, all of which largely depend on the burning of fossil fuel, which releases GHG emissions. We recognise that through our investment practices, underwriting decisions and property management practices we also have an impact on climate change. We are in the process of identifying and assessing this impact and how best to manage the risks and opportunities it presents.

CDP DRIVING SUSTAINABLE ECONOMIES

We are voluntary participants in the CDP Climate Change Disclosure Project, which assesses calendar year data.

We maintained our B rating for our 2020 submission despite the CDP increasing the stringency of the financial sector questionnaire.

Please note that the environmental data included in this section of the report covers the calendar period 1 January to 31 December 2020 and does not cover the first six months of 2021.

Momentum Metropolitan is proud to demonstrate our commitment to supporting the objectives of the TCFD by becoming a formal supporter of the TCFD. We are the first South African insurer to sign up and become an active member of the TCFD.

Our contributions to combating climate change include:

- becoming a formal supporter of the TCFD
- efforts to reduce our carbon footprint (page 155)
- investment in renewable energy projects that contribute to the just transition to a low carbon economy (page 144)
- commitment to responsible investing, which includes maintaining portfolios invested in assets that meet ESG criteria and the Just Transition Initiative to a low-carbon economy (see page 148 of the social and relationship capital section of this report)
- investing in research into understanding the risks and opportunities related to climate change and how best to address their impact on our clients and our business

INFORMATION RELATING TO OUR APPLICATION OF THE TCFD RECOMMENDATIONS

Recommended disclosures	Response
Governance	
Board oversight of climate-related risks and opportunities	The Momentum Metropolitan Board, which is ultimately accountable for our end-to-end climate risk management and the assessment of its effectiveness, has mandated responsibility for climate risk management to its Social, Ethics and Transformation (SETC) and Risk, Capital and Compliance (RCCC) committees.
Management's role in assessing and managing climate-related risks and opportunities	Our Group FD, who reports directly to our CEO (a member of the SETC and RCCC), is ultimately responsible for both the Group's sustainability and risk management. Group Sustainability and the Risk Department work together to identify and address climate-related risks and opportunities. The Group Chief Risk Officer, who reports directly to the CEO, is responsible for the risk management function. This function is responsible for the Group's governance of risk and capital management. It maintains an optimised level of risk management and governance and provides the business with the information it needs to effectively manage its risks and opportunities. Group Sustainability, through the recently established Sustainability Forum, fosters the implementation of the Group's sustainability-related policies, framework and strategy (ESG), including the management of climate-related impacts, and encourages collaboration on sustainability matters across the Group. Our publicly available policies and statements related to sustainability include: • Climate change positioning statement • Climate change investment policy • Sustainability policy • Environmental policy • Statement of investor commitment to supporting a Just Transition on Climate Change

Recommended disclosures	Response
Strategy	
The climate-related risks and opportunities the organisation has identified over the short, medium and long term	Our 2019 Climate Change Position Statement acknowledges the COP24 and IPCC global initiatives and commits us to: • voluntarily mitigate carbon emissions from our operations and simultaneously disclose our climate-related risks and opportunities through our annual CDP submission • comply with future and existing climate-related legislation • enhance our research and investment into understanding the climate change-related risks and opportunities in order to protect the Group and its stakeholders • invest in renewable energy technology and products and services that contribute to climate change mitigation and adaption, whenever possible
The impact of climate-related risks and opportunities on the organisation's business strategy and financial planning	Momentum Metropolitan has begun its journey of assessing its investment practices, underwriting decisions and own operations, in relation to climate-related risks and opportunities. Given our federated business model, it is important that our business units understand the risks and opportunities associated with climate change and how these will impact their businesses. Key considerations in this process will include: • an understanding of the physical climate changes, their socio-economic impacts and possible reputational and market risks • the need for product innovation, especially in short-term insurance products • the inclusion of ESG factors in our supply chain management • research into climate-related risks and opportunities and the just transition to a greener economy
Risk management	
The organisation's processes for identifying and assessing climate-related risks	Our climate risk management process includes the management of transitional and physical climate change risks that may arise
The organisation's processes for managing climate-related risks	Our risk management process, which is a documented process, does not focus on climate change risk alone. Instead, climate-related risks and opportunities are identified and assessed through the Company's centralised enterprise risk management (ERM) programme, which covers all the possible types/sources of our risks and opportunities
Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	The risk assessment process is a key part of the Group's risk management framework and incorporates feedback from the risk community and the wider business. The Momentum Metropolitan Board's SETC and RCCC identify and assess climate-related risks and report on these to the Board Group Sustainability plays a supporting role to the Group and business unit risk management functions with regard to climate-related risks and reports on the outcomes to the SETC and RCCC every quarter

