

When we released our interim results on 5 March 2020 we were on track to achieve our Reset and Grow target of growing our normalised headline earnings to between R3.6 billion and R4.0 billion by F2021. Since then our performance has been affected by the impact of the Covid-19 pandemic on investment markets, the tough operating conditions during the Covid-19 lockdowns in our areas of operation and the need to raise significant additional reserves for potential Covid-19-related claims. As a result, it is unlikely that we will achieve our F2021 targets.

OUR PERFORMANCE AGAINST OUR KEY FINANCIAL METRICS

Normalised headline earnings

R1.5 billion

(F2019: R3.1 billion) – a 51% reduction year-on-year

Present value of new business premiums (PVNBP)

R50 447 million

(F2019: R55 783 million) – 10% reduction year-on-year

Value of new business

R280 million

(F2019: R541 million) – 48% reduction year-on-year

Dividend per share

40 cents

(F2019: 70 cents) – 43% reduction year-on-year

OUR ESG PERFORMANCE

Environmental

11% reduction in our carbon emissions since we set our baseline in 2014

39% reduction in our water use since we set our baseline in 2014

Social

R70 million invested in employee learning and development (F2019: R52 million)

64% of our employees were female (F2019: 64%)

78% of our employees were black (F2019: 76%)

19% increase in the number of young people placed in jobs (F2020: 750, F2019: 629)

R40.8 billion cumulative investment in empowerment finance (F2019: R30.7 billion)

Over **R70 million** spent cumulatively on enterprise and supplier development

R388 million in client financial relief and support provided during F2020

Governance

70% of our directors are independent non-executive directors (F2019: 73%)

53% of our Board members are black (F2019: 50%)

35% of our Board members are female (F2019: 33%)



We are one of South Africa's largest insurance-based financial services companies listed on the JSE, A2X and the Namibian Stock Exchange. Momentum Metropolitan Africa operates in Botswana, Namibia, Lesotho, Mozambique, Zambia, Kenya, Tanzania, Uganda and Ghana. Outside Africa, Momentum Investments has operations in the United Kingdom; the Group has a health insurance joint venture in India; and Guardrisk has businesses in Gibraltar and Mauritius.

Our federal operating model promotes an entrepreneurial mindset in our business units, which are accountable for the entire value chain of their businesses.



OUR PRODUCTS AND SERVICES

We deliver our products and services, which include:

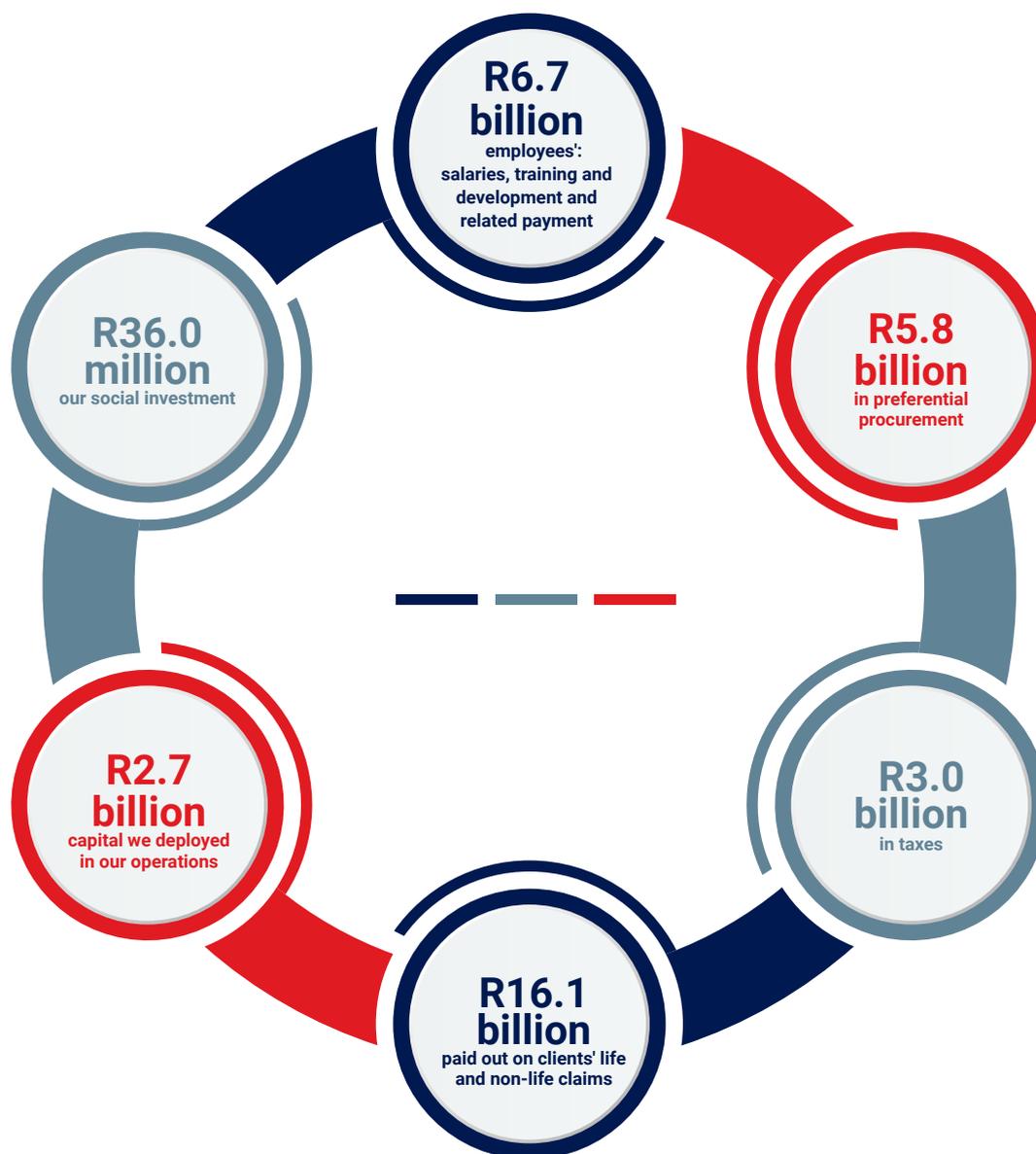
- Life insurance protection
- Non-life insurance
- Employee benefits including healthcare and retirement provision
- Asset and property management, investment and savings
- Healthcare administration, managed care and health risk management
- Value-adding client engagement solutions

