momentum METROPOLITAN

INTEGRATED REPORT

2022

momentum   momentum multiply   METROPOLITAN   GUARDRISK   EBIS

Contents

How we report

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

Navigation icons

The capitals

- Financial capital
- Productive capital
- Intellectual capital
- Human capital
- Social and relationship capital
- Natural capital

Identifies the application of King IV™ principles

JSE 3.84(c) JSE principles

Our reinvent strategic objectives

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

Click points of interest
Text highlighted in **blue** refers to more information in this report.

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

Material matters

- Impact of the tough economic and regulatory environment on new business demand and persistency
- The impacts of Covid-19
- Flight of skills and the increasing demand for critical skills
- Mastering digitalisation and refreshing our distribution channels to remain competitive in a rapidly changing environment
- Cybersecurity and data protection
- Employee wellbeing and transitioning to a hybrid working environment
- Delivering revenue and efficiency improvements
- Optimising capital management
- Authentic transformation through diversity and inclusion
- Responsible ESG stewardship, including climate change

Momentum Metropolitan's 2022 reporting suite

- Integrated Report
- Annual Financial Statements
- Sustainability Report
- King IV™ application summary
- Stewardship Report
- Task Force on Climate-related Financial Disclosures (TCFD) Report

Feedback

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

Who we are

Momentum Metropolitan is one of the largest diversified financial services companies in South Africa. We provide protection (life and non-life), investment and long-term savings solutions, and healthcare administration through a portfolio of specialised and empowered businesses.

Our purpose

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

Protection

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

Building long-term wealth

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

Healthcare solutions

- Health administration
- Managed care and wellness services

THE VALUES UNDERPINNING OUR PURPOSE:

Accountability · *Integrity* · *Innovation* · *Diversity* · *Excellence* · *Teamwork*

We operate in

Africa: South Africa, Botswana, Ghana, Lesotho, Mozambique and Namibia

The Group also operates in the United Kingdom and has a health insurance joint venture in India.

Our brands

momentum · METROPOLITAN · GUARDRISK

About our report

This report is one of our primary communications with our stakeholders. It has been prepared to provide a balanced, transparent and integrated review of Momentum Metropolitan's financial and non-financial performance during the financial year 1 July 2021 to 30 June 2022. Any material events after this date and up to the Board approval date of 12 September 2022 have also been included.

Materiality

The aim of our Integrated Report is to provide current and prospective investors, and other stakeholders, with the information they need to make an informed assessment of Momentum Metropolitan's ability to create, preserve and minimise the erosion of enterprise value. To ensure we achieve this, the matters we identify as being most material to our ability to create or preserve enterprise value for stakeholders in the short (less than one year), medium (between one and three years) and long term (three years and beyond), and those matters that could erode value if not managed effectively, form the basis of our reporting.

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

Forward-looking statements

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.

BOUNDARY AND SCOPE

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

- Our business strategy (Pages 13 - 17)
- Our external environment (Pages 18 - 20)
- Our business model (Pages 21 - 22)
- Our material matters (Page 23)
- Our stakeholder engagement (Pages 31 - 34)
- Our purpose-driven governance (Page 42)

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

Financial reporting boundary
Momentum Metropolitan Holdings

Subsidiaries | **Associates** | **Joint ventures**

Reporting frameworks

Our integrated reporting process and the content of this report have been guided by the:

- updated principles and requirements of the International Integrated Reporting Council's (IIRC) International <IR> Framework released on 21 January 2021 and the Sustainability Accounting Standards Board (SASB), which merged with the IIRC to form the Value Reporting Foundation in June 2021
- JSE Listings Requirements
- King Code on Corporate Governance 2016 (King IV™)
- South African Companies Act, 71 of 2008

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

Combined assurance [15]

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

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

Board approval

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

The Board is of the view that, to the best of its knowledge and belief, our integrated reporting addresses matters material to our stakeholders' decision-making and provides readers with a balanced and transparent view of how the Group has applied its stock of financial, productive, human, intellectual, social and relationship and natural capitals to create sustainable enterprise value. It also takes into consideration the Group's impact on its stakeholders and the environment in which it operates. The consequent outcomes, impacts and trade-offs are described in our **business model**, through which we have also indicated where we have been able to create or preserve value and where value has been eroded.

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

The Board approved this report on 12 September 2022.

Paul Baloyi
Chair
(from 1 July 2022)

Peter Cooper
Interim Chair
(up to 30 June 2022)

Hillie Meyer
Group Chief Executive Officer (CEO)

Risto Ketola
Group Finance Director

Jeanette Cilliers (Marais)
Deputy CEO

Lisa Chiume

Linda de Beer

Nigel Dunkley

Seelan Gobalsamy

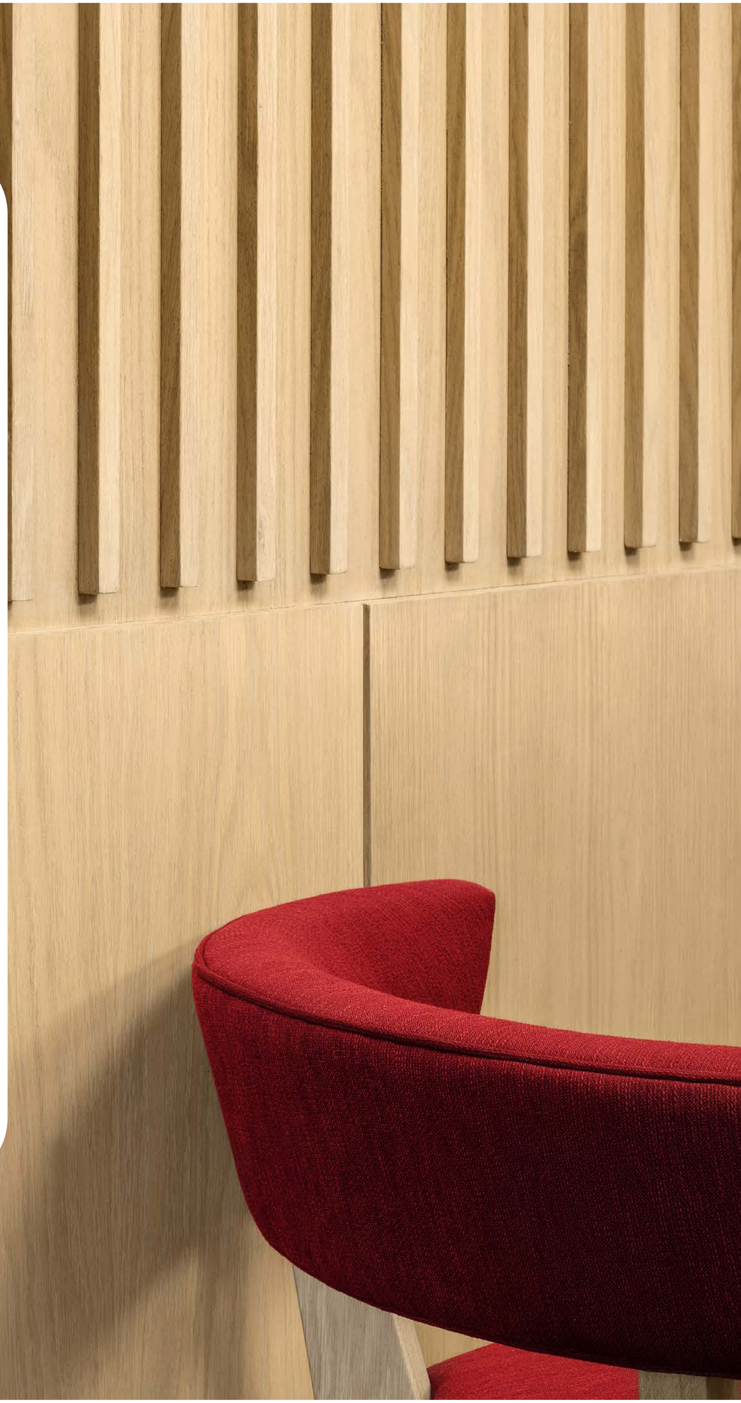
Stephen Jurisich

Paballo Makosholo

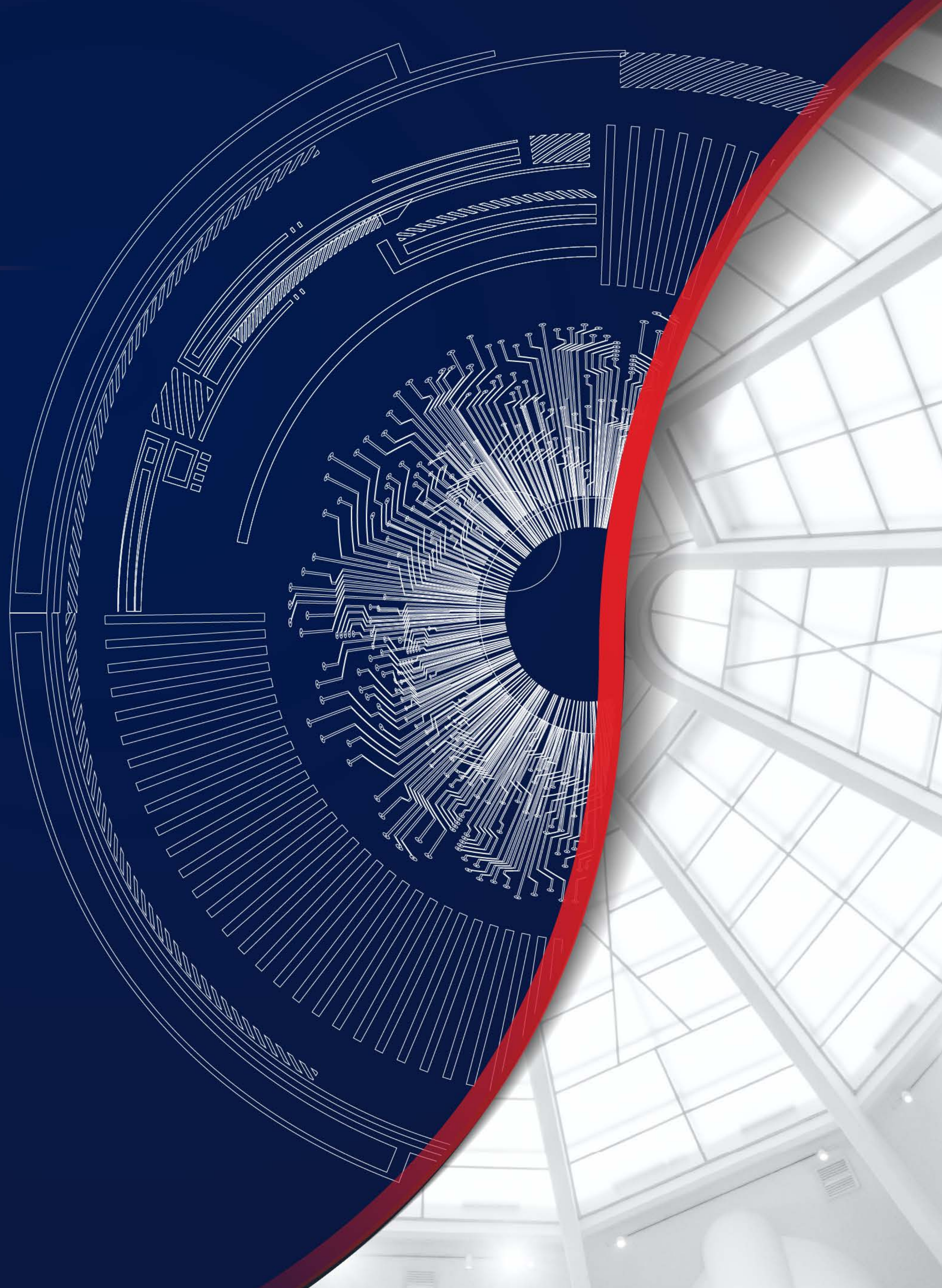
Sharron McPherson

Vuyisa Nkonyeni

David Park



Our business in context



Creating value by delivering on our purpose

Our financial performance

Normalised headline earnings (NHE)
R4 383 million
(F2021: R1 007 million)

Present value of new business premiums (PVNBP)
R72 673 million
(F2021: R65 898 million)

Value of new business (VNB)
R626 million
(F2021: R725 million)

Value of new business margin
0.9%
(F2021: 1.1%)

For providers of financial capital

Distributed
R734 million
through dividends
(F2021: R365 million)

Return on equity (ROE)
22.7%
(F2021: 4.9%)

Embedded value per share
R29.77
(F2021: R27.08)

Return on embedded value per share
11.7%
(F2021: 6.3%)

R381 million
interest paid to debt funders
(F2021: R486 million)

For society

Level 1 B-BBEE status
maintained

B-BBEE preferential procurement
R3.6 billion
(F2021: R2.6 billion)

Invested in enterprise development initiatives
R5 million
(F2021: R5 million)

Total community investment of
R27.5 million
(F2021: R27.5 million)

For the environment

B score
for our voluntary participation in the CDP climate change disclosure project
(F2021: B score)

Invested in renewable energy
R2.3 billion
(F2021: R2.1 billion)

Formal supporter of TCFD

Reduction in overall GHG emissions of
34% against 2014 baseline
(F2021: 33%)

For our employees and advisers

Paid in remuneration
R6.8 billion
(F2021: 6.7 billion)

Invested in training and development
R297 million
(F2021: R244.6 million)

96 700 hours
in business development support through ASISA ESD Fund
(F2021: 96 100 hours)

13 000 beneficiaries benefited from the first iSabelo dividend declaration

Transformation

Employees:	**81%** are black (F2021: 80%	**65%** are women 64%)
Board:	**43%** are black (F2021: 44%	**29%** are women 31%)
Exco:	**36%** are black (F2021: 36%	**18%** are women 27%)
Senior managers:	**39%** are black (F2021: 36%	**36%** are women 33%)

For our clients

Claims paid on insurance products
R40.3 billion
(F2021: R31.1 billion)

Policies in force providing our clients with protection
4 million
(F2021: 4 million)

Assets under management and administration
R859.3 billion
(F2021: R822.3 billion)

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

Positive: net increase in capital

Neutral: no movement in capital

Negative: net decrease in capital

Message from our Chairs

We previously described last year as being unprecedented in the modern insurance era. Unfortunately, the 2022 financial year brought its own significant and unpredictable challenges. In contrast to the impacts from the 2008/9 financial crisis, the events during our 2022 financial year were more fundamental, in that it largely occurred here at home in South Africa, not on the other side of the world. The public violence and looting in KwaZulu-Natal and Gauteng in July 2021 as well as two sets of floods in KwaZulu-Natal in April and May 2022 brought about severe disruptions. We continue to face political and economic uncertainty, unprecedented levels of unemployment and rising inflation in South Africa. Global uncertainty stemming mainly from the Russia-Ukraine war and the ongoing impact of both the war and the Covid-19 pandemic on food security and supply chains, has resulted in rapidly rising inflation, struggling economies and community unrest as citizens battle to make ends meet.

In the face of this, the Group has once again proved its resilience. Not only were we able to survive this period, we were also able to build for the future by implementing our Reinvent and Grow strategy. Instead of retreating with the sole aim of protecting the business, the business was resilient enough to concurrently protect itself and invest in the future.

We came through this challenging period far better than expected and as a result we enter the new financial year in a stronger financial position than previously, with normalised headline earnings of R4.4 billion and a return on equity of 22.8%. Our solvency and liquidity position strengthened over the year, allowing us to not only grow ordinary dividends paid, but to also initiate a share buyback programme.

While the current environment makes it very challenging to meet the goals we set ourselves for the 2024 financial year in our Reinvent and Grow strategy, we believe that the Group is well-positioned to do so.

"In the face of severe headwinds, Momentum Metropolitan proved its resilience. Not only was it able to generate strong earnings, but at the same time it laid the foundation for robust future growth"

Passing the Chair's gavel

During 2021, Sello Moloko informed us of an opportunity that he wished to persue away from the Group. Having obtained consent of the Prudential Authority, Peter Cooper stepped in as Interim Chair. With Sello's initial assistance, we embarked on a disciplined search for a new chair. The detailed scientific approach that we followed mirrors the manner in which we have in the past filled Board and executive positions. The Board is delighted to have found a Chair of the calibre of Paul Baloyi, who assumed the Chair's position on 1 July 2022. This joint message from Peter, as Interim Chair to 30 June 2022, and Paul, as the incoming Chair, thus serves as the passing of the proverbial Chair's gavel.

Digital transformation

There are numerous examples of how we have been building for the future, best reflected in the progress we have made with our digital transformation. Momentum Wealth's radical shift to a cutting edge digital-wealth management and service optimisation platform is on track. In our advice-led distribution, using digitally enabled channels and sales processes have improved the adviser experience and are creating client journeys that compete with the wide range of digital experiences our clients have on offer. Our investment in insurtech and fintech start-ups facilitated the development of innovative new solutions for use in new initiatives that require advanced digital technology, for example, the provision of microinsurance products that facilitate financial inclusion and client education. Momentum Life made good progress towards the adoption of point-of-sale underwriting solutions, digitally transforming its onboarding experience and improving onboarding efficiency through a mobile phone paperless capturing capability in Myriad.

We believe that these initiatives, along with others, will play important roles in future proofing the Group.

Sustainability and social relevance

Momentum Metropolitan has a role to play as a responsible corporate citizen in the context of increasing social and gender inequality, youth unemployment, increased pressure on utility providers and deteriorating infrastructure that is exceedingly vulnerable to climate-related disasters such as the floods in KwaZulu-Natal. Although we have always been committed to sustainability principles and have built many of our financial solutions around social challenges, there is an urgent need to accelerate the impact achieved.

Following a deep reflection on the world we are living in, the Group published its first Sustainability Report this year, which lays out our future intent following a deep reflection on the world we are living in. The Group is committed to various climate-related initiatives and disclosure projects including being a voluntary participant in the CDP Climate Change Disclosure Project since 2013 and becoming a formal, listed supporter of the international Taskforce on Climate-Related Financial Disclosures (TCFD).

We took the opportunity to reinvent our head office and prepare it for when our employees came back to the office after the Covid-19 pandemic during which our employees worked from home. As they begin to come back to the office they are welcomed by a different, energising, more collaborative space, catering for the newly evolved hybrid way of work and protecting our employees' wellness.

Message from our Chair continued

We are proud of our successful implementation of iSabelo, our employee share scheme and the positive long-term impact it will have on our employees who can directly participate in the value their efforts have helped create.

The Momentum Metropolitan Foundation's renewed focus on enabling the life aspirations and sustainable earning potential of disadvantaged young people in South Africa, through financial education, employment programmes, job placement and access to income creation resulted in an increase in the number of young people completing training in technology and digital skills. This resulted in a very pleasing increase of over 300% in the number of young people who completed the training being placed in jobs during the year under review.

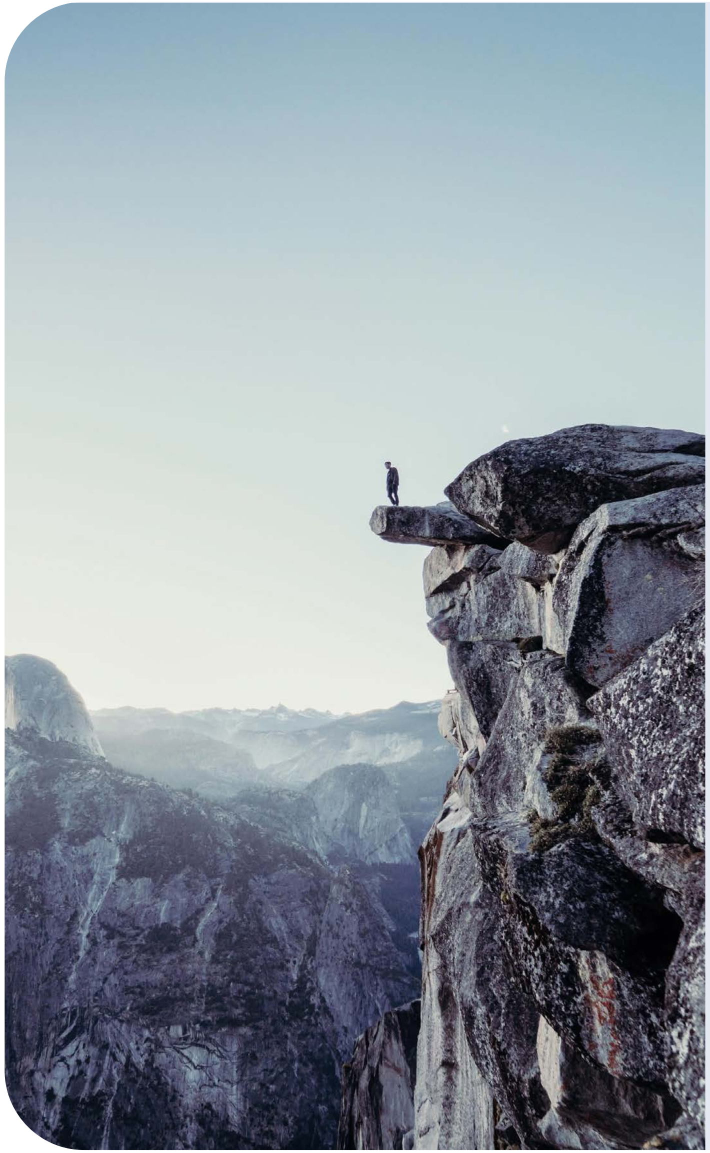
Succession planning

Our search process for the Group Chief Executive Officer to succeed Hillie Meyer is in progress. Using the same scientific disciplines as in our search for the Chair, we have started by looking at the best people internally as well as conducting a robust external search.

Our Board, which has been reconstituted over the past three years, now has a broader skill set and, while there is scope for some additional skills, it is functioning at a high level.

Emerging governance challenge

Cybercrime presents a risk that no one can guarantee they will be able to avoid. We are, however, doing everything we can to protect the business and our clients from this risk. Education and knowledge are important areas in confronting cybercrime and we are consistently increasing our employees' understanding of their roles in protecting our business and its clients from cybercrime.



In conclusion

We would like to thank Sello Moloko on behalf of the Board for the value he contributed to our discussions and the guidance he gave us. We wish him well with his future endeavours. Our thanks to fellow Board members for your support during a challenging year.

On behalf of the Board our thanks go to Hillie Meyer and his executive team and all our employees whose dedication and resilience during these unpredictable times made it possible for the Group to make good progress with its Reinvent and Grow strategy.

Our thanks also go to our clients for their continued support.

Outlook

We believe that our forward-looking solvency position is strong. After going through five waves of Covid-19 our financial position has stood the test of time. While we don't know what Covid-19 will do in the future, other than recognising that it is now endemic rather than pandemic, we feel cautiously optimistic that we are through the worst and are well-protected by our reserves.

An area of concern expressed by our business units is how the heightened level of uncertainty in our client base will affect sales, lapses and withdrawals. The increased uncertainty is also causing some talent management complexities, especially in areas with highly mobile skills such as IT and actuarial science.

However, we believe the resilience the Group has shown in the past will ensure it is able to continue building for the future, benefiting from the diversity of its portfolio and implementing our Reinvent and Grow strategy.

Paul Baloyi
Chair
(from 1 July 2022)

Peter Cooper
Interim Chair
(up to 30 June 2022)

Group Chief Executive Officer's review

It was pleasing that almost all our businesses are performing at, or close to potential. The results benefited from mortality experience that was less impacted by Covid-19 than what was expected in our mortality reserves, positive investment variances and improvements in the value of our venture capital investments. I am encouraged by the progress made with a wide range of strategic initiatives, the impact of which is not yet reflected in the results.

The operating environment continues to present multiple challenges. Having largely recovered from the effects of the Covid-19 pandemic, South Africa has been hit by further shocks in the form of destructive protests and riots, frequent electricity load shedding, high fuel prices, and rising food inflation.

While it is obvious that the only sustainable solution to the socio-economic problems in South Africa (such as mass unemployment) is economic growth, it seems that policymakers are unable or reluctant to implement pro-growth policies. As Momentum Metropolitan we will continue to make every effort to look after the financial needs of our policyholders and to generate value to shareholders despite this difficult backdrop. We are also challenging ourselves to play an increasingly active role, both directly as a corporate citizen and indirectly through industry bodies, to push for pro-growth reforms in South Africa so that our country can realise its full potential.

I am very pleased with Momentum Metropolitan Holdings, results for the past year, especially given the challenging business environment in which it was delivered.

Performance

NHE for the Group improved significantly from R1.0 billion to R4.4 billion. The increase in NHE boosted our Return on Equity, increasing from 5% to 23%. The prior year comparative is not a demanding benchmark, having been severely impacted by the Covid-19 pandemic. However, the current year's results suggest that Momentum Metropolitan is on track to deliver the results targeted in our Reinvent and Grow strategic roadmap that was communicated to investors.

Despite the continued pressure on consumers during the year, present value of new business (PVNBP) increased by 10%. Momentum Corporate saw strong growth in PVNBP of 49%, with both protection and savings solutions excelling. Our Metropolitan Life business followed suit with positive sales growth of 22% and agent productivity remaining above three policies sold per week. Momentum Investments delivered 2% growth, which is a pleasing number considering the exceptional growth achieved in F2021. In Momentum Life the sales of our Myriad individual protection product came under pressure, but we are encouraged by better sales in the last few months of the financial year. In our Africa business, sales grew by 22% with sales of employee benefits products being particularly robust. Total Non-life Insurance business increased its premium income strongly on the back of a gross written premium growth of 21% in Guardrisk General Insurance, while Momentum Insure's new business sales recovered strongly in the second half of the year, delivering 12% year-on-year growth for the full year.

Momentum Metropolitan maintained its strong capital position during the year and our Group solvency capital requirement (SCR) cover remained flat at 1.5 times. Our main life licence Momentum Metropolitan Life improved its SCR cover to 2.03 times at 30 June 2022.

Judicious capital management through the pandemic and the much improved financial results in F2022 have allowed the Group to initiate a share buyback programme. We are confident that significant value will be unlocked through this programme, given the discount to embedded value at which our share price is trading. We announced to the market that, provided the share price continues to trade at a substantial discount to embedded value, we will utilise a significant part of our free cash flow over the next two years to buy back our shares. It is important to clarify that the share buybacks will be in addition, rather than in lieu of, our ordinary dividends as per the stated Momentum Metropolitan dividend policy.

We currently estimate that, after allowing for ordinary dividends, that the current share buyback programme could be increased over the next two years. A total dividend of 100 cents per share was declared for F2022, which is a 150% increase on the 40 cents per share declared in F2021.

The Group benefited during F2022 from the gradual dissipation of negative Covid-19 impacts. Excess death claims reduced significantly in the final six months of the financial year and allowed the partial release of mortality reserves specifically set up for the impact of the pandemic. The overall mortality profit for F2022 was R105 million versus a loss of R2.8 billion in F2021.

The strong growth in our health joint venture with Aditya Birla Capital (ABC) in India continued during the year with Aditya Birla Health Insurance (ABHI) having reported growth in gross written premiums of 30% to R3.5 billion. Our share of the F2022 before tax loss increased by 53% to R-310 million as ABHI was negatively impacted by the Covid-19 pandemic. During August 2022 ABC and Momentum Metropolitan jointly announced a transaction whereby the Abu Dhabi Investment Authority (ADIA) propose to acquire an interest of 9.99% through a capital injection of approximately R1.3 billion into ABHI. The existing shareholders, ABC and Momentum Metropolitan will dilute their respective interests to 45.91% and 44.1%. The money raised by ABHI will be deployed towards distribution initiatives to accelerate growth.

During the year we impaired some of the goodwill on our Momentum Insure business. This was brought about by the downward adjustment of projected premium income for the business. The premium growth outlook was negatively impacted, among other items, by difficulty in growing our own Momentum Insure agency force to the levels envisaged before Covid-19, as well as a general reduction in very ambitious new business sales growth. It is pleasing that Momentum Insure has shown a strong recovery from the negative impact the Covid-19 pandemic had on growth numbers and new business sales increased by 12% in F2022. The Momentum Insure agency channel in particular recorded very encouraging results, increasing new business sales by 25% in F2022, to levels roughly in line with pre-pandemic volumes.

Group Chief Executive Officer's review continued

Reinvent and Grow strategy

The past 12 months represented the first year of the three-year Reinvent and Grow strategy announced in F2021. Good progress has been made to implement the strategy and we are tracking well towards the objectives set for F2024.

Key aspects of progress made with the implementation of our Reinvent and Grow strategic objectives are summarised below.

Grow existing channels

We successfully implemented the VIA adviser platform, a single interface through which advisers access all Momentum-branded retail products. The functionality of this platform will be significantly expanded over the next few years, which should contribute to improving "ease of doing business", as well as to efficiency gains. Momentum Distribution Services, our independent financial adviser channel, implemented a structure to support the specialisation of advisers. Although this led to disruption initially, the benefit of specialisation was confirmed once the channel settled down. The Momentum Life agency channel implemented its strategy to recruit and train "new to industry" agents, and recruited 250 advisers into this channel during the year. The Metropolitan Life agency channel grew slightly by around 2% and productivity ended the year ahead of the target of three policies per adviser per week. Finally, productivity in Momentum Insure's channels improved during the year and new business sales in the second half of the year increased meaningfully with new business sales 27% higher than the comparative in the first half of F2022.

Accelerate digital

This objective is central to our strategy and supports all other Reinvent and Grow strategic objectives. During 2022, we appointed Dhesen Ramsamy (Group Chief Digital Technology Officer) into a new role on the Group Executive Committee (Exco), to focus on digital transformation across Momentum Metropolitan. Key focus areas will be the digitalisation of our core business, investment in digital enablers and new growth opportunities to be exploited by accelerating digital.

Momentum Life made good progress towards the adoption of point-of-sale underwriting solutions, digitally transforming its onboarding experience and improving onboarding efficiency through a mobile phone paperless capturing capability in Myriad. Our strategy to leverage external insurtech start-ups played a key role to create these capabilities.

The project to digitally transform our Momentum Wealth investment platform to better meet the needs of clients and their advisers is tracking agreed milestones. Momentum Metropolitan Health made some progress towards moving our clients onto a single health platform from the five we currently utilise, which will significantly reduce our cost base, once completed. Guardrisk's partnership with Root and its flexible end-to-end insurance platform has enabled digital insurance solutions for large affinity clients of Guardrisk. More than one million policies are administered on the Root platform for Guardrisk affinity clients.

Establish new channels

A pilot was initiated to sell Momentum protection and savings solutions directly to young professionals. The pilot gained traction by offering a digitally enabled financial planning value proposition in combination with personal relationship consultants to provide expert advice on growing wealth. This was complemented with the establishment of a direct call centre channel for our Myriad protection solution that grew its sales by more than 60% during the year. The Metropolitan Life tele-channel call-centre grew headcount by 23% to 376 agents and improved productivity to 5.6 policies per week per agent. Metropolitan Life continued to test its fully digital GetUp solution for digitally native clients in its market segment. Although the viability of this initiative is hampered by very poor persistency experience, the Group is gaining valuable insights about premium collection in the informal sector, as well as sales concluded by chatbots, with limited human intervention.

Next generation initiatives are being explored in Momentum Corporate, Momentum Life and Guardrisk, but for the time being these projects remain below the radar. In addition to these specific initiatives, the ongoing digitalisation of our existing client and adviser channels provide key insights and a foundation on which to broaden distribution and service options.

Product and service leadership

We are proud of the comprehensive range of competitive products the Group offers and are determined to remain at the forefront of product renewal.

We have made good progress to revamp Wellness and Rewards solutions across the Group. We have moved away from a single, bundled loyalty and rewards programme to a focused product-specific rewards programmes, through which every product business will offer a programme that is relevant and aligned to specific product needs.

Our focus on digital acceleration and our ability to leverage the insurtech start-up ecosystem for new technologies is paying dividends in respect of product and service innovation. We have made good progress to implement a point-of-sale risk selection and upfront discount mechanism for our Myriad protection product, while also introducing a digital onboarding experience and a paperless capturing capability.

Momentum Insure has successfully integrated the short-term business acquired from Alexander Forbes and launched its new brand, client value proposition, products, systems and operating model. In Momentum Investments an innovative hybrid annuity product was launched, offering an all-in-one product (comprising both a guaranteed annuity and a living annuity) requiring only one contract. A limited underwritten life cover product launched by Metropolitan Life in F2021 tripled its sales during the past year.

Momentum Corporate's self-service solutions recorded 185 000 member engagements during F2022. This range of fit-for-purpose, digital self-service tools offer clients the ability to engage through their channel of choice, using simplified language and mobile-first principles. The Health4Me low-income solution offered by Momentum Metropolitan Health has continued to achieve pleasing growth.

Group Chief Executive Officer's review continued

Transformation

Our focus on authentic transformation helped Momentum Metropolitan to achieve a Level 1 B-BBEE rating for the fourth year in a row. We scored full points (including bonus points) for the Equity Ownership, Preferential Procurement, Enterprise and Supplier Development and Socio-Economic Development and Consumer Education elements. Our Employment Equity position has shown a pleasing improvement over the past few years. Senior management ACI representation improved from 31% to 39% over the past three years, while it increased from 40% to 45% for middle management.

Our MMPowered initiative provides ACI employees with leadership potential the opportunity to partake in a range of practical development activities across the Group. Examples include meaningful exposure to Group Exco members, Group or other business unit exco meetings and master classes delivered by senior executives in the Group.

Market share increases between 1% to 6%

There is no doubt that the competitiveness of businesses in the Group has improved substantially by virtue of the improved external focus and the revitalisation of existing distribution channels over the last few years. Market shares consequently increased across the Group in F2021 and we built on this foundation in F2022. The latest available data reflects a market share of 10% for Momentum Wealth, 8% for the Myriad protection business, 15% for FundsAtWork (our umbrella fund business), a market share of 3% for Momentum Insure, 28% for Momentum Metropolitan Health and 19% for the emerging market Metropolitan Life business. Not all businesses have achieved targeted market shares yet and more work is required to reach the F2024 Reinvent and Grow targets.

NHE of R5 billion

The Group achieved NHE of R4.4 billion in 2022, ahead of our target for the year. If the result is normalised by neutralising mortality experience variances, the net positive change in Covid-19 provisions, positive investment variances and venture capital investment fair value gains, the underlying NHE of the Group is a very satisfactory R3.3 billion. We remain optimistic that we can grow this number over the next two years by the 40% required to reach our F2024 Reinvent and Grow objective of between R4.6 billion and R5 billion.

Return on Equity (ROE) of 20%

ROE improved from 5% in F2021 to 23% in F2022, in line with the strong normalised headline earnings and following the improvement in the Group's operational performance. Through a combination of further earnings growth and capital optimisation, the F2024 objective of 18% to 20% remains realistic.

Non-life Insurance contribution to NHE of 20%

The performance of Momentum Insure in F2022 fell short of expectations and, although Guardrisk continued on its growth trajectory, the overall Non-life Insurance contribution to NHE was 10%, which was lower than in the recent past. The contribution is expected to recover to 18% by F2024, which is marginally below the 20% contribution target. The reason for the shortfall can be ascribed to the downward adjustment in expected future performance of Momentum Insure.

Cost efficiencies of R500 million

Good progress has been made with various digitisation initiatives across the Group, which is the main driver to achieve efficiency improvements and to secure cost savings. The bulk of the savings of R500 million by F2024 is only expected in the last year of our three-year Reinvent and Grow strategic plans. Momentum Life, Momentum Metropolitan Health, Momentum Corporate and the Momentum Wealth investment platform will be the main contributors to the efficiency gains.

Group Chief Executive Officer's review continued

Corporate citizenship

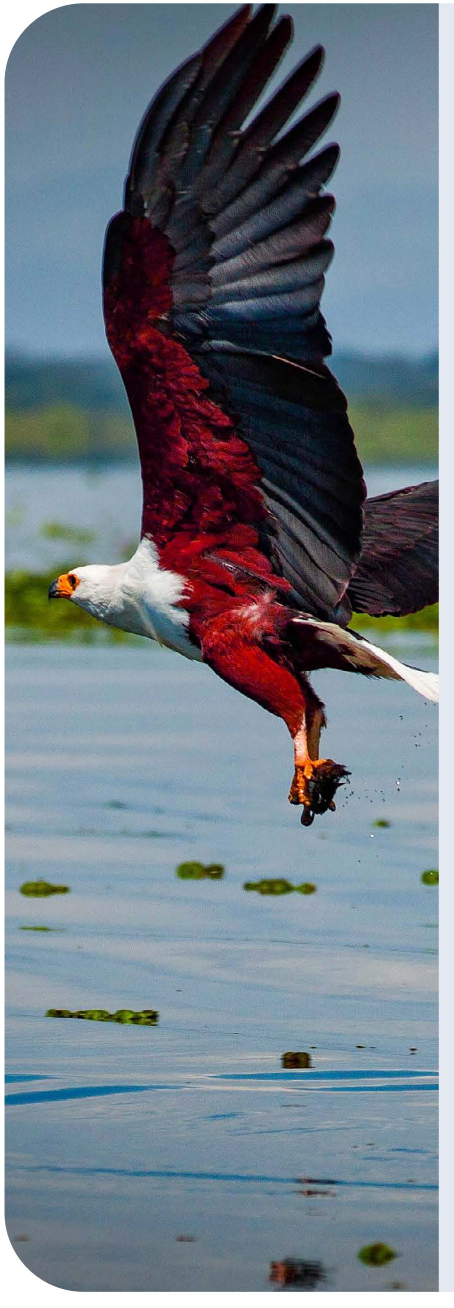
Consumer vulnerability has become a global phenomenon and is especially evident in South Africa following the impact of Covid-19 on an already weak economy, and recently became even more pronounced with rising inflation. We believe our Group has a role to play as a responsible corporate citizen in this context. To maximise our social impact, we combine practical on-the-ground efforts by our businesses and staff volunteers with the more formal initiatives of the Momentum Metropolitan Holdings Foundation (the Foundation).

To confirm our social commitment, we maintained our financial allocation to the Foundation in the past year, not in terms of 1% profit after tax, but in terms of monetary value, which translated into 2% of profit after tax. Following the improved financial performance of the Group, we look forward to doubling our monetary contribution to the Foundation over the next twelve months. The Foundation supports us in providing comprehensive financial education for the youth segment, developing female IT skills, as well as programmes to place young people in paid work. Our businesses and staff volunteers provided tangible assistance to communities during the July 2021 riots and the recent floods in KwaZulu-Natal.

Momentum Metropolitan's resilient performance in the last three years has shown that we are doing the right things to create a sustainable business. How we manage our liabilities and invest assets, the prudency in our provisions and the sophisticated way in which we manage liquidity, passed the test of an extreme stress event such as Covid-19, with a healthy balance sheet and a return to solid earnings in F2022. The Group is committed to various climate-related initiatives and disclosure projects including being a voluntary participant in the CDP (formally Carbon Disclosure Project) since 2013 and becoming a formal, listed supporter of the international Task Force on Climate-Related Financial Disclosures (TCFD) and has developed a Board-approved Climate Risk Framework. The world has reached a tipping point to act on ESG challenges and Momentum Metropolitan is part of the change. Although we have always been committed to sustainability principles and have built many of our financial solutions around social challenges, there is a need to now accelerate our impact.

For us, transformation will never be a tick-box exercise. Our transformation purpose is to be authentically transformed and we have a particular focus on diversity and inclusion in the Group, making sure everyone feels they belong. I am exceptionally proud of the Group's fourth consecutive Level 1 B-BBEE rating in F2022 and believe it reflects the contribution we make to the continued transformation of our country. During F2022 we spent 80% of our total procurement spend on black suppliers, invested more than R58 million in empowerment funding, and 81% of the Group's employees are now black.

During the past year we implemented our iSabelo Employee Share Ownership Plan (ESOP). iSabelo allows us to strengthen our Broad-Based Black Economic Empowerment (B-BBEE) ownership and affords us an opportunity to participate in the transformation agenda of South Africa. We honour the entrepreneurial spirit of the Group by making employees Momentum Metropolitan shareholders through the iSabelo Trust.



Outlook

Good results were achieved in F2022 despite the challenging economic and social environment in which we operate. I am concerned about the socio-political situation facing the country and it will become increasingly difficult to further grow revenue in the absence of meaningful economic growth. The achievement of our Reinvent and Grow targets do, to some extent, remain dependent on economic recovery.

The Group's strong results in the first year of our three-year Reinvent and Grow strategy is encouraging and confirms a strong competitive position. We are on track with the implementation of the strategic objectives set for F2024. I am confident that we will continue to reap the rewards for the good work we have done over the last few years.

Our strategy is dynamic and we have prioritised digital transformation in all areas of the Group, without compromising on the importance of strong face-to-face distribution channels and the need for leading products and services. The federated operating model ensures that we remain close to the frontline, are in touch with the needs of clients and advisers, and make decisions that reflect their realities. The executive teams of our empowered businesses are responsible for their full value chains and operate as entrepreneurs, while the Group benefits from the diverse nature of the constituents of our corporate portfolio.

Note of appreciation

I would like to thank our previous Chairman, Sello Moloko, for the valuable contribution he made to the Group. We wish him all the best with his new endeavours. Paul Baloyi has been appointed as Momentum Metropolitan's new Chairman and I would like to extend a warm welcome to Paul from the entire Group. We appreciate his willingness to lead us and look forward to working under his guidance.

For yet another year our employees had to deal with circumstances more difficult than they have ever experienced in their careers. Once again they persevered and I commend their commitment to Momentum Metropolitan. They deserve my sincere thanks. The executive teams across our Group were similarly called on to provide leadership in unfamiliar and challenging situations. They excelled and I owe them a debt of gratitude. Thank you also to our Board for their support and guidance, and to our clients and distribution partners for their ongoing support.

Hillie Meyer
CEO

The strategy driving our business

At Momentum Metropolitan, we are preparing ourselves for a better future – encapsulated by our Reinvent and Grow strategy.

Our strategy supports us in creating long-term sustainable value for our stakeholders by building a synergistic and resilient portfolio of high-performing businesses and leveraging the benefits of a corporate portfolio strategy that is underpinned by both product and service leadership and distribution partnerships that recognise the value of advice and digitalisation as a game changer.

F2024 Reinvent and Grow objectives

Reinvent

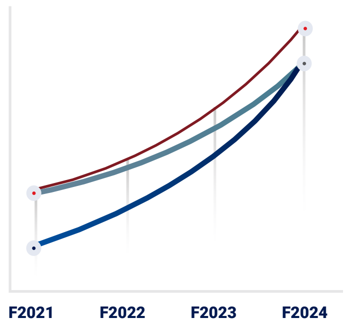
Growing existing channels:
Continue growing the footprint of the existing channels, while digitally enabling our existing channels.

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

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

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

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



Grow

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

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

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

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

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

The strategy driving our business continued

In line with the federated operating model underlying the Group's Reinvent and Grow strategy, the Group's empowered and accountable businesses 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 to create value for stakeholders. The individual business strategies have been designed to achieve both their strategic goals and contribute to the achievement of the Group's goals.

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

Strategic alignment

Businesses should contribute to the Group's 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.

Value creation

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

Sustainability

All businesses that form part of the Group should be proudly South African, authentically transformed, foster a culture of ownership and accountability, and contribute to a strong employee brand. Business units are further required to enhance the sustainability of the corporate portfolio by exploring and scaling opportunities to solve economic, environmental, social and governance (E-ESG) challenges through the core business and the implementation of our new strategic sustainability framework.

