

## INTRODUCTION

MMI's client-centric corporate strategy is centred on its core fundamental purpose to enhance the lifetime Financial Wellness of people, their communities and their businesses.

This strategy aims to generate superior returns through leading client experiences and relational value leadership, in terms of the design, integration and management of holistic solutions to client challenges around becoming and staying financially well throughout their lives.

While we remain committed to being competitive in terms of price and quality of products, the key focus of our strategy is on building deep relationships with clients. This will be achieved by being the most competitive in the high-value part of the value chain, namely the integration of highly effective Financial Wellness solutions.

## STRATEGY MAP

MMI's strategy map guides the implementation of our client-centric strategy. We rely on group-wide enablers to support MMI's strategic focus areas and their related strategic objectives. Our strategic objectives represent what we do to achieve MMI's client aspirations and through this to ultimately realise our financial aspirations.

Everything we do is in support of living our purpose to enhance the lifetime Financial Wellness of people, their communities and their businesses. Each component of our strategy map has a corresponding balanced scorecard measurement to track implementation progress.



### PURPOSE AND VISION

MMI's purpose is to enhance the lifetime Financial Wellness of people, their communities and their businesses. Closely aligned is MMI's vision for the organisation – to be the preferred lifetime Financial Wellness partner, with a reputation for innovation and trustworthiness.



### CLIENT ASPIRATIONS

In order to be the preferred lifetime Financial Wellness partner, we aspire for our clients to experience MMI's client-facing brands as:

- Understanding their needs.
- Offering value for money.
- Providing easy-to-use products.
- Designing innovative solutions.
- Reliable and trustworthy.
- Investing in the communities where they operate.



### FINANCIAL ASPIRATIONS

The successful achievement of our client aspirations will support the realisation of MMI's financial aspirations. Creating shareholder value is our primary financial aspiration, supported by earnings growth, growth in the value of new business and efficiency improvements. Long-term value creation is measured by MMI's return on embedded value.



## STRATEGIC FOCUS AREAS

MMI has three strategic focus areas, Client centricity, Growth and Excellence.



### CLIENT CENTRICITY

Client centricity is the strategic focus area that represents MMI's core identity. Our first objective in respect of this focus area is improvement in client experience and relationships both of which are measured regularly and have already shown improvement. A further objective to support client centricity is to increase our clients' Financial Wellness.

Clients who have more insurance products are better equipped to deal with unplanned expenses and are therefore more financially well. Our Multiply wellness and rewards programme will play an important part in this regard. Private Club members of Multiply already have significantly higher cross-product holdings.



### GROWTH

Growth remains a critical strategic focus area in the current challenging operating environment. Three strategic objectives underpin this.

#### 1 INCREASE VALUE OF EXISTING CLIENTS

This strategic growth objective is to increase the value of existing clients. Cross-selling, offering additional products and MMI's Multiply and rewards programme are key initiatives to advance this objective.

#### 2 INCREASE CLIENT BASE

MMI's second growth objective is to increase our client base. Strategic initiatives supporting this objective are segment diversification into the middle income segment, channel growth through increased productivity, creating new distribution channels and corporate transactions.

#### 3 GROW THROUGH GEOGRAPHICAL DIVERSIFICATION

MMI's International segment seeks to create value outside of South Africa, with a focus on the rest of Africa, India and the United Kingdom.



### EXCELLENCE

MMI's third strategic focus area is Excellence. Our focus is on excellent delivery of the client-centric promises we make to clients, as well as on efficiency in delivery.

## ENABLERS

The successful realisation of MMI's client-centric strategy relies on four key enablers.

A world-class data analytics capability that enables the proactive creation of customised and superior client experiences for all our clients.

Flexible and modular systems that take advantage of ongoing technology advances.

A collaborative, client-centric and innovative culture that supports MMI's strategy.

Innovation as a key principle of the way in which we do business.

MMI's purpose is to enhance the lifetime Financial Wellness of people, their communities and their businesses.

MMI's definition of Financial Wellness for a household or individual is the continuous process of financial planning and management with the aim of affording expenses and achieving goals over one's lifetime.

A person or household will be financially well when they plan and manage their money to provide for their current and future financial needs. At MMI, we believe a financially well consumer will contribute to a more resilient economy, which in turn will generate more jobs and improve the ability of more consumers and communities to become financially well.

MMI serves different market segments and the way in which Financial Wellness is explained differs between the different segments. Momentum Retail focuses on the middle and upper income segment and adopts the group's definition of Financial Wellness. In order to measure the Financial Wellness of clients in South Africa, Momentum has teamed up with the University of South Africa (UNISA) to establish the Momentum Household Financial Wellness Index and the Momentum Household Net Wealth Report – the first of its kind in South Africa.