Recommended disclosures	Response
Metrics and targets	
The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Disclosure with the UNPRI (momentummetropolitan.co.za/en/responsible-investment) Annual voluntary CDP submission (cdp.net/en/companies/companies-scores)

OUR CARBON FOOTPRINT

Our participation in the CDP Climate Change Disclosure Project provides us with information that helps us identify where we can take further action to reduce our carbon footprint. Our carbon footprint is verified annually by an independent external emissions verification agency using the operational control approach. During the 2020 calendar year we achieved a 32.59% reduction in our overall GHG emissions (Scopes 1, 2 and 3) against our 2014 baseline, exceeding our target of a 25% reduction in Scope 1 and Scope 2 emissions by 2030; and we achieved a 26.20% reduction in our Scope 1 and Scope 2 GHG emissions. While both these results exceed the target we had set ourselves of reducing our emissions by 25% by 2050, these results are skewed by the unusual circumstances created by the measures taken to keep our employees and clients safe during the Covid-19 pandemic. While we will continue to do everything we can to reduce our carbon footprint, which includes providing our employees with information on the steps they can take to reduce their individual carbon footprints, we will have to wait until working life settles down to how it is likely to be in future before we can decide on new targets.

32.6% reduction in overall GHG emissions against 2014 baseline

26.2% reduction in Scope 1 and Scope 2 emissions against 2014 baseline

Exceeded target of 25% reduction in Scopes 1 and 2 emissions

0.8% reduction in Scope 1 emissions year-on-year (2019: 22.6%)

17.5% reduction in our Scope 2 emissions year-on-year (2020: 4.6% increase)

54% reduction in Scope 3 emissions year-on-year (2019: 24.1% increase)

Scope 1 emissions

Direct GHG emissions from sources that are owned or controlled by Momentum Metropolitan – petrol and diesel consumption by our vehicles and equipment and emissions from heating and cooling systems

We achieved a 0.8% reduction in our Scope 1 emissions year-on-year (2019: 22.6%).

Factors impacting our Scope 1 emissions in 2020

The retrofitting of air conditioner chillers at our Parc du Cap offices in Cape Town and our Centurion office, contributed to the reduction of our Scope 1 emissions. Load shedding and the lack of an electricity supply from Eskom for some weeks at a an Eris Property Group building, resulted in increased diesel emissions, which impacted our Scope 1 emissions and we only achieved a 0.8% reduction in these emissions.

Scope 2 emissions

Location-based indirect GHG emissions produced during the production of the electricity we purchase from Eskom

We achieved a 17.5% reduction in our Scope 2 emissions year-on-year (2019: +4.6%).

Factors impacting our Scope 2 emissions in 2020

Over the past four years our R400 million investment in upgrading our main office buildings, which includes energy efficient technologies, has reduced both our water and energy consumption. Upon completion we expect to achieve further GHG emission reductions. Our Scope 2 emissions have also been impacted by Covid-19 as most of our employees have been working from home, which resulted in the substantial reduction in our consumption of water and energy.

Scope 3 emissions

Indirect GHG emissions from sources not owned or controlled by Momentum Metropolitan – e.g. waste disposal

Our Scope 3 emissions were reduced by 54% year-on-year (2019: +24.1%).