The strategy driving our business continued

Performance against strategy

GROW EXISTING CHANNELS

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

During the year

- Launched the Momentum Institute of Financial Planning (MIFP) with the aim of educating and upskilling our financial advisers and providing them with the knowledge and practice to enhance their value proposition to clients
- Implemented the VIA adviser platform, a single interface through which advisers will have access to all Momentum-branded retail products
- Implemented specialised support to independent financial advisers (IFAs) by differentiating consultants and infrastructure between investment and protection solutions
- The Momentum Life agency channel implemented its strategy to create a new-era tied agency force and recruited 250 advisers into this channel during the year
- The Metropolitan Life agency channel grew by around 2% and productivity ended the year ahead of the target of three policies per adviser per week
- Productivity in Momentum Insure's channels improved during the year and new business premiums in June 2022 was around 50% higher compared to July 2021

Forward-looking focus:

- The functionality of the VIA platform will be significantly expanded over the next few years, which should contribute to ease of doing business and efficiency gains
- Continued focus on the improvement of service quality
- Focus on recruiting more young people to the financial services industry and providing theoretical and technical training through MIFP

ESTABLISH NEW CHANNELS

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

During the year

- A pilot initiated for the sale of Momentum risk and savings solutions directly to young professionals by using a new generation advice proposition is gaining traction
- Established a direct call centre channel for our Myriad risk solution that grew its sales by more than 60% during the year
- Metropolitan Life continued to test its fully digital GetUp solution for digitally native clients in its market segment. Although the viability of this initiative is hampered by very poor persistency experience, the Group is gaining valuable insights about premium collection and sales concluded by chatbots, without any human intervention

Forward-looking focus:

- Specific focus on Momentum Corporate on an innovative and fully digital self-service solution that will drive an increase in client engagement, experience and take up
- Continue to explore next-generation initiatives in Momentum Life and Guardrisk
- Launch an omnichannel solution with the new Myriad risk product in Momentum Life
- Implementation of a self-service capability for IFAs in Investo, Momentum Life's savings business

ACCELERATE DIGITAL

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

During the year

- During 2022 we appointed Dhesen Ramsamy into a new role on the Group Executive Committee to focus on digital transformation across Momentum Metropolitan
- Good progress with the digital transformation of the Momentum Wealth investment platform with the aim of reinventing the value proposition to better meet the needs of clients and their advisers
- Momentum Metropolitan Health made good progress towards moving our clients onto one health platform from the five we currently have, which will significantly reduce our cost base
- Guardrisk's partnership with Root and its flexible end-to-end insurance platform has enabled digital insurance solutions for large affinity clients of Guardrisk and helped Root to reach one million in-force policies

Forward-looking focus:

- Guardrisk to invest in insurtech enablement functions beyond the Root platform
- Implementation of robotic process automation for new business in Botswana, Lesotho and Namibia
- Focus on vehicle accident claims automation in Momentum Insure

The strategy driving our business continued

Performance against strategy

PRODUCT AND SERVICE LEADERSHIP

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

During the year

- We have made excellent progress to implement a point-of-sale risk selection and discount mechanism for our Myriad protection product, while also introducing a digital onboarding experience using mobile-driven underwriting solutions and a paperless capturing capability.
- Successfully integrated the short-term insurance business acquired from Alexander Forbes Group and launched the merged business as Momentum Insure, including the new brand, customer value proposition, products, systems and operating model
- Implemented rapid medical testing in the Myriad protection product underwriting process
- In Momentum Investments the launch of an innovative hybrid annuity product was a step closer towards our goal to offer a new-generation structured annuity solution to the market. The hybrid annuity offers a unique simplified process for advisers to access an all-in-one product with only one contract
- The limited underwritten life cover product launched by Metropolitan Life in F2021 has seen good sales progress this year

Forward-looking focus:

- Continue to enhance the value proposition of the Myriad protection product through reinvention of our client loyalty and product reward programmes
- Reinvent the client value proposition for the wellness programme in Momentum Metropolitan Health
- Launch the new and improved Myriad protection solution
- Launch Momentum Money and grow the savings product range

TRANSFORMATION

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

During the year we:

- Celebrated our fourth consecutive year as a Level 1 B-BBEE contributor
- Invested R292 million in the training and development of black employees (F2021: R236 million)
- Spent 80% of our total procurement spend on black suppliers
- Invested over R58.5 billion in empowerment funding (F2021: R54.9 billion)
- Invested R50 million in ESD programmes, a key enabler in maintaining our preferential procurement score and making a meaningful contribution to an inclusive South African economy
- Through the implementation of the iSabelo share ownership scheme in April 2021, all permanent South African-based employees benefited from an allocation of shares. The allocation of shares is weighted in favour of black employees. In its second year, iSabelo has over 13 000 beneficiaries who benefited from the first dividend declaration
- 71% of senior management appointments were to black people – exceeding our employment equity targets for the year by 3.5% (from 36.2% in F2021 to 39.5% in F2022)

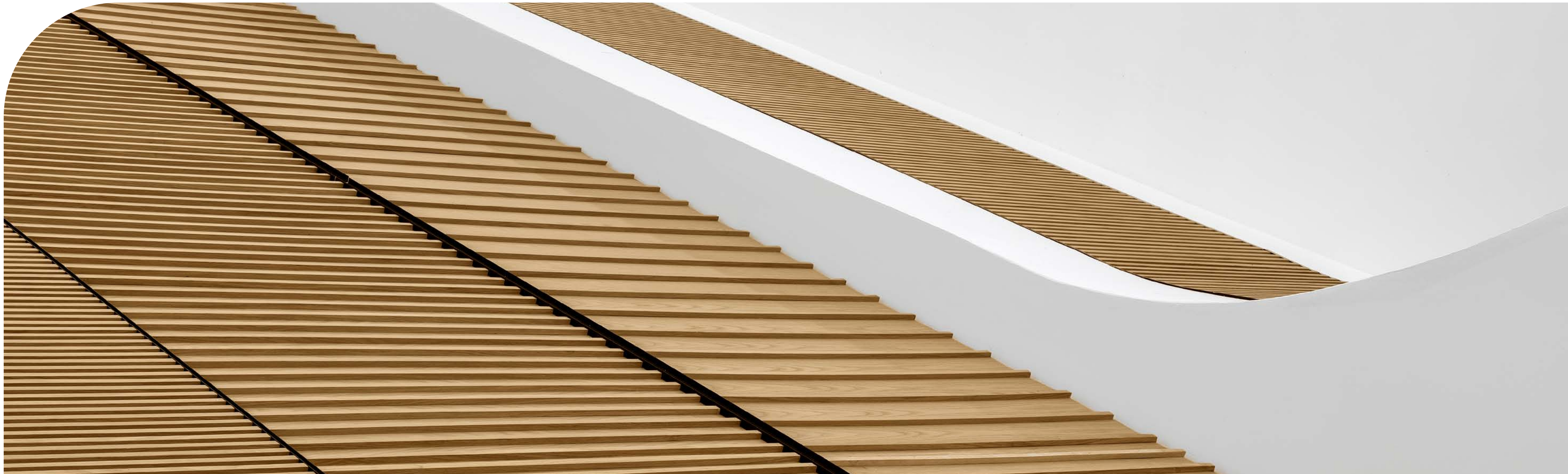
Forward-looking focus:

- Increasing black broker participation
- Increasing black representation in leadership
- Continued implementation of inclusive communication and marketing that embrace diversity
- Advancing towards authentic transformation

The strategy driving our business continued

Grow objectives:

	NHE of R4.6 billion to R5.0 billion	Cost efficiencies in excess of R500 million	Non-life Insurance contributes 20% of NHE	Market share +1% to +6%	ROE of 18% to 20%
Progress 2022	NHE of R4.4 billion was achieved in F2022. If the F2022 result is normalised by neutralising mortality experience variances, the net positive change in Covid-19 provisions, positive investment variances and fair value gains on venture capital investments, the underlying NHE of the Group is a very satisfactory R3.3 billion.	Good progress has been made with various digitisation initiatives across the Group, which is the main driver to achieve efficiency improvements and secure cost savings.	The performance of Momentum Insure in 2022 fell short of expectations, and although Guardrisk continued on its growth trajectory, the overall Non-life Insurance contribution to NHE was 10%, which was below the recent past. The reason for the shortfall can be ascribed to the downward adjustment in expected future performance of Momentum Insure.	Market shares increased across the Group and we built on this foundation in 2022. The latest available data reflects a market share of 10% for Momentum Wealth, 8% for the Myriad risk business, 15% for our umbrella funds business (FundsAtWork), a market share of 3% for Momentum Insure and 28% for Momentum Metropolitan Health and 19% for the emerging market Metropolitan Life business.	ROE improved from 5% in 2021 to 23% in 2022. This improvement follows the growth in the Group's earnings.
Outlook	We remain optimistic that we can grow this number over the next two years by the 40% required to reach our F2024 Reinvent and Grow objective of between R4.6 billion to R5 billion.	The bulk of the savings is only expected in the last year of our three-year Reinvent and Grow strategic plans, and some of the benefit may only realised in the following year. Momentum Life, Momentum Metropolitan Health, Momentum Corporate and the Momentum Wealth investment platform will be the main contributors to the efficiency gains.	Given the recent downward adjustment in expected future performance of Momentum Insurance, our current best estimate projections show that we will fall marginally short of our objective of Non-life Insurance businesses contributing 20% to Group NHE.	Not all business units have achieved targeted market shares yet, however, we are optimistic that the materialised efforts over the last few years to improve external focus and revitalisation of existing distribution channels will continue and enable us to reach the 2024 Reinvent and Grow targets.	Through a combination of further earnings growth and capital optimisation, the F2024 objective of 18% to 20% ROE remains realistic, despite the modest macroeconomic backdrop.



Our external environment

We operate in a dynamic and complex environment, with constantly emerging threats and opportunities. We need to be able to proactively address opportunities and mitigate threats, which our continual study of local and global trends facilitates.

Political and economic uncertainty

The context

- Unemployment rate of 34.5% (Stats SA Q1 2022)
- July 2021 civil unrest in the KwaZulu-Natal and Gauteng provinces
- Lacklustre GDP outlook as GDP forecast to grow by 1.8% in 2022
- Record high fuel prices – R23.29 (June 2022)
- Power constraints
- Higher inflation – 7.4% in June 2022
- Sever infrastructure damage from the KwaZulu-Natal floods
- Impact of State Capture/corruption and increasing inequality that threaten economic stability
- The war in Ukraine

Higher inflation and economic volatility are creating uncertainties that influence consumer behaviour, including the risk of the reduced purchasing power of households and weaker demand for savings and protection products in the years ahead. In South Africa, rising consumer price inflation and fuel prices, increases in interest rates and high levels of unemployment are further contributing to lower disposable incomes for our clients.

Its impact on our business

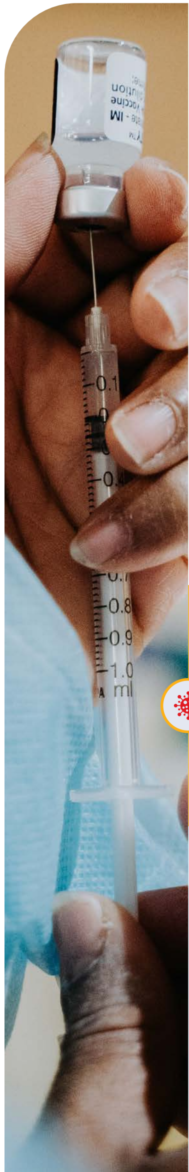
Our material matter: Impact of the tough economic and regulatory environment on new business demand and persistency

The impact of rising inflation is not considered a material risk to our earnings stability, which is protected by the diversification of our portfolio, which offsets impacts to some extent.

Negative impacts have been most pronounced in our protection products.

The impact of the war in Ukraine is likely to be indirect as it results in increased levels of uncertainty around global economic growth and inflation. Locally, the recent oil price hike and the risk of negative sentiment towards emerging markets, resulting in a fall of the rand against the US dollar, are leading to an increase in inflation and a subdued growth outlook.

The section of this report that addresses **Managing our risks and opportunities for sustainable enterprise value creation** provides information on how we are addressing the risks and opportunities resulting from the political and economic uncertainty prevailing in our external environment.



Covid-19 pandemic

The context

- Higher mortality rates
- Catalysing the shift to digital
- Impact on healthcare systems
- Impact on mental health
- Unemployment, poverty and inequality exacerbated
- Impetus to the 'great resignation' with elevated rates of employees resigning
- Response to vaccination programme

The Covid-19 pandemic has taken a toll on human life, resulting in high mortality rates and record claims that went to the beneficiaries of insured lives that had succumbed to Covid-19. It also took a toll on people's physical and emotional wellbeing, particularly during F2021. High mortality rates continued into the first quarter of F2022 but have since returned to rates typically experienced in the insurance industry, although still slightly higher than pre-pandemic levels.

Vaccines were made available to all South Africans over the age of 12, with almost half of the adult population having received at least one Covid-19 vaccine and 45% being fully vaccinated. However, booster doses remain low with around 8% of the adult population boosted.

Its impact on our business

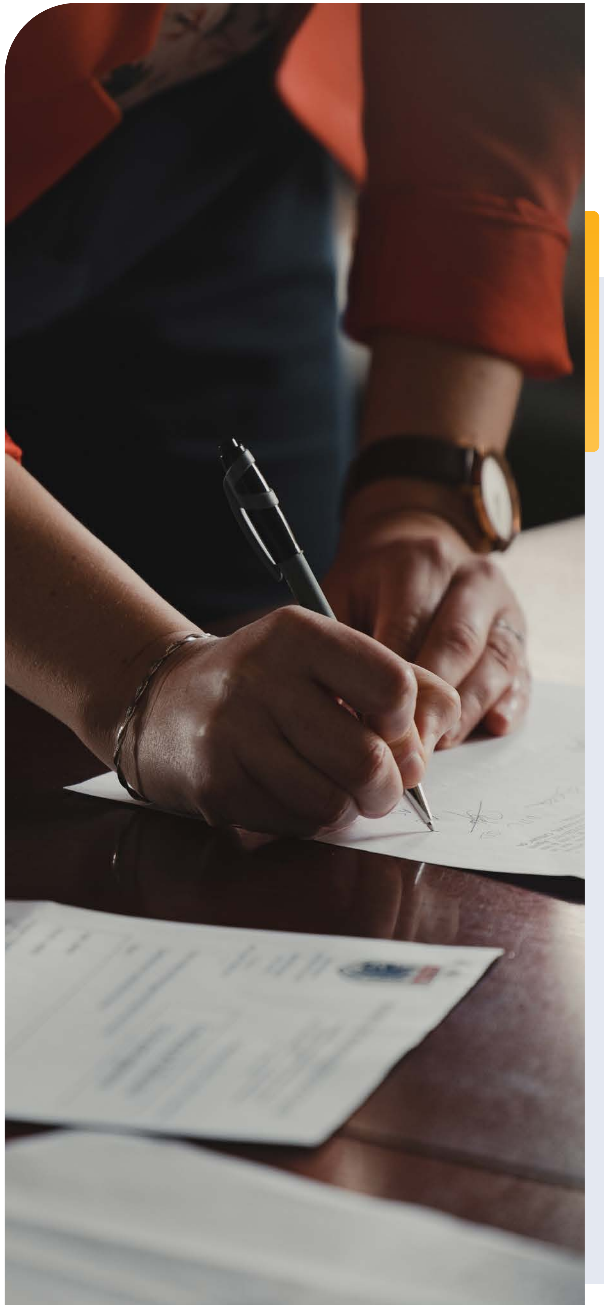
Our material matter: The impacts of Covid-19

The multifaceted negative and positive impacts of Covid-19 on the Group include the substantial impact of record claims during F2021 and the first quarter of F2022. Our South African life insurance businesses paid R21.5 billion in gross mortality claims over the two years, of which R4.6 billion was paid in the first quarter of F2022. The provisions for Covid-19-related experience previously created were sufficient to absorb the impact of excess claims in Metropolitan Life and Momentum Corporate. However, the poor mortality experience in Momentum Life and Momentum Metropolitan Africa between July and October 2021, resulted in a mortality loss.

The pandemic also resulted in a change to remote work with the consequent reluctance of some employees to return to the office and the evolution to a hybrid way of working.

A positive impact of the pandemic was the rapid shift to digital from which the Group has reaped benefits.

Our external environment continued



Regulatory environment

The context

- IFRS 17 – Insurance contracts
- Increasing regulatory changes

Momentum Metropolitan supports regulatory and reporting standard advances that promote financial stability, uniform practices and the fair treatment of customers. However, our regulatory environment continues to evolve, becoming ever more complex and onerous and costly.

Its impact on our business

IFRS 17 – Insurance contracts will be effective for the Group from 1 July 2023. The implementation of the standard requires significant effort regarding the reporting systems and processes to enable the preparation of financial statements that are compliant with the standard. The Group has made good progress with its implementation and has addressed areas of significant uncertainty.

Regulatory changes

Legislation that will have an overarching impact on the Group includes:
- **The Conduct of Financial Institutions (COFI) Bill** is the next step in legislative reform that will strengthen the regulation of the financial sector in respect of customer treatment and general market conduct. The Bill is expected to make the **Treating Customers Fairly** principles legally binding and enforceable for all financial institutions.
- **Amendments to the Policyholder Protection Rules (PPR),** published by the Financial Sector Conduct Authority (FSCA) under the Long-term Insurance and Short-term insurance Acts, have been proposed and are expected to enhance the protection of customers through more targeted disclosures.
- **Prudential Standards for joint audit requirements:** The Prudential Authority (PA) published certain standards for joint audit requirements in respect of insurers, branches of foreign reinsurers, insurer groups, Lloyd's and micro-insurers.
- The FSCA and the PA published the draft **Joint Standard: Cybersecurity and Cyber Resilience Requirements**, which set out the minimum standards for sound practices and processes of cybersecurity and cyber resilience for categories of specified financial institutions.
- On 7 October 2021, the **Financial Action Task Force (FATF)** issued a report on South Africa's measures to combat money laundering and terrorist financing. In the main FATF found that while South Africa has a solid legal framework to fight money laundering and terrorist financing, it has significant shortcomings implementing an effective system. Considering the above, FICA processes across Momentum Metropolitan Holdings are being assessed and feedback is being provided to the Regulators.
- The **Financial Sector and Deposit Insurance Levies Bill** was passed by the National Assembly.
- **Amendments to Regulation 28:** Increased foreign portfolio investment limits were announced by the Minister of Finance, allowing retirement funds to now acquire foreign exposure up to the revised single limit of 45% in respect of foreign portfolio investments.
- The FSCA published a **draft strategy for promoting financial sector transformation**. This covers the current policy and legislative framework for transformation, the FSCA's approach to promoting transformation, the two phases of the proposed strategy and stakeholder consultation.
- The PA has issued a communication clarifying the **application process for approval to conduct insurance business outside South Africa** of adding foreign jurisdictions to an insurer's licensing conditions where the insurer is licensed to conduct business outside South Africa.

This constant change in regulations presents challenges that extend beyond regulatory compliance. It has the potential to ultimately impact our business strategy, capital requirements, financial results, operations, risk appetite and governance.

The risks and opportunities are addressed in the section on **Managing our risks and opportunities for sustainable enterprise value creation.**

Our external environment continued

Disruptive trends

The context

- Digital disruption of value chains
- Non-traditional market entrants and rapid technological advancements across the financial services industry
- Client's need for personalisation and individual control
- Covid-19 impact on the workplace (emerging norms of hybrid and remote working models)
- Heightened demand for skills and talent

These trends, which have all got a connection with the impact of the Covid-19 pandemic, are having a major impact on businesses currently. They have resulted in a world of change. Clients are demanding convenience and a simple personalised experience, increasing the importance of using big data in decision-making.

The digitalisation and digitisation of businesses has increased competition between businesses, with those being most successful in these areas gaining a competitive edge.

The demand for skills to implement companies' digital strategies has resulted in a shortage of critical skills and the need for companies to find ways to attract and retain talent.

A major change has also been the ways employees want to work following their sudden move into remote working during Covid-19 lockdowns.

Its impact on our business

Our material matters:

Mastering digitalisation and refreshing our distribution channels to remain competitive in a rapidly changing environment

Cybersecurity and data protection

Employee well-being and transitioning to a hybrid working environment

The Group is, of course, affected by these disruptive trends. While there are risks connected with all these trends, they have also created business opportunities.

The risks and opportunities are addressed in the section on **Managing our risks and opportunities for sustainable enterprise value creation.**

Severe weather conditions

The context:

- Impact of severe weather conditions, including flooding, on non-life insurance industry
- Heightened climate change awareness regarding the impact of fossil fuels etc on climate

Climate change poses serious risks to the stability and quality of human society, and the global economy. The consequences of global warming are already evident in more extreme weather events. The risk of an increase in the frequency and severity of extreme weather events (droughts, floods, wildfires, cyclones) will have an impact on non-life insurers' claims experience.

Its impact on our business

Our material matter: Responsible ESG stewardship, including climate change

Prolonged periods of severe wet weather were a feature of the year under review, culminating in the KwaZulu-Natal floods in April 2022, the worst catastrophe the South African insurance industry has experienced in a long time, which was exacerbated by poor infrastructure maintenance. This extreme weather had a two-fold impact on our business. Firstly, the impact is reflected in our claims ratio, which increased sharply – well above expectations – and ultimately translated into a reduction in earnings. Secondly, it resulted in a significant increase in the workload of our client-facing employees.

The Group met its commitments regarding the policy cover we provide that protects our clients from this type of weather event. It is unavoidable that the impact of weather events will be reflected in new business rates and renewal pricing going forward. After the significant impact of extreme weather events on our claims ratio in F2022, we have a number of initiatives under way to address claims inflation and weather-related drivers of our claims ratio.

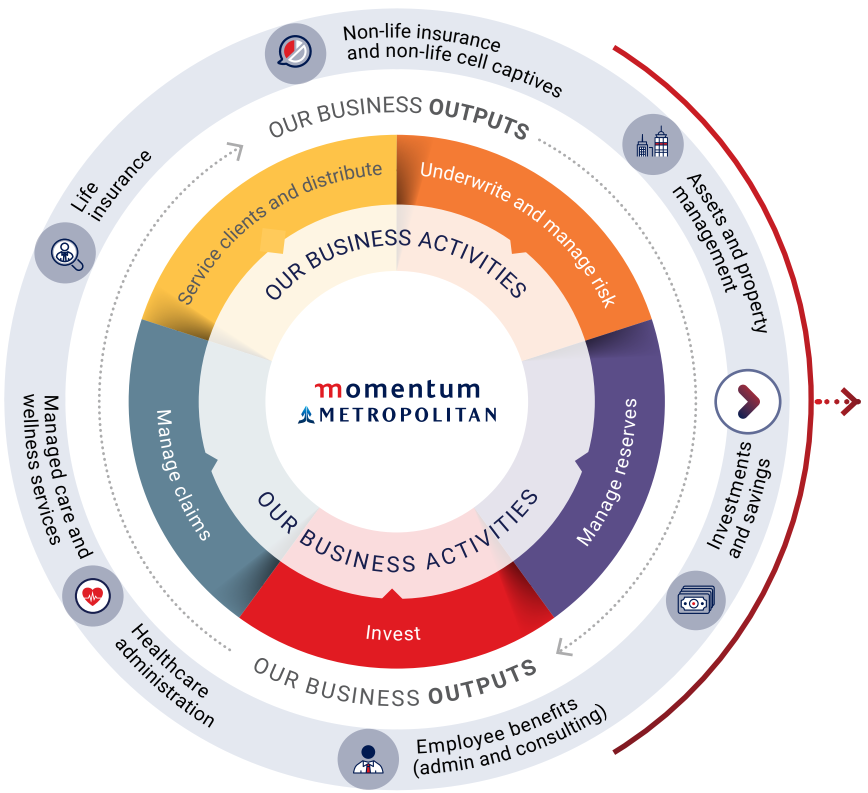
Our value-creating business model

OUR SIX CAPITALS	INPUTS	RISKS AND OPPORTUNITIES AFFECTING CAPITAL AVAILABILITY
Financial capital Our strong capital base supports our business operations and funds growth. Our financial capital includes our shareholder equity and debt funding, policyholder funds and the capital held for regulatory requirements.	• Equity/capital of R24.9 billion (F2021: R21.9 billion) • Debt of R52.5 billion (F2021: R55.0 billion) • R859.3 billion assets under management and administration (F2021: R822.3 billion) • Strong liquidity and capital management policies and procedures	• Financial market volatility • Insurance risk and claims experience • Disruptive innovation • Macro environment
Intellectual capital Our robust governance structures, policies and processes enable value-creating governance and protect our systems and client information from cyberattack. Our intangible assets include our brands, critical skills and the capacity to innovate and drive new thinking.	• Entrepreneurial culture • Robust governance framework • Strong brands and reputation • Investment in fintech and insurtech start-ups through our venture capital funds	• Regulatory change and compliance • Information and cyber risk • Disruptive innovation • Business continuity
Productive capital Our business structure, our fixed assets including our operations, distribution channels, processes, fixed and digital assets including the IT systems that provide the framework for how we do business and create value.	• Digital and artificial intelligence capabilities • 334 branches and 2 000 worksites • Operations in eight countries • Our market-leading protection, investment, healthcare and long-term savings products and services	• Disruptive innovation • Information and cyber risk
Human capital Our culture, our people, their collective knowledge, skills and experience and our ethical and effective leadership make it possible for us to deliver on our purpose and create stakeholder value.	• 16 558 employees (F2021: 16 483 employees) • R297 million invested in training and upskilling employees (F2021: R244 million) • Strong focus on employee safety and wellbeing • Inclusion of South African employees as shareholders through the Momentum Metropolitan iSabelo Trust	• Financial market volatility • Regulatory change and compliance • People risk and transformation • Disruptive innovation
Social and relationship capital Stakeholder relationships, including those with the communities in which we operate, are an integral part of our operating environment and the role we can play in enabling businesses and people from all walks of life to achieve their financial goals and life aspirations.	• Level 1 B-BBEE contributor • Active engagement with regulators, pursuing compliance and contributing to society • Good relationships with our stakeholders • Commitment to global standards of corporate governance and investor stewardship	• Financial market volatility • Regulatory change and compliance • Business continuity • Climate risk • Insurance risk and claims experience
Natural capital Includes the influential impact of our operations on natural resources (i.e. energy, water and climate) and our ability to influence outcomes through our responsible approach to investing.	• 45 082MWh energy and 106 727kl water consumption (F2021: 48 050MWh and 109 215kl) • Solar photovoltaic units generating 1 400 000kWh of renewable energy at Eris Property Group shopping malls • The MARC has a 5-star Green Rating from the Green Building Council of South Africa	• Climate risk • Insurance risk and claims experience

Our value-creating business model continued

OUR BUSINESS ACTIVITIES AND OUTPUTS

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



OUTPUTS from our business activities:

Waste and emissions

- 51 955 tCO_2e greenhouse (GHG) emissions (F2021: 52 668 tCO_2e)
- 197.0 tonnes total waste generated (F2021: 49.48 tonnes)
- 93 tonnes of recycled waste (F2021: 20 tonnes)

OUR BUSINESS ACTIVITIES

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

Value created, maintained or eroded

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

OUR OUTCOMES

Financial capital

- R4.4 billion in NHE (F2021: R1 billion)
- Group solvency capital requirement (SCR) cover of 1.5 times (F2021: 1.5 times)
- 22.7% ROE (F2021: 4.9%)
- Full year dividend of 100 cents per share (F2021: 40 cents per share)
- R381 million to debt funders in interest (F2021: R486 million)

Intellectual capital

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

Productive capital

- R133 million capital deployed for owner-occupied properties (F2021: R234 million)
- Good sales volume growth with PVNBP growing 10%
- 4 million policies in-force (F2021: 4 million)
- Good progress with digitalisation and refreshing our distribution channels

Human capital

- R6.8 billion paid in total remuneration (F2021: R6.7 billion)
- 14 621 (2021: 15 666) employees received training, equipping our people with skills to perform in an evolving world
- 39% black and 36% female representation in senior management in South Africa (F2021: 36% and 33%)
- Certified as a Top Employer in 2022
- More flexible and inclusive environment created through hybrid working model

Social and relationship capital

- R27.5 million investment in socio-economic development (F2021: R27.5 million)
- Over R40.3 billion claims paid on insurance products (F2021: R31.1 billion)
- R13.5 billion invested in empowerment financing (F2021: R11 billion)
- Maintained our Level 1 B-BBEE status
- R6.5 billion paid in direct and indirect taxes

Natural capital

- B score for our voluntary CDP climate change disclosure 2021
- 7% increase in electricity use
- R2.3 billion investments in renewable energy projects (F2021: R2.1 billion)
- 2.65 tCO_2e emissions per employee (2020: 2.71 tCO_2e)*
- 2% decrease in water use

*Please note that to comply with the requirements of the CDP, our emissions data is for the 2021, and where applicable 2020, calendar year.

Determining our material matters

Our Integrated Report should provide current and prospective providers of financial capital and other stakeholders with the information they need to assess Momentum Metropolitan's ability to be resilient, adapt to unanticipated challenges and create future enterprise value. To ensure we achieve this, we identify the matters most material to Momentum Metropolitan's ability to create, maintain or erode enterprise value through our annual materiality determination process, and we base our reporting on the results of this process.

We recognise that materiality is a dynamic concept and we take this into account during our annual materiality process.

Recognising double materiality

We also recognise and take into consideration the concept of double materiality, which recognises that material matters can impact our business and that our business can impact the same matters externally in terms of society and the environment.

Our process

1 Inputs

We analyse and distil the feedback we receive from engaging with key internal stakeholders, which included obtaining feedback from all the business units, our CEO, the Group Finance Director (FD), the Chief Risk Officer and reviewing key Board and committee deliberations.

Our external process included a review of our stakeholder expectations, in particular the feedback received from analysts and investors.

2 Assessing trends

- In our operating environment
- Their possible impact on the resources we rely on in the form of the six capitals
- Other factors material to our short, medium and long-term enterprise value

3 Analysing and distilling

- The inputs we received and our trends assessment down to those matters that can create, maintain or erode enterprise value

4 Agreeing on what is material

- Presentation to Exco
- Presentation of Exco-approved material matters to our Board for approval

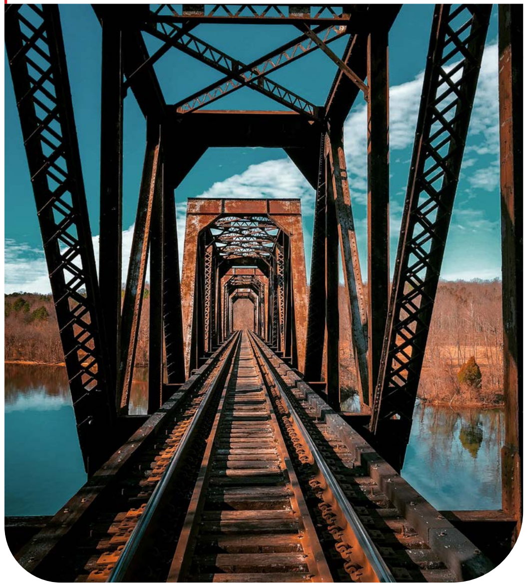
5 Our Integrated Report provides information material to Momentum Metropolitan's ability to create future enterprise value based on the matters we identified as most material:

- Impact of the tough economic and regulatory environment on new business demand and persistency
- The impacts of Covid-19
- Flight of skills and the increasing demand for critical skills
- Mastering digitalisation and refreshing our distribution channels to remain competitive in a rapidly changing environment
- Cybersecurity and data protection
- Employee wellbeing and transitioning to a hybrid working environment
- Delivering revenue and efficiency improvements
- Optimising capital management
- Authentic transformation through diversity and inclusion
- Responsible ESG stewardship, including climate change

Managing our risks and opportunities for sustainable enterprise value creation

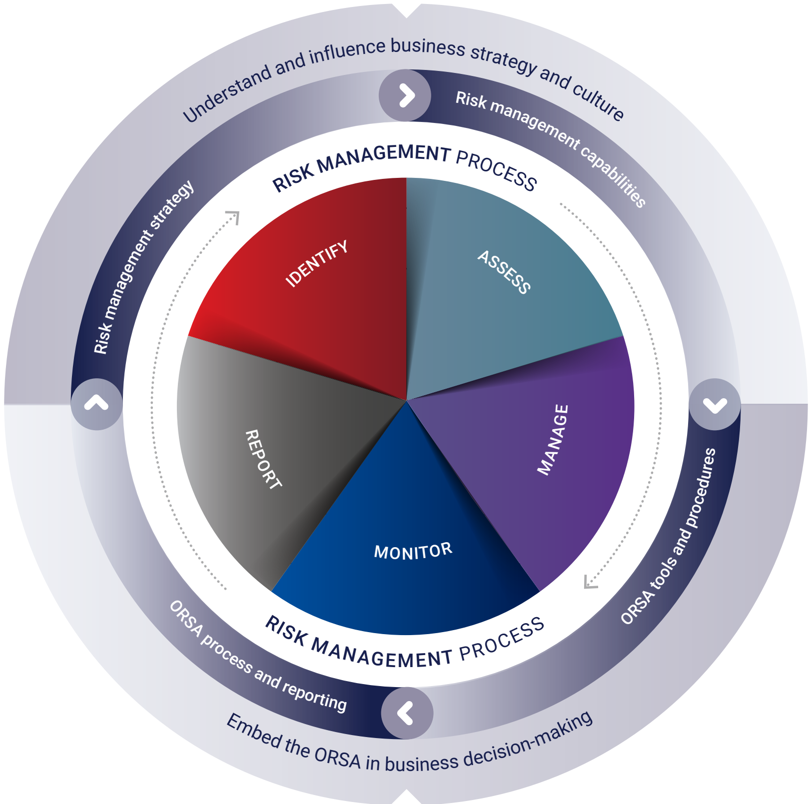
To create sustainable value through the management of our risks and opportunities, we need to:

- 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 risk management process

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



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

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

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

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

Managing our risks and opportunities
for sustainable enterprise value creation continued

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

Our risk appetite framework includes the Group's risk appetite statements, risk strategy and risk limits, and we seek to optimise return within the boundaries specified by these components. The regular monitoring and reporting of exposure against the requirements of our risk appetite framework 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. Over F2022, the solvency position of the Group remained strong and liquidity was well-managed within risk appetite levels during a period of continuing disruption and uncertainty resulting from the Covid-19 pandemic and macroeconomic environment. Over the next year, there will be a significant focus on reviewing and developing the risk appetite framework for IFRS 17 implementation.

During F2022, the Group focused on embedding its revised capital management framework, including the further development of processes to assess the capital needs of the insurance business written, and actively managing the discretionary and surplus capital that remains to support and enhance financial performance.

The Group is also continuing to incorporate learnings from the Covid-19 crisis to further enhance the management of its risk and capital profile. This includes the ongoing review and assessment of its product, pricing, reinsurance and other risk strategies, most notably for protection business.

The Group's liquidity risk appetite and tolerance are supported by setting aside a liquidity buffer and proactively engaging in a contingent liquidity plan. During F2022 the Group has also carried out new developments on its liquidity risk management framework. This included developments to formalise the monitoring, management and reporting of the coverage of liquidity needs under stress events.

More detail on risk and capital management is available in notes 35 – 41 of the **Group Annual Financial Statements**, see pages 118 - 152.

Capital and solvency management

Surplus capital: Capital surplus to the business needs

Discretionary capital: Capital retainable for reinvestment, acquisitions or other strategic reasons

Optimise performance and shareholder value

Required capital: Meet the capital needs of the insurance business written

Ensure the resilience of the Group and protect client interest

Key risks and opportunities

Our key risks are identified and rated based on the likelihood of them affecting our ability to create value and deliver on our strategic objectives. Based on our assessment of the evolving risk environment we have included the macro environment, people risk and transformation, and climate risk to our key risks, while counterparty credit risk had dropped off our key risks.

1. Regulatory change and compliance	No change
2. Macro environment	Increase in risk rating
3. Business continuity	No change
4. People risk and transformation	Increase in risk rating
5. Insurance risk and claims experience	No change
6. Climate risk	Increase in risk rating
7. Financial market volatility	Increase in risk rating
8. Information and cyber risk	No change
9. Disruptive innovation	Increase in risk rating

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

Managing our risks and opportunities for sustainable enterprise value creation continued

In the table that follows we have included a summary of our key risks and opportunities, the material matters that create 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.

2021 vs 2022	Material matters	Strategic impact
No change	• Optimising capital management • Delivering revenue and efficiency improvements	• Cost savings in excess of R500 million • ROE of 18 to 20%

1. 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.

Opportunity it creates	Our response to the risk
We adopt a proactive approach to engagement with regulators and seek to manage the developmental requirements with a combination of internal and external resourcing.	Momentum Metropolitan is committed to operating an efficient and profitable business within the parameters of the compliance landscape. The Group Compliance function has been mandated by our Board to design and effectively implement a Compliance Risk Management Policy for the Group. The Board Risk, Capital and Compliance Committee is responsible for the quality, integrity and reliability of the Group's risk management processes, which include implementing compliance and compliance risk management. In addition, the Group Compliance function facilitates management of compliance through analysing regulatory requirements and monitoring their implementation and execution together with compliance functions of the various business units. It is accountable for managing and reporting identified compliance risks. The 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.

2021 vs 2022	Material matters	Strategic impact
Increase in risk rating	• Impact of the tough economic and regulatory environment on new business demand and persistency • Delivering revenue and efficiency improvements	• NHE of R4.6 to R5 billion • Market share growth • ROE of 18% to 20%

2. Macro environment

Covid-19 and the associated lockdowns created significant uncertainty and economic disruption. Globally, the Russia-Ukraine war, together with aggressive lockdowns in China, have now lifted already high inflation projections and increased risk aversion. Mounting headwinds threaten to slow the post-pandemic global economic recovery including high inflation, a rebuilding of fiscal buffers and an accelerated unwinding of accommodative monetary policies, and they have ignited fears of a global recession. In South Africa, household spending is likely to be the primary driver of economic activity while an uncertain political climate, energy constraints and insufficient demand remain significant barriers to investment in South Africa.

Opportunity it creates	Our response to the risk
We will seek to provide innovative product management responses to meet the needs of our clients and mitigate these risks.	Several initiatives have been rolled out over the past two years in response to the risks that Covid-19 presented to business growth and client retention. Although many business units have exceeded their new business targets for F2022, the macroeconomic environment is likely to continue to place pressure on business volumes and impact client behaviours. The Group will continue to closely monitor and manage its expense base.

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

Managing our risks and opportunities for sustainable enterprise value creation continued

2021 vs 2022	Material matters	Strategic impact
No change	• The impacts of Covid-19 • Mastering digitalisation and refreshing our distribution channels to remain competitive in a rapidly changing environment	• Accelerate digital • Grow existing channels

3. Business continuity

Following the large-scale lockdowns that occurred in 2020 as globally governments tried to manage the impact of Covid-19, Momentum Metropolitan Holdings undertook a review on the entire business continuity strategy and approach. During 2020 and 2021, there was heightened focus on ensuring the safety and wellbeing of our employees as we continued to manage operations, and over the past 12 months progress was made in embedding response strategies as part of the business-as-usual capability. Other business continuity scenarios were formulated alongside high-level guidelines for initial response protocols, and these were used to enable training and awareness across the Group. Business continuity management and operational resilience continue to remain a key focus area of the business.

Opportunity it creates	Our response to the risk
Digital training and awareness were rolled out to all employees to ensure that they remained informed about business continuity and what is expected of them during a crisis.	The Group continued the successful enablement of hybrid remote working and accelerated the digital transformation of sales and service processes focusing on enhanced client and intermediary experience. Most client engagement and enablement functions have returned to working in our offices on a full-time basis to ensure that we continue to meet client expectations. Our main office campuses are equipped to withstand the impact of load shedding and ensure continuity of operations. The Group has also ensured that our IT disaster recovery strategy and approach were updated and that new scenarios were tested as part of the May 2022 IT disaster recovery test.

2021 vs 2022	Material matters	Strategic impact
Increase in risk rating	• Flight of skills and the increasing demand for critical skills • Employee wellbeing and transitioning to a hybrid working environment	• Accelerate digital • Transformation • Product and service leadership

4. People risk and transformation

Our people risk has heightened over the past financial year. Our people are the heartbeat of the organisation and as we transition to a post-Covid-19 era, we find that our people are having to navigate challenges associated with the macroeconomic environment that is ultimately affecting their wellbeing. The Group is dealing with the war for talent in attracting and retaining actuaries, IT and technical talent, which has amplified in the evolving working environment.

Opportunity it creates	Our response to the risk
The Group's decision to adopt a hybrid way of work has presented several opportunities for the Group, including transforming our employee value proposition (EVP) and redesigning and consolidating office requirements to enable the desired employee experience.	Our people strategy and our #ThinkHumanFirst philosophy is centred around our people. There is a deliberate focus on managing employee wellbeing through our culture that creates a positive, safe and caring environment where employees feel connected and supported, enabling them to flourish in the work environment. As part of ongoing wellbeing initiatives, we provide a best-in-breed employee assistance programme and are driving awareness and providing tools for employees to proactively manage their wellbeing. We offer a compelling EVP, which includes physical, financial, and emotional support offerings that are available to our employees. Over the next eight months, it will be repackaged to be easily accessible to every employee. Learning interventions have equipped our diverse leadership community to lead with impact. From a talent perspective, our recruitment platform provides a seamless candidate experience on the sites of each of our consumer-facing brands, which enables us to recruit the best talent, and promote internal mobility. Our longer-term strategy, aimed at embedding diversity and inclusion, is intended to give employees a sense of belonging.

Increase in risk rating   No change   Decrease in risk rating

Managing our risks and opportunities for sustainable enterprise value creation continued

5. Insurance risk and claims experience

2021 vs 2022	Material matters	Strategic impact
No change	• The impacts of Covid-19 • Delivering revenue and efficiency improvements • Impact of the tough economic and regulatory environment on new business demand and persistency	• Product and service leadership • NHE of R4.6 to R5 billion • ROE of 18% to 20%

In line with the national experience, the Group experienced very high mortality claims during F2022 due to the impact of Covid-19, most notably during the third wave, with claims experience being much more muted during the fourth and fifth waves. The potential longer-term impacts of the pandemic and weakened economy on policyholder health and behaviours remains uncertain, as does the potential impact of further Covid-19 waves or possible future pandemics. In the Non-life Insurance business, adverse claims were experienced during F2022, primarily driven by increasing claims inflation, persistent wet weather and the KwaZulu-Natal flooding.

Opportunity it creates

While our business has remained resilient through the extreme claims experience that resulted from Covid-19, the pandemic has presented an opportunity to incorporate learnings from Covid-19 in reviewing our pricing, underwriting and strategies, and our risk appetite and strategies more broadly.

Our response to the risk

Over the course of F2022, the Group released part of the Covid-19 provisions established at 30 June 2021, with the provision releases reflecting a combination of observed experience and the planned release profile. In aggregate, the claims experience has proved better than expected, and the reserves were reviewed again at 30 June 2022. The Group also reviewed product pricing, underwriting and reinsurance arrangements over the course of F2022 to manage the impact of Covid-19 and reflect our evolving outlook. From a Covid-19 business interruption perspective, our Non-life Insurance businesses have dealt with the majority of claims and are adequately reserved for the remaining claims. Furthermore, new business and renewal rates have been revised to account for the increasing claims inflation.

6. Climate risk

2021 vs 2022	Material matters	Strategic impact
Increase in risk rating	• Responsible ESG stewardship, including climate change	• Product and service leadership • NHE of R4.6 to R5 billion • ROE of 18% to 20%

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

Opportunity it creates

By increasing our responsible investment focus on clean energy projects and projects that result in a reduction in the use of fossil fuel, we can contribute to reducing the impact of greenhouse gas emissions on the climate. This process creates opportunities for new jobs, new skills, investments and creating a resilient economy.

Our response to the risk

The Group is committed to various climate-related statements and disclosure projects including being a voluntary participant in the CDP (formally Carbon Disclosure Project) since 2013 and becoming a formal, listed supporter of the international Task Force on Climate-related Financial Disclosures (TCFD) and has developed a Climate Risk Framework. We recognise that through our investment practices, underwriting decisions and property management practices we also have an impact on climate change. Momentum Metropolitan has a strong track record in sustainability projects and impact, particularly in our investment activities, and will continue to invest in clean energy projects.