## OVERALL FINANCIAL WELLNESS SCORES

The recently released Momentum Unisa Household Financial Wellness Index showed a decline in the Financial Wellness of South African consumers. From a sampling of over 2 500 households through both rural and urban South Africa, the research for 2015 revealed that over 76 out of 100 households are Financially Unwell. This is an increase over 2014 data that indicated that 72 out of 100 households were Financially Unwell. This lower result demonstrates the financial pressures

South African consumers are facing in a slow growing economy that has seen rising inflation, interest rate hikes and high structural unemployment. This is coupled with consumer factors such as low household savings rates, unaffordable debt and low levels of financial literacy.

In the emerging market where Metropolitan Retail operates, the emphasis in terms of Financial Wellness is on being able to achieve life goals. Metropolitan's analogy is that of a coach or mentor, planning and training with the client, encouraging and helping them through difficult times and ultimately celebrating when goals are reached. Metropolitan's latest brand campaign is based on this definition, where we reinforce Metropolitan's position as a mentor for Financial Wellness during all life events.

The advert tells the story of Lester, who like so many of us, has to deal with the financial challenges of life events that cross our paths. He faces the tough decision about taking in his cousin into his family home at a time when they are only just beginning to enjoy financial stability. He experiences the inner conflict between his sense of responsibility to his family on the one hand, and his loyalty to his cousin and childhood friend on the other.

Metropolitan cannot give him the answer on how to manage this life event, but we can help him find a suitable financial solution for his unique situation.



Financial wellness for clients in the Corporate and Public Sector means ensuring the protection, growth and sustainability of their business throughout the business lifecycle. This speaks to the following key aspects:

External factors within a given industry and a specific business	Internal factors
<ul style="list-style-type: none"> <li>• Economic variables</li> <li>• Demographics</li> <li>• Legislative and regulatory</li> </ul>	<ul style="list-style-type: none"> <li>• Income statement optimisation</li> <li>• Balance sheet protection</li> <li>• Enhancing sustainability of the business</li> </ul>

To demonstrate MMI's thought leadership in Financial Wellness, Corporate and Public Sector has invested in a number of tools and indices that provide insights into client needs and the drivers of corporate Financial Wellness. In March 2016, we successfully launched the Unisa/MMI Holdings Consumer Financial Vulnerability Index (CFVI), which highlights the perception of consumers, therefore employees, of their own finances and cash flow. The Index measures how vulnerable consumers are feeling with regard to income, expenditure, savings and debt capabilities.

The results of the first quarter of 2016 showed that consumers remain resilient with the quarter scoring 51.3 points compared to 50.9 recorded in the last quarter of 2015. However, overall the CFVI measurement scale shows that consumers continue to perceive their financial situation to be "Mildly Exposed".

## MEASUREMENT SCALE OF THE CONSUMER FINANCIAL VULNERABILITY INDEX

Financially secure	80 – 100	Extremely secure	Cash flow position is under control with little threat of becoming <i>financially vulnerable</i>
	60 – 79.9	Very secure	
Financially exposed	50 – 59.9	Mildly exposed	Cash flow affected to such an extent that it creates a high risk of becoming <i>financially vulnerable/insecure</i>
	40 – 49.9	Very exposed	
Financially vulnerable	20 – 39.9	Very vulnerable	Cash flow affected to such an extent that it creates an actual experience or sense of being <i>financially insecure</i> and unable to cope
	0 – 20	Extremely vulnerable	

The change in the index score, as also seen in the Momentum Financial Wellness Index above, was muted due to pressures on consumer's expenditures and their perceived ability to service their existing debts. These insights are important for the Corporate and Public Sector and their clients as there is a connection between financially vulnerable employees and their health, absenteeism and level of productivity.

MMI Holdings has widened its scope in driving Financial Wellness by sponsoring The Directors Event in partnership with the *Sunday Times Top 100 Companies*. Positioned as "SA's biggest board meeting", this dialogue platform aims to harness the collective intellectual energy of members of the private sector, government and civil society in addressing and developing solutions for issues that impact South Africa's financial wellness.