through our portfolio of businesses.

CREATING VALUE BY DELIVERING ON OUR PURPOSE

Our purpose guides our strategy and decision-making through which we aim to achieve a balance between short-term results and long-term value creation. It also influences the role we play in society and the value we create through our contribution to society.

Our contribution to the South African economy



- We are a proud Level 1 contributor to B-BBEE in South Africa
- Signatories to the United Nations Principles for Responsible Investment (UNPRI)
- FTSE4Good Index Series constituent
- One of the top 30 companies on the FTSE/JSE Responsible Investment Index
- Voluntary participants in the Climate CDP
- First SA signatory of the Just Transition Global Investor Statement, which commits us to ensuring that as we transition to a low carbon economy we engage with companies

THE VALUE WE CREATE FOR OUR CLIENTS THROUGH OUR PRODUCTS AND SERVICES

Innovation, which includes investing in the ongoing development of innovative and value-creating products and services for our clients, is a key value driver for Momentum Metropolitan. To this end we invest in fintech, insurtech and healthtech start-up enterprises (see the intellectual capital section of this report, page 85, for more information).

	Life insurance protection	Savings and Investments
Targeted value creation	<ul style="list-style-type: none"> Financial protection for the family when a loved one passes away By protecting our clients' income we secure their family's future against the unexpected Financial cover for a critical illness A guaranteed income in retirement Financial inclusion Credit life and retrenchment insurance cover 	<ul style="list-style-type: none"> Our wide range of saving and investment solutions and our unique approach to investing helps our clients achieve their investment goals We help our clients grow their savings and get the most out of their hard work
The value we created for our clients in F2020	<ul style="list-style-type: none"> R7.4 billion paid in death claims R2.4 billion paid in disability claims R820 million paid for critical illness claims R1.9 billion in dividends paid to cell owners Myriad and Momentum Corporate clients that are also members of Momentum Multiply can qualify for a discount of up to 60% off their monthly premiums 	<ul style="list-style-type: none"> Momentum Investments had assets managed and under administration of R564 billion Momentum Corporate assets under management of R55.9 billion (FundsAtWork) R13.5 billion paid out on savings and investment products Increased clients' loyalty bonuses by R40 million together and clients' built-up retirement boosted by R210 million
The business units we depend on to create value		
Wellness and rewards	<p>Engagement and rewards that encourage a healthier, safer lifestyle • Cashbacks • Value-adding discounts Covid-19 relief measures included 3% cash back on essential goods • Two more Weekly Wins partners Adjustment to Active Dayz, Safe Dayz and ensured clients did not lose out on product rewards</p>	
Covid-19 relief measures	<ul style="list-style-type: none"> Myriad clients were offered a temporary premium pause with payment of 20% of the sum assured. The design of Momentum Corporate's group scheme solutions already provided cover to members for Covid-19 related funeral and disability claims and critical illness from Covid-19. To help employers manage their cash flow, Momentum Corporate gave its group insurance clients a two-month grace period in which to pay premiums. The design of Metropolitan Life's products provided its clients with much needed relief during Covid-19 as they provide a range of options from premium skip options to premium bridging options. In addition, we rolled out more flexible premium payment methods that take into account the realities of the market. 	<ul style="list-style-type: none"> Because Momentum Investments' wide range of investment vehicles and insurance products are flexible by design, they allow investors to manage access to savings themselves. In addition, it does not charge penalties if clients wish to cancel recurring contributions, nor are there any barriers to later restarting contributions. This feature assisted clients during the Covid-19 lockdown. Investo clients were offered an extension to the premium holiday option that was already built into the product, increasing the possible premium holiday from four to six months. The period to qualify for the premium holiday was also reduced from six months to three months. Momentum Corporate provided clients who needed assistance with relief options for their group retirement fund contributions on the Umbrella Fund.

Healthcare

Our focus is on assisting medical schemes through the provision of integrated administration and managed care services

We help our clients understand their health better and help them protect and improve their health

We offer previously uncovered employees access to more affordable health solutions

Medical aid gap cover

Covered 2.6 million lives in South Africa and assisted with cover for more than 8 million lives across the world

Paid over R42 billion in claims for our clients

Enhanced benefits and flexibility for our clients by adding more value at some of the lowest costs in the industry

In India ABHI offered protection against unforeseen health expenses through over 6 500 hospitals in 2 000 cities. It also enables and influenced client health



Non-life insurance

Reliable short-term insurance to protect the assets that our clients worked hard for like a car, a home or other personal belongings

Free 24/7 roadside and home assistance

Services and solutions for corporates that are serious about risk management, face complex or expensive risks or want to sell their own branded insurance product

Paid R2.0 billion in motor claims

Paid R772 million in property-related claims

Qualifying Momentum Short-term Insurance clients, who actively engage with our safety value proposition, can earn up to 30% of their premiums, even if they claim, through our Safety bonus.