Increase in risk rating   No change   Decrease in risk rating

Managing our risks and opportunities for sustainable enterprise value creation continued

7. Financial market volatility

2021 vs 2022: Increase in risk rating

Material matters
- The impacts of Covid-19
- Optimising capital management
- Delivering revenue and efficiency improvements

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

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

Opportunity it creates

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

Our response to the risk

The Group continued to focus on robust market and liquidity risk management in response to market volatility. This included reconfirmation of the measurement and risk appetite associated with the relevant financial market risk exposures and associated hedging positions and a detailed review of our liquidity risk appetite.

8. Information and cyber risk

2021 vs 2022: No change

Material matters
- Cybersecurity and data protection
- Employee wellbeing and transitioning to a hybrid working environment

Strategic impact
- Accelerate digital

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

Opportunity it creates

We have sought additional ways of educating, guiding and creating greater awareness among our employees and are making use of our cybersecurity representatives as ambassadors for cybersecurity.

Our response to the risk

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.

9. Disruptive innovation

2021 vs 2022: Increase in risk rating

Material matters
- The impacts of Covid-19
- Optimising capital management
- Delivering revenue and efficiency improvements

Strategic impact
- NHE of R4.6 to R5 billion
- ROE of 18% to 20%
- Accelerate digital

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.

Opportunity it creates

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

Our response to the risk

In line with our federated model, we have empowered our business units to drive digital transformation. Business units continue to develop digital strategies to support their objectives, while actioning projects to enhance digital skills and capabilities. However, there is pressure on delivery timelines given the competing priorities of implementing transformation, new compliance requirements and the continued implementation of the IT security strategy.

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

Combined assurance

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

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

Our combined assurance model incorporates some of the following activities:

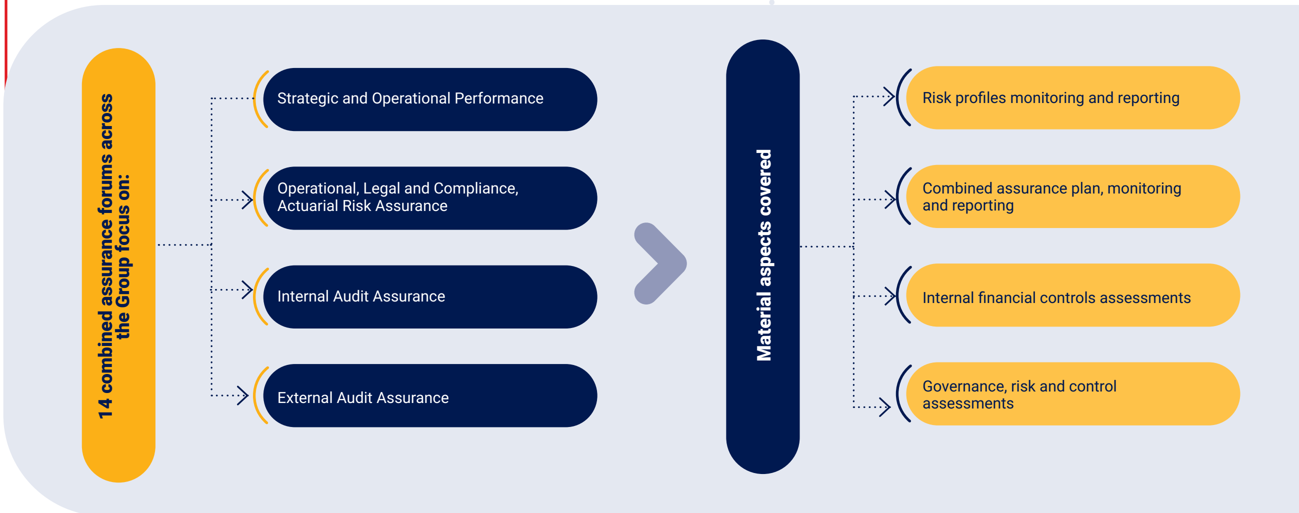
Combined assurance maturity

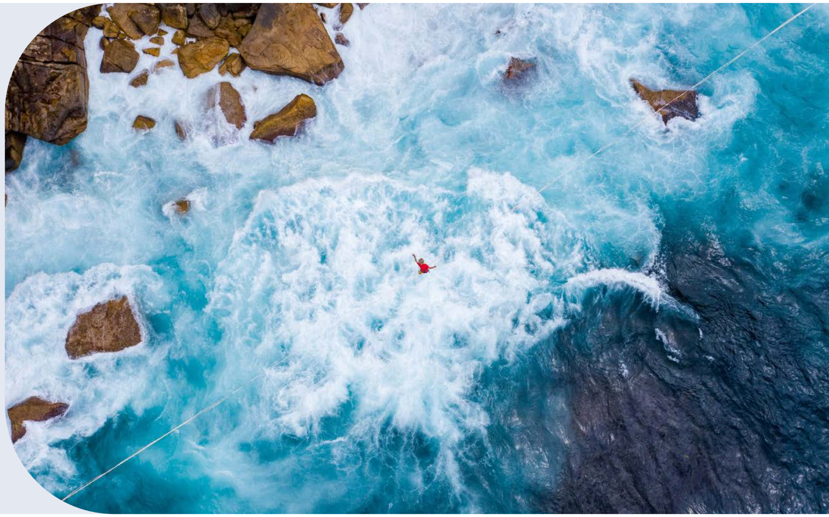
In the past few years the Group has focused on improving and maturing its combined assurance process. As part of this process, we have developed and continue to monitor combined assurance progress using a maturity model that assesses the processes that are grouped into five components, namely governance, planning, coordination, execution and reporting, each with 10 defined combined assurance practices across a maturity continuum (initial, developed, connected, integrated and dynamic). The model is used to determine the current maturity level and also assists the business in determining the target level of maturity it wants to attain. The model is deemed to be an integral part of efforts to improve combined assurance maturity within the Group.

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

Collaboration between Risk Management, Internal Audit and External Audit

There is ongoing and improved collaboration between Risk Management, Internal Audit and External Audit insofar as reliance and collaboration efforts are concerned. The importance of collaboration, with the objective of relying on the work of others, is to extract efficiencies in the assurance space and reduce or eliminate duplication of effort where it is deemed practical and beneficial to do so. There is an increased focus on embedding the assurance provider reliance model in the Group, with specific focus on increasing reliance by External Audit on the work of Internal Audit and Risk Management. The direct reliance by External Audit on the work of Internal Audit increased by 31% during F2021.





Our stakeholder engagement

Momentum Metropolitan is committed to operating in good faith, openly and transparently. Relationships are central to our purpose of enabling businesses and people from all walks of life to achieve their financial goals and life aspirations.

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

Accountability

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

Integrity

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

Excellence

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

Teamwork

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

Innovation

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

Diversity

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

Our key stakeholders and the value we wish to deliver to them

Our stakeholder engagement continued

Strong relationship that benefits both parties

Good quality relationship

Relationship with room for **improvement**

Investor community

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

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

Key matters in 2022
- Short-term performance against strategic objectives
- Transparency around financial performance
- Capital management and cash generation capacity
- Ability to deliver new business volume and efficiency improvements
- The impact of Covid-19 on mortality and the adequacy of provisions
- Sound ESG practices

Our response
- Ongoing and transparent engagement with sell-side analysts and the investor community
- Regular, transparent and comprehensive financial and ESG reporting
- Inclusion of a **Sustainability Report** in our reporting suite

Employees and contractors

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

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

Key matters in 2022
- The flight of talent and the increasing demand for critical skills
- Employee wellbeing
- Transitioning to a hybrid working environment
- Learning and development
- Digital enablement of the new world of work
- Employee value proposition
- Authentic transformation through diversity and inclusion

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

Intermediaries

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

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

Key matters in 2022
- Ongoing sales and training support
- Ease of doing business
- Digital capabilities that enable sales and servicing
- Data protection and privacy
- Growing the footprint of our retail distribution channels
- Market-related incentives

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

Our stakeholder engagement continued

Strong relationship that benefits both parties

Good quality relationship

Relationship with room for **improvement**

Clients

Why we engage:

- To offer quality advice and fairly priced products
- To keep our clients informed
- To remain informed on how our products are received in the market

How we engage:

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

Key matters in 2022

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

Our response

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

Communities

Why we engage:

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

How we engage:

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

Key matters in 2022

- Unemployment
- The impact of the Covid-19 pandemic
- Impact of unrest and extreme weather conditions
- Financial inclusion
- Transparent and comprehensive ESG reporting
- The need for community support in times of crisis

Our response

- Providing **training and development opportunities** that contribute to the employability of young people between the ages of 16 and 25
- Finding **job placements** for young people
- Providing **easily accessible financial education**
- Contributing to the **financial inclusion of female farmers** by equipping them with the skills they need to make their farming businesses sustainable
- Access to information on our approach to ESG in our **Sustainability Report**
- Employee and Company contributions to assist communities in crisis

Suppliers

Why we engage:

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

How we engage:

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

Key matters in 2022

- Contractual terms
- Procurement opportunities
- Preferential procurement
- ESD opportunities
- Compliance with Momentum Metropolitan's governance and ethical standards

Our response

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

Our stakeholder engagement continued

Government and regulators

Why we engage:
- To provide input into policymaking and the development of regulations
- To ensure adherence to regulatory compliance requirements and approvals
- To ensure clarity on policies and legislation
- To foster growth and trust and therefore maintain regulatory licences

How we engage:
- Direct communication including submissions of required reports, attendance of meetings and emails
- Participation in forums and engagement through industry bodies
- Statutory reporting
- Licensing applications
- B-BBEE reporting commitments

Key matters in 2022

- Effectiveness of control environment
- Compliance with regulatory and legal requirements
- Adherence to prescribed capital requirements
- B-BBEE commitments
- Progress with the National Health Insurance (NHI)
- Protection of personal information
- Cybersecurity
- Financial sector transformation
- Fair customer treatment

Our response

- Ongoing engagement on industry-related matters
- Met and in some instances exceeded our B-BBEE commitments, contributing to both **employment equity and transformation**
- Met the Prudential Authority's prescribed capital requirements, maintaining a **Group solvency ratio** in excess of regulatory minimums
- Operated in a financially prudent and ethical manner and treated our clients fairly

Industry bodies

Why we engage:
- To keep informed of changes in global ESG standards and approaches to investor stewardship
- To influence regulatory policy and debate legislative amendments through industry bodies
- Contribute to the formulation of accounting and actuarial practices

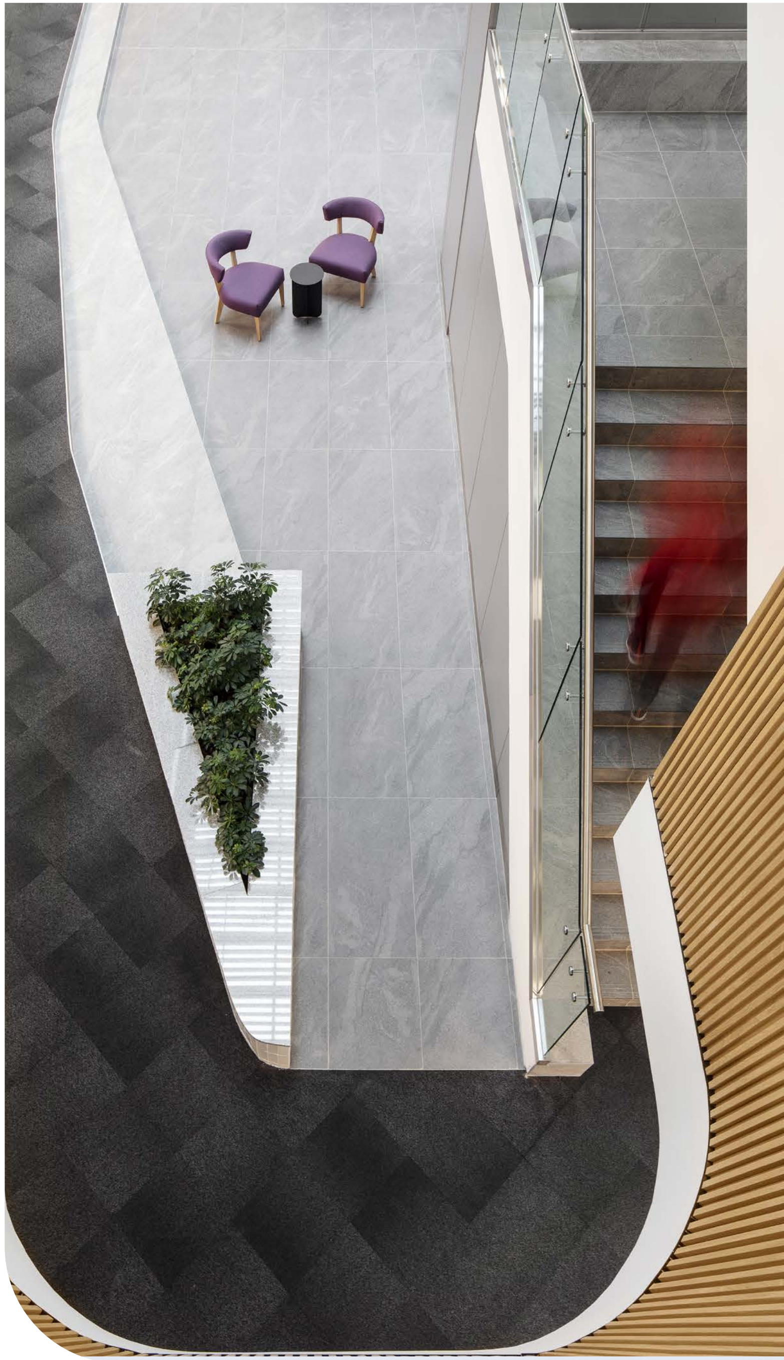
How we engage:
- Attendance at face-to-face and online meetings
- Attendance at conferences

Key matters in 2022

- Commitment to global ESG standards and responsible investment
- Fair and ethical treatment of clients
- Public trust and confidence in the insurance industry
- Need to influence policy
- Future of medical schemes under the NHI

Our response

- Engage on critical issues impacting our industries and markets, including NHI and how it might impact medical schemes
- Participated in the industry's collective response to major challenges such as Covid-19
- Taking action to ensure a just transition to a low carbon economy and being a formal supporter of the TCFD
- Fair and ethical treatment of our clients
- Promoting trust and confidence in the insurance industry



Value-creating leadership

Board of Directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Peter Cooper (66)

Interim Chair: Board and Nominations Committee
Chair: Remuneration Committee

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

Date of appointment
20 November 2015

Skills and experience:
Peter, a qualified chartered accountant, served as the chief executive officer and financial director of RMB Holdings Limited (RMH) and Rand Merchant Investment Holdings Limited (RMI) until 2014. He is currently a non-executive director of RMI and Shoprite Holdings Limited.

Attendance at Board and committee meetings
Board: 6/6
Investments: 6/7
Nominations: 5/5
Remuneration: 3/3

Significant directorships:
RMIH Limited
Shoprite Holdings Limited

Paul Baloyi (66)

Chair: Board and Nominations Committee from 1 July 2022

Qualifications:
MBA (University of Bangor, Manchester), AMP (Insead), SEP (Harvard)

Date of appointment
1 April 2022

Skills and experience:
Paul has had extensive operational experience as an executive at Standard Bank and Nedbank and as CEO of the Development Bank of southern Africa until 2012. He has also had extensive governance experience as both chair and director on the boards of a number of diverse and complex organisations.

Attendance at Board and committee meetings
Board: 1/1
Nominations: 1/1

Significant directorships:
Bidcorp Limited
enX Group Limited
Peermont Group (Pty) Ltd

Lisa Chiume (42)

Qualifications:
BCom (Business Finance and Economics), CFA

Date of appointment
1 March 2019

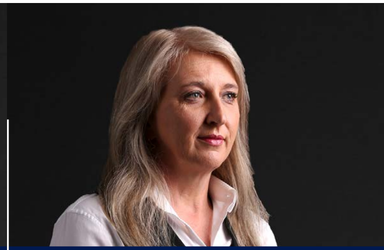
Skills and experience:
A senior investment executive at Rand Merchant Investments (RMI) and RMB Holdings (RMH), Lisa is responsible for a number of key RMI and RMH investments as well as AlphaCode, RMI's fintech and next-generation financial services incubator. Before joining RMI, Lisa was director of country coverage and investment banking at Deutsche Bank South Africa.

Attendance at Board and committee meetings
Board: 6/6
Fair Practices: 3/3
Investments: 7/7
Remuneration: 3/3

*On 23 June 2022, Lisa Chiume was classified as an independent non-executive director.

The Board, under the guidance of the Nominations Committee, considered and having assessed that, following the RMI unbundling, there are no factors that may, or may reasonably be perceived to, impair Lisa's independence as a director.

The Board is therefore comfortable that she meets the requirements of independence as stipulated in the Companies Act, and in the King IV Code.



Linda de Beer (53)

Chair: Audit Committee

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

Date of appointment
1 March 2019

Skills and experience:
Linda's background is in technical accounting, corporate governance, JSE Listings Requirements and international standard setting. She currently chairs the Public Interest Oversight Board (PIOB), based in Spain, that monitors the setting of international standards for auditors, and serves on the Board of Trustees of the International Valuations Standards Council in London. She is also an honorary professor (professor in practice) at the University of Johannesburg.

Attendance at Board and committee meetings
Board: 6/6
Audit: 9/9
Nominations: 5/5
Risk, Capital and Compliance: 4/4

Significant directorships:
Aspen Holdings Limited
Shoprite Holdings Limited
Tongaat Hulett Limited

Nigel Dunkley (56)

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

Date of appointment
1 June 2021

Skills and experience:
Nigel's varied and extensive experience in the insurance industry includes 22 years spent in various executive positions in the Momentum Metropolitan Group. He left in 2013 to own and manage a hotel, golf and leisure business, while maintaining his connections with the Group as a non-executive director of the Group's interests in the UK, Guernsey, Gibraltar and South Africa.

Attendance at Board and committee meetings
Board: 6/6
Audit: 8/9
Remuneration: 2/3
Risk, Capital and Compliance: 3/4

Board of Directors continued

INDEPENDENT NON-EXECUTIVE DIRECTORS

Seelan Gobalsamy (46)

Qualifications:
BCom (Accountancy and Law), Postgraduate Diploma in Accounting, Advanced Taxation CA(SA), AMP Harvard

Date of appointment
1 June 2021

Skills and experience:
Currently the group CEO of Omnia Holdings, Seelan has a track record of redefining companies' strategic direction and business turnarounds. He previously held CEO positions at Stanlib Asset Management, Liberty Holdings Emerging Markets, Liberty Corporate and Old Mutual Corporate. Seelan's extensive international experience was gained across multiple geographies and sectors in complex emerging and developed markets.

Attendance at Board and committee meetings
Board: 6/6
Audit: 9/9
Nominations: 3/5

Significant directorships:
Executive director of Omnia Holdings Limited

Stephen Jurisich (57)

Chair: Actuarial Committee and Fair Practices Committee

Qualifications:
BSc Hons Actuarial Science, FASSA, FFA

Date of appointment
1 October 2016

Skills and experience:
Professor Jurisich is Head of the School of Statistics and Actuarial Science at the University of Witwatersrand. He has a wealth of actuarial experience and was previously a director and consulting actuary at Quindiem Consulting, an executive committee member at Swiss Re Life Health in South Africa and a member of various industry and actuarial professional committees.

Attendance at Board and committee meetings
Board: 6/6
Actuarial: 5/5
Fair Practices: 3/3

Sharron McPherson (55)

Chair: Social, Ethics and Transformation Committee

Qualifications:
BA (Economics), Doctor of Jurisprudence

Date of appointment
1 March 2019

Skills and experience:
An attorney and a banking and financial services executive with over 25 years of experience, Sharron is recognised for her pioneering innovations in finance for blue/green infrastructure development. She is also the co-founder and former CEO of Women in Infrastructure Development & Energy (Pty) Ltd , co-founder of the Centre for Disruptive Technologies and an affiliate of UCT's Graduate School of Business, where she is Senior Adjunct in Project Finance. Her pioneering work in systems thinking for inclusive and sustainable development led to the development of nexus modelling (an integration of externalities relating to interconnected water, energy and food systems).

Attendance at Board and committee meetings
Board: 5/6
Risk, Capital and Compliance 3/4
Social, Ethics and Transformation 3/3

Vuyisa Nkonyeni (52)

Chair: Investments Committee

Qualifications:
BSc Hons, CA(SA)

Date of appointment
22 November 2011

Skills and experience:
Vuyisa had an over 20-year career in the financial services industry, which began with Deutsche Bank in 1997 as an investment banker, followed by a period as financial director of Worldwide African Investment Holdings (Pty) Ltd and a director of Actis LLP, its black economic empowerment funding unit, and eventually as CEO of Kagiso Tiso Holdings in 2017. He resigned from this role to follow various private business opportunities.

Attendance at Board and committee meetings
Board: 6/6
Investments 7/7
Risk, Capital and Compliance 3/4

Significant directorships:
Emira Property Fund
Exxaro Resources Limited

David Park (48)

Chair: Risk, Capital and Compliance Committee

Qualifications:
BSc (Actuarial Science), FFA, FASSA

Date of appointment
1 December 2019

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

Attendance at Board and committee meetings
Board: 6/6
Actuarial 5/5
Risk, Capital and Compliance 4/4
Social, Ethics and Transformation 3/3

Board of Directors continued

NON-EXECUTIVE DIRECTOR

Paballo Makosholo (43)

Qualifications:
NDip (Cost and Management Accounting), CTA, MCom (SA and International Tax), CA(SA)

Date of appointment
1 July 2020

Skills and experience:
Currently, group chief executive at Kagiso Tiso Holdings, Paballo was previously chief financial officer at Kagiso Trust and chief operations officer at Kagiso Capital. His more than 15 years' experience in auditing, investment and finance were gained in highly volatile and complex business environments.

Attendance at Board and committee meetings
Board: 6/6
Investments: 6/7
Social, Ethics and Transformation 3/3

EXECUTIVE DIRECTORS

Hillie Meyer (63)
Group Chief Executive Officer

Qualifications:
BCom (Econometrics), FASSA

Date of appointment
15 February 2018 (contract concludes in September 2023)

Skills and experience:
An actuary, Hillie has over 35 years' experience in the financial services industry, which has included leadership positions in insurance, pensions, investments and banking. His career with the Momentum Group began in 1988 where he served in a number of different roles, including technical actuarial and management roles, before becoming CEO from 1996 to 2005. Between 2005 and 2018 he left the Group and was an active investor in a number of small private companies before becoming the founding shareholder and managing partner of private equity manager, Nodus Investment Managers in 2009. In early 2018 he returned as Group CEO of Momentum Metropolitan.

Attendance at Board and committee meetings
Board: 6/6
Risk, Capital and Compliance 4/4
Social, Ethics and Transformation 3/3

*In his capacity as CEO of the Group, Hillie is member of the Savings and Investment Association – South Africa and has no other professional commitments.

Jeanette Cilliers (Marais) (54)
Group Deputy Chief Executive Officer
CEO: Momentum Investments

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

Date of appointment
1 March 2018

Skills and experience:
Jeanette has a strong track record of building profitable businesses at various financial institutions. During her career at Momentum, which began in 1990, she filled various roles in actuarial product development and marketing. She was a member of the team that pioneered investment platforms in South Africa when it launched Momentum Administration Services. Jeanette joined Allan Gray in 2009 as co-head of retail business, where she was an executive director. She is passionate about the uplift§ment of women and making financial services accessible to all South Africans.

Attendance at Board and committee meetings
Board: 5/6
Fair Practices 3/3
Risk, Capital and Compliance 3/3

Risto Ketola (47)
Group Finance Director

Qualifications:
BSc, CFA Charterholder, FIA, FASSA

Date of appointment
16 January 2018

Skills and experience:
Before joining Momentum Metropolitan as head of investor relations and business performance management in 2016, Risto had gained extensive experience as a financial services analyst and researcher with Standard Bank, Ketola Research and Deutsche Bank. As Group Finance Director, Risto has retained responsibility for investor relations and business performance management to which was added responsibility for group financial reporting, group-wide services, mergers and acquisitions, balance sheet management and group facilities. He is also the executive in charge of the Africa portfolio and our India joint venture business.

Attendance at Board and committee meetings
Board: 6/6
Actuarial 5/5
Investments 7/7

Board of Directors continued

OUR BOARD'S SKILLS AND EXPERIENCE

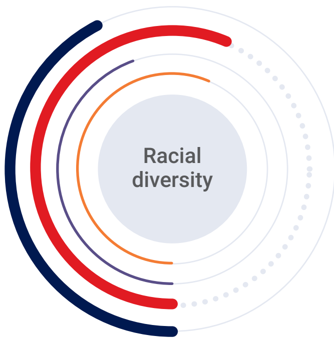
The range of skills a board requires to lead and guide an organisation and ensure its long-term sustainability are broad and constantly changing. The Nominations Committee regularly reviews the possible need to strengthen and balance the knowledge, skills, experience, diversity and independence of the Board and its committees. It concluded that there was no urgent need to propose new appointments in F2022 and that this was a matter to be revisited in F2023 under the direction of the new Board Chair.

Executive leadership	70%
Insurance	90%
Investments and asset management	60%
Corporate governance	40%
Actuarial science	50%
Integrated financial and technical reporting	50%
Digital transformation and technology	40%
Risk and compliance	90%
Fair practice	50%
Transformation	60%
Strategy and business development	90%
Stakeholder engagement	50%
Social responsibility	40%
Finance, mergers and acquisitions	90%

Performance against our Board gender and diversity targets

Performance against our Board gender and diversity targets in F2022 was impacted by the retirement at our AGM of Fatima Daniels, who had served on the Board since 2010 and retired due to long tenure. A Board diversity policy is in place with the following gender and racial targets:

- **Racial diversity target:** 50% of our Board members to be black
- **Gender diversity target:** 30% of our Board members to be female



43% black
(SA 36% and African American 7%)
57% white

F2021 **44%** black
F2021 **56%** white

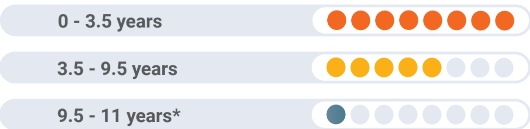
71% male
29% female

F2021 **69%** male
F2021 **31%** female

The average age of our 14 Board members is **53 years**

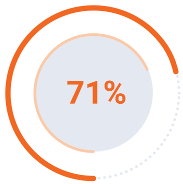
Board tenure

The average tenure of our Board members is four years



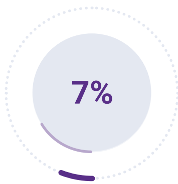
*Vuyisa Nkonyeni was found to display strong independence as a Board member during an assessment by an independent body. As a result, his retirement was delayed to November 2022 in view of the retirement of two long-serving directors in November 2021.

Board independence



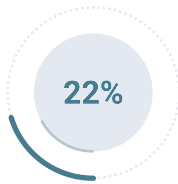
Independent non-executive directors

F2021 69%



Non-executive directors

F2021 12%



Executive directors

F2021 19%

Average Board attendance:

Average Board committee attendance:

Our Executive Committee

Hillie Meyer (63)
Group Chief Executive Officer (CEO)

Qualifications:
BCom (Econometrics), FASSA

Date of appointment
15 February 2018

Jeanette Cilliers (Marais) (54)
Group Deputy Chief Executive Officer
CEO: Momentum Investments

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

Date of appointment
1 March 2018

Risto Ketola (47)
Group Finance Director (FD)

Qualifications:
BSc, CFA Charterholder, FIA, FASSA

Date of appointment
16 January 2018

Johann le Roux (55)
CEO: Momentum Life

Qualifications:
BSc Hons (Mathematical Statistics), MBA, FASSA

Date of appointment
1 April 2018

Jan Lubbe (51)
Group Chief Risk Officer

Qualifications:
MCom, MBA, CA(SA)

Date of appointment
21 November 2013

Nontokozo Madonsela (43)
Group Chief Marketing Officer

Qualifications:
BCom

Date of appointment
9 October 2017

Dumo Mbethe (42)
CEO: Momentum Corporate

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

Date of appointment
12 September 2019

Dhesen Ramsamy (44)
Group Chief Digital and Information Officer

Qualifications:
BSc Chemical Engineering, MBA (cum laude)

Date of appointment
1 April 2022

Herman Schoeman (59)
CEO: Guardrisk Group and Non-life Insurance

Qualifications:
BCom, MBA

Date of appointment
1 July 2014

Peter Tshiguvho (56)
CEO: Metropolitan Life

Qualifications:
BA (Psychology), MBA, CFP

Date of appointment
27 February 2018

Hannes Viljoen (60)
CEO: Momentum Metropolitan Health

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

Date of appointment
1 September 2019

Our Executive Committee continued

Johann le Roux
CEO: Momentum Life

Skills and experience
Johann first joined Momentum's actuarial team in 1998. He then became involved in product development and management of the life insurance business, before becoming CEO of Momentum Retail in 2010. He retired from full-time employment in 2011 but continued assisting the Group with strategic initiatives before returning as CEO of Momentum Life in 2018.

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

Jan Lubbe
Group Chief Risk Officer

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

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

Nontokozo Madonsela
Group Chief Marketing Officer

Skills and experience
Nontokozo specialised in marketing and brand strategy, delivery of brand and corporate identity and strategic execution of advertising and marketing campaigns during her more than 20 years of experience in brands and marketing. Before becoming executive head of marketing for personal and business banking at Standard Bank, she had worked in the transport, telecommunications, insurance and fast-moving consumer goods industries.

Key strengths:
- Brand transformation
- Business Strategy
- Digital marketing
- Reputation management
- Social Impact Marketing
- Team culture transformation

Dumo Mbethe
CEO: Momentum Corporate

Skills and experience
Dumo, who has over 18 years' experience in the financial services industry, joined Momentum Metropolitan in 2017 as Chief Operating Officer of Momentum Metropolitan Africa and Asia, becoming its CEO before taking up his current position in 2019. He was previously general manager of member solutions in Old Mutual's corporate business. He is a non-executive director of Metropolitan International Holdings and a member of the Actuarial Governance Board of South Africa

Key strengths:
- Business leadership
- Life, health and non-life insurance
- Managing across multiple jurisdictions
- Stakeholder management
- Strategy

Dhesen Ramsamy
Group Chief Digital and Information Officer

Skills and experience
Having previously led the digital and technology team, Momentum Money, Momentum Multiply and Momentum iX, Dhesen was appointed to his current role in April 2022. He has over 20 years' experience in business and customer strategy, product and client experience design, digital channel build, and technology commercialisation. Before joining the Group, he spent 16 years in financial services, leading product and build teams in digital banking and digital business model transformation.

Key strengths:
- Building and commercialising digital channels
- Defining the client and digital strategy for financial services start-ups
- Steering digital and technology functions through technology modernisation processes

Herman Schoeman
CEO: Guardrisk Group and Non-life Insurance

Skills and experience
Herman, having joined Guardrisk from the Financial Services Board (FSB) in 1999, headed up Non-life Insurance following the Group's acquisition of the Guardrisk business. During his 10-year tenure at the FSB he became director of short-term insurance and served on the Minister of Finance's committee on short-term insurance. He has also been a member of the Sasria board and is currently acting chairman of the board of the South African Insurance Association.

Key strengths:
- Corporate client relationship
- Deep knowledge and experience of the non-life insurance industry
- Financial services industry relationships
- Leadership
- Long-term strategy

Peter Tshiguvho
CEO: Metropolitan Life

Skills and experience
Peter gained extensive financial services distribution experience in the various distribution-related roles he held previously. This experience was gained across both lower-income and affluent markets, across different product segments and in both South Africa and the Rest of Africa. He joined the Group from Old Mutual where he was head of corporate and public worksites for Old Mutual, having previously been responsible for sales and distribution in the Rest of Africa countries where Old Mutual had a presence.

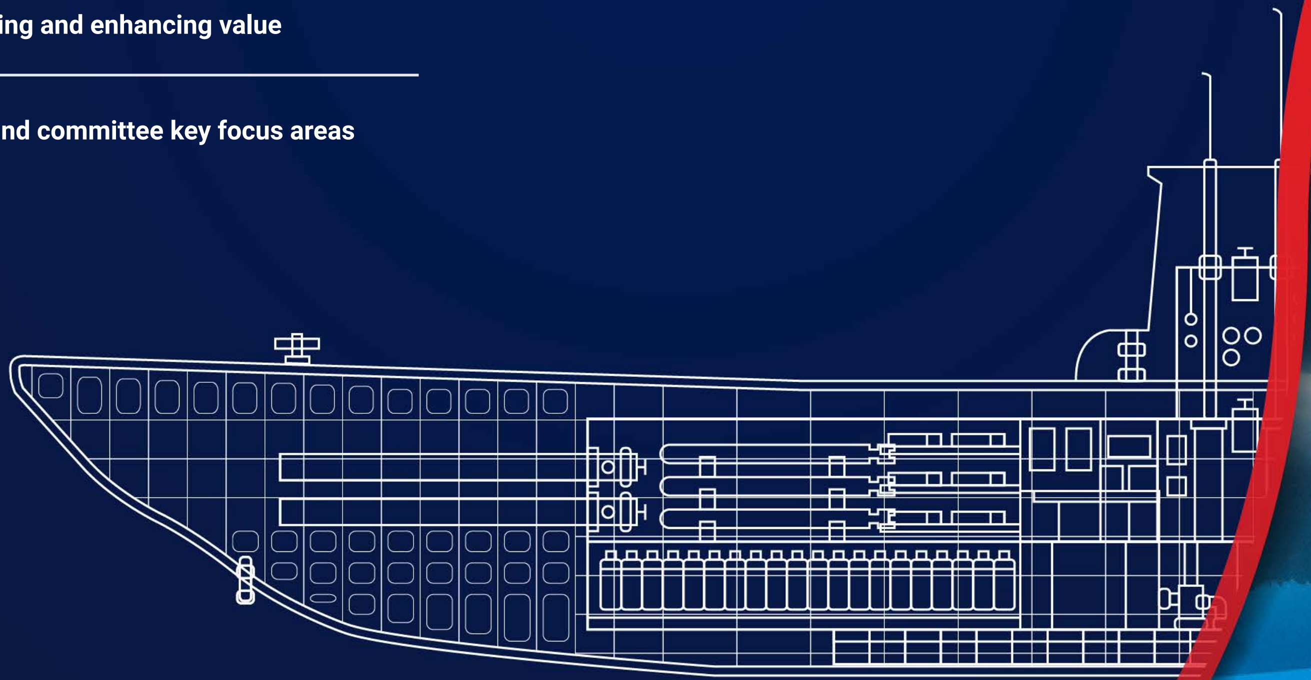
Key strengths:
- Diversity and transformation drive
- Insurance sales and distribution
- Interpersonal business relationships
- Life insurance
- Strategy

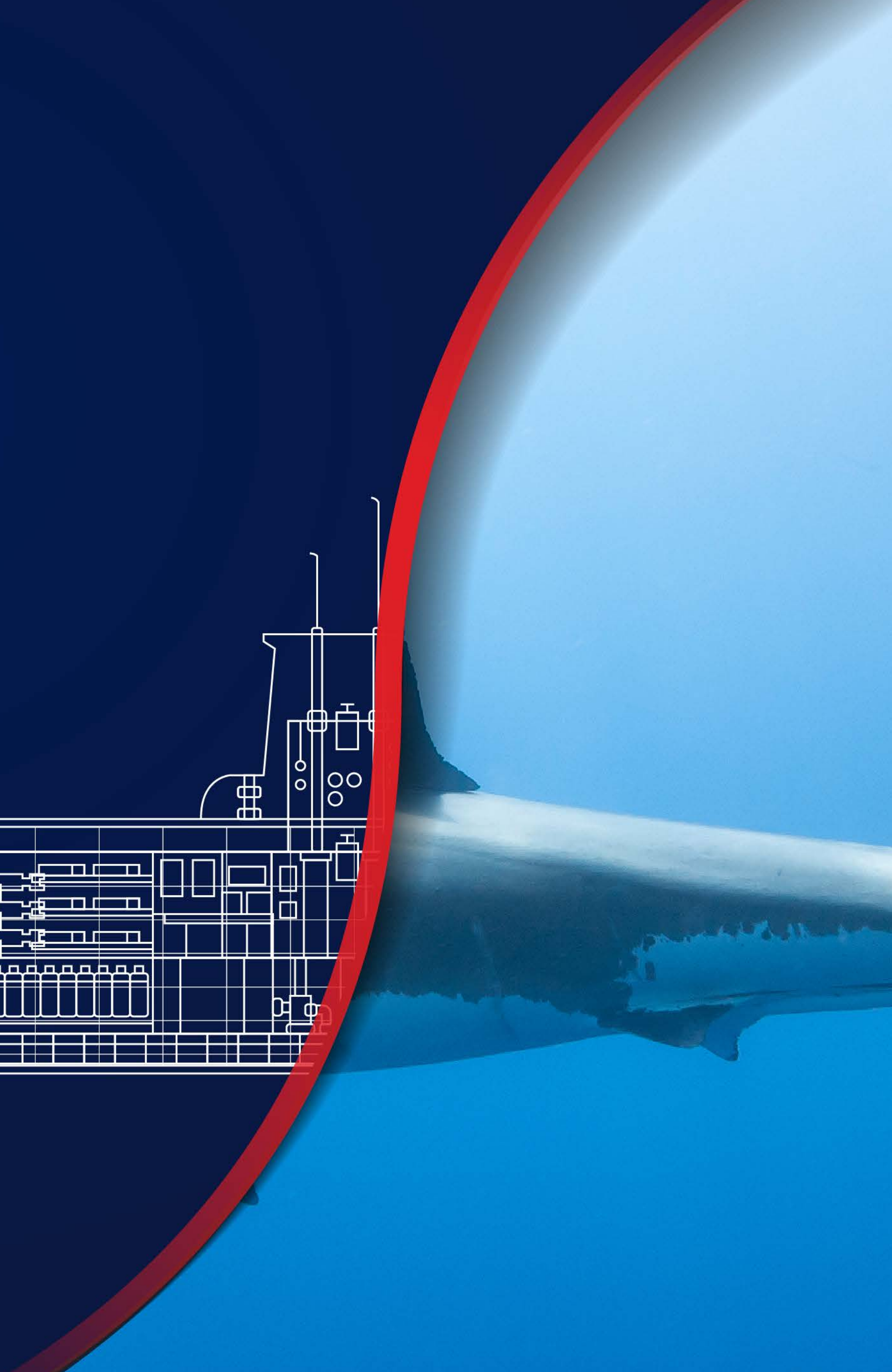
Hannes Viljoen
CEO: Momentum Metropolitan Health

Skills and experience
The over 26 years' Hannes has spent in in the South African health sector, together with his academic studies in public health and health administration, equipped him with an in-depth understanding of the intricacies and nuances of the South African health economics landscape. After years as an entrepreneur in the health sector, he co-founded Pulz in 2003, which he built into what Momentum Metropolitan Health is today.

Key strengths:
- Entrepreneurship
- Health economics
- Health strategy

Purpose-driven governance





Protecting and enhancing value

Value-creating governance

We see our approach to governance and leadership as a business enabler. Our governance structures, policies and processes, risk and sustainability oversight and approach to remuneration support our overall value creation process and make certain our Group is effectively and ethically led, well managed and controlled.

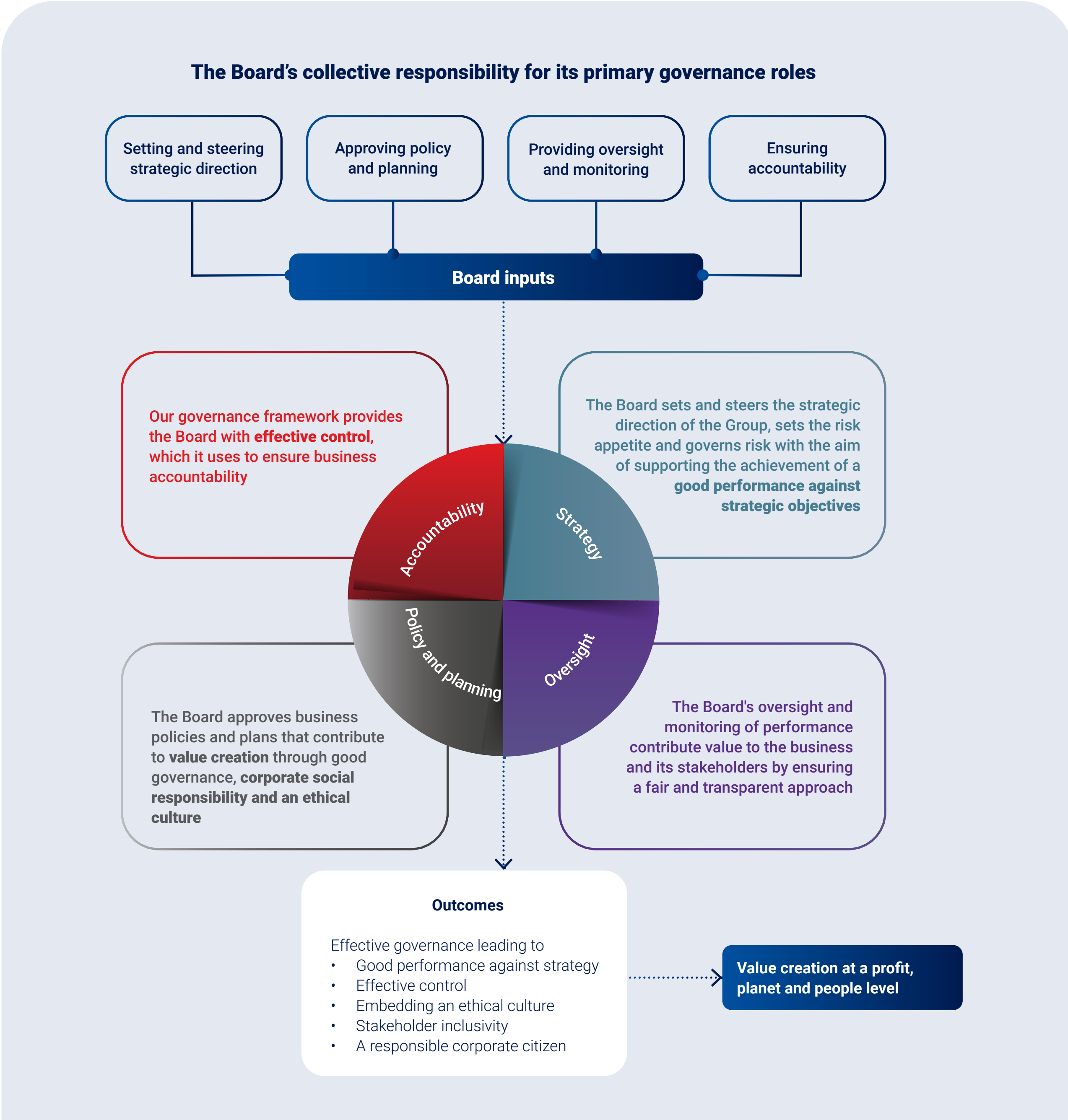
Guided by our commitment to applying the principles of the King IV Code, our governance enables the following:

- **Ethical and effective leadership** Ⓚ[1]
- **Responsible corporate citizenship** that goes beyond compliance, both in terms of our role in society and our environmental stewardship as well as our approach to governance Ⓚ[3]
- **Delivery against our strategy** and the creation of sustainable value for the business and its stakeholders Ⓚ[4]
- **Robust risk and performance management** Ⓚ[11]
- **A stakeholder-inclusive approach** intended to maintain trust and balance the needs, interests and expectations of our business and our material stakeholders Ⓚ[16]

Our Board, the Group's custodians of governance, uses its quarterly meetings to discharge its duties in terms of its charter, the Companies Act, the JSE Listings Requirements, King IV and legislation regulating our industry. To embed an ethical culture in the Group, the Board considers quarterly reports on operating and financial performance; risk, opportunities and compliance; our social performance including the safety, health and wellbeing of our employees and our customers; our environmental performance including climate change mitigation, and the results of our efforts. It also monitors the macro environment and its potential impact on our business.