Factors impacting our Scope 3 emissions in 2020

The reduction in our Scope 3 emissions has also been impacted by most of our employees working from home during the Covid-19 lockdowns, which has reduced waste generation in our offices.

Energy management

Our Responsible Investing team chose to add UN SDG 7 to the list of SDGs to which Momentum Metropolitan can make the most meaningful contribution. This is in recognition of the contribution we are making through our investment of R2.1 billion in renewable energy projects in support of the government's integrated resources plan, which is discussed on page 141 of the social and relationship capital section of this report. Not only will this investment reduce South Africa's carbon emissions it will also generate sufficient electricity to power nearly one million South African households.

While the impact of the reduction in our use of energy on our carbon footprint has already been discussed in the section on our carbon footprint, the impact of our energy management efforts on our use of electricity and the reduction in costs is covered in this section. The upgrading projects already mentioned contributed to the reduction of our annual electricity costs at our Centurion offices by 27% or R6.2 million and by 8% (R1.1 million) at the Parc du Cap offices in Cape Town.

Annual electricity consumption in these two properties has been reduced by 11 782 515kWH and 7 503 387kWh, respectively in 2020. Data will be available from our Cornubia offices for the 2021 calendar year, however, building audit reports rate its electricity consumption as below the national average. Our newest building, The MARC, in Sandton, which has a 5-star Green Rating, was only occupied in October 2020, which was insufficient time to assess the efficiency of its electricity consumption.

This assessment will be done for the 2021 calendar year. However, the building's carbon footprint for the three months it was occupied during 2020 was included in our Group carbon footprint calculation.

Eris Property Group, a subsidiary of Momentum Metropolitan, has to date installed solar photovoltaic units generating 1 400 000kWh of renewable energy at seven of its sites. These solar units will reduce Eris' GHG emissions and conventional energy costs over time.

Water and waste management

The Eris Property Group's efforts to reduce its use of water, a scarce resource, its GHG emissions and its costs, include:

- **Smart metering to reduce water and electricity waste**
- **The use of ground water and water harvesting**
- **Energy efficient lighting in all its buildings and solar systems at seven of its sites with more in the pipeline**
- **26.5% of the waste from its buildings is recycled**

Water management

The introduction of water management technologies and other initiatives to reduce our water consumption achieved a 54% reduction year-on-year in our consumption of municipal water in our Centurion offices and a 10% reduction year-on-year in our Parc du Cap offices in Cape Town.

Our Parc du Cap offices also have access to a borehole water supply of 1 315 kL installed during a recent drought, which is available should the area experience water shortages in future. Data from Cornubia and The MARC will be available for the 2021 calendar year.

Waste management

We make every effort to avoid sending waste to landfill. Monitoring of waste management currently takes place at our Centurion and Cornubia offices, with 40% of the waste at Centurion being recycled in 2020 and 36% of the waste at Cornubia being recycled in 2020. Waste management monitoring and reporting is now in place at Parc du Cap and The MARC and we will be reporting on their waste generation from 2021.

THE WAY FORWARD

The need to reduce our environmental impact, and in particular our carbon footprint, is becoming increasingly urgent. However, the new world of work will provide us with new challenges in this regard that we will have to find ways to address.

Our role as a responsible investor is also becoming increasingly more important in providing for investors' preferences for investments that match their ESG criteria; using our influence on companies in which we invest to be environmentally responsible and reduce their carbon footprint as quickly as possible; and encouraging better disclosure using the TCFD guidelines.

We will also continue, where possible, to invest in renewable energy infrastructure.