R791 million in dividends paid to cell owners

R2.0 billion in mining rehabilitation guarantees were issued



Free mobile banking • Competitive interest rate • Savings and payment wallets • Healthsaver Visa card • Points earned on savings balance

We provided remote solutions to enable access to healthcare for people under quarantine in mining areas and are responding to hotel group requests for similar solutions.

We contributed to the Solidarity Fund for the acquisition of personal protection equipment for healthcare workers.

We donated a mobile clinic to the Gauteng Department of Health.

We supported the Gift of the Givers with a drive-through testing station at our offices in Bellville, Western Cape and also provided a monetary donation.

Hello Doctor was made available to all South Africans via their mobile phones. Used by the Department of Health as a first-access point to assess the need for Covid-19 screening, it was also used in a Dis-Chem screening initiative. Hello Doctor has been enhanced with additional digital capabilities to ensure that our clients could continue obtaining treatment during the lockdown period.

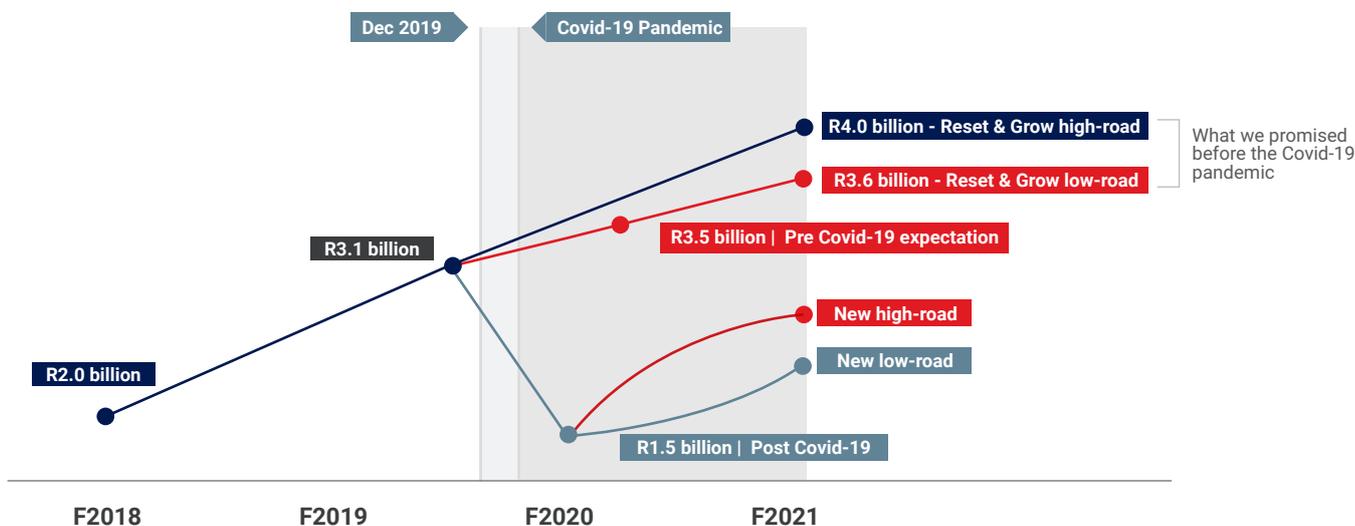
MSTI provided clients with a 10% premium rebate, a premium cover pause option, an option to downscale cover with no penalties if reinstated 10 working days after the end of lockdown, and access to R26 million in future no-claims bonuses to ease the financial burden.

Momentum Insurance provided relief to clients through excess waivers and 15% discount on motor premiums in May and June, and also provided claims excess relief in certain cases.

Both entities provided support to their claims service providers, such as suspension of volume-based discounts and upfront invoicing payments instead of the usual industry 30-day payment cycle.

Guardrisk offered several relief options to clients, including premium holidays and discounts.

IMPACT OF COVID-19 ON OUR RESET AND GROW STRATEGY



OUR RESET AND GROW ROADMAP



LONGER-TERM CORPORATE PORTFOLIO GROWTH STRATEGY

Building a synergistic and resilient portfolio of high-performing businesses leveraging the benefits of a federal operating model

Underpinned by service excellence • Product excellence • Digitalisation as a game changer

CREATING LONG-TERM SUSTAINABLE VALUE FOR OUR STAKEHOLDERS THROUGH A FUTURE STRATEGY THAT RECOGNISES THE REALITIES OF THE POST COVID-19 ENVIRONMENT

TO BE COMPLETED DURING F2021 THIS STRATEGY, WHICH WILL GUIDE US FOR THE THREE-YEAR PERIOD ENDING 30 JUNE 2024, WILL:

- build on our strengths and successes, which include our federal operating model
- continue to encourage entrepreneurial behaviour through empowered business units accountable for their full value chain.

In return the business units will be expected to perform in accordance with standards set in terms of strategic alignment, value creation and performance targets.