The delegation structures in place provide for the assignment of authority while ensuring the Board retains effective control. This includes the Board's delegation of authority to its relevant committees and to the Chief Executive Officer with clearly defined mandates.

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.



Protecting and enhancing value continued

HOW OUR BOARD GOVERNS

Our governance framework positions the Board as the custodian of corporate governance and provides it with effective control of the business. By effectively governing the Group and taking into consideration the interests of our stakeholders, our Board and management contribute to the Group's ability to create enterprise value in the short, medium and long term.

The Board:
- sets and steers the Group's strategic direction
- approves policy and planning
- provides oversight and monitoring
- ensures accountability
- delegates authority to its committees through clearly defined mandate

Board of Momentum Metropolitan Holdings

Providers of financial capital

Board of Momentum Metropolitan Life Limited

Eight Board committees

Committee terms of reference set out their composition overall roles and responsibilities and delegated authority and reporting.

Actuarial
Oversees the effectiveness of the Group's actuarial function and it supports the Audit and Risk, Capital and Compliance committees on actuarial matters

Audit
Monitors the integrity of the Group's financial and integrated reporting

Fair practices
Oversees the Group's compliance with the treating customers fairly requirements of the Financial Sector Conduct Authority (FSCA)

Investments
Oversees responsible and economically sensible investments

Nominations
Ensures formal succession plans are in place and identifies suitable candidates for Board and executive management positions

Remuneration
Monitors the Group's approach to remuneration is fair and responsible and that it promotes positive outcomes in the short, medium and long term

Risk, Capital and Compliance
Oversees the quality, integrity and reliability of the Group's risk, capital and compliance management, which includes IT governance, information security and cyber risk

Social, Ethics and Transformation
Monitors the Group's performance as a responsible corporate citizen in the workplace and the social and natural environments

OUTCOME:

Effective governance leading to:

Legitimacy | Effective control | Good performance | An ethical culture

Protecting and enhancing value continued

BOARD PERFORMANCE REVIEW

In line with both the King IV recommendation that a board and its committees should be evaluated at least every two years and the Prudential Authority Standards that require a board to review its performance, both collectively and individually, at least annually, Momentum Metropolitan conducts an independent external review of the effectiveness of the Momentum Metropolitan Board and its committees every two years and an internal self-assessment every other year.

An independent review was conducted during F2021, which concluded that the Board is a professional, unified and collegial Board with a good work ethic and discipline. It also found that the Board, which has a good range of skills and experience to deal with all material matters, deals well with governance and future-looking aspects.

The Board's committees were found to be strong and effective. The review found that management was appropriately held to account by committees and empowered to execute on the agreed strategy. The committees use deep dives into critical business issues to gain a better understanding of these issues.

F2022 review

An analysis of the self-assessment of the Board's effectiveness by its members conducted during the year under review indicated the following:
- The overall performance of the Board and its committees is effective
- The Board functions cohesively and the majority of its members agree that the Board's decisions and resolutions align with the Group's values and strategic objectives
- There was also agreement that discussion at Board meetings is not dominated by any individual member
- Board members were mainly satisfied that reporting from the committees is accurate and that, overall, they provide effective support to the Board
- Board members commented that management should consider the Board packs with the aim of avoiding duplication and reducing the volume of content.

Areas requiring consideration and improvement

Board members identified ESG oversight and awareness and preparedness to provide direction on emerging trends, industry challenges and innovation, as areas where they could improve.

Topics that were highlighted for consideration were:
- succession planning for the Chief Executive Officer, other executives and key personnel
- establishing a process to keep abreast of issues and trends affecting the Group and the industry in which it operates.

BOARD AND COMMITTEE KEY FOCUS AREAS

Board focus areas

Key focus areas for F2022	Outcome
Overseeing the implementation of the Reinvent and Grow strategy, with particular focus on the transformation and digital strategy	Good progress has been made to implement the Reinvent and Grow strategy and current year results suggest that the Group tracking well towards the objectives set for F2024
The impact of Covid-19 on people growth, markets, clients, the competitive landscape and technology transformation (digitalisation) and the Group's ability to achieve its strategic and business plans	The Board monitored the ongoing impact of Covid-19 claims experience on the Group's earnings and its ability to achieve its current strategic and business plans. The Board also monitored the resilience of the Group's solvency and liquidity position and provided guidance on the operational challenges presented by the pandemic
Increased focus on ESG and related matters with the Group seeing sustainability as a strategic imperative	The Social, Ethics and Transformation Committee, being the mandated Board committee, monitored the co-ordination of sustainability efforts across the Group
To ensure an external focus and minimise impact of the tough economic and regulatory environment on new business demand and persistency	Several initiatives have been rolled out over the past two years in response to the risks that Covid-19 and other macro economic challenges presented to business growth and client retention
Ongoing monitoring of executive and Board succession planning, talent management processes and their related outcomes	As an annual review process, the Board received comprehensive feedback from the Nominations Committee on the talent management/succession planning at executive management level

This Integrated Report contains ESG information that we believe is balanced and will allow our stakeholders to make informed decisions regarding our performance as a responsible corporate citizen and its impact on our ability to create future sustainable enterprise value. It covers the outcomes of our commitment to responsible corporate citizenship achieved by living our values of accountability and integrity, embedding an ethical culture in the Group and our environmental and social performance. Additional information is available on ESG in our **Sustainability Report.**

Board and committee key focus areas

Committee's key focus areas and the matters they intend focusing on in F2023

Actuarial Committee focus areas for F2022*

Focus Area: **Ongoing review of the actuarial aspects of the Group's preparations for the implementation of IFRS 17**

Feedback:

- The Actuarial Committee noted and engaged with the IFRS 17 project feedback provided by management at each of the meetings. Several policy choices and design decisions were noted and tested
- The committee requested updated balance sheet and income statement impacts from the project team that are planned early in the new financial year
- The treatment of special provisions in IFRS 17 were considered – especially those relating to the Covid-19 pandemic. Of particular concern to the committee was how different insurers may have treated changes in estimates differently depending on how the pandemic developed vis-a-vis their respective year-end dates
- As part of the discussions above, the topic of how margins interacted with experience and assumption changes was noted. It is anticipated that future discussions may focus on how changes to products and their management impact operational results
- Members of the Actuarial Committee continued to familiarise themselves with aspects of the revised standard by completing training modules of the Deloitte e-learning training suite

Focus Area: **Overseeing the management of the discretionary participation business, including bonus distributions to policyholders**

Feedback:

- As part of its standard duties the committee applied its mind and is satisfied that it discharged its responsibilities in this regard

Focus Area: **Ongoing monitoring of the impact of the Covid-19 pandemic on actuarial valuations as well as actual experience against provisions created**

Feedback:

- The committee monitored the development of the Covid-19 pandemic and assessed the adequacy of existing provisions as well as the need for additional provisions for the current and possible future pandemics
- At a special meeting, the committee considered the insurance risk strategy and pricing of mortality benefits including product design and management of these benefits in light of a changing operating environment

Focus areas for F2023

- Closing out any actuarial matters related to IFRS 17. The committee should be satisfied that management has presented them with the relevant actuarial aspects
- Considering the second order impacts of IFRS 17 relating to the measurement of embedded value. In addition, matters relating to capital and risk management as well as dividend policy may require support from the Actuarial Committee (relevant to the Risk, Capital and Compliance Committee)
- Assisting the Risk, Capital and Compliance Committee with the consideration of how the required capital framework, and consequent amount and allocation of required capital to segments may change under IFRS17, as well as the roll out of the capital management framework to other insurance entities in the Group
- Monitoring the development and long-term impact of Covid-19 pandemic

**The membership of the Actuarial Committee includes two members who are not members of the Board of Directors. They are Marli Venter and Ricardo Govender.*

Board and committee key focus areas continued

Audit Committee focus areas for F2022

Refer to page 30 of the Group Annual Financial Statements, for the detailed Audit Committee report.

Focus Area:	**Ongoing monitoring of the Group's readiness for the implementation of IFRS 17: *Insurance Contracts***
Feedback:	• The Group has made notable progress towards its readiness to implement IFRS 17 by 2023
Focus Area:	**Continuously assessing the adequacy of Covid-19 related provisioning and valuations as well as the underlying methodology and assumptions applied in doing this**
Feedback:	• The committee continually assessed the adequacy of Covid-19 related provisioning and valuations, as disclosed in the Group Annual Financial Statements
Focus Area:	**Commencing with actions to ensure the Group's readiness to implement the joint audit requirements, once this become mandatory**
Feedback:	• The committee has considered the impact and in discussion with relevant parties, started to look into the possible action plans for the implementation of the joint audit requirements for the Group.
Focus Area:	**Continued focus on the results of Internal Audit reviews**
Feedback:	• This is an ongoing focus areas for the committee. During the year, the committee paid particular focus on the reviews and findings by Internal Audit mainly on the various businesses outside South Africa, to oversee corrective action

Focus areas for F2023

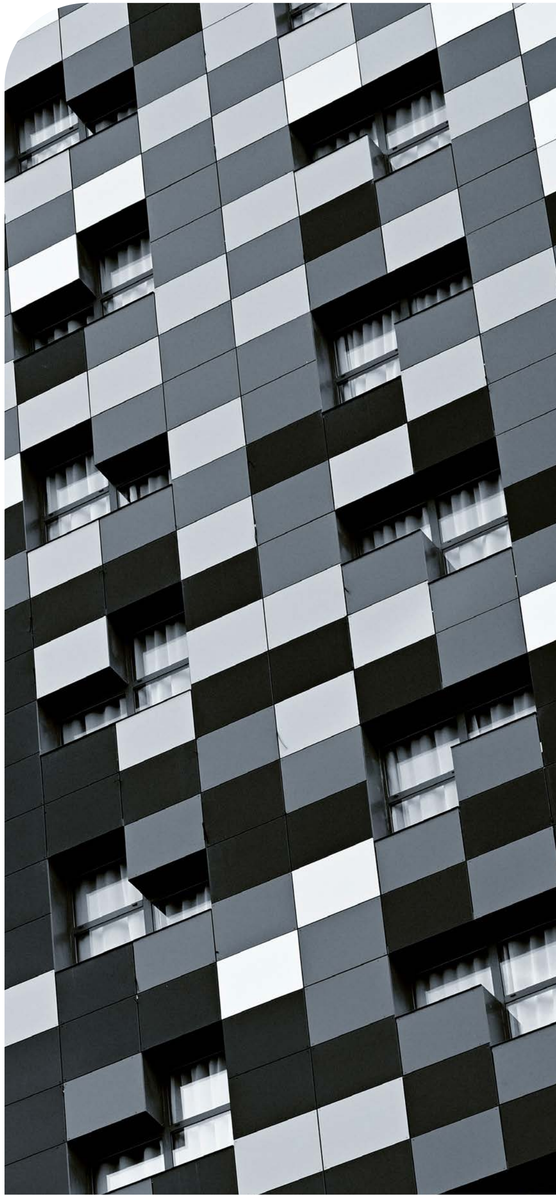
- Oversee that the Group is ready to implement IFRS 17
- Monitor that the Group is ready to implement the joint audit requirements, should this become mandatory
- Continued focus on developments in the regulatory environment to monitor that controls and processes are in place to ensure compliance

Fair Practices Committee focus areas for F2022*

Focus Area:	**The impact of the Covid-19 pandemic on market conduct practices, particularly in relation to treating customers fairly**
Feedback:	• The committee is comfortable that customers were treated appropriately and fairly during the pandemic. The business responded to client needs compassionately with the aim of meeting both the spirit and wording of the policies
Focus Area:	**Ensuring that market conduct matters are adequately considered and addressed as part of the product management control cycle**
Feedback:	• Market conduct matters were an ongoing and reoccurring focus for the committee, and this will continue
Focus Area:	**Deep dives into pricing philosophy, future of savings and life insurance underwriting**
Feedback:	• The committee undertook deep dives on several topical issues, including the impact on pricing of pandemics and understanding the effect on underwriting the planned introduction of Life Rewards. The transitional impact of moving from the Multiply discounts to Life Rewards was debated to ensure that customers are treated fairly

Focus areas for F2023

- Championing the simplification of products and solutions to enhance customer experience and improve customer understanding through even better communication
- Relooking at customer service in the hybrid new way of working world and ensuring that any automation of service also results in improved service delivery for customers



** The Fair Practices Committee membership includes two members who are not members of the Board of Directors. They are Kobus Sieberhgen and George Marx*

Board and committee key focus areas continued

Investments Committee focus areas for F2022

Focus Area: **Detailed review and monitoring of existing key strategic investments to ensure delivery against base case business plans**

Feedback:

- Ongoing monitoring of strategic investments was facilitated through detailed deep dives on specific investments as well as the comprehensive annual post investment monitoring review. Key investments which were reviewed include the Aditya Birla Health Insurance JV, Momentum Insurance, Eris Group and Aluwani Capital Partners in line with the committee prioritisation and focus areas.

Focus Area: **Group investment strategy alignment with Reinvent and Grow corporate strategy**

Feedback:

- A detailed capital deployment strategy is in place which enables a clear link between the Reinvent and Grow strategic objectives and the Group's investment strategy. Assessment of new investments is done in the context of this framework
- The Group's strategy as it applies to the Momentum Metropolitan Africa segment and various specific jurisdictions also receives ongoing attention

Focus Area: **The impact of the Covid-19 pandemic on Group investments and the need to develop mitigation strategies**

Feedback:

- The Committee remains cognisant of the impact of Covid-19 when new investments or further capital in existing investments are considered and assessed
- Specific focus was placed on high-risk investments within the portfolio. The Aditya Birla Health Insurance JV was given particular focus in the context of the Covid-19 waves in India and the impact on that business

Focus Area: **Ongoing optimisation of the capital management practices of the Group**

Feedback:

- The updated capital management framework which was launched at the 2021 investor day was further entrenched and continues to drive optimal capital management and decisions

Focus Area: **Review and re-affirmation of the Group's overall desired gearing levels and alignment to the investment strategy**

Feedback:

- Review and confirmation of the Group's desired gearing levels continued and is considered acceptable. The gearing policy was confirmed and will support the ongoing assessment of gearing limits and levels.

Focus areas for F2023

- Ongoing optimisation of capital management in the context of the emerging Group context and Group supervision
- Ongoing optimisation of gearing framework and re-confirmation of desired gearing limits
- Review of proposed mergers and acquisitions, new initiatives, and capital investments to ensure that any proposed capital deployment meets Group's required return hurdles and represent actions that drive long-term shareholder value

Board and committee key focus areas continued

Nominations Committee focus areas for F2022

Focus Area: **Board and committee succession planning including significant subsidiaries**

Feedback:

- Succession for the Group and subsidiary Boards is a standing item which is considered at each Committee meeting. The Group has successfully completed the process which commenced three years ago, to retire long serving directors on the Group board in a phased approach. Two of these directors retired at the AGM in November 2019, three directors in November 2020 and two directors in November 2021. The remaining Director from that original list will be retiring at the forthcoming AGM in November 2022. A similar process is followed for the subsidiary boards, to ensure that any directors that have served nine years or longer are retired from the boards

Focus Area: **Advance the Group CEO succession process**

Feedback:

- The process to fill the position of Group CEO has gained momentum, with defined action plans and timelines, given that the current Group CEO will be retiring around September 2023

Focus Area: **Filing the position of the Group Chair**

Feedback:

- Following the resignation of the previous Board Chair in November 2021, the Committee directed efforts to the filing of this position. As a result, Mr Baloyi was appointed as Chair designate in April 2022, and took over as Chair of the Group Board from 1 July 2022

Focus areas for F2023

- Finalising the Group CEO succession process
- Reviewing the appropriateness of the size and mix of the Group's Board and committees
- Arranging an independent in-depth Board effectiveness assessment, which is conducted every second year

Remuneration Committee focus for 2022

** Refer to the **Remuneration report**, for the detailed Remuneration Committee report.*

Focus Area: **Engaging with shareholders regarding concerns about the Group's remuneration policy and its implementation and addressing most significant concern raised**

Feedback:

- In this year's implementation report we have included the F2022 NHE target in support of the F2024 Reinvent and Grow targets that were published as part of the 2021 Investor Conference, and indicated how the current year NHE compares with this target, in order to provide shareholders with a view regarding actual performance vs targeted earnings

Focus Area: **Identifying and addressing potential retention risks among high-impact talent**

Feedback:

- 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

Focus Area: **Review short- and long-term incentives mix at various management levels to ensure still fit for purpose**

Feedback:

- Previously the total incentive pool was calculated using a percentage of NHE and was then split between the LTIP and STI pools. The committee agreed that the short- and long-term incentive pools should be separated, as the STI pool is funded largely from current year earnings, while the LTIP is funded by future performance against the targets set over the performance vesting period

Focus areas for F2023

- Monitoring developments on the proposed amendments to the Companies Act regarding the publication of a wage ratio report, and providing input into the measures proposed
- Continued engagement with shareholders regarding concerns related to the Group's remuneration policy
- Enhancing and expanding on the fair and responsible pay principles already included in the remuneration policy, including developing metrics to track progress in this regard
- Developing appropriate ESG metrics to be included in the STI and LTI performance targets that align with the Group's overall sustainability targets

Board and committee key focus areas continued

Risk, Capital and Compliance Committee focus areas for F2022

Focus Area:	**Monitoring the impact of Covid-19 on capital management solvency, liquidity and earnings**
Feedback:	• The Committee closely monitored the impact of Covid-19 claims experience, including how different segments were impacted and comparisons to national cases and excess deaths, and associated release of Covid-19 provisions. The impacts on earnings and the resilience of the solvency and liquidity position were regularly reported to the Committee
Focus Area:	**Deeper dive into the critical risks facing the business, including technology renewal and remote working**
Feedback:	• The Committee had in-depth discussions on key projects in the business that were focused on digitalisation, operational efficiencies and key regulatory requirements, including deep dives on FICA, third party and outsourcing risks, the overall business continuity strategy and people risk, particularly in light of changing expectations related to hybrid work and talent retention
Focus Area:	**Monitoring cyber risk and evaluating the effectiveness of cybersecurity strategies across the Group**
Feedback:	• The Committee had deep dive discussions on cyber risk and noted and engaged on regular feedback regarding the maturity of IT security, including maturity assessments from the external auditors
Focus Area:	**Monitoring exposure to credit risks, as well as risk appetite levels in general and towards this particular risk**
Feedback:	• The Committee monitored the Group's credit risk exposure relative to risk appetite over the year, with particular focus given to the specific industries and counterparties impacted by Covid-19. Scenario analysis was carried out on the potential impact of a sovereign debt crisis.
Focus Area:	**Formalising and embedding the revised framework for Momentum Metropolitan Life required capital and the management of discretionary and surplus capital**
Feedback:	• The revised framework for Momentum Metropolitan Life required capital was implemented at 30 June 2021, incorporating feedback received from the Committee. The level of discretionary and surplus capital, as well as the adequacy of required capital, was monitored and reported over F2022.

Focus areas for F2023

- Competition for talent, in particular attracting and retaining scarce skills, the adoption and embedding of a hybrid way of work, and the impact on the employee value proposition
- Focus on capital management and optimisation, including the transition of the required capital framework for IFRS 17, and roll out of the capital management framework to additional insurance entities in the Group
- Development and embedding of the climate risk framework, and ensuring consistent application across the Group, with respect to the management assessment and reporting of this risk
- Monitoring cyber risk and evaluating the effectiveness of cyber security strategies across the Group
- Digital transformation strategies and implementation, and the risks and opportunities associated with digital adoption by clients

Social, Ethics and Transformation Committee focus areas for F2022

Refer to page 9 of the Sustainability Report for the detailed Social, Ethics and Transformation Committee report

Focus Area:	• **Ongoing monitoring of the implementation of the Group transformation strategy, with particular focus on the diversity and inclusion programme** • **Deeper dive into the business unit transformation plans**
Feedback:	• Business unit transformation plans – different approaches from business on how transformation is driving their business, with the committee applauding efforts but also challenging the need for an integrated approach for greater impact. There is no doubt that all businesses are committed to doing more than what has been delivered thus far
Focus Area:	**Focus on creating an ethical culture and the matters related to ethics to ensure that high standards of ethics remain in the Group**
Feedback:	• Continued compliance with relevant social, ethics and legal requirements, as well as best practice codes to promote an ethical culture within the Group
Focus Area:	**Implementation of the Group sustainability programme**
Feedback:	• Published the Group's inaugural **TCFD Report** and **Sustainability Report**

Focus areas for F2023

- Continued deep dive into the business unit transformation strategy planning, initiatives and implementation
- Further implementation of the Group sustainability framework with a wider focus on ESG and responsible investment

Creating value through good governance

RESPONSIBLE CORPORATE CITIZENSHIP

King IV Principle 3 reminds us that our Board should ensure that Momentum Metropolitan is a responsible corporate citizen. This includes ensuring that the appropriate governance policies and processes are in place and that the mandated committees monitor and provide insight regarding the impact of their application to how we perform as a corporate citizen in the workplace; in terms of economic transformation; fraud and corruption; our role in society; and our approach to the natural environment.

The Social, Ethics and Transformation Committee (SETC) and the Fair Practices Committee (FPC) have key roles to play in ensuring the Group is a responsible citizen.

The SETC's mandate is to assist the Board in fulfilling its statutory and other oversight responsibilities regarding:

- **Transformation**, focusing on broad-based black economic empowerment (B-BBEE) under the Financial Sector Code (FSC) and employment equity legislation
- Compliance with relevant social, ethics and legal requirements and best practice codes to promote an ethical culture within the Group
- **Diversity and inclusion**
- **Environmental sustainability**
- **Corporate social investment**
- Good corporate citizenship

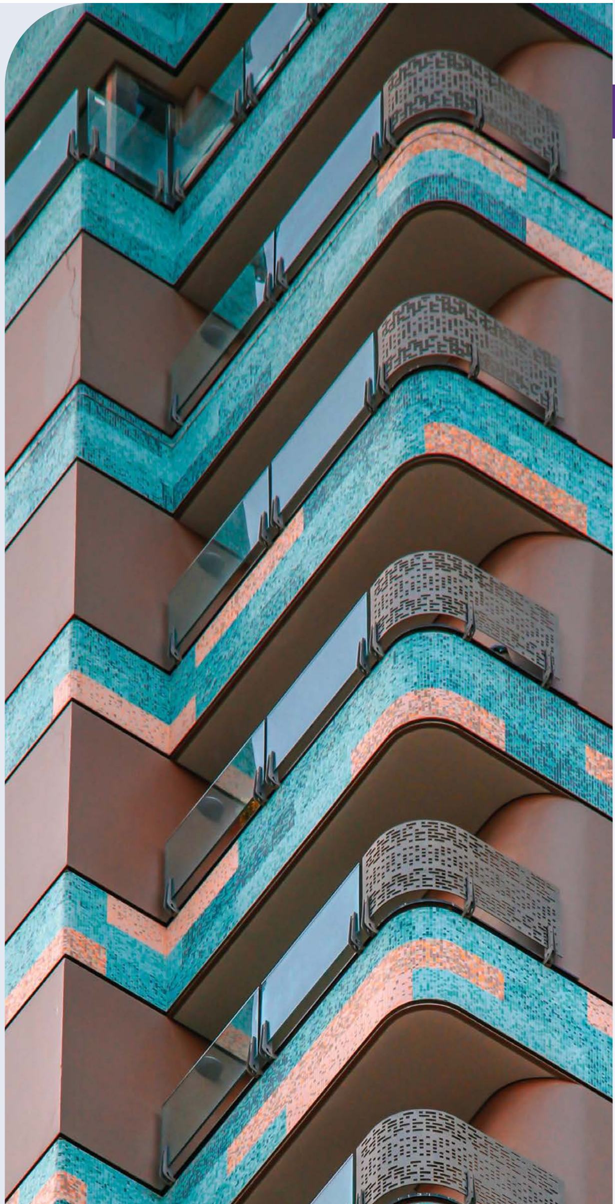
The SETC reports on its activities during F2022 provides information on its performance in terms of its mandate and the Group's application of King IV Principle 3.

The FPC oversees the Group's application of its values of accountability, integrity and excellence to its relationship with its clients and its compliance with the Financial Sector Conduct Authority's (FSCA) treating customers fairly (TCF) requirements.

Governance practices designed to achieve responsible corporate citizenship

The Group's commitment to responsible corporate citizenship is addressed through Board-approved policies and processes, and governance structures at Board and management level. At Board level they include the SETC and the FPC, and at management level they include the Group Executive Committee (Group Exco) and management committees reporting into business units and the Group Exco. These include:

- human capital policies and processes that apply Principles 1 to 6 of the United Nations Global Compact (UNGC), which includes upholding the UN Declaration of Human Rights and the International Declaration on Fundamental Principles and Rights at Work and ensures the Group complies with all legal requirements in this regard
- a Transformation Steering Committee led by the Group Transformation function, which is responsible for providing oversight of our efforts towards authentic transformation, which includes equal opportunities and diversity and inclusion in our workforce, skills development, making a positive measurable difference to youth unemployment among those aged between 16 to 25, empowerment financing, enterprise and supplier development, financial inclusion and preferential procurement. The Group has achieved Level 1 B-BBEE Contributor certification for the third year running
- establishing the Momentum Metropolitan Foundation (The Foundation) with an MOI that stipulates that 50% of its board members should be independent non-executive directors. The Foundation, which is mandated to deliver on the Group's youth employment strategy, monitors the performance of the Momentum Metropolitan CSI team and reports on its progress to the SETC
- a Group Sustainability Forum whose members are drawn from the Group's business units led by the Head of Sustainability; it fosters the implementation of the Group's sustainability-related policies, framework and strategy, including the management of climate-related impacts and collaboration on sustainability matters across the Group. The Group's commitment to its role as a responsible corporate citizen in terms of the environment includes its voluntary participation in the CDP Climate Change Disclosure Project since 2013 and becoming the first South African insurer to sign up and become a formal supporter and active member of the Task Force for Climate-related Financial Disclosures (TCFD) in 2021. The Group's separate TCFD report is available on our website



Creating value through good governance continued

RESPONSIBLE CORPORATE CITIZENSHIP CONTINUED

Tax governance

The King IV Code's fundamental concept regarding tax is that the Board should be responsible for a tax policy that is compliant with the applicable laws, but that is also congruent with responsible corporate citizenship and that takes account of reputational repercussions.

The Momentum Metropolitan Group manages all its tax risks in a manner that will ensure full compliance with all applicable tax legislation and reporting requirements and ensure that stakeholder value is created and sustained.

The policy stipulates key principles regarding the management of tax across our Group:

- to clearly establish a guideline for effectively managing and mitigating tax risks within the Group on a continuous basis
- to adequately provide for transparency and clarity with regards to internal policies, controls and procedures relating to tax functions
- to enable the achievement of clear objectives while executing the chosen strategy
- to continuously direct the behaviour of our people in the best and correct direction
- to pro-actively communicate with stakeholders that taxes are properly managed

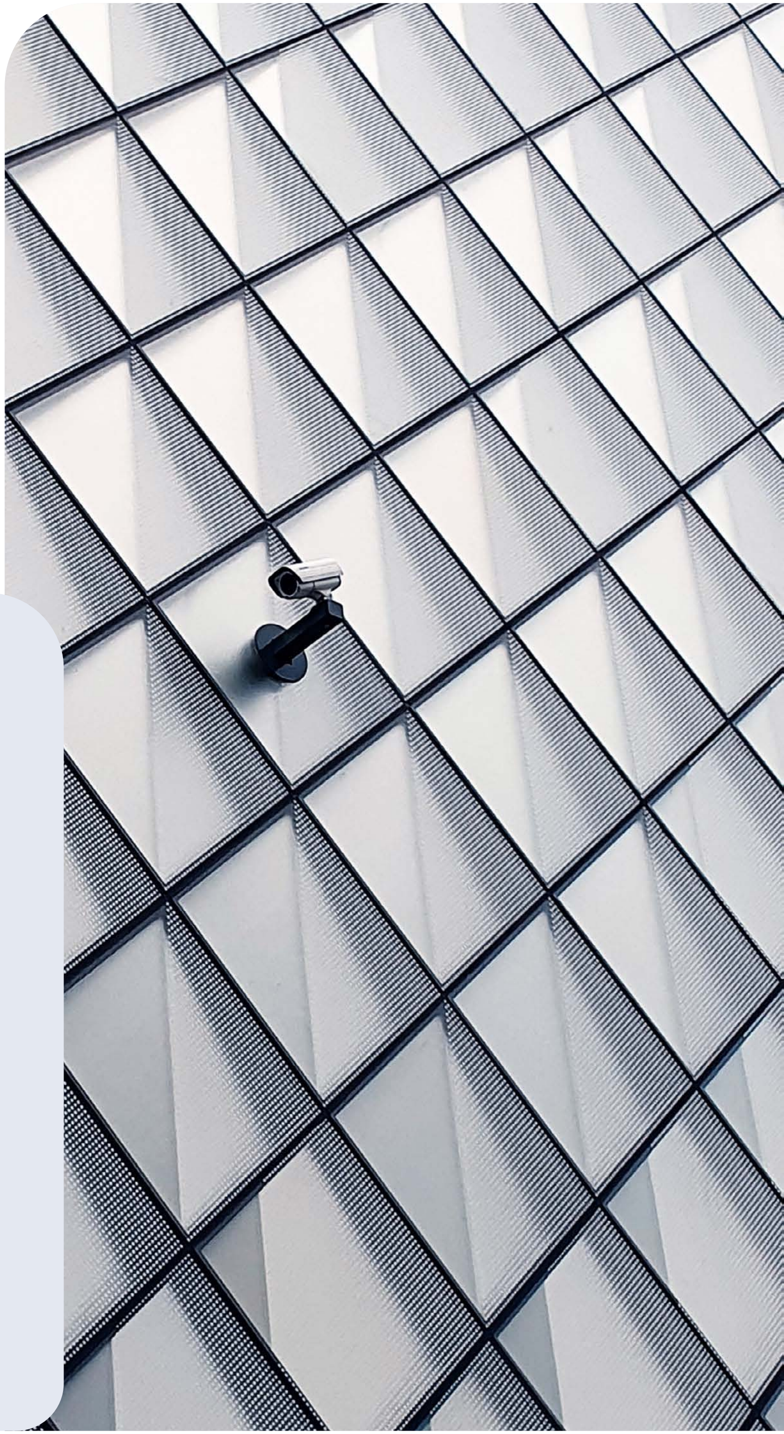
Governance structures in place to achieve and promote responsible and transparent tax

Our Tax Risk Management Policy derives its authority from the Momentum Metropolitan Holdings Board under the oversight and approval of the Board Risk, Capital and Compliance Committee and our Executive Committee. The Tax Risk Management Policy is a supplementary policy to the Operational Risk Policy within the Group's Enterprise Risk Management Framework. Tax risk is classified as operational risk, but managed outside of the Operational Risk function and is therefore shown separately in the Group risk taxonomy.

Our tax contributions have significant economic and social impacts in the jurisdictions and communities we serve:

Total tax paid (R'million)	F2022
Payroll tax	1 532
Corporate tax	2 965
Indirect tax (VAT)	1 319
Policyholder tax	493
Dividends tax	131
Other (STI)	64
Total	**6 504**

A detailed computation of the IFRS effective tax rate reconciliation is available in note 28, on page 112 of our **Group Annual Financial Statements.**



Creating value through good governance continued

RESPONSIBLE CORPORATE CITIZENSHIP CONTINUED

Responsible and ethical investing

King IV Principle 17 sets out the role that an institutional investor should play in ensuring good governance is practised in the companies in which it invests. The application of Principle 2 also plays a part in our role as an investor. In terms of this principle the Board needs to address the organisation's key ethical risks, which would include its approach to investment as expressed in its policies and processes.

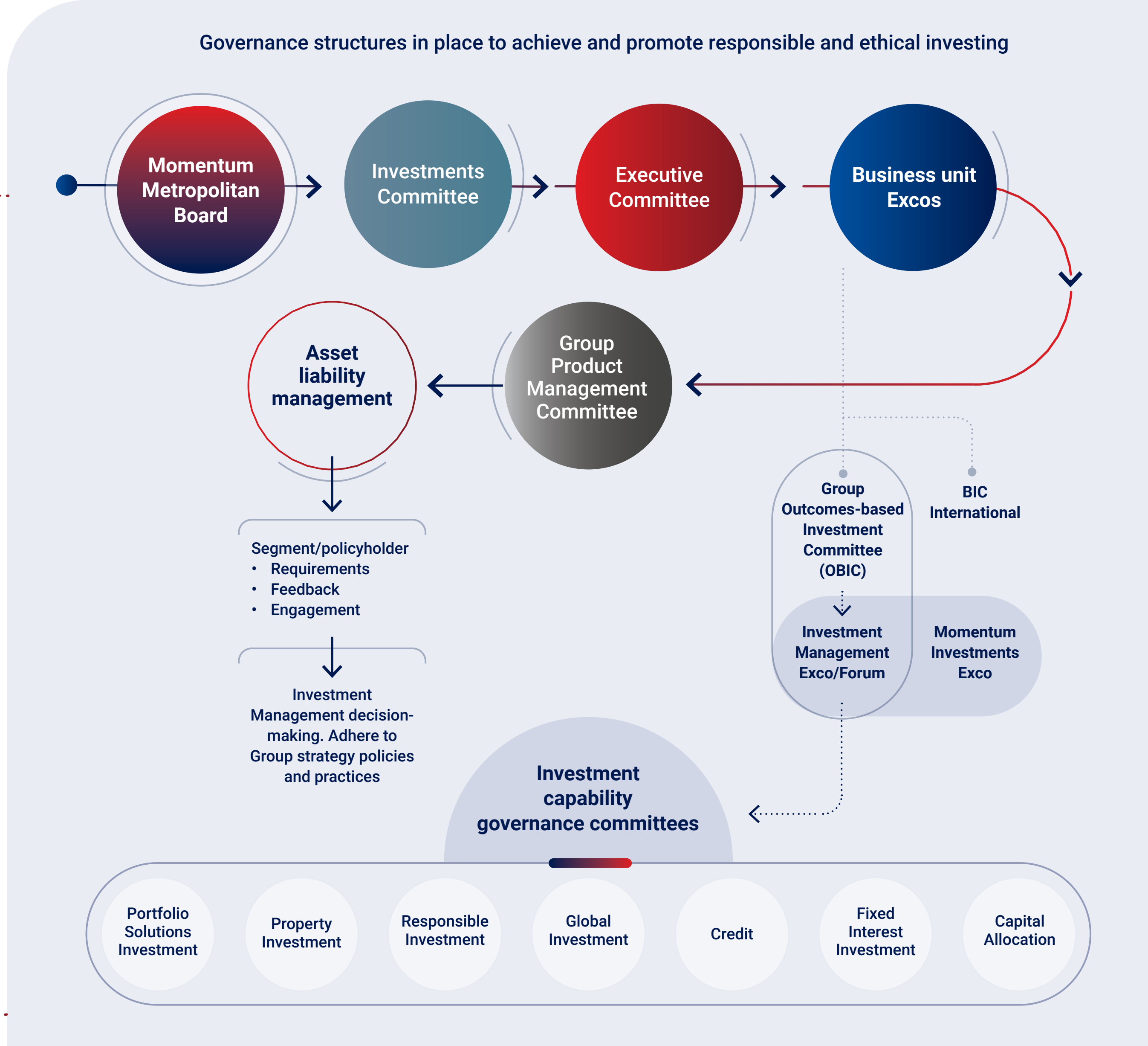
Governance of responsible and ethical investing

Our Investments Committee is mandated by the Board to provide oversight of the Group's application of responsible and economically sensible investment practices. At management level the Responsible Investment Committee (RIC), with member representation from across our business, provides oversight of our approach to responsible investment and the application of the Exco-approved responsible investment, climate change investment, proxy voting and engagement policies. The RIC at our business in the United Kingdom, Momentum (UK) Global Investment also ensures that its investment practices align with the Group's policies and practices. The Group's voting records and these policies are available on our website

The Group is a:

- signatory of the UN-supported Principles for Responsible Investment (UNPRI) since 2006
- supporter of the Code for Responsible Investing in South Africa (CRISA)
- signatory to Climate Action 100+
- participating member of the Association for Savings and Investment South Africa (ASISA) and serves on the ASISA responsible investment committee, with wide representation across various technical and investment working groups
- signatory of the Statement of Investor Commitment to Support a Just Transition on Climate Change
- member of the Investments Consultants Sustainability Working Group (ICSWG)
- participant of the Climate Action 100+ global investor initiative

Metropolitan Global Investment Management adopted the principles of the Financial Reporting Council's UK Stewardship Code 2020.



Creating value through good governance continued

EMBEDDING AN ETHICAL CULTURE

King IV Principle 1 reminds us that the governing body should lead ethically and effectively and **Principle 2** reminds us that the governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

The SETC's role in promoting an ethical culture in the Group and providing oversight of the Group's efforts to embed an ethical culture is supported by our Board-approved Code of Ethics, standards for conduct policy and various policies intended to embed an ethical culture, address conflicts of interest, protect whistle-blowers, etc.

Our values and codes of expected behaviour and standards are 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 business units for both external and internal complaints, which are managed formally.

Employees also receive regular training in this regard

During the year under review, as typically happens in a challenging economic environment when clients and employees are under financial stress, the insurance industry overall has seen an increase in fictitious death and disability claims as well as the sale of policies that don't require underwriting. We have robust systems in place to address any unethical behaviour by our employees and we continually find additional ways to prevent and identify unethical behaviour.

STAKEHOLDER INCLUSIVITY

King IV Principle 16 reminds us that the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

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.

By effectively governing the Group, through its oversight and monitoring of performance and taking into consideration our stakeholders' interests our Board and management contribute value to both the Group and its stakeholders.

See **Our stakeholder engagement** section for more detail.

PERFORMANCE AGAINST STRATEGY

King IV Principle 4 sets out that one of the key responsibilities of the governing body is to oversee the implementation of the strategy against the agreed performance measures and targets while taking into account the inter-connectedness of the Group's core purpose, risks and opportunities, business model, performance and sustainable development.

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 maintains oversight of the Group's performance against its strategy and business plans, measuring its performance against agreed targets.

Good progress has been made in implementing the **Reinvent and Grow strategy** and current year results suggest that the Group is tracking well towards the objectives set for F2024.

Creating value through good governance continued

K[11] K[12] K[15]

EFFECTIVE CONTROL

The Group's governance and delegation structures position our Board as the custodian of corporate governance and ensure Momentum Metropolitan has adequate leadership structures in place. They provide a solid foundation for our application of King IV with a focus on achieving the four corporate governance outcomes of an ethical culture, good performance, effective control and legitimacy.

Outcome

- They facilitate the delegation of authority to the Board committees, which are chaired by independent non-executive directors and the composition of the committees complies with applicable regulatory requirements K[7] K[13] JSE 3.84(c)
- Through the separation and clear definition of the roles and responsibilities of the Chair and Group Chief Executive Officer the Group established a clear balance of power and authority at Board level. The Group Chief Executive Officer in turn delegates responsibilities in accordance with the Company's delegation of authority framework K[1] K[8] JSE 3.84(a)
- In accordance with our Board policy, which is designed to protect the interests of shareholders, the majority of our Board members are **independent non-executive directors** K[7] JSE 3.84(e)
- A Board-approved **risk appetite framework** includes the Group's risk appetite statements, risk strategy and risk limits K[11]
- Board and committee performance reviews are conducted annually, a self-assessment was conducted in F2022 K[9]
- The Board confirms that the Group is in compliance with the provisions of the Companies Act relating to its incorporation and is operating in conformity with its Memorandum of Incorporation

The role of the Board's committees

- Through its committees the Board provides guidance, monitors the functions of Executive management and Group functions and ensures they apply its established governance policies and processes K[6]
- 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 the cybersecurity strategy and critical risks facing the business with regard to technology
- The Audit Committee carries out its statutory duties set out in section 94 of the Companies Act and oversaw the integrity of both the Annual Financial Statements and the Integrated Report. It satisfied itself as to the expertise and experience of the Group Finance Director and the finance function
- The Audit Committee assessed and is satisfied with the suitability of EY and the designated auditor, Cornea de Villiers, following inspection of the required reports, in line with the JSE Listings Requirements. Furthermore, in accordance with section 94(8) of the Companies Act. The Audit Committee was satisfied with the independence and objectivity of EY in carrying out their duties as external auditors
- The Social, Ethics and Transformation Committee advises and provides guidance to the Board on the effectiveness of management's efforts in respect of social, ethics, sustainable development-related matters and transformation. It carries out its duties in terms of the Companies Act and reports on the fulfilment of its mandate in this regard to the Board and stakeholders
- Audit Committee members are elected annually in accordance with the Companies Act, 71 of 2008 section 94 (2)
- A minimum of one-third of our directors are elected annually by a majority vote in accordance with our MOI and the JSE Listings Requirements 3.84(d)
- Non-executive directors, namely Stephen Jurisich, Lisa Chiume and David Park retire by rotation and will offer themselves for re-election at the AGM

Compliance

- A **combined assurance framework** and process is in place to ensure an effective control environment
- Regulatory compliance is prioritised, and the embedding of Board-approved policies is monitored
- The Social, Ethics and Transformation Committee confirmed there were no instances of material non-compliance requiring disclosure in the year under review

Creating value through good governance continued

EFFECTIVE CONTROL CONTINUED

Principle 12 reminds us that the governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives

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

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

The governance of technology and information includes a Technology and Information Governance Framework, aligned to King IV, which sets out the committee's oversight responsibilities. The framework requires that the Board and senior management evaluate the current and future use of technology and information; direct the preparation and implementation of plans and policies to ensure that the use of technology and information meets business requirements; and monitor conformance to policies and performance against plans. Ⓚ[12]

Management oversight is provided by various committees including the IT Exco, business unit management committees, a Data Privacy Steering Committee, Platforms and Applications Architecture Committees and combined assurance forums, chaired by the Chief Risk Officer.

Areas we have identified for improvement include enhancing governance metrics, better reporting on the implementation of policy requirements and opportunities for streamlining oversight forums. A project is under way to provide automated assurance of the information security and risk position.

- Technology strategies are reviewed and approved by platform and application architecture forums and the IT Exco has oversight of these strategies
- Oversight of the financial management and performance of investments in technology and information is provided by the various business unit management committees and the Group Exco
- Platform and business unit Application Architecture Forums review and approve architectural changes, which can be escalated to the IT Exco
- Operational policies are approved by the IT Exco while operational activities are reviewed at the Group IT Operations Management Committee and IT Exco
- Project oversight is provided by the business unit management committees and reviewed by the IT Exco as appropriate
- Information and data oversight and policy approval is provided by the Data Privacy Steering Committee and IT Exco as appropriate
- Risk oversight is provided by the business unit combined assurance forums and the Technology Risk Committee provides oversight of the technology risk Group-wide. The various risk forums approve the risk and compliance policies
- Compliance oversight is provided by the business unit combined assurance forums
- Information security and privacy oversight is provided by business unit combined assurance forums, with reporting to various forums including risk forums and the IT Exco
- Technology resilience oversight and policy approval are provided by the Business Continuity Management Committee with reporting to various forums including risk forums and the IT Exco
- Assurance providers present at business unit combined assurance forums and the Audit Committee approves assurance-related policies
- Outsourced operation and third-party risk oversight is provided by the combined assurance forums

Our performance

Group Finance Director review

The Group delivered normalised headline earnings of R4 383 million, significantly higher than R1 007 million in the prior year. This solid performance followed the less severe impact of Covid-19 on earnings, a strong improvement in investment variances and good growth in investment return.

Overview of financial results

The Group delivered normalised headline earnings of R4 383 million for the twelve months ended 30 June 2022, significantly higher than the prior year. It is noted that the prior year's results are not directly comparable to the current year as the prior year results were severely impacted by the Covid-19 pandemic and included net mortality loss of R2 823 million. The Group's solid performance during F2022 follows the less severe impacts of Covid-19 on earnings, with mortality starting to improve over the third and fourth quarters. With the positive earnings impact from the partial release of opening Covid-19 provisions, mortality contributed positively to NHE of the Group, by R105 million.