**Sunday Times** TOP 100 COMPANIES

**THE DIRECTORS EVENT**

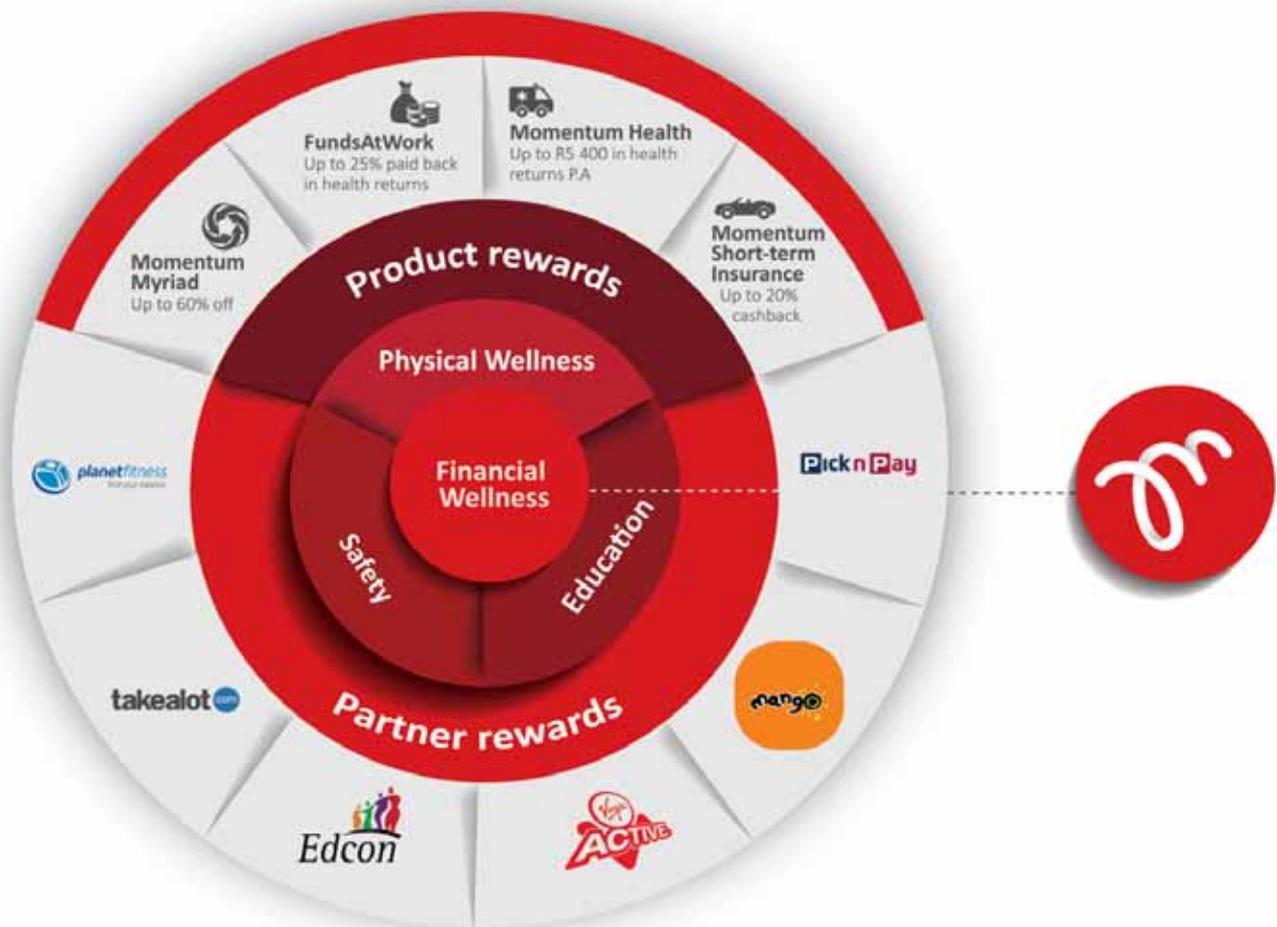
in association with



MMI remains committed to driving Financial Wellness for all its stakeholders internationally and will utilise all insights and capabilities to deliver holistic solutions that will sustainably address all aspects of Financial Wellness.

## Unlocking Financial Wellness through *multiply*

In line with our purpose and client-centric strategy, Multiply is our vehicle to unlock Financial Wellness across all MMI's client value propositions. Multiply is a fast-growing and leading wellness and rewards programme that is not limited to physical wellness. This programme aims to educate, engage, empower and encourage our clients to improve multiple dimensions of their wellness, which will ultimately enhance their Financial Wellness. The four dimensions of wellness that Multiply aims to drive positive client behaviour are: Physical Wellness, Education, Safety and Financial Wellness.



Multiply works by educating clients about the benefits of behavioural changes to improve Financial Wellness and encourages them to make changes through appropriate incentives. The client will also be empowered by providing information about their progress towards the right behaviours. The outcome is regular and relevant engagement between MMI and their clients about their Financial Wellness and how we can create value for them.