The impact of an event, such as the Covid-19 pandemic, tests to the limit everything a business has put in place to protect stakeholder value. It also reveals the heart and soul of an organisation. Are the values it has committed to truly part of its DNA, or just words? Do its governance structures provide it with leadership that is effective and sufficiently agile? Does the leadership's decision-making process ensure a balanced, ethical approach to protecting stakeholder value under these extreme circumstances?

At our year-end in June 2020 we needed to review how we had performed in these key areas during the first four months of the impact of the Covid-19 pandemic on our business and what may be required of us to ensure we continue to create stakeholder value going forward in a much changed world.

In this section of our report we have reviewed the various elements of our response to the Covid-19 pandemic between March and June 2020, with a view to reviewing the robustness of our response. We believe we lived our values, and that our governance structures provided excellent leadership to ensure we maintained our ethical approach. We would refer you to financial capital on pages 50 to 64 for our financial response to the Covid-19 pandemic.

IN SOUTH AFRICA ON 15 MARCH THE COVID-19 PANDEMIC WAS DECLARED A NATIONAL DISASTER, FOLLOWED BY THE IMPLEMENTATION OF A NATIONWIDE LEVEL 5 LOCKDOWN ON 26 MARCH 2020. LOCKDOWNS WERE ALSO IMPLEMENTED IN ALL THE OTHER COUNTRIES IN WHICH WE OPERATE.

Protecting our people

We rapidly activated our business continuity plans, prioritised key activities and enabled the resources that ensured that over 90% of our employees were working safely at home and fully enabled to continue serving our clients from home. We also took the necessary steps to ensure that any employees required to work on our premises were safe.

To keep our people informed, both with regard to their health and well-being and to provide them with news about the business and their colleagues, we regularly communicated via email and video conferencing. They were also encouraged to make use of our employee wellness tool, which is also available to our Momentum Metropolitan employees and the Hello Doctor app (pages 85 and 90).

Protecting our business values

Our risk management structures and processes and prudent approach to solvency management allowed us to preserve stakeholder value (page 21). Despite the significant decline in investment markets, we remained well capitalised within our Group's stated solvency targets of 1.45 to 1.75 times the solvency capital requirements (SCR) (page 50). The liquidity management process we have in place for unexpected events, to ensure we have sufficient liquidity buffers to fund cash calls under even more extreme scenarios, proved sufficiently robust.

Effective, agile, balanced leadership

Early in March 2020 we added a Covid-19 Steering Committee to our governance structures. The diverse membership of the Committee encouraged integrated thinking and a holistic approach to our decision-making, which made it possible for us to deliver on our purpose to the benefit of our stakeholders.

To ensure our Board and its committees had the information they needed to lead effectively, they were provided with weekly reports on how Covid-19 was affecting our people, our clients, the business, and society as a whole; and the Group's efforts to assist where required while ensuring we continued to protect our business. See page 40 of Value creation through good governance for more details.

Assisting our clients

Our business units offered their clients a range of relief measures to assist them during the lockdown, and ensured that they continued to provide their clients with the best possible service while working remotely. The Financial Service Conduct Authority (FSCA) issued guidance on treating customers fairly during lockdown.

Our support of society, small businesses and communities

We made donations in emergency funding available to the Red Cross, the United Nations Children's Fund (UNICEF) and our partners working in communities to distribute food, provide access to water and enable testing (page 112) We also contributed to government's Solidarity Fund which provided financial and resourcing support for Covid-19 relief efforts. Our Group Chief Executive Officer also donated one-third of his salary for three more months to the Solidarity Fund. Guardrisk contributed to the South African Future Trust to support small businesses that were unable to operate during lockdown.

How Covid-19 fast-tracked our digital transformation

We had a digital roadmap in place to implement digital solutions and processes over time, but we fast-tracked the process to meet the business challenges that the Covid-19 pandemic presented.

Our values:



The purpose of Momentum Metropolitan is to enable businesses and people from all walks of life to achieve their financial goals and life aspirations by creating economic value for all our stakeholders, including future generations. To achieve our purpose our sustainable development is embedded in our strategy and is an integral part of how we do business.

Previously, financial and physical assets were considered to be the key components making up an organisation’s market value. Today, increasingly an organisation’s sustainability and the likelihood of it performing well in the future is also being measured in terms of its environmental, social and governance (ESG) performance.

Momentum Metropolitan supports the United Nations Environment Programme (UNEP) Finance Initiative’s Principles for Sustainable Insurance (PSI)

Sustainable insurance is a strategic approach where all activities in the insurance value chain, including interactions with stakeholders, are done in a responsible and forward-looking way by identifying, assessing, managing and monitoring risks and opportunities associated with environmental, social and governance issues.

Source: PSI

How our approach to the environment, society and governance contributes to the sustainability of our business

Environment 

By minimising our impact on the environment through responsible consumption of renewable and non-renewable environmental resources, our approach to responsible investment, addressing our impact on climate change, supporting a just transition to a resilient low-carbon economy and complying with legislation we not only contribute to the sustainability of our business, but we also contribute to the achievement of the UN SDG 13: Climate action (see page 113).

Society 

Through our approach to our employees’ human rights, learning and development, safety, health and well-being, and their employment we are able to deliver on our purpose by providing our clients with products and services that enable the achievement of their financial goals while protecting their financial security, health and well-being and creating economic value for all our stakeholders. We also contribute to the sustainability of our business and the achievement of UN SDG 8: Decent work and economic growth and UN SDG 3: Good health and well-being (see pages 88 to 92).