Operating profit improved significantly to R3 363 million, from R73 million in the prior year. This improvement was supported by the improved mortality results, as well as a strong improvement in investment variances. All South African life insurance business units grew operating earnings. Momentum Insure and Momentum Metropolitan Africa reported significantly lower operating earnings. Momentum Insure was negatively affected by severe weather-related claims. Momentum Metropolitan Africa experienced large mortality losses in the first half of F2022.

The Group's investment return improved by 9% to R1 020 million, aided by the general recovery of investment markets, fair value gains from the revaluation of the Group's investment in venture capital funds, and foreign exchange gains on foreign currency-based assets.

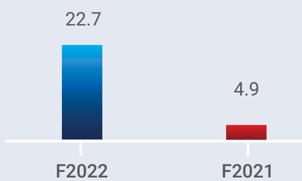
The current year's results suggest that Momentum Metropolitan is on track to deliver the results targeted in our Reinvent and Grow strategic roadmap. The operating environment, however, continues to present multiple challenges. Having started to recover from the effects of the Covid-19 pandemic, South Africa has been hit by further shocks in the form of destructive protests and riots, severe flooding in KwaZulu-Natal, frequent electricity loadshedding, high fuel prices, and rising food inflation. As Momentum Metropolitan we will continue to make every effort to look after the financial needs of our policyholders and to generate value to shareholders

For more detail on the Group's earnings performance, including a detailed analysis of the impact of Covid-19 on the Groups results and the performance of the Group's segments, refer to the ***Group's Results Announcement*** *and audited* ***Annual Financial Statements*** *for the 12 months ended 30 June 2022.*

Key metrics	**F2022**	**F2021**	**Δ%**
Earnings per share (cents)	260.6	31.3	>100%
Headline earnings per share (cents)	297.3	30.9	>100%
Normalised headline earnings per share (cents)	287.2	67.1	>100%
Normalised headline earnings (R million) [1]	4 383	1 007	>100%
Operating profit (R million) [2]	3 363	73	>100%
Investment return (R million)	1 020	934	9%
New business (PVNBP, R million)	72 673	65 898	10%
Value of new business (VNB, R million)	626	725	(14)%
New business margin	0.9%	1.1%	
Diluted embedded value per share (Rand)	29.77	27.08	9.9%
Dividend per share (cents)	100	40	>100%

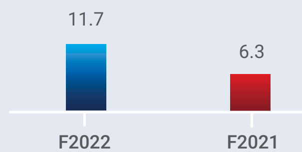
[1] Normalised headline earnings adjust the JSE definition of headline earnings for the dilutive impact of finance costs related to preference shares that can be converted into ordinary shares of the Group, the impact of treasury shares held by policyholder funds and the iSabelo Trust, the amortisation of intangible assets arising from business combinations, Broad-based black economic empowerment (B-BBEE) costs and the amortisation of the discount at which the iSabelo Trust acquired the Momentum Metropolitan treasury shares. The adjustment for the impact of treasury shares removes mismatches that are unique to financial institutions that invest in their own securities on behalf of clients.
[2] 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

Return on equity (%)[3]



Return on equity (ROE) for the year was 22.7%, up from 4.9% in the prior year. This increase follows the Group's earnings improvement.

Return on embedded value per share (%)



Group embedded value per share was R29.77 on 30 June 2022. The return on embedded value per share was 11.7%, up from 6.3% in the prior year, and was assisted by the recovery in mortality experience variance and the partial release of opening Covid-19 provisions

[3] Return on equity expresses normalised headline earnings as a percentage of start-of-year net asset value, adjusted for the items outlined in footnote 1, and the adjusting items to determine headline earnings

Group Finance Director review continued

Group financial performance

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

	F2022			F2021			Δ%		
R million	**Operating profit**	**Investment return**	**Normalised headline earnings**	**Operating profit**	**Investment return**	**Normalised headline earnings**	**Operating profit**	**Investment return**	**Normalised headline earnings**
Momentum Life	976	134	1 110	(991)	132	(859)	>100%	2%	>100%
Momentum Investments	870	68	938	1 103	(8)	1 095	(21)%	>100%	(14)%
Metropolitan Life	606	66	672	367	68	435	65%	(3)%	54%
Momentum Corporate	1 049	125	1 174	(607)	55	(552)	>100%	>100%	>100%
Momentum Metropolitan Health	212	(3)	209	214	(1)	213	(1)%	<(100)%	(2)%
Non-life Insurance	399	62	461	508	36	544	(21)%	72%	(15)%
Momentum Metropolitan Africa	8	110	118	62	194	256	(87)%	(43)%	(54)%
Normalised headline earnings from operating business units	**4 120**	**562**	**4 682**	**656**	**476**	**1 132**	**>100%**	**18%**	**>100%**
New Initiatives	(468)	2	(466)	(360)	2	(358)	(30)%	0%	(30)%
Shareholders segment	(289)	456	167	(223)	456	233	(29)%	0%	(28)%
Normalised headline earnings	**3 363**	**1 020**	**4 383**	**73**	**934**	**1 007**	**>100%**	**9%**	**>100%**

Operating profit

Operating profit increased significantly to R3 363 million from R73 million in the prior year. This is mainly attributable to the less severe impact of Covid-19 on earnings in F2022. During the first half of the year, Momentum Life and Momentum Metropolitan Africa still experienced significant net mortality losses due to the third Covid-19 wave. Mortality experience improved over the second half of the year, resulting in the mortality profit of R105 million for the full year after allowing for movements in Covid-19 provisions. This compares to net mortality losses of R2 823 million in the prior year. Despite the improvement in mortality experience, claims remain above pre-pandemic levels and we continue to hold reserves to the value of R373 million (net of tax) to withstand the impact of uncertain future mortality experience.

Operating profit was further aided by an improvement of R163 million in investment variances. Momentum Life was particularly affected by this and saw a turnaround in investment variances from a negative variance of R517 million in the prior year to a positive variance of R53 million in F2022. This was partly offset by a decline in investment variances in all other business units, mainly from the impact of changes in the yield curves on annuities and structured products.

Momentum Corporate benefited materially from much improved underwriting results on both group life and disability products. Operating profit in Non-life Insurance was supported by good underlying operational growth in Guardrisk, offset by the negative impact from weather-related claims and increased claims inflation in Momentum Insure.

Investment return

Investment return improved by 9% to R1 020 million, boosted by the continued recovery in investment markets. In the Shareholders segment, investment return increased due to fair value gains from the revaluation of the Group's investment in venture capital funds and foreign exchange gains on the Group's foreign assets.

Group Finance Director review continued

Investment variance

Investment variances, particularly on long-term protection business, as well as annuity business, have been subject to significant volatility over the last two years, driven by large changes in the shape and level of the nominal and real yield curves (and by implication changes in the market implied inflation).

Over the 12 months to 30 June 2022, the nominal government bond yield curve increased at all durations. The real government bond yield curve, however, reduced. The expense inflation curve, which is the difference between the nominal and real market implied curves, increased, which resulted in an elevation in market implied inflation, particularly at longer durations. Both the nominal and the real yield curves flattened over the same period.

In total, the Group recorded positive investment variances of R353 million in F2022, compared to positive R190 million in the prior year. The F2022 positive variance was made up of negative variance in the first six months, followed by positive variance in the second half of the financial year. Investment variances thus explain much of the significant improvement in NHE in the second half of the year versus the first six months.

The volatility in the investment variances was most pronounced in Momentum Life, where the Myriad protection product is particularly sensitive to yield curve changes at long durations. The nominal yield curve increased at all durations during the final quarter, which led to a reversal of the substantial negative investment variances reported in the first half of F2022.

The decline in investment variances for Momentum Investments and Momentum Corporate followed lower earnings from mainly annuity business, caused by movements in both the real and nominal yield curves. The R23 million decline in Metropolitan Life's investment variance was largely due to an increase in market implied inflation. In Momentum Metropolitan Africa, investment variance declined R78 million, driven by the current year recovery in the equity markets being smaller than that in the prior year, particularly in Namibia and Botswana.

Normalised headline earnings and headline earnings per share

Normalised headline earnings per share increased from 67.1 cents to 287.2 cents. Headline earnings per share increased from 30.9 cents to 297.3 cents and earnings per share improved from 31.3 cents to 260.6 cents.

Return on equity

Return on equity (ROE) for the year was 22.7%, up from 4.9% in the prior year. This increase follows the Group's earnings improvement. Group embedded value per share was R29.77 on 30 June 2022 together with an ongoing focus on capital efficiency.

New business performance

The Group increased PVNBP to R72.7 billion, 10% higher than the prior year. Momentum Corporate delivered pleasing new business growth in both recurring premium group risk products, as well as single premium investment PVNBP, which almost doubled. Metropolitan Life achieved strong growth in protection new business, as well as annuities and structured single premiums. Momentum Metropolitan Africa also saw pleasing new business volume growth, driven by corporate new business in Namibia, Lesotho and Botswana, together with strong retail savings and annuity new business in Namibia and Botswana. Momentum Investments delivered solid growth in guaranteed annuities and Momentum Wealth's local investment platform business while Momentum Life's new business declined mainly due to a decline in PVNBP on protection products, partly offset by improved new business on long-term savings business.

Value of new business

The Group's VNB declined by 14% to R626 million, driven by the negative impact of yield-curve related economic assumption changes, which are effected at the point of sale, in all business units and a general change in new business mix to lower margin products.

VNB was lower than the prior year across all the business units, except Momentum Corporate which delivered a strong contribution of R68 million, due to higher sales volumes and contained expenses. Momentum Life's VNB of negative R20 million was mainly driven by lower new business volumes on protection products and the change in new business mix from protection business towards lower margin long-term savings business. A negative R12 million VNB contribution from Momentum Metropolitan Africa was caused by a negative VNB in Namibia. VNB for Momentum Investments declined to R346 million, mainly due to a change in new business mix from higher margin offshore investments in Momentum Wealth, lower assumed credit spreads in the second half of F2022 and an increase in renewal expenses. Metropolitan Life's VNB of R244 million, delivered a strong result in the fourth quarter, and largely recovered from the 18% decline reported for the first nine months of F2022. That decline was caused by the adverse impact of policies that lapsed before the first premium was paid, leading to irrecoverable distribution expenses.

PVNBP
R72 673 million
(2021: R65 898 million)
10%

Recurring premiums
R4 607 million
(2021: R3 783 million)
22%

Single premiums
R51 885 million
(2021: R47 497 million)
9%

VNB
R626 million
(2021: 725 million)
14%

New business margin
0.9%
(2021: 1.1%)

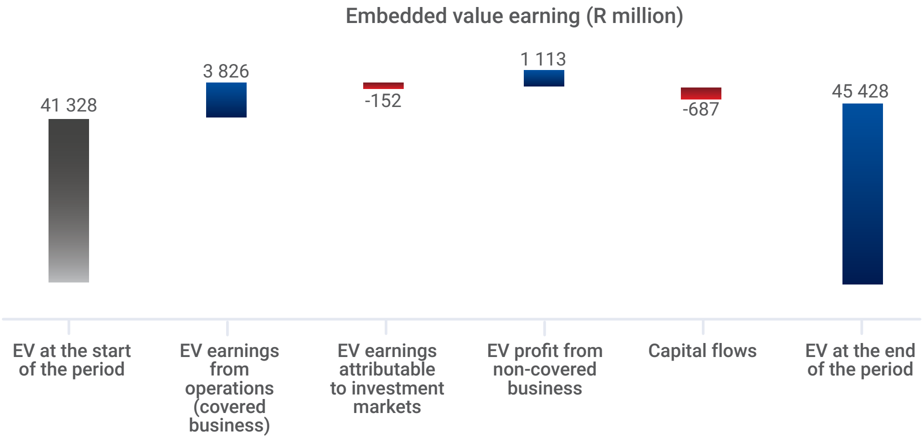
Group Finance Director review continued

Embedded value

The Group's embedded value (EV) results for the year ended 30 June 2022 reflect a return more closely aligned with our long-term expectations, compared to the results observed over the last two years.

In the covered business the release of Covid-19 provisions into embedded value earnings accounted for the largest change from the prior year embedded value earnings (prior year included a large negative impact and this year's release included a large positive impact). A methodology change, where profits not previously valued on ancillary protection benefits in Momentum Life, made a positive contribution when analysing this year's embedded value earnings. Experience variances reflected the benefits of a diversified portfolio in the covered operations where both mortality and morbidity as well as termination experience results varied by lines of business but were muted in aggregate.

In the non-covered business, a lower growth trajectory than anticipated resulted in a significant write-down of the valuation of Momentum Insure in the first half of F2022. Despite this, non-covered operations contributed positively to embedded value earnings, with positive contributions across a range of business units. The largest contribution was from Guardrisk where earnings growth is progressing as planned. Fair value gains on the Group's venture capital investments also made a noteworthy positive contribution.



EV earnings

R45 428 million

(2021: R41 328 million)

9%

Diluted EV per share

R29.77

(2021: R27.08)

9.9%

Value creation through capital management

The Group is focused on embedding its revised capital management framework, announced at the Investor Conference in May 2021, including the continuous improvement of our assessment of the capital needs of business units in the corporate portfolio, and active management of the discretionary and surplus capital that remains. The Group adopted a principle that while discretionary capital is available to support our internal targets and facilitate reinvestment, acquisitions, or other strategic investments, surplus capital should be distributed through dividends, special dividends or share repurchases.

Share repurchase programme

Momentum Metropolitan continually assesses its surplus capital position, taking into consideration expected dividends and other planned capital deployments across the corporate portfolio. Based on the assessment of the Group's capital position, the Board approved in late F2022 a repurchase programme of the Group's ordinary shares up to a maximum amount of R750 million. The programme is in accordance with the general authority received by way of a shareholder resolution passed at the Annual General Meeting, held on 25 November 2021.

Following approval from the Prudential Authority, Momentum Metropolitan commenced with the programme on 10 August 2022. The Group remains committed to following a disciplined trading approach under the programme and will only repurchase shares to the extent that market conditions are favourable. Repurchased shares will be cancelled. Between 10 August 2022 and 12 September 2022, the Group has bought back 23 million shares, for a total consideration of R382 million. When these shares are cancelled, the gain on embedded value will be approximately 20 cents.

Group Finance Director review continued

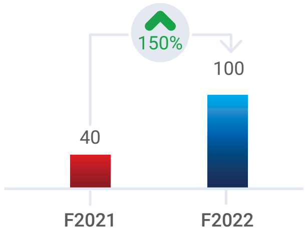
In line with Momentum Metropolitan's capital distribution philosophy, the share repurchase programme will not be in lieu of an ordinary dividend and the Group's dividend policy to declare ordinary dividends within a dividend cover range of 2.0 to 3.0 times normalised headline earnings remains unchanged.

The Board believes that the programme demonstrates our dynamic approach to capital management in line with the Group's Reinvent and Grow strategy. Subject to the capital and liquidity requirements of the Group, and provided ordinary shares can be bought back at an attractive discount to embedded value per share, it is anticipated that the share repurchase programme of R750 million could be increased over the next two years.

Dividends

Momentum Metropolitan declared a final dividend of 65 cents per ordinary share. Together with the interim ordinary dividend of 35 cents per ordinary share, the total dividend for the 12 months ended 30 June 2022 is 100 cents per ordinary share, an increase of 150% from the 40 cents per ordinary share declared in the prior year. The F2022 dividend represents a dividend cover of 2.9 times normalised headline earnings. This payout is at the upper end of the target dividend cover range of 2.0 to 3.0 times normalised headline earnings.

Dividend per share (cents)



Subordinated debt

On 25 May 2022, Momentum Metropolitan Life Limited successfully auctioned two unsecured subordinated debt instruments, valued at R1 000 million in total. We are pleased that the issuance was nearly two times oversubscribed, evidence of liquidity in the market, and debt investors' positive view of Momentum Metropolitan's subordinated debt. The R1 000 million raised will be used to redeem an existing R980 million instrument, maturing on 12 August 2022.

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 its strategic objectives.

The following strategic investments and disposals were made during the period:

Areas of capital deployment	**R million**
Momentum Investments	237
Momentum Corporate	13
Momentum Metropolitan Health	17
Momentum Metropolitan Africa	22
New Initiatives	642
Shareholders segment	132
Total capital deployment	**1 063**

Business disposals	**R million**
Momentum Investments	(176)
New Initiatives	(327)
Total business disposals	**(503)**
Total net capital deployment	**560**

Capital deployed to Momentum Investments was mainly an investment in Momentum Wealth's investment platform and a deferred payment on a recent asset management acquisition in the UK. Within New Initiatives, R583 million was deployed to Aditya Birla Health Insurance (our health insurance joint venture in India). The deployment of R132 million in the Shareholders segment relates to the renovation of the Group's owner-occupied properties in order to be better suited to flexible working arrangements, such as hot-desks.

Momentum Investments disposed of its stake in Aluwani Capital Partners and under New Initiatives, the Group disposed of its interest in the aYo business.

Proposed transactions

In August 2022, Aditya Birla Capital Limited and Momentum Metropolitan jointly announced a transaction whereby an affiliate of the Abu Dhabi Investment Authority (ADIA) proposes to acquire a shareholding of 9.99% in ABHI. Aditya Birla Capital and Momentum Metropolitan will dilute their respective interest to 45.91% and 44.1%. The capital infusion of R1.3 billion (Rs. 665 crore) will be used to fund ABHI's growth in the health insurance market in India.

Rand Merchant Investment Holdings Limited (RMI) is currently in advanced stage discussions with its co-shareholders, Momentum Metropolitan and Royal Bafokeng Investment Holding Company Proprietary Limited (RBIH), about Momentum Metropolitan's interest to acquire RMI's interest in RMI Investment Managers (excluding RMI Investment Managers Affiliates 1 (Pty) Limited, which will be retained within RMI's structures).

This proposed transaction would solidify the existing empowerment, distribution and financial ambitions of RMI Investment Managers whilst retaining the independence and unique boutique characteristics of the affiliate model. RBIH has given its in principle support to the proposed transaction and remains a committed and aligned partner. This proposed transaction is subject to requisite governance and regulatory approvals, agreement of the final terms, confirmation of the structure, and other conditions typical of a transaction of this nature.

Solvency

Regulatory solo solvency position of the Group's insurance entities

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

Regulatory solvency position as at 30 June 2022

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

Regulatory solvency position as at 30 June 2021

R million	**Momentum Metropolitan Life**	**Guardrisk Insurance**	**Guardrisk Life**	**MSTI [4]**	**Momentum Insurance [4]**
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**

Momentum Metropolitan Life has adopted a target range for regulatory solvency cover of 1.6 to 2.0 times the SCR. The regulatory solvency position of Momentum Metropolitan Life improved from 1.73 times SCR at 30 June 2021 to 2.03 times SCR at 30 June 2022, slightly above the target range at 30 June 2022. This improvement was predominantly due to a decrease in the SCR. Movements in local and global markets resulted in a reduction in the equity stresses prescribed by the regulator, which reduced the capital requirements associated with equity risk exposures. The increase in the nominal yield curve, as well as positive impacts of methodology and operating assumption changes also served to reduce the SCR. The increase in own funds reflects good investment experience, strong new business and positive methodology changes, as well as the review and partial release of Covid-19 provisions at 30 June 2022. The impact of Covid-19 claims during the year was largely offset by Covid-19 provision releases and positive longevity impacts.

[4] *On 1 July 2021, Momentum Short-term Insurance (MSTI) was renamed to Momentum Insure and Momentum Insurance was integrated into this entity. Comparatives were not restated*

Group Finance Director review continued

The SCR cover for Guardrisk Insurance increased from 1.13 times SCR to 1.18 times SCR, supported by the implementation of revised reinsurance cover (most notably reinsurance reinstatement protection) for the underwritten business, as well as improved modelling of reinsurance impacts under the SCR stresses. The SCR cover for Guardrisk Life increased from 1.14 times SCR to 1.17 times SCR due to strengthening cell solvency, improved claims experience, the increase in yield curves as well as the strengthening of lapse assumptions. Guardrisk Insurance and Guardrisk Life reviewed their target ranges for regulatory solvency cover during the year. At 30 June 2022, Guardrisk Insurance was within their revised target range of 1.14 to 1.21 times the SCR, while Guardrisk Life was above their revised target range of 1.04 to 1.07 times the SCR.

The SCR cover for Momentum Insure was 1.41 times SCR at 30 June 2022. The SCR cover reduced over the year mainly due to weaker claims experience due to severe weather-related claims, but remains within the target range of 1.4 to 1.6 times SCR.

Regulatory group solvency position for Momentum Metropolitan Holdings

The Prudential Authority has designated Momentum Metropolitan Holdings as an insurance group and approval for the licensing of Momentum Metropolitan Holdings Limited as the controlling entity of the insurance group was received in August 2021.

The Group's solvency position is determined by aggregating the results of all the underlying entities under the regulatory framework, after elimination of intra-group arrangements. The Group received approval to calculate its group solvency position using the Accounting Consolidation method for certain entities, most notably Momentum Metropolitan Life and Momentum Insure. For entities in the Accounting Consolidation group, the own funds and SCR are calculated using a consolidated balance sheet approach.

Momentum Metropolitan Holdings adopted a target range for group regulatory solvency cover of 1.4 to 1.7 times the SCR. As at 30 June 2022, Momentum Metropolitan Holdings Group SCR cover increased to 1.6 times SCR from 1.5 times SCR at 30 June 2021. The Group SCR cover is also impacted by the restrictions applied to the own funds of cell captive insurers, and if Guardrisk were excluded from the result, the SCR cover would increase to 1.8 times SCR at 30 June 2022.

Implementation of IFRS 17 – Insurance contracts

The Group's efforts towards implementing IFRS 17 have entered the final phase, concluding a large number of developments during F2022 and shifting focus towards the production of comparative information. There are some areas of significant judgement which may impact the conclusion of the revised opening balance sheet and subsequent income statements. We believe that industry practise will continue to play an important role in resolving these and the Group actively participates in a number of forums addressing these.

The Group continues to anticipate that transition to an IFRS 17 compliant balance sheet will result in some margins being released into equity. The IFRS 17 basis will accelerate the recognition of profits for the Group on average, although the impact on new business strain is expected to be comparatively neutral.

Outlook

We are encouraged by good results achieved by the Group during a period of challenging economic and social conditions. The normalised headline earnings of R4 383 million for the year, suggests that we have largely recovered from the impact of Covid-19 on earnings. During the year, the Group achieved solid growth in new business, with the exception of Momentum Life protection business, which started to grow in recent months. The Group's strong results in the first year of the three-year Reinvent and Grow strategy is encouraging and confirms a strong competitive position.

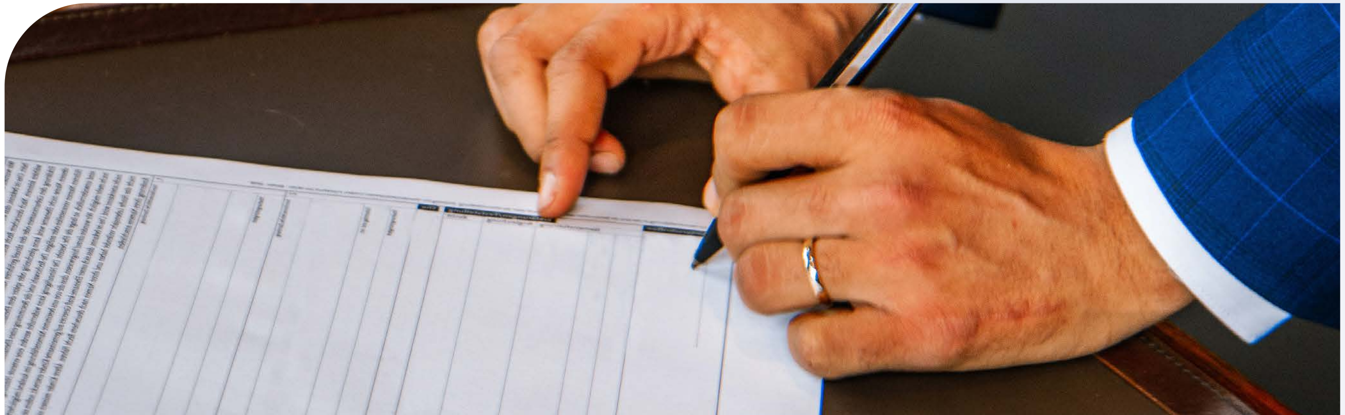
Looking ahead, we remain cautious about the pace of economic recovery across our operations, as disposable income remains under pressure because of depressed economic activity and the impact of international political turbulence. The timing and magnitude of future Covid-19 waves remain uncertain and could still impact our earnings in future, however it appears that the disease has now become endemic.

We foresee that the hybrid way of work will be the new "normal", and our spatial planning suggests possible long-term cost savings from the reduced need for office space. Our continued commitment to creating a collaborative and safe working environment for our employees resulted in many employees returning to the office. This not only afforded us the opportunity to connect with each other in a physical office environment, it also enabled us to get optimal productivity back on track – particularly in areas such as client service where delivery suffered in the work-from-home environment.

We are encouraged by the recovery in normalised headline earnings. Although some of the positive contributions to the current year's earnings are not expected to repeat in F2023, our underlying operating earnings are solid and we will continue to focus on achieving the Reinvent and Grow financial targets for F2024, namely normalised headline earnings of R4.6 billion to R5.0 billion and ROE of 18% to 20%. .

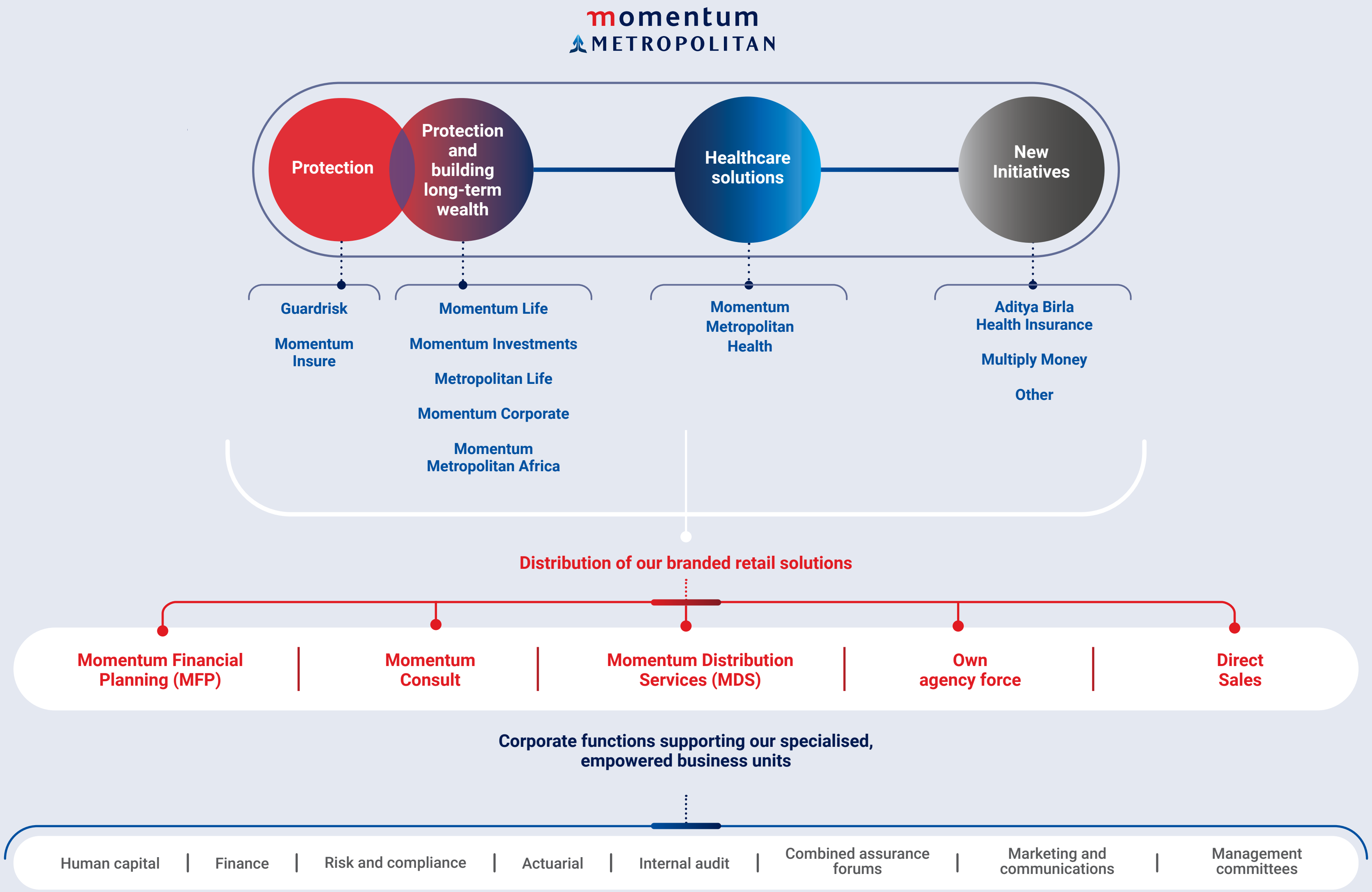
Risto Ketola
Group Finance Director

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



Business unit performance review

OUR FEDERATED OPERATING MODEL



momentum life

Product leadership in a digital context

KEY METRICS:

Normalised headline earnings (NHE)
R1 110 million
(F2021: R -859 million)

Value of new business (VNB)
R-20 million
(F2021: R72 million)

Present value of new business premiums (PVNBP)
R7 291 million
(F2021: R7 479 million)

New business margin
-0.3%
(F2021: 1.0%)

OUR KEY DIFFERENTIATORS

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

OVERVIEW

At the start of F2022 Momentum Life's earnings were negatively affected by the high mortality claims we experienced as the third wave of the Covid-19 pandemic hit South Africa in September 2021. While the volume of claims we experienced also negatively impacted our service levels, despite our claims volume being four times higher than our average monthly claims in October 2022, we processed all of these claims within the month. We have since seen a marked improvement in mortality claims, with a consequent positive impact on our earnings and service levels. However, while we have seen growth in our sales of saving products, a poorly performing economy and rising inflation has no doubt impacted sales overall and risk sales in particular.

OUR SOLUTIONS

- **Protection** through **Myriad**
- **Savings** through **Investo**
- **Traditional products administration (closed life book)**
- **Advice** through **Momentum Financial Planning (MFP)**
- **Estate administration and estate liquidity benefits** through **Momentum Trust**

OUR REINVENT AND GROW OBJECTIVES

Optimising our value chain and achieving vertical integration

Reinvent

Improved channel focus	Under way
Digital processing and service model	Good progress made
Legacy and IT reset	Good progress made
Product leadership	Good progress made
Finding growth	Under way
Reporting and analytics	Under way
Brand and culture	Good progress made

Grow

NHE of R1.2 billion	Good progress made
ROE 20% to 25%	Good progress made

Good progress made · Under way · Some concerns

Momentum Life continued

Our performance

Normalised headline earnings saw a turnaround from a loss of R859 million in the prior year to a profit of R1 110 million. The main contributing factors include year-on-year improvements of R730 million in net mortality losses, R570 million in investment variances mainly driven by yield curve changes, and a net impact of R577 million from operating assumption and modelling changes. The decline in PVNBP was mainly attributable to a 10% decline in protection new business volumes, somewhat offset by the 4% improvement in new business on long-term savings. VNB declined from a profit of R72 million to a loss of R20 million. This decline was driven by the lower protection new business, and the change in new business mix from protection business towards lower margin long-term savings business. Protection VNB was further negatively impacted by economic assumption changes related to unfavourable yield curve movements at the point of sale. In addition, VNB was impacted by a methodology change where a higher amount of the required capital is attributed to new business activities. This translated to a new business margin of -0.3%.

Progress against our Reinvent and Grow objectives

Having previously re-established our product houses as full value chain competitive businesses, our key focus in F2022 has been on implementing the structural changes that will enable the achievement of our Reinvent and Grow objectives. We made good progress with several of the these, which included the following:

- Establishing our new way of delivering service through the Reinvent and Grow service model. While this is still a work in progress and we are not yet meeting our own service expectations, we have made good progress
- Introducing a radical sales support structure in MFP. This includes establishing a fully digital Institute of Financial Planning designed to strengthen skills making use of our IT foundations. We are already seeing a positive impact on sales, which we believe can be attributed to this initiative
- Strengthening the key elements of our strategy, which is connecting our clients through advice and digital with a business that is IFA led. A key area of focus for us is on how both our clients and IFAs experience doing business with us. This includes the ease of doing business and transparency, our approach to onboarding and the after-sales service experience for our clients
- During the year under review, we delivered on the self-service element of our digitalisation roadmap for our savings solutions. Clients can now choose their preferred method of engagement from our omnichannel offering
- Technology changes, such as our Legacy and IT reset
- Product leadership in all of our businesses has been an area of focus this year, which has included work on designing innovative new protection and savings products and adding digital services to the Momentum Trust offering, which will be further integrated into the broader Momentum ecosystem through new technology in F2023
- To continue developing and maintaining the brand and culture to ensure our employees understand that the aim of our products and services is to improve people's lives by protecting them from the unforeseen and that we care about making sure they are protected. Our platform support specialists are enabling and equipping our team to embrace the new way of working in terms of technology

Challenges

A challenge to our ability to deliver on our digital and technology requirements, which are core to achieving our strategic objectives, is the current shortage of critical technology skills. This is a challenge facing most businesses with a digital focus. However, we have been able to attract and retain a number of critical skills.

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

Overall, protection sales in the industry are under pressure, negatively impacting volumes and thus new business margin.

Outlook

We expect that a poorly performing economy, unemployment and inflation will make it challenging to achieve our growth goals in F2023. It is worth noting that despite the challenging economy, we have managed to retain our market share, particularly in the IFA space in this challenging economy.

We are progressing well with implementing a sophisticated point-of-sale risk selection and discount mechanism, and digitally transforming and improving the onboarding experience by mobile-driven underwriting solutions and a paperless capturing capability in Myriad. We believe our investment in the Myriad offering, designed to meet the changing needs of clients in an omnichannel environment, will position us well and give us the resilience to grow our market share.

In future our rewards programme discounts will be calculated at point of sale with the maximum discount immediately available. This discount will be based solely on the evaluation of factors directly related to life insurance risk. There won't be any strenuous engagement requirement nor will there be any additional fee required to access discounts, giving clients a simpler premium discount model with more certainty, both at point of sale and during the policy lifetime.

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

momentum investments

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

KEY METRICS:

NHE
R938 million
(F2021: R1 095 million)

VNB
R346 million
(F2021: R392 million)

PVNBP
R42.5 billion
(F2021: R41.5 billion)

New business margin
0.8%
(F2021: 0.9%))

Assets under management (AUM)
R736.5 billion
(F2021: R671.5 billion)

OUR KEY DIFFERENTIATORS

- Established open architecture platform with wide local and offshore offering
- A wide range of investment solutions underpinned by an outcomes-based investing philosophy
- 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

OVERVIEW

Momentum Investments operates in a competitive industry, impacted by weak economic growth, market volatility and a shrinking savings pool. These uncertainties resulted in a shift in client behaviour the last number of years, with clients seeking guarantees on their invested capital, driving strong growth in guaranteed annuities and on the local Momentum Wealth investment platform.

Our investment management businesses benefited from strong markets during the first half of the year but overall assets under management decreased in the latter part on the back of weak returns.

Clients continued to diversify their investments offshore and recent changes to Regulation 28 is expected to exacerbate this trend.

OUR SOLUTIONS

Retail investments
- Local and offshore investment platform products
- Guaranteed investments
- Annuities
- Structured products
- Collective investments
- Investment consulting

Institutional investments
- Multi-asset solutions
- Single asset class funds
- Alternative investments
- Administrative platform

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

Momentum Investments continued

OUR REINVENT AND GROW OBJECTIVES

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

Reinvent

- **Radical shift of our platform operating model with digital capabilities and service optimisation** (Good progress made)
- **New generation structured and annuity solutions through bespoke capabilities and off-the-shelf solutions** (Good progress made)
- **Focus on multi and single management capabilities** (Good progress made)
- **B-BBEE transformation** (Under way)
- **Brand building and profiling of teams and capabilities** (Good progress made)
- **Vertical integration of Momentum Financial Planning (MFP) house view** (Good progress made)
- **Enabling end-to-end execution through vertical integration** (Good progress made)
- **New markets through third-party discretionary fund managers (DFMs) and third-party platforms** (Good progress made)

Grow

- **Regain market share of platform business** (Good progress made)
- **Continue to build in-house distribution capabilities** (Under way)
- **Renewed focus on structured and balance sheet capabilities** (Good progress made)
- **Specialised distribution** (Good progress made)
- **Continue to build in-house advice offerings** (Good progress made)
- **Develop and grow global single asset capabilities** (Good progress made)
- **Increase South African offshore market share** (Good progress made)
- **Grow UK investment consulting with large defined benefit schemes** (Under way)

Good progress made Under way Some concerns

Our performance

Normalised headline earnings declined 14% mainly attributable to the implementation expenses for replacing Momentum Wealth's legacy investment platform, and a R293 million deterioration in investment variances related to yield-curve movements in the annuities and structured business. This was partly offset by the positive impact in Momentum Wealth and the investment management businesses in South Africa and the United Kingdom (UK) from continued good new business and favourable local and offshore market impacts. The inclusion of the results of Seneca Investment Managers for a full 12 months (compared to seven months in the prior period) also contributed positively.

With good growth in guaranteed annuities and on the local Momentum Wealth investment platform, new business volumes improved 2%. This was slightly offset by lower new business on the offshore Momentum Wealth investment platform, which remained strong in absolute terms. VNB was however impacted by the decline in higher margin offshore Momentum Wealth investment platform business, an increase in expenses and lower assumed credit spreads in the second half of F2022. The new business margin reduced slightly to 0.8%.

Progress against our Reinvent and Grow objectives

Momentum Wealth's **radical shift of its platform operating model and proposition, including re-platform on new generation technology**, is on track 16 months after internal approval for funding has been obtained. The programme has various planned releases with the initial scope scheduled for completion in 24 months. Our partner on this project, FNZ, is a leading global provider of cutting-edge, digital-first wealth management solution whose industrialisation of the platform transformation process minimises risk and that enables exponential growth.

The launch of an innovative hybrid annuity product was good progress towards the objective of introducing a **new generation structured and annuity solution through bespoke capabilities and off-the-shelf solutions**. It has attracted interest from the market and in particular the post-retirement advice landscape and contributed to **brand building**. The product's unique simplified process allows advisers to access it as an all-in-one product requiring only one contract.

Investment Management, made good progress during F2022 on developing new and differentiated investment capabilities in support of specialisation, reimagining its approach to offshore investments and establishing an offshore partnership. The Investment Management business remains committed to **transformation** and made good progress through its employment practices, employed learnerships contracts and its internship programme.

In F2022, most of **Momentum Investments UK's** funds were in the 1st or 2nd quartile versus its peers. It **continued to build in-house advice offerings** and completed its go-to-market plans for South Africa through the **vertical integration of offshore house view solutions for MFP** and engaging with specialist MDS investment consultants. It made good progress with its multi-asset management capabilities by fully integrating its diversified fund and MPS ranges in the UK IFA market. Its single asset focus resulted in good progress being made with our global investment offering in South Africa, the launch of an Undertakings for the Collective Investment in Transferable Securities (UCITs) fund as well as a New Real Assets fund initiative. The business also launched a new UK range of sustainable model portfolios and a new Harmony Sustainable Growth fund.

Momentum Investments continued

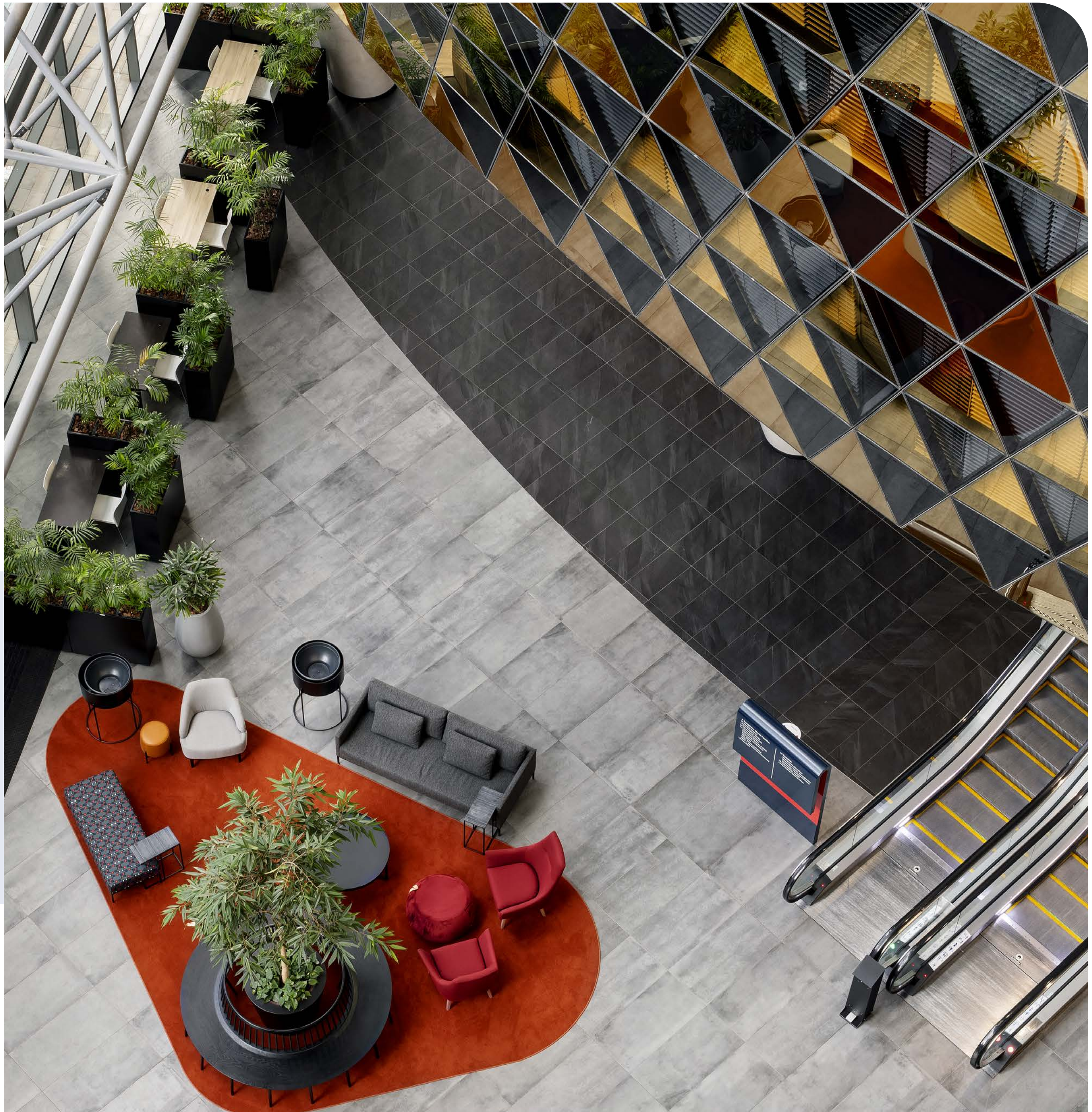
Challenges

The focus on sustainability is becoming increasingly pronounced in the UK and Europe, with the greatest focus being on cleaner energy, which is impacting the reporting and systems of investment companies.

The prevailing uncertainty and instability, which is exacerbated by the geopolitical outlook and the expectation that inflation will last longer than expected, is feeding into investment processes.

The increased foreign exposure allowed under Regulation 28 of the Pension Fund Act will have implications for how asset managers are selected and monitored, the levels of fees across portfolios, as well as greater levels of scrutiny to be placed on the offshore components of portfolios. This decision will, however, allow institutional investors greater access to investment opportunities in the global financial market.