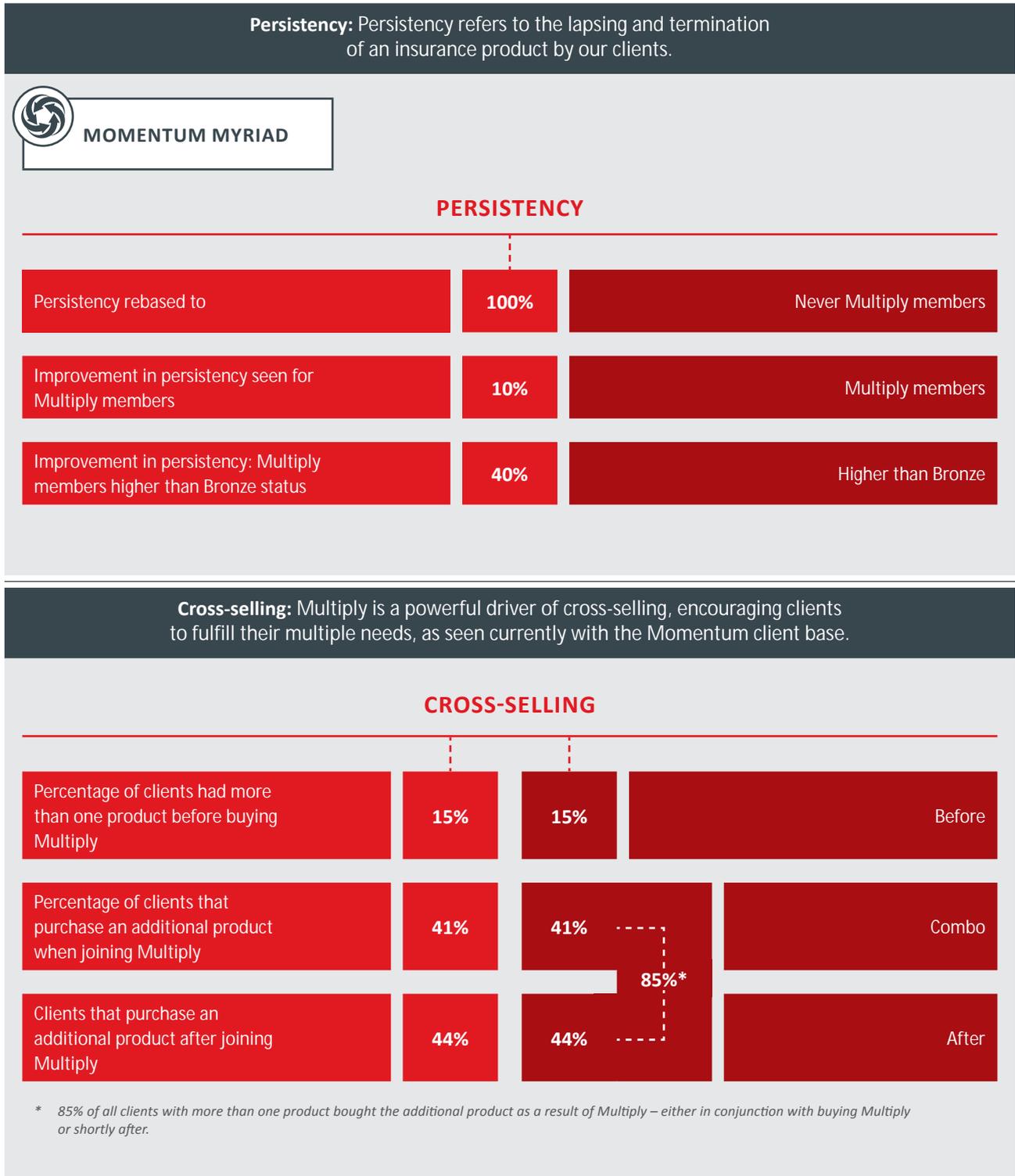
Multiply provides two types of rewards, Product and Partner rewards, to its client base. Clients are rewarded through Product Rewards where significant discounts are offered on our Myriad individual risk product and reductions in short-term insurance premiums based on the client's safety score. Clients who engage in activities that enhance their physical wellness

also benefit from enhanced health savings for their Momentum Health medical scheme and FundsAtWork umbrella retirement fund products.