Through the role we play in the communities in which we operate and our relationships we increase their sustainability, earn our social licence to operate, and contribute to the achievement of UN SDG 8: Decent work and economic growth and UN SDG 9: Industry, innovation and infrastructure (see pages 112 to 115).

Providing adequate assurance on the ESG information provided in our integrated report

We have adopted a combined assurance approach to ensure we have adequate assurance across the Group on both non-financial and financial information and to prevent gaps or duplication in assurance efforts (see pages 3 and 21).

Our carbon footprint is verified annually by an independent external emissions verification agency.

Governance 

Through the application of good governance practices, we have established an ethical culture within the Momentum Metropolitan Group, effective control and legitimacy, all of which contribute to the sustainability of our business and its good performance (see pages 37 and 92).

SUPPORT OF THE UN SDGS

The UN SDGs are a people-centred set of goals and targets. Their aim is to achieve sustainable development by eradicating poverty, protecting the planet from degradation and ensuring that all human beings can enjoy prosperous and fulfilling lives in harmony with nature. While some of the SDG targets require governments to take action there is still a lot we can do as a corporate to contribute to their achievement. This is the first year we have reported on our contribution to the SDGs having identified the five to which we can currently make a meaningful contribution. We will regularly review our contribution and review how else we can make a meaningful contribution to their achievement. Recent events have made us all much more aware of the vulnerability of people and the planet and they have highlighted the plight of those living in poverty and the need for our fellow human beings to have an opportunity to fulfil their potential.

Through constructive debate in various leadership forums, we identified where Momentum Metropolitan can make the most meaningful contribution to the achievement of the SDGs. We established that currently five SDGs correlate with our purpose and the key focus areas of our

strategic objectives. Our focus on these areas allows us to make a meaningful direct contribution to:

SDG 3: Ensure healthy lives and promote well-being for all people at all ages (see page 90 of human capital, page 117 of social capital and page 75 of productive capital)

SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all (see page 92 of human capital, and page 112 of social capital)

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (see page 50 of financial capital, see page 66 of productive capital, see page 88 of human capital and page 111 of social capital)

SDG9: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation (see page 85 of intellectual capital, see page 114 of social capital and page 126 of natural capital.)

SDG13: Take urgent action to combat climate change and its impacts (see page 117 of social and relationship capital and page 126 of natural capital).

Our contribution to these SDGs is addressed in the various capitals on the pages indicated above.

We recognise that through our contribution to these five SDGs, we also make an indirect contribution to other SDGs, which may in time become direct contributions.

Sadly, the advent of the Covid-19 pandemic has been a major setback to the achievement of the SDGs by 2030. Three of the SDGs: (3, 4 and 8), which correlate with our key focus areas, are being severely impacted by the Covid-19 pandemic. We are addressing these impacts on our clients, employees and society as a whole. Information on our efforts can be found in the various capitals on pages 49 to 127.



FIVE-YEAR SUMMARY

This year we have included human, intellectual, social and natural capital statistics in our five-year summary with the aim of providing an integrated view of the statistics that can impact the sustainability of Momentum Metropolitan.

	June 2020	June 2019	June 2018	June 2017	June 2016
	Rm	Rm	Rm	Rm	Rm
Financial capital					
Net insurance premiums ¹	75 040	73 152	65 304	62 935	63 112
Momentum Life	9 466	9 213	8 938	7 383	8 345
Momentum Investments	24 067	21 039	20 894	16 844	17 422
Metropolitan Life	7 085	7 052	7 368	6 898	6 816
Momentum Corporate	16 197	20 991	15 244	20 546	20 539
Non-life Insurance	13 527	10 165	8 609	7 239	6 069
Africa	4 698	4 692	4 251	4 025	3 921
New business premiums (PVNBP)	50 447	55 783	50 002	49 506	54 837
Momentum Life ²	7 072	8 266	8 089	7 418	6 979
Momentum Investments ²	26 812	23 145	23 267	23 267	27 236
Metropolitan Life	4 701	4 897	5 091	5 164	4 936
Momentum Corporate ³	9 206	16 977	11 218	11 121	13 232
Non-life Insurance	-	-	-	-	-
Africa	2 656	2 498	2 337	2 536	2 454
Value of new business (VNB)	280	541	345	589	777
Momentum Life ²	22	101	66	56	32
Momentum Investments ²	134	82	76	214	284
Metropolitan Life	110	89	84	178	191
Momentum Corporate ³	(4)	265	124	68	199
Non-life Insurance	-	-	-	-	-
Africa	18	4	(5)	73	71
Normalised headline earnings ⁴	1 572	3 074	2 003	2 407	2 646
Momentum Life	416	883	472		
Momentum Investments	303	512	227		
Metropolitan Life	302	610	201		
Momentum Corporate and Health	260	601	909		
Non-life Insurance	405	164	204		
Africa	317	262	147		
"New Initiatives"	(509)	(492)	(377)		
Shareholders	78	534	220		
Core headline earnings ⁴			2 809	3 208	3 206
Momentum Retail			920	1 271	1 493
Metropolitan Life			570	660	700
Momentum Corporate			903	835	680
International			(48)	(166)	(156)
Shareholder Capital			464	608	489

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 The PVP and VNB of Momentum Corporate for F2015 and F2016 have been restated to exclude Guardrisk which was included during those periods.