Talent retention and transformation remains a challenge in terms of critical investment and technology skills.



Outlook

While our continued focus on growing our advice-led distribution has positioned us well for continuing to grow our market, the slowdown we experienced in the last quarter of F2022 is likely to be more pronounced in F2023. The volatile market could have an impact on investment flows and make it challenging to deliver satisfactory outcomes and returns for our clients, which in turn could impact our business. We also expect clients to be under pressure in F2023, which in turn will put pressure on revenue.

Momentum Investments continued

A 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 investments products. This includes taking into consideration the ESG risk of investments, which we believe is essential if we are to responsibly achieve our clients' investment goals.

Additional information on our approach is available in the **Momentum Investments Stewardship Report** and the **Momentum Metropolitan Sustainability Report.**

How we integrate ESG

Our investment team incorporates ESG factors across all the discretionary assets we manage, allocating assets across sectors through a risk lens. Our alternative investment team allocates assets to sectors where they can have impact, such as renewable energy, telecoms and student accommodation. We have a dedicated responsible investment team of three that uses third-party research to bolster internal assessments and ratings.

Our methods for integration include:
- ESG integration: the process of including ESG factors in investment analysis and decisions to better manage risks
- Screening: the application of filters to rule investments in or out based on preferences
- Themed investment: selecting companies that fall under a sustainability-related theme, such as clean energy
- Impact investing: investments made with specific intent of generating positive, measurable social and environmental impact alongside a financial return
- Stewardship activities: individual and/or collaborative activities, undertaken by our Company to act on behalf of our investors, such as voting at shareholder meetings and engaging with investee boards.

Active ownership

Our proxy voting and engagement policies guide our stewardship approach to ensure our conduct is in an appropriate manner, consistent with clients' best interests. Our responsible investment policies and voting records are also available on our website. More information is also available in the **Sustainability Report.**

Proxy voting summary
- Number of shareholder meetings voted on: **257** (F2021: 247)
- Total resolutions: **3 998** (F2021: 4 052)
- Abstentions*: **49** (F2021: 59)
- Votes in favour: **3 464** (F2021: 3 506)
- Votes against: **485** (F2021: 487)

We will abstain if there are conflicts of interest.

Global funds

A combination of ESG integration, screening and stewardship activities have been applied to the assets in the global funds set out below:

The Momentum Global Sustainable Equity Fund (Value: R6.8 billion)

The aim of this fund is to achieve a reduced environmental footprint in terms of greenhouse gas emissions (GHGs), waste generation and water consumption with at least a 20% better sustainability profile as measured by the RobecoSAM Smart ESG Score. The fund achieved a RobecoSAM Smart ESG Score 21.4% higher than benchmark.

The Harmony Sustainable Growth Fund (Value: R105 million)

The Harmony Sustainable Growth Fund aims to provide capital growth in US dollar terms but with a reduced level of volatility via strategic exposures to a wide range of asset classes. The fund aims for a better sustainability profile compared to relevant broad market indices for the majority of asset class exposures by integrating ESG factors.

The Momentum Africa Real Estate Fund (MAREF)

This fund has an impact investment platform in place committed to building a strong portfolio of purpose-built student accommodation. MAREF's developments have been recognised for leadership in energy and environmental design.

Our South African impact investment portfolios include:

Momentum Alternative Energy Fund (Value: R59 million)

This fund invests in equity and debt instruments related to renewable energy infrastructure.

Momentum Diversified Infrastructure Fund (Value: R132 million)

This fund invests in telecommunications infrastructure.

Momentum Social Infrastructure Fund (Value: R67 million)

This fund invests in student accommodation.

Discretionary AUM by asset class

Total discretionary assets under management amount to R469.5 billion

R392.5 billion

33.0% Equity
59.7% Fixed Income
2.8% Cash
4.5% Other

R77 billion

57.8% Equity
38.3% Fixed Income
1.3% Cash
2.6% Other

momentum

Distribution of Momentum-branded retail solutions

OVERVIEW

Despite a shrinking market impacted by uncertainty, resulting in clients taking a wait-and-see approach, a poorly performing economy, inflation and unemployment, all impacting discretionary spend, our distribution channels have been able to grow market share.

Our channels are also experiencing a muted investment market.

Physical and financial emigration has also been a factor that is negatively impacting the inflow of new clients and recurring policy premiums.

OUR KEY DIFFERENTIATORS

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

OUR SOLUTIONS

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

CONSULT BY MOMENTUM
A stand-alone, independent financial planning business operating under its own FSP licence offering product solutions with most of market providers, including Momentum

MOMENTUM DISTRIBUTION SERVICES (MDS)
To be the preferred business partners and product and service provider of IFAs

MOMENTUM INSURE DIRECT SALES
Our business units, such as Momentum Insure make use of direct sales channels, which contribute approximately 57% of Momentum Insure's sales

*See the **Momentum Insure** section for commentary on Momentum Insure Direct Sales

KEY METRICS:

MDS

2 109 productive advisers
(F2021: 2 263)

3.5% growth in APE
(F2021: 49.6%)

MFP

953 planners
(F2021: 818)

212 planners enrolled in the Momentum Institute for Financial Planning

Consult by Momentum

315 active financial advisers

R5 billion total assets under advice in own solutions. Total assets under management of R32 billion (F2021: R3.5 billion)

OUR REINVENT AND GROW OBJECTIVES

Embracing advice-led distribution and enabling digital-led distribution

Reinvent

- Channel focus delivering advice through strong channels (Good progress made)
- Digital processing and service model (Good progress made)
- Traditional products and IT reset (Under way)

Grow

- Product leadership in a digital context (Under way)
- Finding growth (Under way)
- Reporting and analytics (Under way)
- Grow productive intermediaries to 3 000 by 2024 (Good progress made)
- Grow Momentum Consult financial advisers to 400 by 2024 (Good progress made)

Good progress made | Under way | Some concerns

Momentum Distribution continued

Progress against our Reinvent and Grow objectives

Momentum Metropolitan's evolution from product-led distribution to advice-led distribution, where our brand, service and quality of advice work together to keep clients with us for as long as possible, has driven our focus on **growing and strengthening our channels and delivering advice through these channels**, which are key to achieving our growth objectives.

Growing and strengthening our channels and delivering advice through our advice-led and digitally enabled channels have key roles to play in our ability to create sustainable enterprise value by:
- connecting the Group's business units with their clients
- providing advice-led financial planning
- being the preferred business partners and product and service providers of independent financial planners
- providing direct sales channels for our business units.

MFP, our advice-led tied agency, has chosen to embed a culture of care, translating into a commitment to improving people's lives by helping them protect against the unforeseen by providing for the unforeseen. To achieve this, client experience is key. Support specialists worked with the MFP team to introduce them to its new way of work, which includes digitalisation and a new technology platform, and ensured they are sufficiently skilled to be productive. Since establishing the new fully digital Institute of Financial Planning, MFP has seen a positive impact on **growth**, which it attributes to the strengthening of skills being achieved by the institute. During the year under review MFP also made progress with its client and adviser transformation objectives by **growing its number of productive intermediaries** when it employed an additional 250 financial advisers during F2022, of whom 80% are black and of that 80% are women. Using its digital channels, MFP is providing both advisers and their clients with the same transparent portfolio view.

Employing its strength, which is providing clients with holistic advice, **Consult by Momentum** has substantially grown its business in the past two years, despite challenging economic conditions. It is making good progress with its goal of **growing its number of financial advisers to 400**, having increased its number of advisers to 320 in F2022. It also launched a private wealth proposition to advisers with high-net-worth clients, which offers product solutions catering to the full spectrum of these clients' needs. Its unique offering to advisers, which is part of our enterprise and supplier development (ESD) coaching programme for black advisers, also includes a business development programme called BusinessLab®, an in-depth practice management suite, which offers advisers an opportunity to grow their practice.

Having successfully evolved from a product-led business to an advice-led business, **MDS** implemented a major change during F2022 when it introduced a specialised distribution model. The aim of this change is to provide a team of broker consultants who are able to add more value to adviser practices through their specialisation and better understanding of the advice process. Change frequently affects relationships and initially MDS lost market share as it went through the change to its distribution model, but it has since gained market share.

MDS also redefined its panel management practice to establish the best fit between its broker consultants and advisers and further improve its client experience.

During F2022 MDS was able to use technology to reduce costs by achieving efficiencies in its branches.

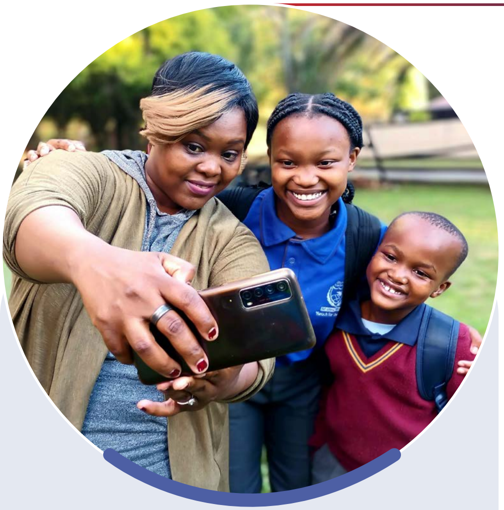
Outlook

MFP's focus for F2023 will be on integrating the MFP financial plan and product advice, introducing its clients to leading new and refreshed products, its new digital service model and the Group's approach to product loyalty rewards.

Consult by Momentum will be focusing on three areas in F2023, which are the ongoing recruitment of advisers, including wealth managers; continuing to enhance its financial planning offering, including to improve client experience; and growing assets in its fund solutions as a Discretionary Fund Manager with its own Category 2 licence.

While **MDS** is seeing a slowdown in the market and doesn't expect to achieve its previous levels of growth in F2023, it does expect to achieve its investment growth targets. Its focus during F2023 will be on continuing to embed specialisation and its digital transformation with the aim of attracting younger and digitally native clients and continuing to improve its client experience.

All our distribution channels will continue to focus on their **digital transformation**, which includes establishing new channels, using digitalisation to increase efficiencies and our ability to compete effectively, improving the sales process and customer experience.



METROPOLITAN
Together we can

Helping our clients achieve their financial life goals and creating value for all our stakeholders

OUR KEY DIFFERENTIATORS

- Strong union relationships and worksite network
- Digital enrolment capability supporting agent sales
- Reputation for exceptional client service

OUR SOLUTIONS

- Funeral solutions
- Life cover
- Retirement savings solutions
- Discretionary saving solutions
- Annuities and capital protection solutions
- Hospital cashback solutions

KEY METRICS:

NHE
R672 million
(F2021: R435 million)

VNB
R244 million
(F2021: R253 million)

PVNBP
R7 160 million
(F2021: R5 885 million)

New business margin
3.4%
(F2021: 4.3%)

OUR REINVENT AND GROW OBJECTIVES

A distribution-centric strategy

Reinvent

- Reduce acquisition cost per policy (Good progress made)
- Talent management and transformation (Good progress made)
- Migration and automation (Under way)
- Metropolitan GetUp (Good progress made)

Grow

- Double-digit APE growth (Good progress made)
- Metropolitan GetUp (Under way)
- Policy retention (Under way)
- Improve brand health (Good progress made)

Good progress made | Under way | Some concerns

OVERVIEW

Globally, the protection industry was impacted by the Covid-19 pandemic. Despite the substantial increase in claims we were able to live up to our obligations regarding funeral claims and met our service commitments.

During the year under review it was challenging to reach some clients in worksites due to remote work restrictions imposed as a result of the lockdown. We relooked our operating model, implemented new tools and enabled digital adoption for advisers.

The macroeconomic environment during F2022 has made it challenging to retain and grow business when the emerging market consumers are struggling with the multitude of demands on their diminishing discretionary spend. Despite these challenges we were able to grow our sales volumes. To assist our clients, we have found new more flexible ways of collecting premiums.

Metropolitan Life continued

Our performance

Our normalised headline earnings increased by 54% to R672 million, mainly attributed to a net mortality profit of R219 million, which improved from a net mortality loss of R468 million in the prior year. This was partly offset by negative persistency variance of R200 million, which was primarily due to the correction of operational and system issues related to the migration of the administration system. Some persistency experience deterioration in funeral products were also noted and as a result the persistency assumptions were strengthened. The persistency experience deterioration in the life cover business will be addressed by management actions. The 22% increase in PVNBP includes continued improvement in protection and annuities and structured single premiums new business. VNB declined 4% and was impacted by a change in product mix towards lower margin savings products, and an increase in policies that lapse before the first premium is paid, part of which relates to fraudulent activities by (now dismissed) advisers, which resulted in distribution expenses that cannot be recovered. The new business margin declined to 3.4%.

Progress against our Reinvent and Grow objectives

During the year under review, we achieved our targeted **double-digit growth in our sales APE** with a 22% increase year-on-year, with both the Metropolitan Life Cover Plan and Metropolitan Savings Plan showing growth and the tele-channel and tied agency productivity levels both consistently exceeding F2022 goals.

The limited underwritten life cover product we launched in F2021 has seen good sales progress this year and is starting to contribute at a meaningful overall level, both from sales and a profitability perspective.

We were able to make good progress with **reducing our acquisition cost per policy**, both from a scale and cost efficiency perspective. Our switch to paperless communication is starting to yield good cost efficiencies and our growth in sales volumes is supporting increased scale, both of which are helping lower policy acquisition costs.

In Metropolitan **GetUp**, our direct-to-consumer digital business aimed at digitally minded clients, we have invested in scaling our ability to listen to consumers and understand their behaviour both quantitatively and qualitatively. Our end goal is to establish digital trust, using an omnichannel framework to coach clients through digital engagement and give clients the confidence to get into driving their financials through a seamless interaction.

The transformation of our systems through **migration and digital automation** has resulted in technology becoming a key enabler in the running of our business.

We have made good progress with our **transformation** goals and currently 50% of our Exco members are black and 50% are female. The success of our business is **attracting and retaining** talent, however, we recognise the need to ensure that we provide an attractive employee value position, and this is an area of focus for us, as is addressing the challenge of the hybrid working model.

We also made good progress with **improving our brand health** with Metropolitan Life achieving the highest upward trend movement across the three brand metrics of aided awareness, consideration and recommendation.

Challenges

Demands on the discretionary spend of our clients and potential clients is a challenge, both regarding new business sales and persistency. We endeavour to find additional, more flexible ways of collecting premiums that will address our clients' need for flexibility as they struggle with financial challenges.

Our straight-through processing tools enabled our enrolment of clients during the Covid-19 pandemic and gave us an advantage over our competitors who did not have this ability. While in the past six months we have seen our competitors catching up on this capability, we are taking action to stay ahead.

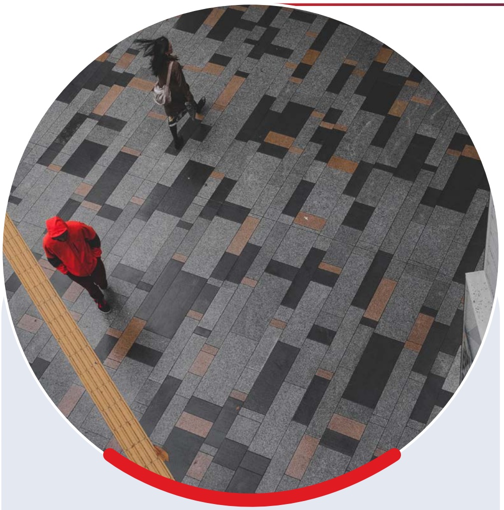
The historical complexity of insurance products is negatively affecting consumer behaviour. To address this challenge our strategy is to build much simpler solutions that clients can easily understand.

The economic situation and continued growth focus has resulted in some fraudulent activity in our channel. Governance and controls have been improved and we expect most of these issues to be addressed in the new financial year.

Outlook

The year ahead will be challenging as the macroeconomic environment places increasing demands on our clients' financial resources. This is likely to result in a shrinking and ever more competitive market.

To address this we will be focusing on:
- extracting value from commercial partnerships and establishing alternative distribution channels
- improving our broker value proposition to attract more brokers.
- creating a unique and flexible payment gateway to sustainably scale GetUp, which we can potentially reuse in our core business
- continuing to embed our client value proposition to support growth in our market share
- sustaining emerging market competitiveness by solving for the insurance of tomorrow to grow our market share
- prioritising expense efficiencies
- embedding a high-performance inclusive culture and continued focus on employee well-being.



momentum corporate

Delivering sustainable growth through engagement-rich solutions

KEY METRICS:

NHE **R1 174 million** (F2021: -R552 million)	VNB **R68 million** (F2021: R11 million)
PVNBP **R12 276 million** (F2021: R8 220 million)	New business margin **0.6%** (F2021: 0.1%)

OVERVIEW

While there have been opportunities in our operating environment during the year under review, on balance we are operating in a very uncertain macro-environment. Positive signs have been that GDP is slightly more positive, indications that the level of retrenchments is falling off to pre-Covid-19 levels and some employers are now talking about employing more people.

On the downside, while interest rates are increasing, we are experiencing record inflation levels and markets are down. We have also experienced increased competition in the umbrella fund space.

The impact of the Russia/Ukraine war on world markets and supply chains is no doubt adversely affecting some of our clients.

The long-term impact of Covid-19 has reportedly significantly impaired people's health and resulting in disabilities. We anticipated the effect of this impact, however we are yet to see actual numbers emerging as a result thereof.

We are, however, positioning the business for resilience through the cycle.

OUR KEY DIFFERENTIATORS

- 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 engagement

OUR SOLUTIONS

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

OUR REINVENT AND GROW OBJECTIVES

Enabling and enhancing the human experience

Reinvent

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

Grow

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

Good progress made | Under way | Some concerns

Momentum Corporate continued

Our performance

Despite the uncertain environment, F2022 has proved to be an excellent year for Momentum Corporate with our normalised headline earnings increasing to R1 174 million, benefiting from a turnaround of a net mortality loss of R1 344 million in the prior year into a net mortality profit of R257 million in F2022. Normalised headline earnings were further bolstered by strong income disability results aided the re-pricing programme that has taken place over the last three years, mortality experience variance on income disability claims in payment and better return-to-work experience. Although positive, investment variance of R148 million declined from R207 million in the prior year mainly due to a lower earnings impact on annuities and investment guarantee reserves caused by movements in the real and nominal yield curves.

The increase in PVNB was aided by strong growth in recurring premium volumes on group risk products, including the onboarding of three large clients. Single premium volume increases were driven by Improved investment flows into FundsAtWork and from large corporate clients, as well as strong annuity sales. VNB improved to R68 million, largely attributable to Improved volumes, healthy margin on FundsAtWork bundled risk and disciplined expense management.

Progress against our Reinvent and Grow objectives

To make progress with **driving operational efficiency**, we have established a credible bottom-up view of executable savings and efficiencies within the business. Our expenses in F2022 have grown below inflation as our focus on disciplined cost management has the desired effect, driving the efficiencies measured through our cost-to-income ratio.

We also did well with our objective of **enhancing client engagement,** and by driving employer training and delivering self-service solution enhancements achieved 185 000 member engagements during F2022 (our 2024 goal is 250 000), and a Net Promoter Score (NPS) of 53. 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.

We were able to **partner effectively to drive sales** through a platform model, strengthening intermediated distribution driving direct distribution, developing a pipeline and winning the battle for conversion of stand-alone funds to umbrella funds (Section 14 transfers), as well as cementing collaborative partnerships.

We were able to successfully reprice the bulk of our existing book of business during F2022, while at the same time retaining a significant portion of our client base through this process.

The renewed focus on the growth of our advice business is showing results and we have also seen a genuine improvement in our underwriting performance, including the underwriting performance in terms of our disability book.

We also made significant progress with our Grow objective of **refreshing our core solutions through digitalisation**, with refreshed solutions launching in the new year. The focus in the current year was on automating high volume processes, identifying tools to enable advisers and making use of data analytics and insights.

Our efforts towards building an enabling culture, which includes cultivating an **entrepreneurial spirit and achieving our transformation** objectives are bearing fruit.

F2022 saw the rollout of our brand positioning strategy that shifted our brand to focus more on how our solutions enable and enhance the human experience, making our brand more accessible, transparent and understandable. Our strategy flows into how we communicate to members and service our clients. We are playing an industry-leading role in demystifying employee benefits.

Challenges

Increasing competition in the umbrella fund market as well as in the market overall has been a challenge in the year under review that is likely to increase in the year ahead.

Regulatory changes, in particular the two-pot system and the proposed regulations impacting umbrella funds, are top of mind for us. We expect that these proposed regulatory changes will lead to a substantial administrative burden and require systems development. We are monitoring these closely to ensure we fully understand the intent of the regulator. We also have concerns around our members' understanding of these changes and will play our role in ensuring that member education continues to be enhanced.

Outlook

The work we did in F2022 has positioned the Momentum Corporate business for success. We have developed a pipeline of potential business that we will be working hard to bring in during F2023.

We will be maintaining our focus on developing the capabilities of our direct team whilst further strengthening intermediated channels, which is important to our role in the Group's sales performance. We will continue to invest in accelerating digital within the business, focusing on driving efficiencies as well as unlocking growth.

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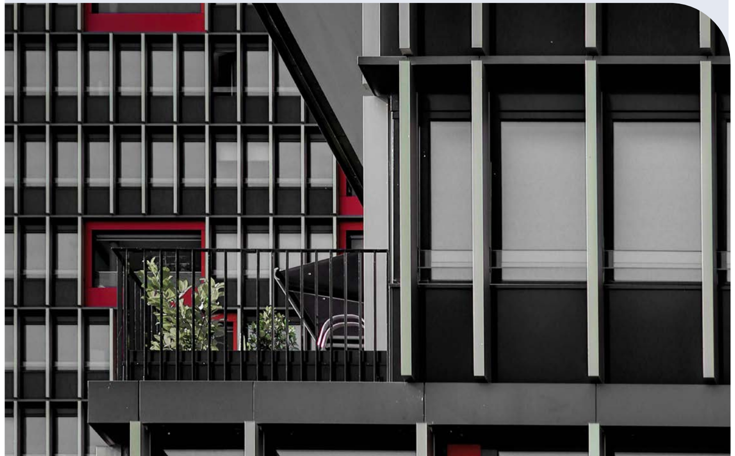
We are not living in times of plenty. In the short to medium term, we can expect to experience pricing and profitability pressures in the risk, investments and annuities businesses. We will therefore be running our business to ensure we position it for resilience through the cycle.



Momentum Metropolitan health business

More health for more South Africans, for less

OUR KEY DIFFERENTIATORS

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

OUR SOLUTIONS

Integrated
- healthcare administration
- managed care and
- wellness

To:
- The public sector
- Corporates
- Mining clients
- Retail clients
- Our Africa and India operations

KEY METRICS:

NHE **R209 million** (F2021: R-552 million)	Membership growth year-on-year **3%** (F2021: 5%)
Growth in Health4Me membership **6%** (F2021: 82%)	Public sector membership growth **3%** (F2021: 7%)
Growth in restricted schemes membership **-2%** (F2021: 32%)	Growth in open scheme membership **2%** (F2021: 1%)

OVERVIEW

A key achievement for our business during the year under review was a shareholder change that introduced new shareholders to our business, strengthening its future sustainability.

We made progress with our objective of diversifying into new markets when we acquired a shareholding in a black-owned pharmacy group.

Our low-income solution, Health4Me, which provides world-class healthcare at low cost to the employed but uninsured through scale and reduction of the expense base, continued to achieve pleasing growth in its membership.

The business delivered good results in a tough and uncertain environment, which included the ongoing National Health Insurance (NHI) debate and Council for Medical Schemes regulatory challenges. Despite the tough economic environment, worsened by the impact of Covid-19, the business managed to achieve an overall year on year growth in membership of 3%.

OUR REINVENT AND GROW OBJECTIVES

Improving healthcare for all South Africans

Reinvent

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

Grow

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

Good progress made · Under way · Some concerns

Momentum Metropolitan Health continued

Our performance

Pleasing membership growth of 3% year-on-year was mainly attributable to the continued growth of the public sector, Health4Me (our low-income health offering) and Momentum Medical Scheme membership. Given the current strained economic environment, organic membership growth in the corporate segment remained subdued.

Normalised headline earnings declined 2% against the prior year. Before the deduction of the share of minorities, normalised headline earnings increased by 5%. The increase in the share of minorities resulted from the B-BBEE transaction with strategic partners in December 2021. The growth in the gross normalised headline earnings was driven by fee income generated from membership growth in Health4Me (the low-cost health insurance product) and public sector membership, low Health4Me claims experience and prudent expense management.

Progress against our Reinvent and Grow objectives

During F2022 Momentum Metropolitan Health completed a broad-based black economic empowerment (B-BBEE) transaction with strategic partners, which led to a change in the Group's shareholding in Momentum Health Solutions (from 100% to 73%) and Metropolitan Health Corporate (from 51% to 71%). Through this transaction, the National Education, Health and Allied Workers' Union (NEHAWU) Investment Holdings (the investment company of NEHAWU), POPCRU Group of Companies (the investment company of the Police and Prisons Civil Rights Union) and black business leaders were introduced as shareholders in both entities. This change in shareholding has strengthened the future sustainability of our business and our ability to create sustainable enterprise value.

The next step in rolling out our strategy and being well-positioned to optimally use our scale will be consolidating into a single brand easily recognised by clients and potential clients.

Our acquisition of a shareholding in a pharmacy group is a first step in delivering on our strategy of diversifying into new markets and is also linked to our objective of growing Health4Me and related products in our other schemes. It will also enhance and strengthen the financial sustainability of our core funder business.

The role of technology

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

- one health platform
- digitised solutions and engagement
- data insights.

We are making good progress with moving our clients onto one health platform from the five we currently have, which will reduce our cost base.

We continue to digitally enable our members through digital care, which currently includes health coaches and Hello Doctor, Momentum Health's offering that provides 24/7 access to medical advice, or a referral to a doctor for further treatment via a mobile app to 1.5 million users.

We have achieved continued efficiency improvements, especially in our public sector offerings, using centralised structure data and reporting. We are in the process of completing and implementing our work on electronic health records working with CareConnect, which is a not-for-profit organisation formed to facilitate the authorised exchange of information between hospitals, clinicians and medical aids to ensure that patients receive the best possible care.

Challenges

Challenges in the environment remain the NHI debate and the regulatory stagnation. As is the case with any business reliant on technology, acquiring and retaining these critical skills remains a challenge.

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

Outlook

During F2023 the retention of the Government Employees Medical Scheme, growing our membership in the corporate and public sector as well as the open market as a client will be a key focus for our business.

We will continue seeking new diversification opportunities that will help us deliver on our diversification strategy.

Technology, delivering on our three technology pillars and in particular growing our delivery system will remain key for us during F2023.

We expect that our Multiply offering, which is a core element of our incentivising wellness strategy, will be further integrated into our value proposition during F2023. We see opportunities to scale loyalty, rewards and wellness propositions and are looking at ways to enhance these propositions to the benefit of clients, partners and shareholders.

GUARDRISK
TAILORED RISK SOLUTIONS

OVERVIEW

Guardrisk is proud that the trust we have established over the years with our corporate clients and our distribution partners has positioned us as the market leader in the cell captive market with a market share in excess of 50%.

Our industry and product diversification, which since F2021 has included a microinsurance licence, provides Guardrisk with protection from challenging market conditions. For example, while our exposure to the marine, property and transportation sectors was impacted by international events, the civil unrest and the extreme weather in KwaZulu-Natal, the mining rehab and life divisions have done exceptionally well. Management fees and underwriting profits thus benefited from diversification.

Our revenue diversification, ability to innovate, superior cell captive capabilities and our deep client and broker relationships were all key enablers of our growth.

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

OUR KEY DIFFERENTIATORS

- Pioneered cell captive concept in 1993 – well established and market position of trust
- Largest cell captive insurer with a market share of 50%
- Awarded South Africa's first cell captive microinsurance licence in 2021
- A highly skilled team driven by a passion for innovation

KEY METRICS:

NHE
R449 million
(F2021: R377 million)

Gross written premium
R28.6 billion
(F2021: R24.3 billion)

Guardrisk General Insurance (GGI) underwriting margin
21%
(F2021: 19%)

GGI Net earned premium
R1.7 billion
(F2021: R1.5 billion)

OUR SOLUTIONS

CELL CAPTIVES
Life and Non-life cell captives
Alternative risk solutions

GENERAL INSURANCE
Corporate, specialist and commercial underwriting solutions

MICROINSURANCE
Economic inclusion through microinsurance products using our cell captive expertise

OUR REINVENT AND GROW OBJECTIVES

Sustainable profitability through scale and value beyond traditional insurance

Reinvent

- Digital transformation
- Underwriting skills
- Value proposition beyond cell captives
- Capital efficiencies (RoE)
- Sustainability*

Grow

- Increase underwriting revenue
- GGI broker enablement
- Drive client retention and new client growth
- Bolt-on transactions
- Expand international partnerships to support adjacent strategies
- Microinsurance (embedded insurance and ownership)
- Insurtech (Root)

Good progress made | Under way | Some concerns

*Given the growing importance of sustainability for both Guardrisk and our clients, we added sustainability as a strategic objective. Our ambition is to strategically integrate sustainability into our business by exploring and scaling opportunities to solve ESG challenges by 2024.

Guardrisk continued

Our performance

Our normalised headline earnings increased 19% and were bolstered by strong growth in underwriting profits and pleasing growth in management fees in the mining and life divisions. Investment return benefited from the recognition of the value of a cell that was taken over at a discount to its net asset value, resulting in a net increase in normalised headline earnings of R40 million, after concluding all phases of the transaction.

Persistency levels across all core divisions remain strong. GGI achieved a pleasing underwriting margin of 21%.

Progress against our Reinvent and Grow objectives

We are satisfied with our progress with our **digital transformation,** in particular with the platform resulting from our collaboration with Root, which gained critical traction in F2021 and has been adopted by several of South Africa's largest retail businesses. As a result, over one million retail insurance customers now have insurance policies offering financial inclusion that are administered on Root. In pursuit of a fully digitalised customer experience across the insurance value chain, Guardrisk and Root have strengthened their relationship via Guardrisk's economic interest in an independently managed venture capital fund that participated in Root's most recent fundraise.

Guardrisk recognises that technological advancements are changing customer preferences. Its ecosystem is well-positioned to embrace insurtech ventures that will enhance customer engagement, and support product development and new digital business models. The positive outcomes of our collaboration with Root have encouraged us to invest in insurtech ventures beyond the Root platform that will create value for both our stakeholders and insurtech entrepreneurs.

During the year under review, we further strengthened our **underwriting skills in the corporate non-life market** through another acquisition of one of our underwriting managers.

To achieve **capital efficiencies,** both our non-life and general insurance business units continued to explore alternative investment opportunities that could provide higher long-term returns without a significant increase in capital requirements. We have created preservation cells to manage dormant and closed cells thereby reducing the requirement of the R1 million minimum solvency capital requirement per cell.

Given the growing importance of **sustainability** for both Guardrisk and its clients, we added sustainability as a strategic objective. Our ambition is to strategically integrate sustainability into our business by exploring and scaling opportunities to solve ESG challenges for our clients. Our products currently include our solution that ensures mining companies have the resources to meet their closure obligations in terms of the Mineral and Petroleum Resources Development Act, 28 of 2002. We also offer guarantees for contractors and suppliers involved in renewable infrastructure construction projects and our Agnovate multi-peril yield insurance protects farmers against damage to crops caused by extreme weather events.

To address the hardening of the reinsurance markets contributed to by the material increases in insurance claims arising from the Covid-19 pandemic, the 2021 KwaZulu-Natal (KZN) riots and the 2022 KZN catastrophic floods, Guardrisk focused on building stronger relationships with its reinsurance partners.

This included improvements on underwriting data and entering into new and exciting distribution relationships with internationally recognised reinsurance brokers for certain specialised lines of business. Establishing these relationships has paid off for Guardrisk as, despite the challenging reinsurance market, GGI was able to secure the capacity required to support the aggressive growth plans in the business.

To support **broker enablement** Guardrisk created a portal, which makes it quicker and easier for brokers to generate reports, load policies and better service their clients. The integration the portal provides has supported our growth in the commercial property sector.

The lack of face-to-face interaction with brokers during the Covid-19 lockdowns and restrictions impacted growth in some of our product lines. Our proactive management of these relationships during F2022 has seen a sustainable return to pre-Covid new business volumes.

Challenges

Increased regulation and compliance requirements across all fronts are a major challenge in terms of cost and the time our management team is required to spend in this regard. We also have concerns regarding how the cost of compliance is likely to impact microinsurance businesses and how proposed additional regulation regarding cell captives may impact opportunities to innovate in the interest of consumers.

Outlook

The acquisition and retention of critical skills remains a challenge and in conjunction with the wider Momentum Metropolitan Holdings Group, we will continue to explore innovative solutions (like adopting hybrid working) to attract and retain skills.

We will continue driving client retention and new client growth through our focus on expanding and strengthening our broker partnerships.

New insurtech initiatives that will support our sustainability focus and connect microinsurers to the Guardrisk ecosystem will be an area of focus going forward.

momentum Insure

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

OVERVIEW

Key matters for Momentum Insure during the year under review have been the impact of prolonged periods of severe wet weather; the KwaZulu-Natal floods in April 2022, which is reflected in our claims ratio and earnings; increased inflation on the back of supply chain challenges followed by increases in the oil price; the completion of the migration of the Alexander Forbes Insurance (AFI) policies to the Momentum Insure system, which is expected to be completed by 30 June 2023; the migration of former Momentum Short Term Insurance (MSTI) clients onto our new improved product set; the well-received launch of the Momentum Insure brand; and the introduction of an enhanced set of digital and safety capabilities.

Although new business volumes were below expectation in the first half of the year, we saw a 27% improvement in new business sales in the second half. Growth across all channels has been encouraging, resulting in new business API improving by 12% in F2022.

OUR KEY DIFFERENTIATORS

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

OUR 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

KEY METRICS:

NHE
R12 million
(F2021: R167 million)

Claims ratio
70%
(F2021: 62.6%)

Gross written premium (GWP)
R2.9 billion
(F2021: R2.8 billion)

Net earned premium (NEP)
R2.7 billion
(F2021: R1.5 billion)

Underwriting margin
20.8%
(F2021: 28.9%)

OUR REINVENT AND GROW OBJECTIVES

Sustainable profitability through scale and value beyond traditional insurance

Reinvent

- Deliver integrated business by F2023 — Good progress made
- Own safety as distinctive customer value proposition — Under way
- Become a market-led business, with leading product and service solutions for targeted segments — Good progress made
- Evolutionary digital transformation — Good progress made

Grow

- Unlock the Momentum Insure new business growth potential — Good progress made
- Grow GWP to between R3.1 billion and R3.4 billion by F2024* — Good progress made
- Increase earnings to R230 million* — Under way

Good progress made | Under way | Some concerns

* Given the recent review of expected future growth prospects of Momentum Insure, the GWP and earnings targets have been adjusted downwards. This slower growth trajectory led to a R708 million downward adjustment to the goodwill held from the acquisition of the Alexander Forbes Short-term Insurance business.

Momentum Insure continued

Our performance

Our normalised headline earnings declined from R167 million to R12 million, mainly impacted by the claims ratio and expense levels increasing above premium growth.

New business premiums increased by 12% to R628 million amid a very challenging operating environment. The last quarter of the financial year showed very pleasing performance compared to each of the quarters in the current and prior year. The highest quarterly sales were achieved since the acquisition of Alexander Forbes Insurance and was a pleasing result after subdued sales were experienced in the months immediately after the implementation of a single line of business system in July 2021. Persistency experience remained good and well within appetite.

Progress against our Reinvent and Grow objectives

We met our ambition to simplify the business into one insurance licence and one administration company, making it more capital and operationally efficient.

We have made excellent progress with the integration of the former AFI business with Momentum's existing short-term insurance operations. The final key deliverable in this process is the migration of the AFI policies to the Momentum Insure system. Internal tests and simulations revealed the need to delay the completion date for this project to 30 June 2023 and to bring forward the migration of our former MSTI clients onto our new product set. This migration, which will give all our clients access to an increased range of products, has also seen an increased uptake in digital transactions since this migration.

Once both these projects are completed, we will be able to complete the integration of three outstanding elements of our new operating model, being claims, sales and service, distribution and the finance team. All the synergies we targeted through the integration of AFI into Momentum Insure that are not dependent on data migration have been achieved and in many cases we exceeded our initial forecasts. Upon completion of the data migration projects, we shall be able to unlock the final remaining efficiencies.

Delaying the completion date of the **AFI integration** meant our team members could better prepare themselves for the coming change, as well as focus on very demanding business-as-usual activities such as the sharp increase in claims from the severe wet weather and the devastating KwaZulu-Natal floods. Regardless of the sharp increase in claims (claims from natural perils more than doubled), we were able to maintain acceptable service levels. Our deep commitment to improving customer satisfaction outcomes was underlined by our excellent performance in the 2021 SA-csi results published by Consulta, where Momentum Insure was one of only two insurers with Net Promotor Scores above the industry average, and the only insurer to improve its score for the third consecutive year.

We have seen our **safety value proposition** starting to translate into real value as the use of at least one of our safety value propositions by policyholders increased by 36% year on year. Clients who engage with our safety value proposition claim less and remain our clients longer. Despite the challenging economic climate, our client retention levels continued to improve during F2022 by approximately 15% on prior year levels.

New business sales generated through direct sales increased by 18% in F2022. Direct sales refers to sales made by our face-to-face tied agency force (business development consultants), as well as sales generated through direct-to-consumer advertising (TV, radio, digital channels, lead generation partners and client referrals), fulfilled by our direct sales contact centre. The BDC (tied agency) channel in particular recorded very encouraging results, increasing new business sales by 25% and the direct sales contact centre by 9%.

When we launched Momentum Insure, which introduced all new clients to our full set of digital capabilities, we made progress with our objectives of achieving evolutionary **digital transformation and becoming a market-led business**, with leading product and service solutions for targeted segments.

Although sales were below expectations, new business API increased by 12% in F2022. New business sales in the second half of the year increased meaningfully and was 27% higher than the comparative period in the first half of F2022. New business sales generated through direct sales increased by 18% in F2022. Direct sales refers to sales made by our face-to-face tied agency force (business development consultants), as well as sales generated through direct-to-consumer advertising (TV, radio, digital channels, lead generation partners and client referrals), fulfilled by our direct sales contact centre. The BDC (tied agency) channel in particular recorded very encouraging results, increasing new business sales by 25% and the direct sales contact centre by 9%. These levels are roughly in line with pre-pandemic volumes.

Challenges

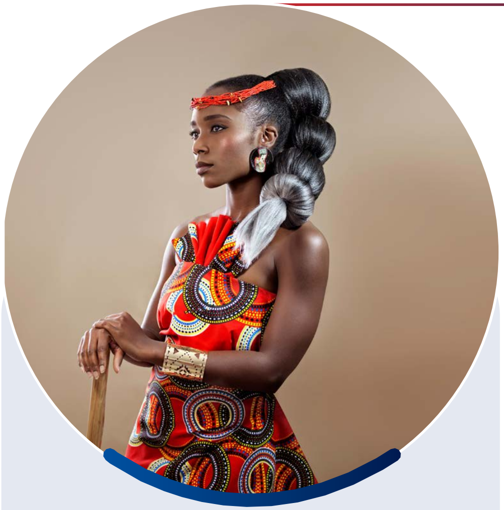
- **External impacts on our business:** High unemployment, social unrest, weakening consumer confidence, ongoing electricity outages and rising inflation due to higher fuel and food prices point to muted economic growth
- **Team members are fatigued** from the substantial increase the integration project, combined with the extraordinary business as usual demands has added to their workload, over an extended period
- **Rising inflation and its impact on claims cost:** Inflation increased materially on both motor and non-motor claims due to supply chain challenges and the consequences of the Russia-Ukraine conflict on fuel prices
- Short-term weather volatility because of long-term **climate change**

Outlook

It is unavoidable that the impact of weather events, increased reinsurance cost, rising inflation and supply chain challenges will be reflected in risk pricing going forward. We believe that completing the AFI integration project will allow us to unlock further procurement synergies, which will mitigate some of the impact of claims inflation and enable us to drive specific operational efficiencies and reduce our management expense ratio as a result.

We expect the following factors to make meeting our growth forecasts challenging in the year ahead:
- A poorly performing economy
- Consequent unemployment
- The rising cost of living, record petrol price increases and higher interest rates all point to South Africans having less disposable income
- The ongoing internal focus of the business due to the delay in the completion of the AFI integration

Therefore, a critical delivery for our business in F2023 will be to successfully conclude the remaining elements of the AFI integration, which will allow us to drive the resultant benefits and efficiencies of scale, as well as unlock the full growth potential of the business. A further focus for the business will be to drive the increased digitalisation of key processes in both sales, service and our claims environment to better meet the ever-changing needs of clients and intermediaries.



Momentum Metropolitan Africa

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

OVERVIEW

Momentum Metropolitan Africa had not experienced significant increases in Covid-19 claims in F2021. However, the third wave of the pandemic, driven by the Delta variant, reached its peak in the first quarter of F2022 when both Namibia and Botswana experienced a considerable increase in mortality claims.

While mortality claims have dropped off substantially from the second quarter, we saw an increase in health claims during the fifth Covid-19 wave. The economies of Botswana and Namibia, which are both very reliant on mining and tourism, were badly affected and are only now starting to recover. This had a knock-on effect on our performance in these countries where we were unable to achieve our growth objectives.

OUR KEY DIFFERENTIATORS

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

OUR SOLUTIONS

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

KEY METRICS:

NHE **R118 million** (F2021: R256 million)	VNB **R-12 million** (F2021: R-3 million)
PVNBP **R3 470 million** (F2021: R2 843 million)	New business margin **-0.3%** (F2021: -0.1%)

OUR REINVENT AND GROW OBJECTIVES

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

Reinvent

- Continue with reforming our business – Good progress made
- Ongoing focus on improving client experience – Good progress made
- Build digital capabilities – Under way
- Enhance distribution channels – Under way
- Foster and maintain relationships with our partners and regulators – Good progress made

Grow

- Grow our earnings to R500 million by 2024 – Some concerns
- Refresh our entire product range – Under way
- Expand savings product offering – Good progress made
- Build our brand presence – Good progress made

Good progress made | Under way | Some concerns

Momentum Metropolitan Africa continued

Our performance

Normalised headline earnings declined by 54% against the prior year. This was mainly driven by net mortality losses of R139 million, which include negative mortality and longevity experience variance of R173 million, partly offset by a net positive change in Covid-19 provisions of R34 million. Increased utilisation in the health businesses and a decline in investment return following remittances of R1 billion to the Group further contributed to the decline.

The 22% improvement in PVNBP was aided by strong corporate new business growth in Namibia, Lesotho and Botswana and good growth in the retail savings and annuity new business in Namibia and Botswana VNB declined due to a shift in new business mix towards lower margin savings products in Lesotho and Namibia. VNB from Namibia was negative due to lower business in the second half of F2022 against a largely fixed cost base. This more than offset positive VNB contributions from Lesotho and Botswana. Overall, the new business margin declined to -0.3%.

Progress against our Reinvent and Grow objectives

We have made some progress with **reforming our business**, the main purpose of which is to **improve our client experience**. The upgrading of our core systems and **building our digital capabilities** are key elements of this reform. We are currently working on our corporate platform and our retail product administration system, as well as our client relationship management (CRM) system. Some of the elements of our CRM system are operational, improving our leads management, assisting with productivity and assessing the quality of potential new business. Once the installation of our CRM system is completed in F2023, it will provide us with a holistic view of our clients' portfolios and give us the ability to analyse client data, facilitate cross-selling and ultimately improve client retention.

Our efforts to strengthen the control environment in our operations, which is also part of **reforming our business**, are still top of mind for us. During F2022 we appointed a number of key individuals to Board subcommittees to assist with strengthening the control environment.