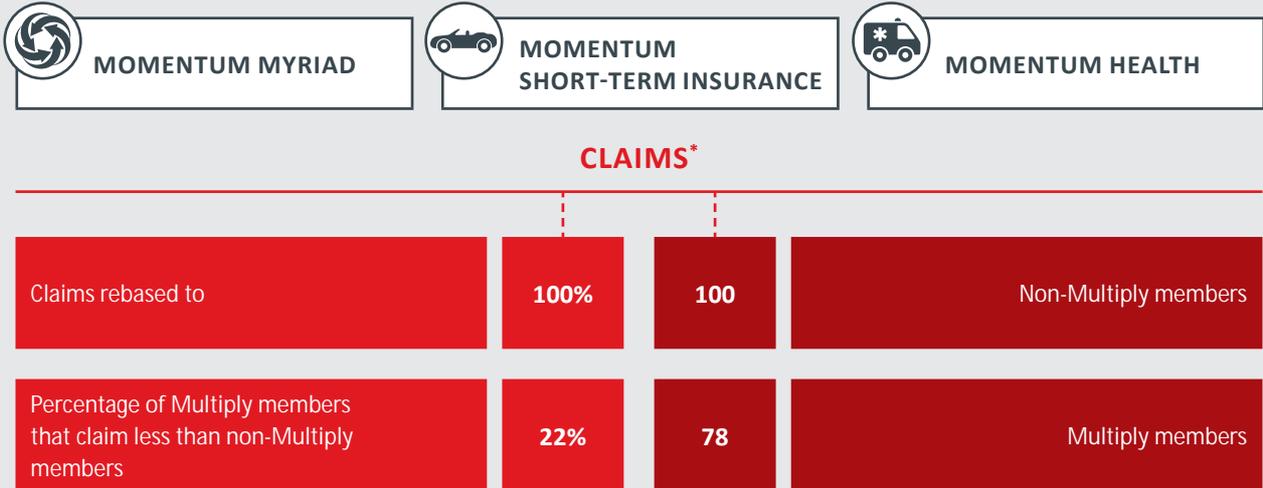
Multiply clients also enjoy additional value in the form of Partner Rewards. The wellness and rewards programme offers discounts on products and services of more than forty well-known lifestyle brands. Clients are offered an opportunity to save money on gym membership, fitness assessments, travel and leisure, online shopping, retailers and many more partners in the Multiply network.

The aim of these compelling rewards is to reinforce positive wellness behaviours, by providing Multiply clients with savings that they can redirect towards further enhancing their own Financial Wellness.

Multiply is also our vehicle for unlocking Financial Wellness for shareholders. This value creation can be seen across specific MMI products, where we have seen improved persistency, increased cross-selling and upselling and improved underwriting experience for Multiply members as seen in the tables below.



**Underwriting experience:** Momentum clients with Multiply show a reduction in insurance claims for risk, health and short-term insurance than non-Multiply members.



\* Claims data aggregated for Health, Myriad and Momentum Short-term Insurance

We are pleased with the strong growth in Multiply sales, indicating the strength of its value proposition. It is encouraging to see that this growth has been significant in our digital and franchise channels, and Momentum Consult (see Momentum Retail segment review on page 20). In future, we anticipate introducing Multiply for our Metropolitan offerings as well as more of our Corporate and Public Sector clients.

## INNOVATION

Innovation is one of MMI's strategic enablers, core to our vision and one of our values.

MMIgnite is our socially curated collaborative innovation programme where all employees are encouraged to put forward new ideas to stimulate innovation throughout the organisation.

The MMI Innovation agenda is linked to our *three key strategic focus* areas of client centricity, growth and excellence.

We have mobilised and energised a large proportion of our employees to use the MMIgnite software platform to log their innovation ideas, rank and comment on other employees' ideas. A number of these ideas are already being implemented. It is very encouraging to see the value already being created through our innovation focus, by tapping into the creative minds of each and every employee.

For example, Momentum Retail deploys "nurses in the fast lane" as part of the normal underwriting process who typically interact with clients for 15 to 25 minutes. Through the ideas submitted by employees on the MMIgnite portal, we now equip the nurses with tools that allow them to update client information and gather other data which deepens our insights about the customers we serve and optimises the time spent by our nurses in the fast lane.

We have also developed exciting digital platforms and "gamified" interfaces that will incentivise employees to refer new clients to the business.

*Exponential* is a newly created business unit of MMI that focuses on transformational innovation opportunities in the Fintech space. We believe the velocity of change of technology advances that has disrupted many industries will also have an impact on financial services. The Exponential business proactively heads off this threat and aims to turn it into an opportunity for growth over the long term.



CLIENT CENTRICITY



GROWTH



EXCELLENCE