⁴ The primary earnings metric has changed from core headline earnings to normalised headline earnings in F2019. F2018 has been restated for comparative purposes at a segmental level; for all other periods, only the total NHE is disclosed.

	June 2020	June 2019	June 2018	June 2017	June 2016
	Rm	Rm	Rm	Rm	Rm
Earnings attributable to owners of the parent (Rm)	178	2 255	1 369	1 536	2 142
Earnings per share attributable to owners of the parent (cents)	12.3	153.1	88.2	98.4	137.6
Diluted headline earnings per share attributable to owners of the parent (cents)	71.3	166.2	92.9	117.7	132.2
Normalised headline earnings per share attributable to owners of the parent (cents)	101.5	202.5	125.5	150.1	165.0
Core headline earnings per share attributable to owners of the parent (cents)			176.0	200.0	199.9
Dividend per share (cents)	40	70	-	157	157
Diluted embedded value (Rm)	38 524	41 193	39 601	42 523	42 989
Return on embedded value (%) (annualised) - internal rate of return	(3.7)	8.0	(1.1)	4.7	12.8
Price/Normalised headline earnings ratio	17.3	9.3	7.0	13.5	13.7
Price/Core headline earnings ratio			10.0	10.1	11.3
Dividend yield % (dividend on listed shares)	2.3	3.7	0.0	7.8	6.9
Share price - last sale of period (cents per share)	1 761	1 897	1 767	2 024	2 264
Human capital					
Number of employees in the Group	16 234	15 674	16 941	-	-
Voluntary turnover (%)	20	34	29	-	-
Absenteeism rate (includes all sick leave taken) (%)	1.15	1.23	1.23	-	-
Investment in employee learning and development (R million)	70	52	70	-	-
Females in workforce (%)	64	64	64	-	-
African, Coloured and Indian (ACI) females in workforce (%)	51	50	51	-	-
ACI members of management (%)	41	40	41	-	-
ACI female members of management (%)	20	19	21	-	-
Intellectual capital (governance)					
Independent non-executive directors (%)	70	72	73	-	-
Female Board members (%)	35	33	13	-	-
Black Board members (%)	47	50	33	-	-
Social capital					
Investment in socio-economic development (R million)	36	27	25	-	-
B-BBEE contributor level	1	1	3	-	-
Natural capital *					
Carbon emissions reduction (Scopes 1 and 2) (% change against 2014 baseline)	n/a	(11)	(14)	(14)	(6)
Water use reduction (% change against 2014 baseline)	n/a	(39)	(27)	(25)	(14)
Waste recycling (% recycled annually)	n/a	40	45	-	-

n/a – not available

* the recording of our natural capital statistics is on a calendar year basis, therefore results for 2020 will not be available until year-end.

Capital inputs from F2019 enabling our value-adding activities in F2020

Outputs from



Financial

- Strong balance sheet providing solvency and liquidity
- Embedded value of R41.2 billion
- R28.4 billion market capitalisation
- R3.1 billion in normalised headline earnings
- Regulatory solvency cover for Momentum Metropolitan Life Limited of 2.08 times SCR
- Momentum Metropolitan Life financial strength credit rating of Aaa.za (national scale) and Baa2 (global scale)
- Culture of financial discipline



Productive

- The business resilience we have built through our Reset and Grow strategy
- Our diverse range of products and services that provide financial solutions for people, communities and companies, help them grow their savings, protect what matters to them and invest for the future (p66)
- The diverse distribution channels through which we sell our products and service our clients
- Resilient infrastructure, including technology, we need to operate our business
- Improved service levels
- Enhanced distribution channels



Intellectual

- Our value system
- Return to entrepreneurial culture
- The intellectual property and organisational knowledge that differentiates us (p83)
- Brand and reputation (p86)
- A robust governance framework that facilitates nimble, effective, ethical and responsible decision-making (p36)
- Integrated thinking that underpins our ability to operate collectively
- The systems and technology that we use to deliver on our business strategy
- Our investment in organisational and digital transformation



Human

- The business resilience we have built through our Reset and Grow strategy
- 15 674 employees
- A resilient, growth-focused performance culture
- Our commitment to our people's development, safety and well-being (p90)
- A transforming, skilled and stable workforce (p89 to p92)
- R52 million investment in learning and development (p89 and p92)
- Board and Executive team with diverse range of skills and experience (p29 to p34, and p47 to p48)
- Talent management and succession strategy



Social and relationship

- R 26.5 million invested in reducing the number of young people not in employment, education or training
- Commitment to the application of responsible investment practices
- Level 1 B-BBEE contributor with focus on enterprise and supplier development, preferential procurement from black-owned businesses and empowerment funding
- Engagement with clients and potential clients through our investment in consumer education and developing entrepreneurship skills in teenagers
- Commitment to Treating Customers Fairly
- Over R30 billion in empowerment financing investments



Natural

- R300 million investment in reducing our energy and water usage
- Over R2.1 billion invested in renewable energy power production
- B score for our voluntary CDP climate change disclosures (2018)
- Impact of addressing environmental concerns with listed companies during F2019, in line with our commitment to responsible investing



The trade-offs required to create value for stakeholders

Investing in our future

- While the acquisition of Alexander Forbes Insurance will result in lower returns from the existing cash reserves used to fund the transaction in the short term, it positions us as a significant player in the personal lines short-term insurance market in the years ahead (78).