Both **maintaining and enhancing relationships with our partners and regulators** received attention in F2022. The need to find the right local partners continues to be a focus area for us, as is engaging with regulators. Currently, our engagement with regulators is about ensuring that we can agree on solutions that are fair to our clients, our sales advisers and our shareholders. Each market we operate in is differently structured and in some cases, as in Ghana, we need to engage with three different regulators.

We made progress with **enhancing our distribution channels** by increasing our number of tied and made some strides at digitising part of our sales process in Lesotho and re-engaging with a distribution partner in Botswana.

Refreshing our entire product range is a key Grow objective for us. During F2022 we launched the family wellness project, an income protection product, as part of Ghana's product refresh drive. Our launch of a new low-cost health product in Lesotho and Botswana, which supports financial inclusion, is also giving us cross-sell opportunities.

We continued building on the work we did on our **brand presence** in F2021, which included starting the process of revamping our websites. We have both the Momentum and Metropolitan brands in Namibia, which target different market segments. While our Metropolitan brand is dominant in Lesotho, we are looking to appeal more to the youth segment. We have seen an uptick in visibility and engagement in Mozambique, and will focus on ensuring that the Momentum brand is top of mind.

Challenges

As previously mentioned, we were not able to achieve all our **growth objectives** in F2022 as our markets were badly impacted by Covid-19 mortality. In Namibia challenges included a very competitive market, a struggling economy as well as the Covid-19 impact on mortality claims. We are starting to see a recovery in the country's economy and expect that this recovery, together with the steps we have taken, will see the performance of our Namibian business much improved in F2023.

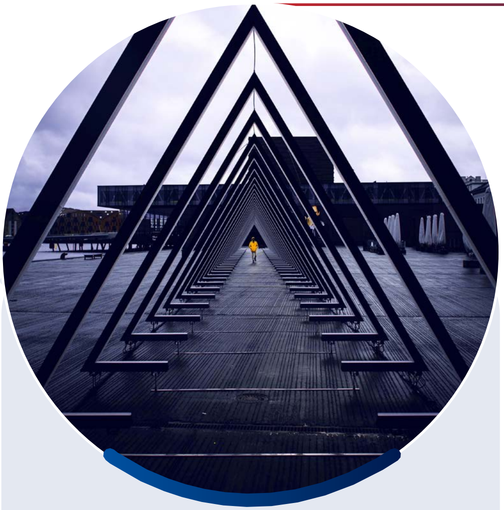
There is also a reform of financial institutions under way in Namibia, which cuts across the broad financial services industry, but specifically insurance, where the changes cut across all five lines of business we offer in Namibia.

The slow recovery of Lesotho's economy from the impact of the Covid-19 pandemic has also been a challenge.

Outlook

We are optimistic that we will be able to continue managing our expense base, and as we continue implementing our projects and strengthening our distribution capability to address our VNB challenges, the improved client experience we offer will ensure we retain the clients we acquire.

We will be monitoring these elements closely to make sure we succeed.



NEW INITIATIVES

OUR KEY DIFFERENTIATORS

Our health-first model

Superior customer experience

KEY METRICS:

NHE
R-466 million
(F2021: R-358 million)

GWP
R3.5 billion
(F2021: R2.7 billion)

19 million total lives covered
(F2021: 13 million)

INCLUDED UNDER THIS SEGMENT ARE:

ADITYA BIRLA

Aditya Birla Health Insurance
A health insurance joint venture with Aditya Birla Capital in India

Multiply Money
A bundled transactional banking and savings solution

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

Other local start-up operations

**The minority holding in aYo, a mobile insurance business in selected African countries, was sold during the first quarter of F2022.*

ADITYA BIRLA HEALTH INSURANCE (ABHI)

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

Our performance

ABHI has shown continued growth and is performing broadly in line with the business case when the impact of Covid-19 specific claims experience is excluded. The operational performance was negatively impacted by the sharp increase in the number and average size of Covid-19 related claims observed during the second wave of infections in India. Although Covid-19 related claims have reduced steadily since the first quarter, non-Covid-19 claims have increased over the year as elective procedures and the average cost per claim started to increase.

Gross written premiums (GWP) increased by 30% to R3.5 billion, with strong growth in both retail and group business.

ABHI continues to build scale while providing a highly differentiated product offering. ABHI further sustained its focus on offering extensive end-to-end digital service, supporting channel growth as well as scaling and diversifying its distribution. The capital infusion of R1.3 billion that will be received from the introduction of ADIA as a shareholder will be deployed towards distribution growth initiatives.

MULTIPLY MONEY

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

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

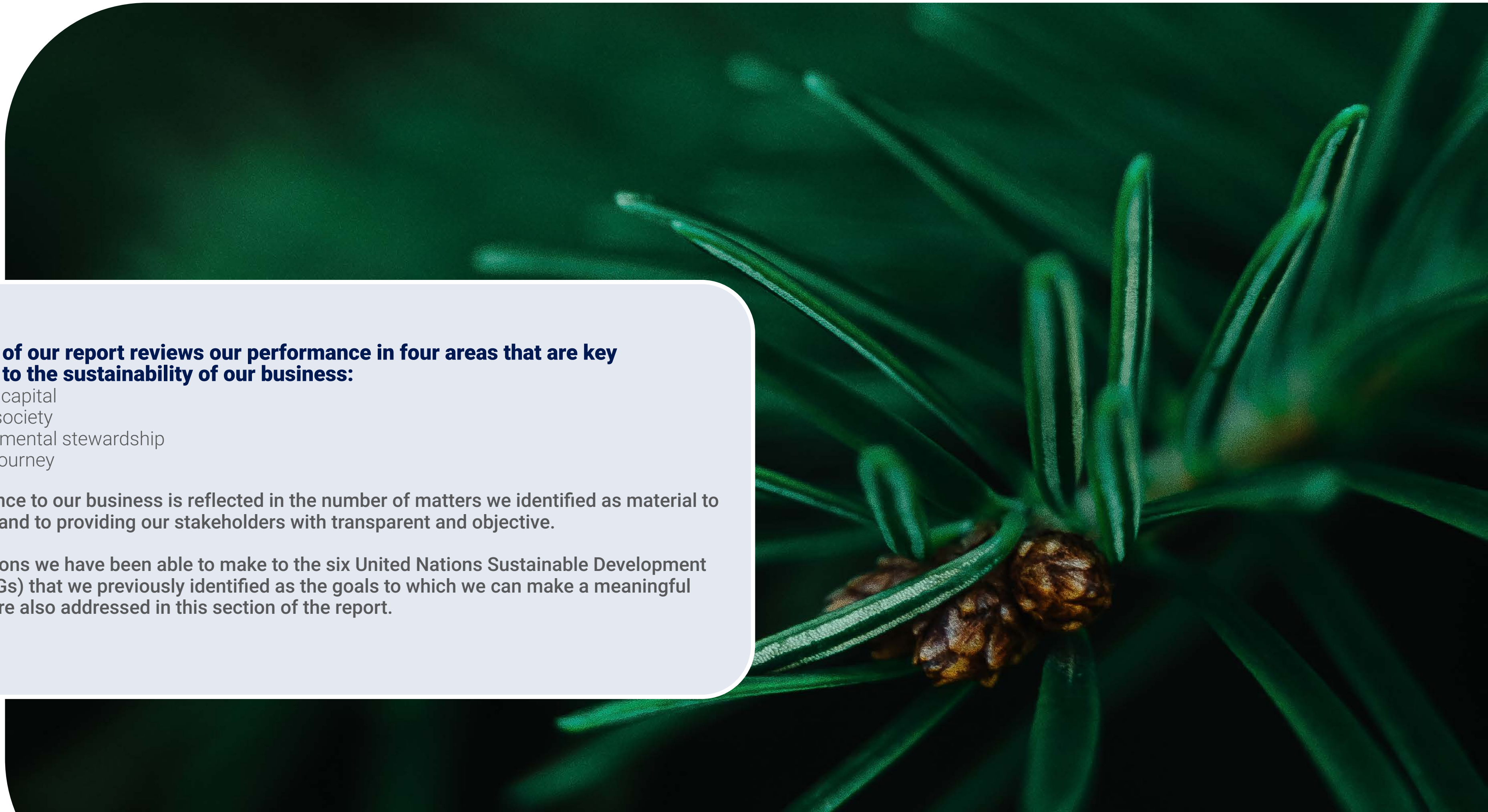
Going forward, Multiply Money will continue to focus on obtaining the necessary regulatory approvals and growing its savings products range and increasing market awareness of its digital savings.

EXPONENTIAL VENTURES

The new ventures we invest in through the 4Di Exponential Tech Fund and Anthemis Exponential Ventures are integral to our ability to reinvent and grow our business and create sustainable value for our stakeholders. As the pace of digital transformation accelerates, those ventures that can contribute to our digital transformation are particularly key to the reinvention of our business. By their very nature they are sometimes an outstanding success and sometimes they fail. 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 **Our digital journey** section of this report.

Enablers of sustainable enterprise value

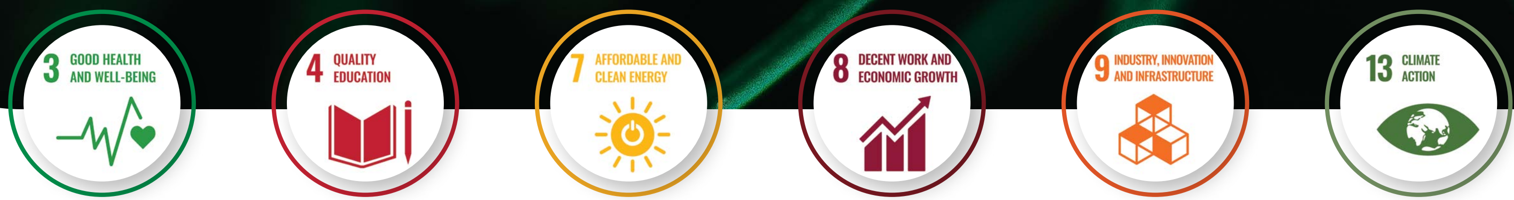


This section of our report reviews our performance in four areas that are key contributors to the sustainability of our business:

- Our human capital
- Our role in society
- Our environmental stewardship
- Our digital journey

Their importance to our business is reflected in the number of matters we identified as material to our business, and to providing our stakeholders with transparent and objective.

The contributions we have been able to make to the six United Nations Sustainable Development Goals (UN SDGs) that we previously identified as the goals to which we can make a meaningful contribution are also addressed in this section of the report.



Our human capital

top EMPLOYER SOUTH AFRICA 2022
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Our commitments as a responsible corporate citizen

The Board's Social, Ethics and Transformation Committee (SETC) is responsible for ensuring the Group is a responsible corporate citizen. It monitors the application of our Board-approved policies for safety, health and wellness, ethics, human rights, human resource development and meeting our commitments to the Financial Sector Charter.

We do not tolerate gender-based violence (GBV) and in support of our aim to empower, influence and give a voice to both men and women who find themselves face-to-face with GBV, we implemented the Momentum Metropolitan GBV guideline and toolkit.

We uphold our employees' right to freedom of association and recognise their right to collective bargaining.

We provide a safe and secure working environment. Through our commitment to transformation, we are working to eliminate all discrimination in our workplace in terms of race, gender, occupation and reward.

Matters material to our human capital

- The flight of talent and the increasing demand for critical skills
- Employee wellbeing and transitioning to a hybrid working environment
- The impacts of Covid-19
- Authentic transformation through diversity and inclusion

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH

The SDGs we contribute to through our approach to human capital

KEY HUMAN CAPITAL METRICS*:

13 356 permanent employees
(F2021: 13 338)

822 temporary employees
(F2021: 645)

R297 million spent on training and skills development of 14 621 employees
(F2021: R244.6 million spent on training 15 556 employees)

Average voluntary turnover
11%
(F2021: 6%)

R6.8 billion spent on total employee remuneration
(F2021: R6.7 billion)

1.1% of employees covered by an independent union or collective bargaining agreement
(F2021: 1.3%)

98.6% of the 726 employees who were awarded learnerships and internships in F2022 are black
(F2021: 841 employees)

R293 million spent on the training and skills development of our black employees
(F2021: R236 million)

Progress with authentic transformation through diversity and inclusion

81% of our employees are black
(F2021: 80%)

65% of our permanent employees are women
(F2021: 64%)

0.65% of our employees are disabled
(F2021: 0.74%)

36% of our top management is black
(F2021: 36%)

18% of our top management are women
(F2021: 27%)

9% of our top management are black women
(F2021: 18%)

Employee support through our assistance programme

32% of our employees received health and education training in F2022
(F2021: 23%)

6.5% of our employees underwent critical incident stress debriefing (CISD) in F2022
(F2021: 27%)

13% of our employees requested individual counselling sessions in F2022
(F2021: 13%)

100% of employees have access to Wise & Well (our wellness programme)
(F2021: 100%)

100% of employees have access to psychological support
(F2021: 100%)

90% of employees have access to flexible working arrangements
(F2021: 90%)

** The human capital metrics below are for our South African operations.*

Our human capital continued

An employee value proposition designed to attract and retain critical talent

The landscape for the acquisition of talent and retention has clearly shifted as a result of macroeconomic influences, such as the impact of Covid-19, that have made the flight of talent and the increasing demand for critical skills a material matter for the Group. An important consideration in this regard is the shift towards remote working, which has become one of the most desired employee benefits (according to American Express research conducted in 2021).

We are operating in a world of constant change. In response to the impact of the global Covid-19 pandemic, the Group had to adapt its practices to stay relevant and competitive from an employee value proposition (EVP) perspective. We have adopted a multi-faceted approach to our EVP, with each facet linked to:

- We are a responsible business
- We care for you
- We keep you connected
- We grow you
- We help build your future

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

We are encouraged by how our holistic proposition has been received by the growing number of individuals who have indicated their interest in Momentum Metropolitan as their choice of employer.

The ease with which potential employees can access job opportunities through our digital recruitment platform, which is enabling a positive candidate experience, has seen the Group take a step towards attracting the skills of the future.

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

What our technical talent wants post Covid-19

Research undertaken by our Tech Talent Workgroup in April 2022 with 1 434 participants from our technical talent pool, looked at their top five considerations for career growth, the extent to which they intended staying in the Group's employment and their top five reasons for staying. These included the opportunity to work from home (73% of respondents); the people they work with; good work-life balance; company culture; and growth and learning opportunities. Only 9% of the respondents indicated they were likely to leave within the next two years.

Overall observations from the research were that work from home is vital for this group of employees; their intent to stay is higher than the intent to leave; monetary reward is highlighted as one of the most important motivating factors for them; and they value personal growth and development.

We will be using the results of this research to revamp elements of our EVP framework.

Engaging with our employees

We are committed to an environment that fosters high levels of engagement that contribute to high levels of employee performance and better client experiences.

During F2022 business units used a range of instruments to measure engagement, which meant it was not possible to establish an integrated view of engagement across the Group. However, the results of the business units' research indicated that the engagement levels in most businesses exceeds the benchmark. Themes that employees continue to mention as important are opportunities for growth and development, reward and recognition, and wellbeing.

From F2023 we plan to achieve an integrated view of levels of engagement across the Group biannually.

Transitioning to a hybrid working environment

Following a two-year period during which most of our employees became remote workers during the Covid-19 pandemic, it became necessary to re-evaluate our approach to the world of work and how and where we expect our employees to work. A guideline has been developed that outlines the Group's approach to a hybrid way of work. We believe that a hybrid approach allows us to embrace the best of both worlds – leveraging the benefits of having people together in the office (sharing ideas, strengthening relationships, building culture) while still allowing for flexibility in how people structure their workdays (creating better work-life integration, minimising travel time where possible, etc).

Given the complexity from working outside the borders of South Africa which encompasses several different legal disciplines, including country laws, tax agreement and treaties with which the Group would have to comply; our stance is that this will only be allowed in exceptional cases, and for a temporary period.

Our human capital continued

Employee wellbeing

To enhance accessibility to the various employee wellbeing services available to our employees coping with the impacts of Covid-19, we launched a new user-friendly WhatsApp channel that enables instant interaction with employees who need support. The automated chatbot guides employees through the steps and allocates a referral to an appropriate case worker. The channel can also be used for employee referrals.

During F2022 usage of our employee assistance programme increased year on year, with critical incident stress debriefing (CISD) incidents increasing by 244 employees. CISD incidents related to Covid-19-related grief, domestic violence, car accidents, community unrest, and loss of a loved one. The majority of cases related to the loss of a loved one; to address this, a grief support group was established and operates twice a month.

Employees also had access to health education and training on a range of wellbeing topics, which were well-attended.

During F2022 no serious injuries were reported in our workplaces, with all incidents being treated by a first aider. To support our employees and help them keep safe in the workplace we provide them with safety awareness communication and education. We also launched an online programme to educate employees on how to deal with an emergency and evacuation procedure.

Financial wellness

Our financial wellness project focuses on enabling employees to achieve their financial goals and life aspirations through education and/or advice from a financial adviser. The project includes a financial wellness portal that employees can use to assess their financial wellness at any time and on any device.

Authentic transformation through diversity and inclusion

The Group has been on a comprehensive transformation journey over the past two years. As the **authentic transformation metrics** at the beginning of this section indicate, we are making progress with authentic transformation through diversity and inclusion. However, in support of the Group's Leadership DNA pillar of creating a place where all people feel they belong, a process designed to create increased awareness of diversity and inclusion and a change in leadership mindset and behaviour is currently being scoped. Interventions will include focus groups, face-to-face facilitated sessions and online learning modules.

Our learning and development programme is an important part of authentic transformation, with over R5.5 million being invested in black women.

Employee skills development and building a talent pipeline

As our business units quickly adapt to the demands of their clients, innovative and exciting learning opportunities are being made available to our employees to test dormant learning in practical settings.

Our business units have provided access to online learning for all the technology resources, which is encouraging continuous learning and bolstering technology skills in the business.

An exciting development regarding critical skills is the dedicated focus on talent streams ranging from technology through to actuarial talent. Through continual engagement we are able to quickly identify and respond to employee needs in relation to skills gaps and new interests in specialist fields.

The year ahead

Considering our growing need to attract the talent the Group needs and to foster and grow our internal talent, we have identified specific initiatives that we will be driving in F2023. We will continue to drive digital learning, enabling people to upskill themselves and develop their careers with a specific focus on career management solutions.

Through the use of insights from engagement data and wellbeing usage data we will continue to be proactive in providing wellbeing interventions based on the themes we have identified.

We will also continue to make self-management tools available to our employees that educate and equip them to be well.

Our role in society

momentum METROPOLITAN FOUNDATION

The Momentum Metropolitan Foundation (the Foundation) was established as an independent not-for-profit company with its own board of directors, 50% of whom are independent non-executive directors chosen for their skills and experience, and the remaining 50% are drawn from our management team.

The Foundation has mandated the Momentum Metropolitan CSI team to deliver on its youth employment strategy by making a positive, measurable difference to youth unemployment among those aged 16 to 25 by substantially increasing the number of youth and adults with skills that make them employable. To achieve this requires an investment in quality education that contributes to SDG 4, which in turn contributes to the achievement of SDG 8 (decent work and economic growth) and goes some way to addressing the economic impact that the Covid-19 pandemic has had on society, with unemployment having the greatest impact.

Through our contribution to empowerment financing, enterprise and supplier development, financial inclusion, preferential procurement and equal opportunities our aim is to move beyond compliance to authentic transformation.

Our approach to treating customers fairly and improving financial literacy through consumer education and our support of the UN SDGs are part of our efforts to deliver on our role as a responsible corporate citizen.

Matters material to our role in society:

- Authentic transformation through diversity and inclusion
- The impacts of Covid-19
- Responsible ESG stewardship, including climate change

4 QUALITY EDUCATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The SDGs we contribute to through our role in society

KEY METRICS FOR OUR ROLE IN SOCIETY

For more information on the impact of the programmes covered in this section of our report, we refer you to the Strategic corporate social investment, Diversity and future-fit skills and Transformation strategy sections in our **Sustainability Report**.

R27.5 million total community investment (2020: R27.5 million)

Towards employability (Socio-economic development)

R13.6 million invested (F2021: R12.0 million)

539 young people completed training (F2021: 283)

304 were placed in jobs, of whom 56% were female (F2021: 74)

594 recruited for training opportunities (F2021: 1 057)

Consumer financial education

R8.3 million invested (F2021: R7.5 million)

10 108 people received financial education (F2021: 18 000)

Employee volunteering

Employee participation of **3 439** (F2021: 2 535)

R260 000 donated through payroll giving (F2021: R260 000)

R27 150 in-kind donations (F2021: R250 000)

687 hours volunteered (F2021: 4 263)

Transformation

Enterprise and supplier development (ESD)

Invested **R50 million** into ASISA ESD fund

R5 million invested in enterprise development initiatives (F2021: R5 million)

B-BBEE preferential procurement

Exceeded preferential procurement targets with a spend of **R3.6 billion** on empowered suppliers (F2021: R2.6 billion)

Empowerment financing

Over **R13.5 billion** invested in building transport systems, energy supply, healthcare, education and connectivity, enabling service delivery and economic transformation (F2021: R11 billion)

R1.8 billion invested in providing funding to black-owned businesses (F2021: R1.6 billion)

Our role in society continued

Socio-economic development

The Foundation's purpose is to enable the life aspirations and sustainable earning potential of disadvantaged young people in South Africa through financial education, employment programmes, job placements and access to income creation opportunities.

Our socio-economic development strategy has been reviewed to ensure it aligns with our business objectives while unlocking opportunities for communities.

Our focus remains on the critical priority of youth employment and training that translates into a job or economic activity (with a further focus on IT and digital skills training), consumer financial education and our employee volunteer programme, supported by a robust monitoring and evaluation practice.

Women in farming

We have partnered with Agri Enterprises in a three-year programme that aims to develop the skills of 60 young female farmers involved in poultry, vegetable, organic vegetable and livestock farming, so they can progress from small-scale farming to becoming commercially viable farmers.

Ubuntu pathways

A non-profit organisation that provides an integrated support system of health, education and social support in the townships of Gqeberha. The Foundation has been funding the Job Skills Training (JST) programme at Ubuntu for the past four years; 76 out of 171 JST candidates were placed in jobs in F2021, of whom 73 remain employed.

Sparrow FET College

In F2021 we partnered with Sparrow FET College to upskill youth through an IT technical support programme that will present candidates with technical IT career opportunities. The first year of the programme was completed without delays and all students were hosted at various entities for the workplace experience part of the programme. One graduate was placed in permanent employment, with the remaining 12 being matched with potential employers. A new group of 15 students has commenced, with 10 being female.

Bridging the gender gap in coding

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 a founding partner 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. During F2022 we achieved and exceeded gender parity among the participants in our IT and digital skills training programmes.

Consumer financial education

The goal of the Foundation's consumer financial education programme is to enable the life aspirations and sustainable income potential of young South Africans.

It has reviewed and shifted the approach of its consumer financial education strategy to target young people aged 16 to 34, with the aim of providing financial education that makes a meaningful contribution to the financial capability of young people and gives them the confidence to pursue their financial dreams. The Foundation wants its consumer financial education to inspire every young person who attends its programmes with the idea that they can create a brighter future for themselves with good money management.

From F2023 the number of programmes will be reduced to three, focusing on students in universities, TVET colleges or work-readiness programmes; unemployed youth not in education or training; and employed youth working in formal employment or running their own business or engaged in the gig economy.

Our programmes include:

KickStarz	FinEazy Momentum Money Shift (MMS)	FinEazy Future Finance Friends (FFF)
Teaching money management to school learners	Young adult programme with an artificial chatbot available in English, IsiZulu and IsiXhosa	Financial literacy aimed at high school learners

Enterprise and supplier development

Our ESD programmes aim to promote the impactful development of small and medium-sized enterprises by developing and supporting black SMEs in South Africa. In F2022 our programmes included supplier development through the ASISA ESD Fund in which the Group is invested; enterprise development through our GreenShoots Programme and our Youth Entrepreneur Development Programme; and the development of black entrepreneurs through our Intermediary Coaching Programme and our Intermediary Development Programme.

More detail on the impact of our ESD programmes is available in the Diversity and future-fit skills section in our **Sustainability Report**.

Our role in society continued

Empowerment financing

Through our empowerment financing we support SDG 9 (contributing to reliable and resilient infrastructure), economic development and human wellbeing with a focus on affordable and equitable access for all.

Infrastructure investment is key to South Africa's economic reconstruction and recovery and the Group is committed to South Africa's recovery by contributing to the development of reliable and resilient infrastructure. Our **investment in clean energy** is discussed in the environmental stewardship section of this report. We are also invested in water infrastructure projects, one of which will increase access to clean water and connectivity and service delivery.

An approach we are taking with the funding of projects is to require the project owner to find ways to contribute to the achievement of the SDGs, which can be additional solar capacity, more people with access to safe and clean water infrastructure or female representation from supervisory level to senior management. Non-compliance with the requirements, then would result in adjustment of the funding cost.

Equity ownership

We appreciate that the Group's empowerment shareholding is dependent on the investors market seeing value in the Group, largely influenced by mandated investments. In this regard, we have seen a positive increase in our equity ownership points to the full 27 points.

Our long-term empowerment shareholding structure was bolstered by the implementation of the iSabelo share ownership scheme in April 2021 (iSabelo). Through iSabelo, all our permanent South African-based employees benefit from an allocation of shares. This allocation of shares is weighted in favour of black employees. In its second year, iSabelo has over 13 000 beneficiaries who benefited from the first dividend declaration.

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 revision of the savings regulatory framework 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 initiatives to promote financial inclusion include the following:

- Our retail businesses' management approval framework now has specific consideration of financial inclusion imperatives (with all the different underlying considerations) for new product development and product enhancements
- Momentum Corporate is already reaching a number of people through formal employment (group) savings and risk mechanisms. More emphasis has been placed on catering for SMMEs
- Various product features have been developed whereby inherent cross subsidies aim to improve value to low income clients, notably our Family Protector funeral benefits in FundsAtWork and the Momentum Corporate Preservation Fund, which provide market-leading value for money

More detail on our low-cost offerings is available in the Make financial services more inclusive section in our **Sustainability Report**.

Treating our customers fairly

Treating customers fairly is an outcomes-based regulatory and supervisory approach designed to ensure that financial institutions deliver specific fairness outcomes for their customers. The Group's Fair Practices Committee's oversight of the Group's responsibilities regarding treating our customers fairly and the management of our market conduct practices ensures that the six principles that govern the fair treatment of customers are embedded at all levels of our organisation.

More detail on our Treating customers fairly initiatives is available in our **Sustainability Report**.

Protecting our clients' right to privacy

To ensure the privacy of our clients' data and meet the requirements of the Protection of Personal Information Act, 4 of 2013 (POPIA), our POPIA steering committee, whose members include an executive member from each business unit, is mandated to ensure the Act is implemented in the Group. Our efforts to protect our clients' data from cyberattacks is addressed in the **Our digital journey** section of this report.

Our environmental stewardship

Matters material to our digital journey
- Responsible ESG stewardship, including climate change

The SDGs we contribute to through our approach to environmental stewardship

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

Momentum Metropolitan recognises that the responsible management of our impact on the environment is key to the sustainability and wellness of our business, clients, employees and communities.

The Group is classified as having a low direct environmental impact, however, we are working to further reduce our impact through improved energy and water use efficiency and waste management.

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. We also have the opportunity to further reduce South Africa's impact on climate change by investing in environmental initiatives, such as **renewable energy projects**.

Our approach to environmental management

The Group's environmental and sustainability policies and **climate change position statement** govern its approach to the sustainability of our business.

We have adopted a precautionary approach to environmental management based on best practice and legal compliance with all applicable environmental legislation and regulations.

Contributing to combating climate change

Our contributions to combating climate change include:
- formally supporting the TCFD
- voluntary participation in the CDP Climate Change Disclosure Project
- efforts to reduce our carbon footprint
- investment in renewable energy projects that contribute to a low carbon economy
- becoming a signatory to the Climate Action 100+ initiative
- our commitment to **responsible investing**, which includes maintaining portfolios invested in assets that meet ESG criteria
- product offerings and innovations to support environmental performance (see Building a low carbon economy section in the **Sustainability Report**).

KEY ENVIRONMENTAL STEWARDSHIP METRICS

For additional information on our environmental stewardship see the Building a low carbon economy section in the **Sustainability Report**.

45 082MWh total energy consumption (2020: 48 050MWh)

106 727kl total water withdrawal from municipal water supplies (2020: 109 215 kl)

First **TCFD report** submitted in 2021

B score achieved for our voluntary **CDP climate change disclosure** (2020: B score)

34% reduction in overall GHG emissions against 2014 baseline (2020: 33%)

51 955tCO_2e total GHG emissions (2020: 52 668 tCO_2e)

1 722tCO_2e Scope 1 emissions (2020: 2 118tCO_2e)

42 027 tCO_2e Scope 2 emissions (2020: 41 906tCO_2e)

8 206 tCO_2e Scope 3 emissions (2020:8 644tCO_2e)

2.65tCO_2e emissions per employee (2020: 2.71tCO_2e)

R2.3 billion in renewable energy projects (F2021:R2.1 billion)

45% waste produced recycled (2020: 40%)

* Please note that in order to comply with the requirements of the CDP for calendar year data, our emissions data is for the 2021 calendar year.

Our environmental stewardship continued

Our carbon footprint

Our GHG emission data is independently verified with limited assurance by a third party.

Over time, the use of more energy-efficient technologies in our buildings and the construction of new buildings with five-star green building rating has resulted in our carbon footprint being reduced.

During the 2020 calendar year we achieved a 34% 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 27% 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. New targets will be set in the first quarter of 2023 by when office occupancy is expected to have stabilised.

Energy management

Our efforts to make our buildings energy efficient have contributed to the reduction of our GHG emissions:

- One of our main campuses, Cornubia in Durban received one of the first Energy Performance Certificates issued against the new SANS 10400-X-2021 standard for building energy usage
- In 2018 our data centres underwent major upgrades, which led to greener, cleaner and more energy-efficient centres, improving our power utilisation efficiency
- The Eris Property Group, a subsidiary of Momentum Metropolitan, has installed eight solar plants at eight of its retail properties, generating more than 10 357 MWh. This not only reduced energy consumption, but the Eris Property Group was able to avoid 9 839 tonnes of CO_2 emissions.

Water and waste management

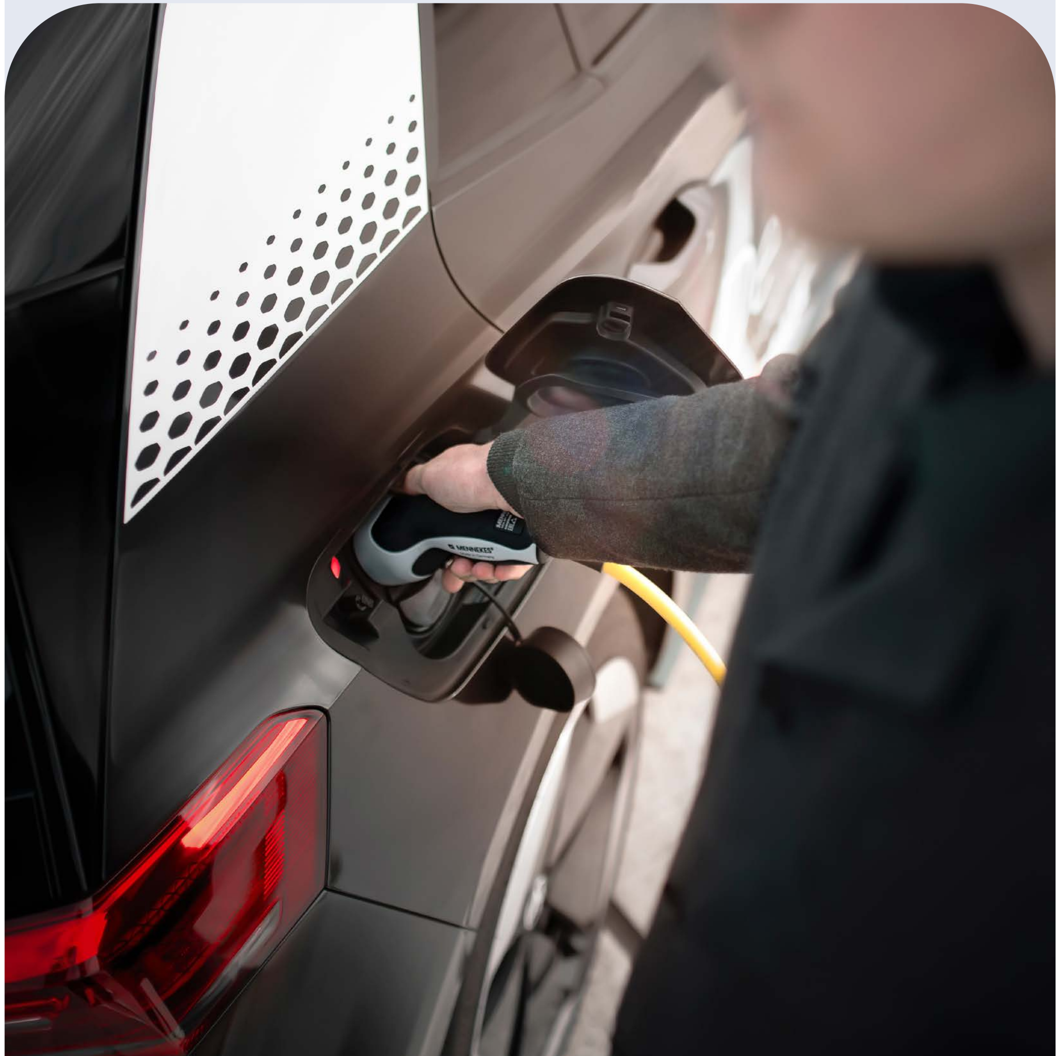
South Africa is likely to experience a water deficit of 17% by 2030. Momentum Metropolitan recognises the importance and the impacts of water scarcity. The installation of water efficient technologies and initiatives in brackets are reducing our water reliance and consumption.

We make every effort to avoid sending waste to landfill. Monitoring of waste management currently takes place at our four main campuses (Parc du Cap, The MARC, Centurion and Cornubia), with 47% of the waste produced during the 2021 calendar year being recycled. We further responsibly disposed of 4 883 kg of e-waste.

Investing in renewable energy

To date, the Group has invested R2.3 billion in renewable energy projects. Investment of a further R3.9 billion in additional renewable energy projects is expected to be concluded by the 2022 calendar year end, bringing our total investment in renewables to R6.2 billion.

Once these projects are all completed, they will collectively result in a reduction in South Africa's carbon emissions of 4.8 million tonnes of CO_2 emissions.



Our digital journey

Matters material to our digital journey

- Mastering digitalisation and refreshing our distribution channels to remain competitive in a rapidly changing environment
- Cybersecurity and data protection

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

The SDG we contribute to through our digital journey

Reshaping our world

Technology is reshaping our society, business, environment, wellbeing, and even our own reality at an unprecedented rate. The need to harness technology innovation responsibly, sustainably and equitably has never been more acute.

The world in which we operate is evolving very rapidly and customer needs and expectations constantly change. They expect the best digital experience to be the norm regardless of which industry is providing the experience. That means we are no longer only competing against the digital experiences provided by competitors in our industry, but against the whole range of digital experiences customers can enjoy.

Transforming an established business into a future-fit digital competitor

Connecting the advice and digital worlds through digital channel enablement

Momentum Metropolitan embraces advice-led distribution enabled by digital-led distribution. This means that face-to-face channels will remain our primary distribution channels for the foreseeable future. However, to achieve digital-led distribution we are equipping all our channels digitally to create a leading adviser journey that significantly improves the adviser experience of working with our business units. For some advisers this means the integration of our technology with their own systems and for others it could involve opening up new digital ways of engaging with the Group. In this context, digital transformation also talks to creating channel efficiencies.

Establishing new channels

Younger and digitally native consumers in our target markets increasingly prefer to engage with us through direct digital channels. While the shift to these channels has been slower than expected there is no doubt it will take place. Our digital transformation vision anticipates this shift, and we are establishing new channels to effectively engage with consumers in the future in the way they prefer. These new channels will also leverage new technologies to optimise the client acquisition and sales processes.

Digitisation

The long-term impacts of Covid-19, South Africa's weak economy and the challenging conditions in our industry have made efficiency gains a critical imperative if we are to compete effectively.

Digitisation is arguably the most effective tool we have to create efficiencies. Our digital transformation vision therefore fully embraces the implementation of digitisation technologies across the Group.

Improving the sales process and customer experience

Our improvement of our sales processes through their digital transformation is intricately linked to our Reinvent and Grow objectives of digital channel enablement and establishing new channels that include our digital-led distribution, which has improved the adviser experience. New direct digital channels are improving customer experiences. The introduction of new technologies and digital capabilities are critical to creating client journeys that can compete with the whole range of digital experiences that customers can enjoy.

A key element of our digitalisation strategy

The Momentum iX team 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 app developed by iX achieved an Android star rating of 4.1 and an iOS star rating of 4.0. During F2022 the iX team worked on 23 app enhancement projects, which included telematics onboarding, a health virtual assistant and Hello Dr video in-app consultations, platform automation, annual tax updates and enhancing Investo clients' online statements.

They also introduced a new feature that gives our Investo clients online access to historical documents and letters and the Investo portfolio dashboard now displays foreign currency on policies where relevant.

Following the work iX did on streamlining and simplifying our online life insurance quote capabilities the number of digital leads increased by an average of 12% year on year.

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

While each business unit is responsible for implementing its own Reinvent and Grow strategies, capabilities across the Group are reused in an integrative manner by the business units, including systems and innovation capabilities. The Group has a number of future-proofing next-generation initiatives in development in the business units. The focus of our newly formed Group Chief Digital and Information Officer will be on optimising the build of these initiatives with increased central guidance and orchestration to accelerate our digital Reinvent objective through reuse and enablement.

Cybersecurity and data privacy

During the Covid-19 pandemic we were forced to shift to a more remote way of working. We used it as an opportunity to implement enhancements and apply much needed changes in the working environment that have allowed for a safer and more secure way of working.

Our governance of IT, which includes a cybersecurity strategy and a **Technology and Information Governance Framework**, is addressed in the governance section of this report. We are making steady progress across the Group in maturing our cybersecurity posture, and the introduction of business cybersecurity representatives has yielded positive results.

Education and knowledge are important elements in addressing cyber risk and our analysis of recent cyber incidents in the industry has identified similar themes at victim organisations, be it a user falling victim to a phishing attack, or a team using a weak password to access resources. More often than not hacker groups are targeting people instead of technology to infiltrate organisations. We have therefore sought additional ways of educating, guiding and creating greater awareness among our employees and are making use of our cybersecurity representatives as ambassadors for cybersecurity. We trained 10 382 employees across the Group in data and cybersecurity during the year under review and 11 026 employees received privacy-related risk-based training. We ensure that our training and constant testing of our employees is up to date and in line with the latest fraudster tactics.

Our digital journey continued

In support of the financial and strategic goals of the Group

We invest in start-ups through our venture capital funds and develop innovative new solutions for our clients by integrating our capabilities with those of start-ups through Exponential. The **Group's Exponential** initiatives have two focus areas.

The first focus area is investments in venture capital funds through Momentum Metropolitan's partnership in the 4Di Exponential Technology Fund, Anthemis Exponential Ventures Fund and Anthemis Ventures Fund 1, which leverage a mandate to include start-ups in these funds that have developed capabilities that are valuable to the Group. With a number of start-ups in the venture capital funds achieving valuations in later funding rounds that are multiples higher compared to their earlier valuations, these venture capital investments have generated significant earnings and at the same time the Group has benefited from strategic learnings. It has also benefited from partnering with some of the start-ups in these funds to develop value propositions more rapidly than would normally be the case.

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 research. 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.

The second focus area of Exponential is a central capability, the aim of which is to find, match assets and partner with insurtech and fintech start-ups that have capabilities key to the Group. This function has facilitated the development of important intellectual property that is being used to advance the creation of new initiatives through advanced digital technology. The capability will play a particularly important role in future-proofing the Group. We need to be deliberate in the years ahead about ensuring that future-proofing initiatives that business units embark on benefit from Exponential's intellectual property. Through these funds we have been able to contribute to the achievement of SDG 9.3 (increase the access of small-scale industrial and other enterprises), particularly in developing countries, in financial services, including affordable credit and their integration into value chains and markets. The technology of one of the insurtech start-ups has enabled the provision of **microinsurance** products and Metropolitan Life's **GetUp** with digitally available life insurance products, both of which offer financial inclusion.

Key Exponential projects in F2022

Kimi where our focus has remained on the physiological Internet of Things (IoT) and Artificial Intelligence (AI) chat functionality. These data streams have enabled us to create models related to health risk stratification that enable client education and early health interventions, while creating a sound foundation for the digital onboarding experience of the new Myriad product launch. Over the year Kimi has aided clients with early interventions triggered by the AI models, based on the early detection of cardiovascular and mental diseases. The interventions have provided a sound basis for an AI to human intervention model.

TaxTim integration efforts that continue to reap the benefits of truly understanding client needs and connecting them with advisers. The Tax Health Score developed by TaxTim provides a unique connection point for a new wave of interaction between clients and advisers, allowing an interactive and user-friendly ecosystem.

Optical character recognition capability is provided by Izasi. Its unique provision of data cleaning by unemployed youth ensures high efficacy rates in respect of data interpretation, which enables greater process efficiencies.

Co-planning capability, which is provided by Wealthbit through an engaging platform that connects clients and advisers in respect of their current retirement portfolios, is optimising client engagement and education.

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

Accountability and shareholder information

Part 1:
Report from the Chair of the Remuneration Committee

Despite the challenging economic environment, the Group has continued its focus on achieving the Reinvent & Grow targets. The normalised headline earnings of R4.4 billion reflects significant growth year on year, and is ahead of the target for the year.

Key features of our financial results for F2022 include:

- A significant recovery in operating profit to R3.4 billion, from R73 million in the prior year. This result was supported by good earnings growth in Momentum Life, Momentum Corporate, Momentum Metropolitan Health and Guardrisk. Mortality experience normalised over the second half of the year, whilst positive investment variances of R180 million, mainly attributable to Momentum Life, were partially offset by negative returns in all the other businesses driven by changes in yield curves on annuities
- New business volumes, as measured by present value of new business premiums (PVNBP), increased by 10% from the prior year to R73 billion. New business growth was driven by strong performances from Momentum Corporate, Metropolitan Life and Momentum Investments
- The regulatory solvency positions of all the Group entities remain within their specific target solvency ranges. For Momentum Metropolitan Life, the Group's main life insurance entity, the Solvency Capital Requirement (SCR) cover improved from 1.73 times SCR at 30 June 2021 to 2.03 times SCR cover at 30 June 2022
- The Return on Equity reflected a strong increase to 22.7%.

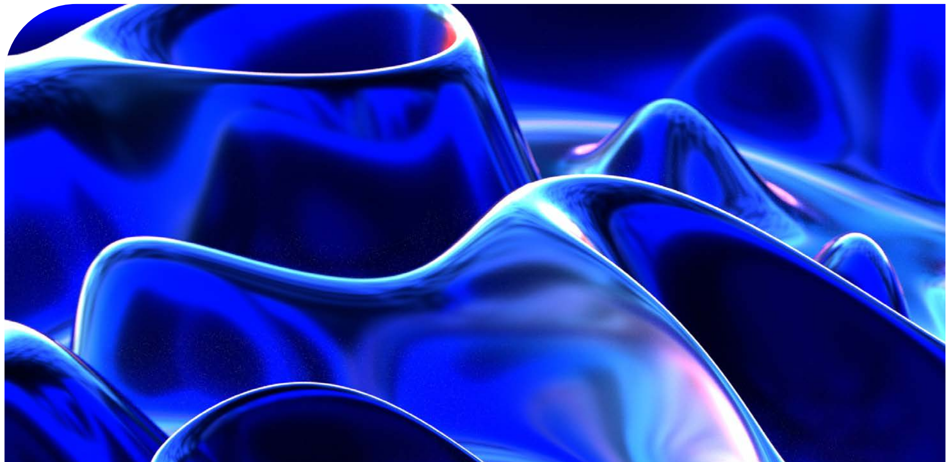
In response to the financial results, and the current economic conditions, the Remuneration Committee took the following decisions:

- An average annual increase of 5.5% will be granted in October 2022
- The management short term incentives (STI) pool for F2022 increased significantly from 44% of target, to 117% of target, in line with the substantial recovery in NHE
- The strong earnings recovery also had a positive impact on the performance of the Group against the June 2022 targets set for the two long-term incentive tranches vesting in October 2022. The 2018 SAR scheme award achieved 67%[1] of the performance targets, while the 2019 LTIP award achieved 58%[1] of the performance targets at a Group level
- The Committee is of the view that these outcomes are fair, given the significant improvement in business performance in F2022.