SUPPLEMENTARY INFORMATION

FIVE-YEAR SUMMARY

	June 2021 Rm	June 2020 Rm	June 2019 Rm	June 2018 Rm	June 2017 Rm
Financial capital					
Total insurance and investment business premiums[1]	**81 678**	74 331	73 152	65 304	62 935
Momentum Life	**9 516**	9 466	9 213	8 938	7 383
Momentum Investments	**32 361**	24 067	21 039	20 894	16 844
Metropolitan Life	**7 657**	7 085	7 052	7 368	6 898
Momentum Corporate	**14 864**	15 340	20 260	14 550	19 947
Momentum Metropolitan Health	**932**	857	785	694	599
Non-life Insurance	**11 509**	12 818	10 165	8 609	7 239
Momentum Metropolitan Africa	**4 839**	4 698	4 692	4 251	4 025
New business premiums (PVP)[1]	**65 898**	50 447	55 783	50 002	49 506
Momentum Life	**7 479**	7 072	8 266	8 089	7 418
Momentum Investments	**41 471**	26 812	23 145	23 267	23 267
Metropolitan Life	**5 885**	4 701	4 897	5 091	5 164
Momentum Corporate	**8 220**	9 206	16 977	11 218	11, 21
Africa	**2 843**	2 656	2 498	2 337	2 536
Value of new business[1]	**725**	280	541	345	589
Momentum Life2	**72**	22	101	66	56
Momentum Investments	**392**	134	82	76	214
Metropolitan Life	**253**	110	89	84	178
Momentum Corporate	**11**	(4)	265	124	68
Momentum Metropolitan Africa	**(3)**	18	4	5	73
Normalised headline earnings[2,3]	**1 007**	1 521	3 074	2 003	2 407
Momentum Life	**859**	578	883	472	
Momentum Investments	**1 095**	340	512	227	
Metropolitan Life	**435**	393	610	201	
Momentum Corporate	**552**	177	435	714	
Momentum Metropolitan Health	**213**	156	166	195	
Non-life Insurance	**544**	405	164	204	
Momentum Metropolitan Africa	**256**	317	262	147	
New Initiatives	**358**	(509)	(492)	(377)	
Shareholders	**233**	(336)	534	220	
Core headline earnings				2 809	3 208
Momentum Retail				920	1 271
Metropolitan Life				570	660
Momentum Corporate				903	835
International				48	166
Shareholder Capital				464	608

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

[2] The primary earnings metric changed from core headline earnings to normalised headline earnings in F2019. F2018 has been restated for comparative purposes at a segmental level; for F2017, only the total normalised headline earnings is disclosed.

[3] Normalised headline earnings for the South African life insurance business units for F2020 have been restated to be consistent with the reporting in F2021. Investment return on shareholder assets were previously reported in Shareholders but is now included in business unit earnings. Normalised headline earnings for F2019, F2018 and F2017 have not been restated. The Group normalised headline earnings were unaffected.

	June 2021 Rm	June 2020 Rm	June 2019 Rm	June 2018 Rm	June 2017 Rm
Earnings attributable to owners of the parent (Rm)	**451**	188	2 301	1 369	1 536
Earnings per share attributable to owners of the parent (cents)	**31.3**	12.9	156.2	88.2	98.4
Diluted headline earnings per share attributable to owners of the parent (cents)	**30.9**	71.3	166.2	92.9	117.7
Diluted normalised headline earnings per share attributable to owners of the parent (cents)	**67.1**	101.5	202.5	125.5	150.1
Diluted core headline earnings per share attributable to owners of the parent (cents)					200
Dividend per share (cents)	**40**	40	70	-	157
Diluted embedded value (Rm)	**41 328**	38 524	41 193	39 601	42 523
Return on embedded value (%) (annualised) - internal rate of return	**7.3%**	(3.7)%	8.0%	(1.1)%	4.7%
Price/diluted normalised headline earnings ratio	**29.1**	17.3	9.3	14.0	13.5
Price/diluted core headline earnings ratio					10 .1
Dividend yield % (dividend on listed shares)	**2.1%**	2.3%	3.7%	0.0%	7.8%
Share price - last sale of period (cents per share)	**1 950**	1 761	1 897	1 767	2 024
Human capital					
Number of employees in the Group	**16 483**	16 267	15 774	16 935	-
Voluntary turnover (%)	**15**	20	34	29	-
Absenteeism rate (includes all sick leave taken) (%)	**1.1**	1.2	1.2	1.2	-
Females in workforce (%)	**64**	64	64	64	-
African, Coloured and Indian (ACI) females in workforce (%)	**51**	51	50	51	-
ACI members of management (%)	**36**	41	40	41	-
ACI female members of management (%)	**18**	20	19	21	-
Intellectual capital (governance)					
Independent non-executive directors (%)	**69**	70	72	73	-
Female Board members (%)	**31**	35	33	13	-
Black Board members (%)	**44**	47	50	33	-
Social capital					
Investment in socio-economic development (R million)	**27**	36	27	25	-
B-BBEE contributor level	**1**	1	1	3	-
Natural capital *					
Carbon emissions reduction (Scopes 1 and 2) (% change against 2014 baseline)	**n/a**	(26)	(11)	(14)	(14)
Water use reduction	**n/a**	(54)	(39)	(27)	(25)
Waste recycling (% recycled annually)	**n/a**	40	40	45	-