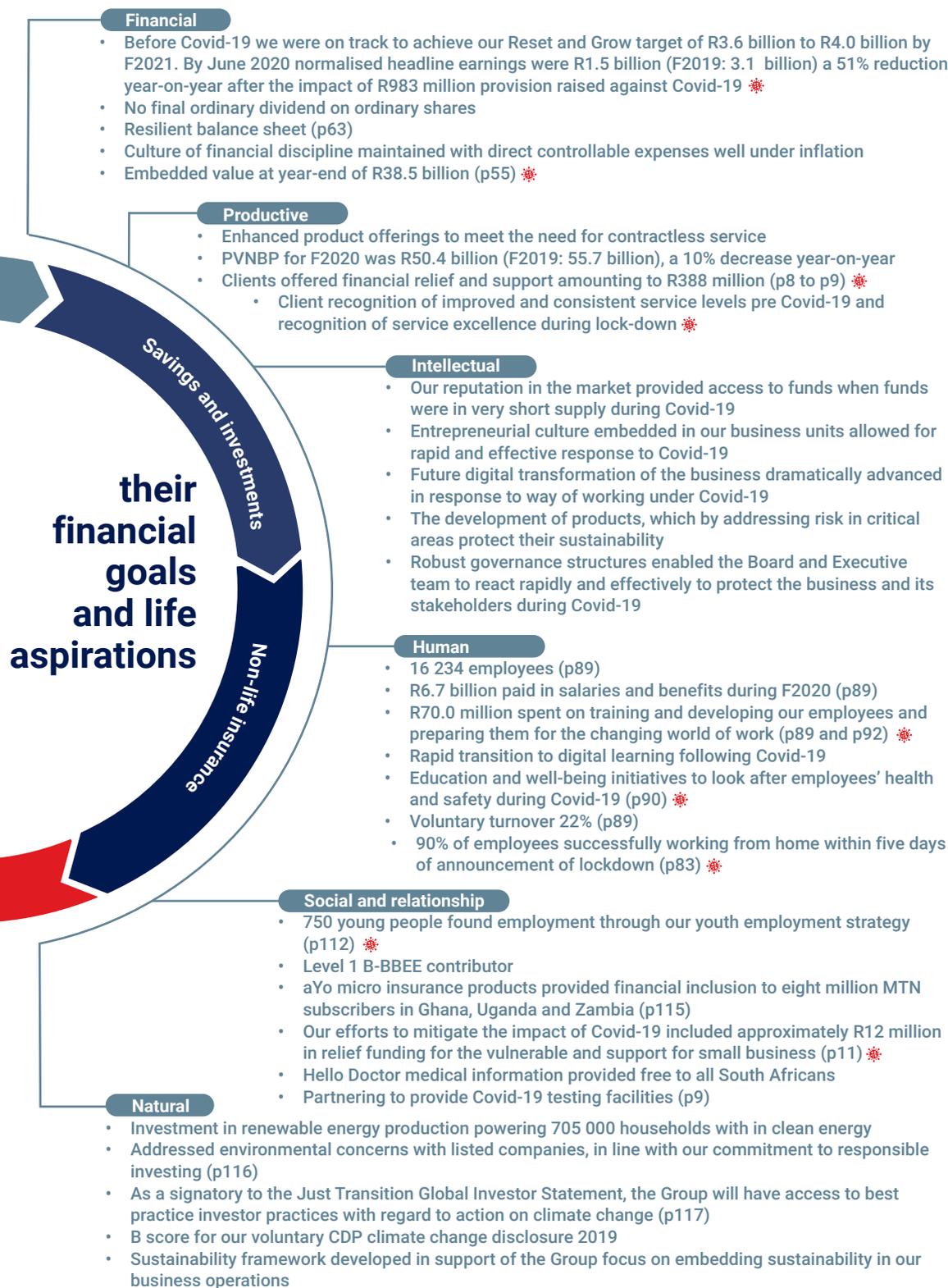
Investment to enable working from home and to keep our people safe

- We invested R26 million in remote working enablement and structural changes needed to ensure social distancing in our offices

these activities

Outcomes, including those in response to Covid-19 during 2H2020

Impacts on our ability to create value



We had made steady progress towards achieving our Reset and Grow targets by 1H2020, which was suddenly halted by the impact of the Covid-19 pandemic on our business, our clients and the country's economy.

However, through our Reset and Grow strategy established the resilience and agility we need to continue to grow, if not as rapidly as we had planned, and create sustainable value despite very challenging times.

As a responsible corporate citizen and wishing to treat our customers fairly we provided financial relief to our clients struggling financially under the impact of the Covid-19 pandemic. We believe this helped a number of our clients retain important protective and health cover.

An unintended benefit of the Covid-19 pandemic has been the acceleration of our digital transformation, with one of our longer term strategies of technology as a game changer, being brought forward to support our future readiness. The resilience we established in our business has allowed us to retain our existing employees for the foreseeable future.

Our entrepreneurial mindset made it possible for our employees to seamlessly move to working from home, be more productive than ever before and ensure our clients received the best possible service.

Our youth employment strategy was impacted by the Covid-19 lockdown as we could not continue with important aspects of the programme. Instead, we were able to turn our efforts and those of the not-for-profit organisations who deliver our youth strategy to providing support to the vulnerable (xx)

While we have been able to reduce our impact on climate change through our investment in improving the efficiencies of our buildings, we can make the biggest difference through our investments in renewable energy production and our ability to influence the environmental performance of companies in which we invest. We hope to increase our impact through our participation in the Just Transition initiative.