[1] *The information regarding the SAR and LTIP vesting percentages for October 2022 provided in this report differs from the vesting percentages disclosed in the notes to the Annual Financial Statements, due to the subsequent approval of these final vesting percentages by the Remuneration Committee at its meeting held on the 6 September. The impact on the financial results of these differences in the vesting percentages is immaterial.*

Other decisions implemented by the Remuneration Committee in 2022 included:

- The separation of the calculation of the STI and LTIP pools. Previously, the total incentive pool was calculated using a percentage of NHE, and was then split between the LTIP and STI pools. The Committee agreed that the short- and long-term incentive pools should be separated, as the STI pool is funded largely from current year earnings, while the LTIP is funded by future performance against the targets set over the performance vesting period
- 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, Old Mutual, Sanlam, Santam and PSG
- Engaging with shareholders regarding their rationale for voting against the Group's remuneration policy at the AGM which took place on 25 November 2021 (see below, the actions taken by the Remuneration Committee to address the concerns raised by shareholders)
- Approving the performance criteria applicable to the October 2022 LTIP allocation.



Part 1:
Report from the Chair of the Remuneration Committee continued

Shareholder voting

The following table represents a summary of the results of voting on non-binding remuneration-related shareholder resolutions for the past two years:

Resolution	2021	2020
Overview of the remuneration policy	18% Against	14% Against
Implementation report	17% Against	49% Against

Irrespective of the vote against being below the prescribed 25%, we elected to engage with shareholders regarding their concerns.

The main concern raised by shareholders related to the fact that the Group does not make use of a weighted annual scorecard with disclosed metrics to assess the overall level of performance of the Group, making it difficult for shareholders to assess whether the remuneration outcomes are reasonable. In this year's implementation report we have included the F2022 NHE target in support of the F2024 Reinvent and Grow targets, and indicated how the current year NHE compares with this target, in order to provide shareholders with a view regarding actual performance vs targeted earnings. The targeted NHE has been determined taking into account a targeted ROE of 20%, as well as the intrinsic earnings levels achievable by business units.

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, Momentum Metropolitan will release a SENS announcement inviting dissenting shareholders to engage one-on-one with it, and the details regarding such an engagement will be disclosed in the F2023 remuneration report.

F2023 focus areas

During F2023 the Remuneration Committee will be focusing on the following areas:

- Monitoring developments on the proposed amendments to the Companies Act regarding the publication of a Wage Ratio Report, and providing input into the measures proposed
- Continued engagement with shareholders regarding concerns related to the Group's remuneration policy
- Enhancing and expanding on the fair and responsible pay principles already included in the remuneration policy, including developing metrics to track progress in this regard
- Consider appropriate ESG metrics to be included in the STI and LTI performance targets, that align with the Group's overall sustainability targets

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 6 September 2022.

Peter Cooper
6 September 2022

Part 2:
Overview of the Group's remuneration policy

The Group's remuneration philosophy

The Group's remuneration philosophy is to recruit, motivate, reward and retain employees who believe in and live by our culture and values.

We endeavour to encourage entrepreneurship by creating a working environment that motivates high performance, so that all our 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 the employees 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.

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

- **Alignment with the Group strategy** – Our remuneration policy is aligned with the overall business strategy, objectives and values of the Group without being detrimental to the interests of our customers
- **Pay for performance** – Our remuneration is structured around incentivising a performance culture, with differentiation based on performance taking place for guaranteed and variable remuneration
- **Risk-taking versus fiduciary roles** – Distinction regarding the manner in which variable incentive payments are awarded is 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 interest are minimised
- **Benchmarking and competitiveness** – Roles are benchmarked based on a job grading process, and then compared with market benchmarks in the financial services sector
- **Talent retention** – 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 customising 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 Solvency Assessment and Management)

Part 2:
Overview of the Group's remuneration policy continued

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 a specific role. The following remuneration structure, is made up of total guaranteed pay (TGP), short-term incentives (STI) and long-term incentives (LTI), 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
Management short-term incentive (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	Executives, senior managers and upper-middle managers	STIs are discretionary and are awarded as a percentage of TGP, which varies according to the level and complexity of the role. The actual award is based on a weighted mix of the level of performance achieved by the Group, the division and the individual that is weighted towards financial outcomes. Above a certain value threshold, management STIs are deferred to enhance retention and improve alignment with shareholders	The Group performance relative to targets determines the size of the management STI pool
General staff bonus pool	To reward individual performance at a general staff level	All permanent staff that are not management STI pool participants	STIs are discretionary, and are awarded as a percentage of TGP, which varies according to the level and complexity of the role. The actual award is based on individual performance relative to objectives	Individual performance that at least meets the agreed objectives set for the period
Long-term incentives (LTI)	To incentivise executive and senior management to achieve performance targets that align with shareholder interests	Executives and senior managers	LTI awards are discretionary and are awarded based on a percentage of TGP required to meet a targeted portfolio size. LTIs are subject to performance criteria that are approved by the Remuneration Committee	Performance units issued out of either the LTIP or SAR schemes are subject to the performance conditions set out in Part 3: Implementation report.

Total Guaranteed Pay

To ensure the Group's TGP remains in line with the market, salaries are benchmarked regularly against the financial services market. TGP is generally benchmarked against the market median (50th percentile) for all employees who 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 regularly reviews the TGP benchmarks of the executive management against a comparator group.

The Group uses a recognised job grading system, and continuously conducts job evaluations and grading wherever there are changes within the organisation.

The Group awards TGP increases on 1 October annually.

Variable incentives (STI and LTI)

Previously, the overall incentive pool was determined as a percentage of the pre-tax pre-incentive NHE, which was then split into an STI pool and an LTI pool. During the current year, the Remuneration Committee agreed to the decoupling of the STI and the LTI pools, with the STI pool being determined as a percentage of the pre-tax pre-incentive NHE for the year to which it relates, and the LTI pool being determined using a benchmark of targeted LTI portfolio data for the participants in this pool.

Part 2:
Overview of the Group's remuneration policy continued

Short-term incentives (STI)

The Group's key STI is a discretionary profit-sharing STI pool with participation at management level, the size of which is driven primarily by the achievement of the annual targeted pre-tax pre-incentive NHE.

Executive, senior and upper-middle management employees, excluding employees who are already on pay-for-performance contracts, are eligible to participate in the management STI pool.

The determination of the STI pool is based on the following approach:

Step 1 The overall on-target STI pool is calculated on a bottom-up basis, by adding together the benchmark on-target STIs for all participants, based on the industry in which the business operates.

Step 2 This bottom-up STI pool is then tested for affordability using a top-down calculation, being a percentage of the Group on-target pre-tax pre-incentive NHE as approved by the Remuneration Committee. The overall on-target STI pool is therefore the level of STIs that can be funded by achieving the targeted NHE.

Step 3 The top-down calculation is then applied to the actual NHE for the year, subject to approval of the calculated STI pool by the Remuneration Committee.

Step 4 The allocation of the Remuneration Committee approved STI pool to business units, takes place as follows:

- The on-target STI pool per business unit is subject to financial and non-financial performance modifiers
- The financial performance modifier is primarily the business unit NHE versus target, supplemented by sales targets for distribution teams
- The non-financial performance modifier relates to meeting employment equity targets

The business unit performance-modified on-target STI pools are then adjusted back to the actual group incentive pool as approved for the year by the Remuneration Committee

Step 5 Individual STIs are then calculated based on the individual's performance-adjusted on-target incentive as a proportion of the business unit pool. Management discretion may be applied where appropriate, to make adjustments for factors not taken into account in the calculation, such as talent retention.

Employees outside these management layers participate in a general 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 2022 are set out in **Part 3: Implementation report**

Part 2:
Overview of the Group's remuneration policy continued

Deferral of STI

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

Quantum of STI	Deferral terms
Below R300 000	No deferral and STI is paid in cash
Above R300 000	The first 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, 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 for key talent, and to drive sustainable results, while also giving the Remuneration Committee the right to invoke the pre-vesting forfeiture of STIs, should the performance of the Group, division or individual deteriorate significantly. (For further details regarding the other circumstances in which pre-vesting forfeiture and clawback, can be invoked, please see the **malus and clawback** section on page 105).

Long-term incentives (LTI)

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 who 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 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 are 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.

The iSabelo Trust is a broad-based Employee Share Ownership Trust, which was approved at a general meeting of shareholders on 26 November 2020. The initial allocation of units in this equity-settled scheme took place on 22 April 2021, with allocations to new employees until the fifth anniversary of the scheme.

LTIP scheme

The Group adopted the LTIP in 2011. The LTIP is a cash-settled scheme initially 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.

Details regarding the LTIP performance vesting outcomes for the tranche vesting in October 2022 are set out in **Part 3: Implementation report**.

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

Performance measure	% weighting	Target
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 performance condition is measured independently, with a maximum vesting percentage of 100% in total. These performance conditions are applicable to the CEO, Financial Director and all Group-wide service employees, while for business unit executives and senior managers, 50% of the performance conditions relate to the above and the other 50% to equivalent, but business unit-specific, financial targets.

Part 2:
Overview of the Group's remuneration policy continued

The performance condition related to the October 2021 award, to be measured on the June 2024 results, is set out below:

Performance measure	% weighting	Target
Total Shareholder Return (TSR) vs equal-weighted peer index	100%	Exceed peer group TSR

The performance condition related to the October 2022 award, to be measured on the June 2025 results, is set out below:

Performance measure	% weighting	Target
Total Shareholder Return (TSR) vs equal-weighted peer index	100%	Exceed peer group TSR

Share Appreciation Rights (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 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. Details regarding the SAR performance vesting outcomes for the tranche vesting in October 2022 are set out in **Part 3: Implementation report**. No further awards have been made from the SAR scheme and the scheme is effectively in run-down.

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 Momentum Metropolitan 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.

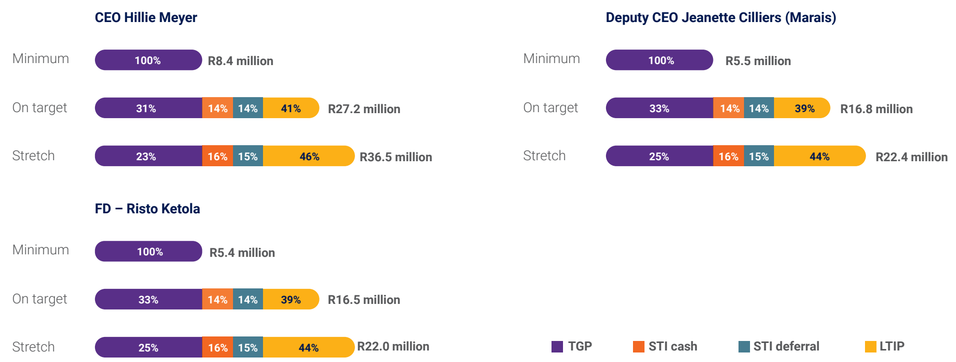
Eligibility includes all South Africa-based permanent employees, with a minimum economic participation of 55% black women and 85% black employees.

There are no performance conditions attached to the allocated units.

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 to 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 90% of TGP for the CEO and 85% 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 135% of TGP for the CEO, and 128% 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 graphs above, a significant proportion of the total executive remuneration represents variable performance-based remuneration that is deferred to between three and five years from the award date.

Part 2:
Overview of the Group's remuneration policy continued

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 which is based on performance outcomes against targets, and benchmarked against the financial services market

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 current 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. No such restraint of trade agreements were concluded during the current year.

Part 2: Overview of the Group's remuneration policy continued

Payments on termination of employment

The employment contracts for 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	No payment other than severance packages governed by labour laws	Paid over the agreed notice period or as a lump sum
STI - cash	Forfeited if not in the employ of the Group at the payment date of the STI	No payment	No payment	Discretion 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 Remco will apply its discretion as near as is practical to the date of death or disability	Discretion applied based on terms of the separation agreement

Retention payments

The Remuneration Committee has the discretion to make retention payments to executives and key employees in exceptional circumstances. Such retention payments are subject to an appropriate clawback period and may be subject to certain minimum performance hurdles. Save for the retention element inherent in the deferral of STIs, no retention payments were made at the executive level during the current year.

Minimum shareholding requirements

The minimum shareholding requirements introduced in 2015 are in line with global best practice. These requirements encourage executives to use their vesting STI and LTI benefits to buy Momentum Metropolitan Holdings shares, and to be personally invested in the Company, thus increasing executive ownership and alignment between executive and stakeholder interests. Executives are required to invest an agreed portion of their annual STI and LTI payouts in Momentum Metropolitan shares towards achieving the required level of exposure.

The 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**.

Non-executive director fees

Non-executive directors, in serving the Group, are paid an annual retainer fee. They do not receive additional fees per meeting. Also, they do not receive performance incentive payments, share appreciation rights, pension fund benefits, loans on preferential terms, expense allowances or any other form of financial assistance. The Group pays for all travel and accommodation costs in respect of the attendance at Board meetings.

The fees for non-executive directors are revised annually and submitted for consideration to the Remuneration Committee. The fees are also submitted annually for approval at the AGM. In considering the non-executive directors' fees, various factors are taken into account, including a review of the market analysis related to non-executive fees. Market benchmarking considers the size of the Group as well as the complexity of the work performed. The comparator group of companies included in the benchmarking exercise is Alexander Forbes, Discovery, Old Mutual, Sanlam, Santam and PSG.

Non-executive directors may receive *ad hoc* supplementary fees, 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. No such payments were made during the current year.

The details regarding the proposed non-executive director fees for F2023 are set out in the **Notice of Annual General Meeting**, Special Resolution Number 3.

Voting statement (non-binding advisory vote on the remuneration policy)

This remuneration policy is subject to an advisory vote by shareholders at the November 2022 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 officer" and resolved that the executive directors are the prescribed officers of the Group.

Remuneration earned by the executive directors in accordance with the single figure remuneration disclosure guidance set out in King IV™ is set out below:

Single figure remuneration: executive directors

	Hillie Meyer		Jeanette Cilliers (Marais)		Risto Ketola		Total	
R'000	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Guaranteed remuneration[1]	7 121	7 613	5 204	4 532	5 022	4 282	17 347	16 427
Salary and allowances	7 121 [4]	7 613	4 882	4 243	4 670	3 932	16 672	15 788
Retirement contributions	–	–	263	231	257	223	520	454
Medical aid contributions	–	–	59	58	95	127	154	185
Short-term incentives[2]	8 850	3 500	6 250	4 000	6 000	2 700	21 100	10 200
Cash	4 475	1 300	3 175	1 300	3 050	1 150	10 700	3 750
Deferred	4 375	2 200	3 075	2 700	2 950	1 550	10 400	6 450
Long-term incentives[3]	10 730	–	7 101	–	5 871	-	23 702	-
Total remuneration	**26 701**	**11 113**	**18 555**	**8 532**	**16 893**	**6 982**	**62 149**	**26 627**

[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 108 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 is:

2021:

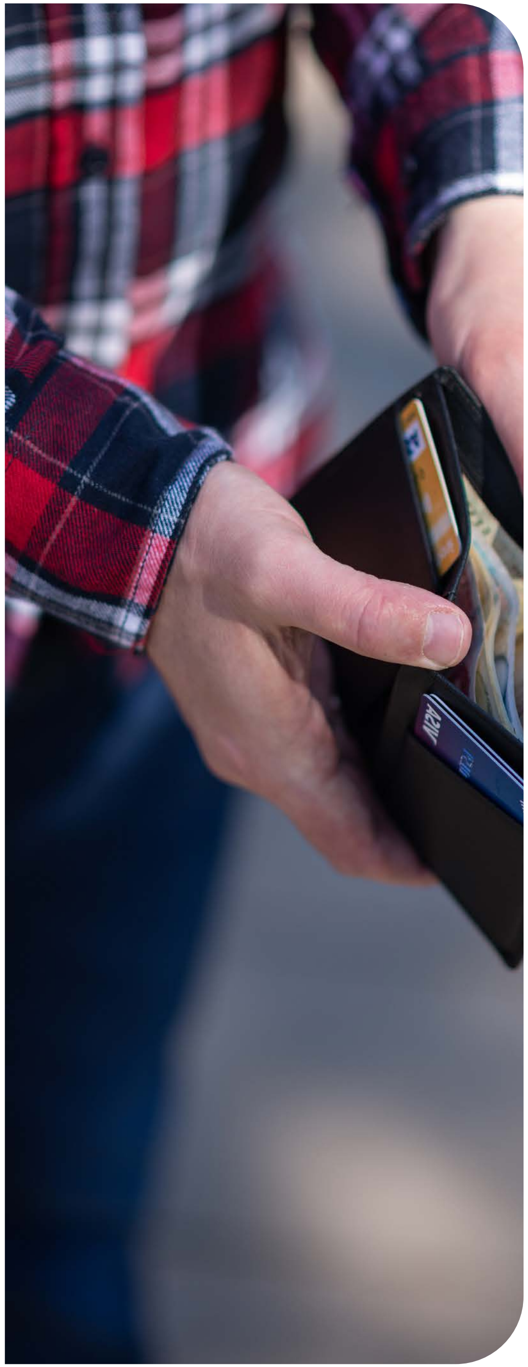
- For LTIP performance units, the value is based on the value of the number of October 2018 performance units vesting in October 2021, on the basis of performance conditions measured on 30 June 2021, multiplied by the share price on 30 June. In terms of these LTIP performance conditions, all these performance units were forfeited.

2022:

- For SAR units, the value is based on the number of October 2018 units vesting in October 2022, on the basis of performance conditions measured on 30 June 2022, multiplied by the option value on 30 June. In terms of these SAR performance conditions, 67% of these units will vest, at a current value of R0.82 per unit.
- For LTIP performance units, the value is based on the value of the number of October 2019 performance units vesting in October 2022, on the basis of performance conditions measured on 30 June 2022, multiplied by the share price on 30 June. In terms of these LTIP performance conditions, 67% of these units will vest in October 2022 for Hillie Meyer and Risto Ketola, and 83% for Jeanette Marais, due to her business unit performance vesting conditions being 100% achieved.

  No LTIP retention units were issued to executive directors in 2021 or 2022, other than the deferred bonus units, which are included in the short-term incentive amounts above.

[4] After the deduction of unpaid leave totalling R821 000.



Part 3:
Implementation report continued

Companies' Act disclosure – executive directors

R'000	Hillie Meyer 2022	Hillie Meyer 2021	Jeanette Cilliers (Marais) 2022	Jeanette Cilliers (Marais) 2021	Risto Ketola 2022	Risto Ketola 2021	Total 2022	Total 2021
Guaranteed remuneration	7 121	7 613	5 204	4 532	5 022	4 282	17 347	16 427
Salary and allowances	7 121	7 613	4 882	4 243	4 670	3 932	16 672	15 788
Retirement contributions	–	–	263	231	257	223	520	454
Medical aid contributions	–	–	59	58	95	127	154	185
Short-term incentives	1 300	2 000	1 300	1 600	1 150	1 400	3 750	5 000
Long-term incentives	2 311	1 144	1 618	1 524	2 076	2 614	6 005	5 282
Total remuneration	**10 732**	**10 757**	**8 122**	**7 656**	**8 248**	**8 296**	**27 102**	**26 709**

[1] The STI represents the cash bonus payment made in October, while the LTI represents the settlement of LTIs that vested during the year, including deferred bonus units.
In both 2021 and 2022, the LTI payments represented only vested deferred bonus units, as no LTIP performance units vested in these periods.

The table above sets out the remuneration of the executive directors in terms of the requirements of section 30(4)(4)(6) of the Companies Act 2008, and includes all remuneration paid to executive directors during the year, whereas the single figure remuneration disclosure is based on the King IV definition of executive remuneration.

Guaranteed remuneration adjustments

As set out in Part 1 above, for salaries to remain competitive, an annual salary increase is awarded. An average increase of 5.5% will be granted in October 2022.

The TGP of the executive directors and their respective increases, effective 1 October 2022, are set out in the table below.

Total Guaranteed Package

	1 October 2022 R'000	1 October 2021 R'000	% annual increase
Hillie Meyer	8 400	8 000	5.0%
Jeanette Cilliers (Marais)	5 500	5 250	4.8%
Risto Ketola	5 400	5 150	4.9%

Variable remuneration

The performance outcomes for both the STI and LTI benefits for the current year, are set out below:

Short-term incentives (STI)

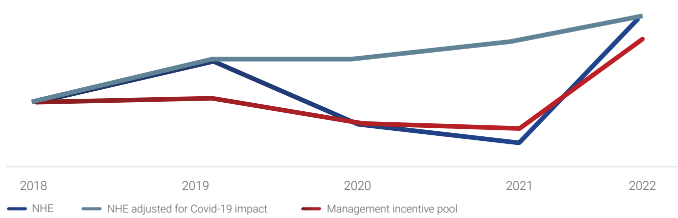
The Group's performance in terms of the key financial metrics was as follows:

- NHE of R4.4 billion, which is significantly higher than the F2021 NHE. This was mainly due to the less severe impact of Covid-19 on earning, as mortality experience improved significantly and started to normalise. Even if we neutralise the F2022 result for mortality experience variances, the net positive change in Covid-19 provisions, positive investment variances and Venture Capital investment fair value gains, the underlying Group's normalised headline earnings would be a very satisfactory R3.3 billion.
- New business volumes (on a Present Value of Premiums basis) increased by 10% to R73 billion
- The ROE for the year improved to 22.7%, up from 4.9% in the prior year.

Taking into account the above metrics, and the fact that the NHE for F2022 of R4.4 billion exceeded the targeted NHE of R3.9 billion for the year, the Remuneration Committee approved a management STI pool for F2022 that is 117% of the on-target pool, in line with the earnings performance.

The graph below illustrates the change in the annual management STI pool since F2018, together with the NHE trend over the same period (both on a published basis, and after adjusting for the Covid-19 impact on F2020 and F2021):

Earnings relative to management STI pool



Since F2018, NHE has increased by 119%, while the management STI pool has increased by 83%. Overall, the level of the STI pool has tracked the NHE trend quite closely, including the impact of Covid-19 on the F2020 and F2021 results.

Part 3: Implementation report continued

Short-term incentives awarded in cash and deferred – executive directors

The short-term incentives awarded to executive directors for the 2022 financial year (payable in the 2023 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	% of TGP	Approved STI	% of TGP
	2022 R'000	2022 %	2021 R'000	2021 %
Hillie Meyer	8 850	105%	3 500	44%
Jeanette Cilliers (Marais)	6 250	114%	4 000	76%
Risto Ketola	6 000	111%	2 700	52%

The approved STIs for the 2022 financial year are settled as follows:

	Cash – October 2022 R'000	Deferred into LTIP R'000
Hillie Meyer	4 475	4 375
Jeanette Cilliers (Marais)	3 175	3 075
Risto Ketola	3 050	2 950

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 – SAR scheme

The performance conditions for the October 2018 SAR award (the NHE target which was revised in 2020 and the performance vesting period extended by a year to 30 June 2022), along with the actual performance measured at the performance vesting date, are set out below.

Performance measure	% weighting	Target	Actual
Normalised headline earnings	33%	R3.2 billion in F2022	R4.4 billion
Return on embedded value	33%	Risk Free rate + 3% over the performance, which was 13%	5.8%
Total Shareholder Return (TSR) vs equal-weighted peer index	33%	Exceed peer Group TSR	+5.4% vs benchmark

The three performance conditions are measured independently, i.e. the achievement of one of the conditions will result in one-third of the total benefit vesting, achieving two will result in two-thirds vesting and achieving all three will result in 100% vesting.

As a result of two of the three performance conditions being met, 67% of the SAR units will vest. These vested units will be settled in three equal tranches on 1 October 2022, 2023 and 2024, based on the 20-day volume-weighted average share price of Momentum Metropolitan up to 1 October each year, less the strike price of the SAR units at each settlement date (if the actual share price is below the strike price, then the units have no value). The current strike price is R15.30 per unit.

Part 3:
Implementation report continued

Long-term incentive vesting – LTIP scheme

The performance conditions for the October 2019 award (the NHE targets which were revised in 2020), along with the actual performance measured at the performance vesting date of 30 June 2022, are set out below:

Performance measure	% weighting	Target	Actual
Normalised headline earnings (lower bound)	33%	R3.2 billion	R4.4 billion
Normalised headline earnings (upper bound)	33%	R3.6 billion	R4.4 billion
Total Shareholder Return (TSR) vs equal-weighted peer index	33%	Exceed peer Group TSR	-7.5% vs benchmark

The three performance conditions are measured independently, i.e. the achievement of one of the conditions will result in one-third of the total benefit vesting, achieving two will result on two-thirds vesting and achieving all three will result in 100% vesting. The above performance targets apply to all executives at a group level, while business unit executives have a 50% weighting to these targets and 50% weighted towards business unit-specific targets.

As a result of two of the three performance conditions being met, 67% of the LTIP units will vest at a group level, while the achievement of business unit performance measures range between 0% and 100%, resulting in an overall group average vesting of 58%. These vested units will be settled in three equal tranches on 1 October 2022, 2023 and 2024, based on the 20-day volume-weighted average share price of Momentum Metropolitan up to 1 October each year, including dividends declared and paid by Momentum Metropolitan during the settlement period, in the form of additional dividend units.

Long-term incentives to be awarded in October 2022 – executive directors

The following table sets out the approved LTIP performance unit awards to the executive directors, with effect from 1 October 2022:

	Approved LTIP face value	% of TGP	Approved LTIP face value	% of TGP
	2022 R'000	2022 %	2021 R'000	2021 %
Hillie Meyer	16 800	200%	16 000	200%
Jeanette Cilliers (Marais)	9 000	164%	10 000	190%
Risto Ketola	9 000	167%	9 000	175%

Due to the volatility inherent in setting 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 2025, the Momentum Metropolitan TSR must exceed the average of the peer group TSR between 1 July 2022 and 30 June 2025.

Part 3:
Implementation report continued

Long-term incentive table of unvested awards – executive directors

The table below provides an overview of the LTIs awarded and forfeited during the year, and the indicative value of LTIs not yet vested (outstanding LTI) for the executive directors. It further illustrates the cash value of LTI delivered during the year.

Executive director	Opening number on 1 July 2020	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]	Granted during 2022[2]	Forfeited during 2022	Vested during 2022	Closing number on 30 June 2022	Cash flow on settlements 2022[3]	Estimated fair value on 30 June 2022[4]
	'000	'000	'000	'000	'000	R'000	R'000	'000	'000	'000	'000	R'000	R'000
Hillie Meyer	**4 817**	**996**	**–**	**(76)**	**5 737**	**1 144**	**28 257**	**1 023**	**(1 357)**	**(118)**	**4 450**	**2 311**	**20 829**
LTIP – performance units													
Award date – 9 April 2018[1]	1 328	19	-	-	1 347	-	-	10	(1 357)	-	-	-	-
Award date – 1 October 2019	950	13	-	-	963	-	9 389	26	-	-	989	-	9 449
Award date – 1 October 2020	-	835	-	-	835	-	7 653	23	-	-	858	-	115
Award date – 1 October 2021	-	-	-	-	-			844	-		844	-	2 080
LTIP — deferred bonus units													
Grant date – 1 October 2018	40	-	-	(20)	20	299	390	-	-	(20)	-	389	-
Grant date – 1 October 2019	167	2	-	(56)	113	845	2 204	2	-	(56)	59	1 098	841
Grant date – 1 October 2020	-	127	-	-	127	-	2 477	2	-	(42)	87	824	1 241
Grant date – 1 October 2021	-	-	-	-	-	-	-	116	-	-	116	-	1 654
SAR — performance units													
Award date – 1 October 2018	2 332	-	-	-	2 332	-	6 145	-	-	-	2 332	-	1 281
Jeanette Cilliers (Marais)	**2 335**	**647**	**(249)**	**(92)**	**2 641**	**1 524**	**20 685**	**702**	-	**(83)**	**3 260**	**1 618**	**16 729**
LTIP - performance units													
Award date – 1 April 2018	289	4	(249)	(44)	-	780	-	-	-	-	-	-	-
Award date – 1 October 2019	513	8	-	-	521	-	7 416	14	-	-	535	-	6 332
Award date – 1 October 2020	-	534	-	-	534	-	5 935	15	-	-	549	-	4 776
Award date – 1 October 2021	-	-						528	-	-	528	-	1 302
LTIP – deferred bonus units													
Grant date – 1 October 2018	23	-	-	(11)	12	181	234	-	-	(12)	-	235	-
Grant date – 1 October 2019	111	1	-	(37)	75	563	1 463	1	-	(38)	38	733	542
Grant date – 1 October 2020	-	100	-	-	100	-	1 950	2	-	(33)	69	650	984
Grant date – 1 October 2021	-	-	-	-	-	-	-	142	-	-	142	-	2 025
SAR – performance units													
Award date – 1 October 2018	1 399	-	-	-	1 399	-	3 686	-	-	-	1 399	-	769
iSabelo BBBEE Trust[5]	-	17	-	-	-	-	15	-	-	-	-	-	11

[1] *The CEO's initial LTIP award on 9 April 2018 has a vesting date of 31 October 2021, with a performance period from 1 July 2018 to 30 June 2021.*
[2] *Comprises new awards and grants during the year, dividend units on existing awards and grants, and deferred bonus units granted in terms of the STI deferral policy.*
[3] *Represents the cash settled on vesting date, including vested dividend units.*
[4] *Calculated as:*
- LTIP retention units and deferred bonus units – the number of unvested units multiplied by the share price at the reporting date
- LTIP performance units – the number of unvested units multiplied by the latest probability of future vesting at the reporting date, multiplied by the share price at the reporting date
- SAR performance units – the number of unvested units multiplied by the latest probability of vesting at the reporting date, multiplied by the option valuation per unit as at the reporting date

[5] *Each unit granted by the iSabelo Trust represents 0.1 Momentum Metropolitan Holdings shares and is therefore not included in the total for each director in the table above.*

Part 3: Implementation report continued

Executive director	Opening number on 1 July 2020	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]	Granted during 2022[2]	Forfeited during 2022	Vested during 2022	Closing number on 30 June 2022	Cash flow on settlements 2022[3]	Estimated fair value on 30 June 2022[4]
Risto Ketola	**2 403**	**563**	**(203)**	**(172)**	**2 591**	**2 614**	**17 024**	**587**	**–**	**(106)**	**3 072**	**2 076**	**12 052**
LTIP – retention units										–			
Grant date – 1 October 2017	60	–		(60)	–	907	–	–	–	–	–	–	–
LTIP - performance units													
Award date – 1 October 2017	239	–	(203)	(36)	–	544	–	–	–	–	–	–	–
Award date – 1 October 2019	513	7	–	–	520	–	5 070	14	–	–	534	–	5 102
Award date – 1 October 2020	–	468	–	–	468	–	4 289	13	–	–	481	–	2 401
Award date – 1 October 2021	–	–	–	–	–	–	–	475	–	–	475	–	1 171
LTIP – deferred bonus units													
Grant date – 1 October 2018	76	–	–	(38)	38	574	741	–	–	(38)	–	747	–
Grant date – 1 October 2019	116	1	–	(38)	79	589	1 541	1	–	(39)	41	765	585
Grant date – 1 October 2020	–	87	–	–	87	–	1 697	2	–	(29)	60	564	856
Grant date – 1 October 2021	–	–	–	–	–	–	–	82	–	–	82	–	1 169
SAR – performance units													
Award date – 1 October 2018	1 399	–	–	–	1 399	–	3 686	–	–	–	1 399	–	769
iSabelo BBBEE Trust[5]	–	17	–	–	–	–	15	-	–	–	–	–	11

[1] *The CEO's initial LTIP award on 9 April 2018 has a vesting date of 31 October 2021, with a performance period from 1 July 2018 to 30 June 2021.*
[2] *Comprises new awards and grants during the year, dividend units on existing awards and grants, and deferred bonus units granted in terms of the STI deferral policy.*
[3] *Represents the cash settled on vesting date, including vested dividend units.*
[4] *Calculated as:*
- LTIP retention units and deferred bonus units – the number of unvested units multiplied by the share price at the reporting date
- LTIP performance units – the number of unvested units multiplied by the latest probability of future vesting at the reporting date, multiplied by the share price at the reporting date
- SAR performance units – the number of unvested units multiplied by the latest probability of vesting at the reporting date, multiplied by the option valuation per unit as at the reporting date

[5] *Each unit granted by the iSabelo Trust represents 0.1 Momentum Metropolitan Holdings shares and is therefore not included in the total for each director in the table above.*

Part 3: Implementation report continued

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 R155 000 per annum, which represents a 6.9% 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 amongst 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.

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 2022 AGM.

Shareholders are requested to cast a non-binding advisory vote on the remuneration implementation report as contained in Part 3 of this report.

NON-EXECUTIVE DIRECTORS' FEES

The following table reflects the fees paid to non-executive directors during the year.

	Months service		Fees	
R'000	2022	2021	2022	2021
PB Baloyi[1]	3	-	185	-
P Cooper	12	12	2 280	1 199
LM Chiume	12	12	1 661	1 580
F Jakoet[2]	5	12	528	1 066
L de Beer	12	12	1 696	1 589
NJ Dunkley[3,4]	12	–	2 528	180
T Gobalsamy[3]	12	–	902	66
SC Jurisich	12	12	1 924	1 736
PJ Makosholo	12	12	944	871
SL McPherson	12	12	1 279	1 185
MS Moloko[2]	5	12	1 167	2 344
JJ Njeke[5]	-	5	-	869
V Nkonyeni	12	12	1 225	1 058
DJ Park	12	12	1 305	1 156
KC Shubane[5]	-	5	-	416
FJC Truter[2]	5	12	1 667	2 438
JC van Reenen[5]	-	5	-	389
			19 291	**18 142**

[1] Appointed April 2022
[2] Resigned November 2021
[3] Appointed 1 June 2021. The fees for 2021 were restated to reflect the fees earned for the month. These fees were subsequently paid.
[4] Includes fees from directorships in United Kingdom (MGIM and Euroguard Boards).
[5] Resigned November 2020

Interest of directors in share capital

Directors' Momentum Metropolitan shareholding at 30 June 2022 – No of ordinary shares ('000):

	Direct beneficial	Indirect beneficial	2022	2021
Hillie Meyer	255	394	649	638
Jeanette Cilliers (Marais)	189	-	189	189
Risto Ketola	25	-	25	-
Peter Cooper	500	952	1 452	442
Nigel Dunkley	73	-	73	73
Stephen Jurisich*	-	-	-	-
Frans Truter	-	-	-	477
Total ordinary shares at 30 June	**1 042**	**1 346**	**2 389**	**1 819**

** 988 shares held in Momentum Metropolitan in the current year and 169 in the prior year.*

The increase in Peter Cooper's shareholding was due to the unbundling of Rand Merchant Insurance Holdings' investment in Momentum Metropolitan.

Momentum Metropolitan shareholding of directors who retired during 2022 – No of ordinary shares ('000):

	Direct beneficial	Indirect beneficial	Total
Frans Truter	44	433	477

No changes in the above shareholding/interest occurred between 30 June 2022 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 Momentum Metropolitan shares, relative to the minimum shareholding requirement (MSR) as set out in the Group's remuneration policy:

The directors shareholding comprises the shareholding in the table above, together with the balance of deferred STI units in the LTIP, as this remains a relatively constant exposure through the replacement of vested tranches with new tranches.

Number of Momentum Metropolitan ordinary shares at 30 June 2022 ('000):

	Minimum shareholding requirement	Current qualifying shareholding
Hillie Meyer	866	900
Jeanette Cilliers (Marais)	284	438
Risto Ketola	279	208

The MSR in the above table is calculated based on the Total Guaranteed Package at 30 June 2022, and an average share price for the financial year of R18.47 per share.

Five-year review

R million	June 2022	June 2021	June 2020	June 2019	June 2018
Financial capital					
Net insurance premiums[1]	**87 297**	81 315	74 331	73 152	65 304
Momentum Life	**9 889**	9 516	9 466	9 213	8 938
Momentum Investments	**30 732**	32 361	24 067	21 039	20 894
Metropolitan Life	**8 239**	7 657	7 085	7 052	7 368
Momentum Corporate	**17 509**	14 864	15 340	20 991	15 244
Momentum Metropolitan Health	**1 186**	932	857	-	-
Non-life Insurance [3]	**14 035**	11 146	12 818	10 165	8 609
Africa	**5 707**	4 839	4 698	4 692	4 251
Present value of new business premiums (PVNBP)	**72 673**	65 898	50 447	55 783	50 002
Momentum Life[2]	**7 291**	7 479	7 072	8 266	8 089
Momentum Investments[2]	**42 476**	41 471	26 812	23 145	23 267
Metropolitan Life	**7 160**	5 885	4 701	4 897	5 091
Momentum Corporate	**12 276**	8 220	9 206	16 977	11 218
Momentum Metropolitan Health	**-**	-	-	-	-
Non-life Insurance	**-**	-	-	-	-
Africa	**3 470**	2 843	2 656	2 498	2 337
Value of new business	**626**	725	280	541	345
Momentum Life[2]	**-20**	72	22	101	66
Momentum Investments[2]	**346**	392	134	82	76
Metropolitan Life	**244**	253	110	89	84
Momentum Corporate	**68**	11	-4	265	124
Momentum Metropolitan Health	**-**	-	-	-	-
Non-life Insurance	**-**	-	-	-	-
Africa	**-12**	-3	18	4	-5
Normalised headline earnings[3]	**4 383**	1 007	1 521	3 074	2 003
Momentum Life	**1 110**	-859	578	883	472
Momentum Investments	**938**	1 095	340	512	227
Metropolitan Life	**672**	435	393	610	201
Momentum Corporate	**1 174**	-552	177	601	909
Momentum Metropolitan Health	**209**	213	156		
Non-life Insurance	**461**	544	405	164	204
Africa	**118**	256	317	262	147
New Initiatives	**-466**	-358	-509	-492	-377
Shareholders	**167**	233	-336	534	220

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

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

3 A cell previously classified as 1st party in terms of IFRS 9 – Financial instruments, has been reassessed based on the type of business underwritten in the cell to instead be classified in terms of IFRS 4 – Insurance contracts. June 2021 has been restated accordingly.

Five-year review continued

R million	June 2022	June 2021	June 2020	June 2019	June 2018
Earnings attributable to owners of the parent (Rm)	**3 711**	451	188	2 255	1 369
Earnings per share attributable to owners of the parent (cents)	**260.6**	31.3	12.9	153.1	88.2
Diluted headline earnings per share attributable to owners of the parent (cents)	**297.3**	30.9	71.3	166.2	92.9
Diluted normalised headline earnings per share attributable to owners of the parent (cents)	**287.2**	67.1	101.5	202.5	125.5
Diluted core headline earnings per share attributable to owners of the parent (cents)					176
Dividend per share (cents)	**100**	40	40	70	-
Diluted embedded value (Rm)	**45 428**	41 328	38 524	41 193	39 601
Return on embedded value (%) (annualised) - internal rate of return	**11.6%**	7.3%	-3.7%	8.0%	-1.1%
Price/diluted normalised headline earnings ratio	**5.0**	29.1	17.3	9.3	7.0
Price/diluted core headline earnings ratio					10
Dividend yield % (dividend on listed shares)	**7.0%**	2.1%	2.3%	3.7%	0.0%
Share price - last sale of period (cents per share)	**1 426**	1 950	1 761	1 897	1 767
Human capital					
Number of employees in the Group	**16 558**	16 482	16 234	15 674	16 941
Voluntary turnover (%)	**11**	15	20	34	29
Absenteeism rate (includes all sick leave taken) (%)	**1.1**	1.1	1.2	1.2	1.2
Females in workforce (%)	**65**	64	64	64	64
African, Coloured and Indian (ACI) females in workforce (%)	**52**	51	51	50	51
ACI members of management (%)	**36**	36	41	40	41
ACI female members of management (%)	**9**	18	20	19	21
Intellectual capital (governance)					
Independent non-executive directors (%)	**71**	69	70	72	73
Female Board members (%)	**29**	31	35	33	13
Black Board members (%)	**43**	44	47	50	33
Social capital					
Total community investment (R million)	**28**	27	36	27	25
B-BBEE contributor level	**1**	1	1	1	3
Natural capital*					
Carbon emissions reduction (Scopes 1 and 2) (% change against 2014 baseline)	**(27)**	(33)	(26)	(11)	(14)
Water use reduction	**(52)**	n/a	(54)	(39)	(27)
Waste recycling (% recycled annually)	**47**	40	40	40	45

1 To align to the new operating business unit structures, the reporting units have also changed. Where possible, the prior periods have been restated to provide meaningful comparison for these new segments.
2 The reporting unit previously referred to as Momentum Retail has been split into Momentum Life and Momentum Investments. The PVP and VNB of the Wealth off-balance sheet business, which was previously classified as non-covered, is now included as covered business in the Momentum Investments business. Prior periods have been restated to reflect this.
n/a – not available
**The recording of our natural capital statistics is on a calendar year basis, therefore results for 2022 will not be available until year-end.*

Shareholder profile

Shareholder	Number of shareholders	% of issued share capital	Shares held (million)
Non-public			
Directors	6	0.1	2
Kagiso Tiso Holdings (Pty) Ltd	1	7.4	114
Government Employees Pension Fund	5	14.5	221
Public			
Private investors	29 732	5.8	89
Pension funds	355	5.6	85
Collective investment schemes and mutual funds	2 468	61.7	939
Banks and insurance companies	95	4.9	75
Total	**32 662**	**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 shareholders	% of total shareholders	Shares held (million)	% of issued share capital
1 - 5 000	29 850	91.4	17	1.1
5 001 - 10 000	911	2.8	7	0.4
10 001 - 50 000	1 034	3.2	23	1.5
50 001 - 100 000	253	0.8	18	1.2
100 001 - 1 000 000	482	1.5	147	9.7
1 000 001 and more	132	0.3	1 313	86.1
Total	**32 662**	**100.0**	**1 525**	**100.0**

Beneficial owners	Shares held (million)	% of issued share capital
Government Employees Pension Fund	221	14.5
Remgro Ltd	123	8.1
Kagiso Tiso Holdings (Pty) Ltd	114	7.4
Total	**458**	**30.0**

Pursuant to the provisions of section 56(7)(b) of the South African Companies Act, 71 of 2008, as amended, beneficial shareholdings exceeding 5% in aggregate, as at 30 June 2022, are disclosed.

Corporate Information

SHAREHOLDERS' DIARY
Financial year end: 30 June each year
Interim period end: 31 December each year

COMPANY REGISTERED OFFICE
Momentum Metropolitan Holdings Limited
Incorporated in the Republic of South Africa
Registration number: 2000/031756/06
268 West Avenue
Centurion
0157

JSE share code: MTM
A2X share code: MTM
NSX share code: MMT
ISIN code: ZAE000269890
(Momentum Metropolitan or the Group)
Momentum Metropolitan Life Limited
Incorporated in the Republic of South Africa
Registration number: 1904/002186/06
Company code: MMIG

COMPANY SECRETARY
Gcobisa Tyusha
Email: Gcobisa.Tyusha@mmltd.co.za
Telephone: 012 673 1931

INVESTOR RELATIONS
investorrelations@mmltd.co.za

AUDITORS
Ernst & Young Inc.
102 Rivonia Road
Sandton
2194

TRANSFER SECRETARIES
South Africa
JSE Investor Services (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

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