n/a – not available
**The recording of our natural capital statistics is on a calendar year basis, therefore results for 2021 will not be available until year-end.*

SHAREHOLDER PROFILE

SHAREHOLDER	NUMBER OF SHARE-HOLDERS	% OF ISSUED SHARE CAPITAL	SHARES HELD (MILLION)
NON-PUBLIC			
DIRECTORS	7	0.1	2
KAGISO TISO HOLDINGS (PTY) LTD	1	5.6	86
RMI HOLDINGS LTD	1	26.3	401
GOVERNMENT EMPLOYEES PENSION FUND	6	7.6	115
PUBLIC			
PRIVATE INVESTORS	14 624	1.8	28
PENSION FUNDS	242	6.4	97
COLLECTIVE INVESTMENT SCHEMES AND MUTUAL FUNDS	1 656	49.8	759
BANKS AND INSURANCE COMPANIES	42	2.4	37
TOTAL	**16 579**	**100.0**	**1 525**

An estimated 162 million shares (2020: 409 million shares) representing 10.0% (2020: 27.3%) of total shares are held by foreign investors.

SIZE OF SHAREHOLDING	NUMBER OF SHARE-HOLDERS	% OF TOTAL SHARE-HOLDERS	SHARES HELD (MILLION)	% OF ISSUED SHARE CAPITAL
1 - 5 000	14 623	88.2	9	0.6
5 001 - 10 000	581	3.5	4	0.3
10 001 - 50 000	693	4.2	15	1.0
50 001 - 100 000	191	1.2	14	0.9
100 001 - 1 000 000	365	2.2	123	8.1
1 000 001 AND MORE	126	0.7	1 360	89.1
TOTAL	**16 579**	**100.0**	**1 525**	**100.0**

BENEFICIAL OWNERS	SHARES HELD (MILLION)	% OF ISSUED SHARE CAPITAL
RMI HOLDINGS LTD	401	26.3
GOVERNMENT EMPLOYEES PENSION FUND	115	7.5
OFF THE SHELF INVESTMENTS 108 (PTY) LTD	86	5.6
TOTAL	**602**	**39.4**

Pursuant to the provisions of section 56(7)(b) of the South African Companies Act, beneficial shareholdings exceeding 5% in aggregate, as at 30 June 2021, 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 LIFE LIMITED
INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA
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 (PTY) LIMITED
13TH FLOOR
19 AMESHOFF STREET
BRAAMFONTEIN
2001

NAMIBIA

TRANSFER SECRETARIES PROPRIETARY LIMITED
4 ROBERT MUGABE AVENUE
BURG STREET ENTRANCE WINDHOEK, NAMIBIA

EQUITY SPONSOR

MERRILL LYNCH SOUTH AFRICA (PTY) LIMITED T/A BOFA SECURITIES
1 SANDTON DRIVE
SANDHURST
2196
REGISTRATION NUMBER: 1904/002186/06

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