Client and adviser assistance during Covid-19 lockdown ❄️

- In order to assist our clients who were unable to earn or who have earned less due to the Covid-19 lockdown we offered various forms of relief (pages 8 and 9), which resulted in reduced earnings for most of our business units during this period.
- R51 million (after tax) in support and financial relief was provided to our various advisers during the Covid-19 lockdown when, because financial advice was not deemed an essential service, they could not operate.

When we released our interim results on 5 March 2020, we reported good operational results, in an already challenging economic environment. At the time we released our interim results our Group Chief Executive Officer, Hillie Meyer, said: 'Looking ahead at the next 18 months, we will continue to focus on the Reset and Grow strategy, a roadmap that has served us very well up to now. We have already successfully executed on most of our plans for the Reset phase of our strategy and will increasingly shift our energy onto the Growth objectives.'

Then everything changed

As we were releasing these results the global investment market turmoil, triggered by the rapid spread of the Covid-19 pandemic, was already beginning to have a major impact on our performance. This was followed by South Africa's nationwide lockdown on 26 March 2020, which paralysed our already fragile economy and severely impacted new business volumes and general business activity.

A challenging economic environment became an extremely tough economic environment, with a severe recession predicted for South Africa over the next two years, and recovery likely to take up to 10 years.

Globally, financial uncertainty casts a long shadow as the world begins to face the massive challenge of how to offset the losses sustained when an entire world ceased to function as it put people's lives before profit.

The year ahead

We expect a higher intensity of competition in the insurance industry, amplified by increased competition from the banks and telecommunication companies. Retrenchments, business failures and the state of the economy will increase the challenges in our operating environment.

Investment markets can be expected to reflect the difficult and uncertain economic environment, yielding weak and volatile returns. The combination of these challenges will have a negative impact on our financial performance.

Future trends

Evolving consumer needs and our ability to address them will be key in the short to medium term. These include:

- the ability to rapidly adapt to consumers' preferences towards digital interaction
- digitally enabling face-to-face sales channels and strengthening digital direct distribution channels
- providing relevant solutions for an increased focus on savings and a need for more certain returns
- adjusting product design in light of a resistance to long-term financial commitments as clients face income uncertainty
- the need to provide clients and potential clients with flexible solutions that offer better value for money
- increased interest of clients and potential clients in wellness.

Our role as responsible corporate citizens

Companies will need to relook their corporate social investment programmes to ensure they are effective and address the greatest needs of society at a time when so many South Africans are unemployed and without food and shelter. We need to help our clients preserve their investments in savings and life cover. We also need to be innovative in the design of our products to meet the needs of our clients in the current environment and to offer further financial inclusion.

The changing world of work

The changing world of work is a key factor as we adjust to changes that are likely to transform our industry. These include adapting to remote work, security challenges, flexible work, and ensuring employee well-being and productivity. How organisations maintain their corporate culture, and keep their employees committed will be challenging. Companies will also need to relook and reform their cost bases.

How we are able to address these trends

The progress we made with our Reset and Grow strategy has given the Group the resilience it needs in the current environment. Momentum Metropolitan Life remained well capitalised even at the

time of the greatest drop in investment markets. We have since seen a significant improvement in funding levels following the recovery of the investment markets.

The robust liquidity management process we have in place for unexpected events provides us with sufficient liquidity buffers to fund cash calls under even our more extreme scenarios. This allowed the Group to navigate the market crisis in March without liquidity concerns. We continue to be well-positioned to manage the volatility and liquidity stresses experienced in the market.

We are in the process of designing a long-term strategy for the Group, beyond Reset and Grow, that will take into account future trends, the competitive environment and our internal capabilities. The fact that we have been able to resiliently navigate the Covid-19 pandemic means that our new long-term strategy does not have to be encumbered by defensive plans, but is free to focus on growth.



OUR MATERIALITY PROCESS

Our retrospective and forward-looking materiality determination process is an integral part of our efforts to; embed integrated thinking in Momentum Metropolitan and to identify the matters material to achieving our strategic objectives that should form the basis of our internal and external reporting.

During F2020, our external engagement process included the investor community; our clients; the communities in which we operate and the non-profit organisations with whom we collaborate to achieve our socio economic development strategy;

the regulators; the Prudential Authority, government, and industry bodies.

Our internal materiality process included a workshop with members of the Executive team and interviews with business units. We also drew on feedback from employees responding to our internal surveys.

During most of the second half of our financial year the impact of the Covid-19 pandemic, which started affecting South Africa early in March 2020, has been material to our business and its

stakeholders. We have included this impact in the graphic below, together with what we believe will be material to our Group in terms of the impact of the Covid-19 pandemic in the short and medium term.

Refer to the relationship capital section of this report (page 118) for information on our stakeholder engagement.



THE MATTERS MATERIAL IN OUR BUSINESS CONTEXT

Strategies affected	1H2020 MATERIAL MATTERS	Value impacts	MATERIAL MATTERS SINCE COVID-19
	KNOWN CURRENT ISSUES		NEW AND CHANGING ISSUES
EXTERNAL ENVIRONMENT			
	Brand and reputation (page 72)		The value of our reputation in the market (page 86)
	Global and local economic conditions (page 18)		Financial market volatility (page 22)
	Delivering innovative products and client solutions (pages 66 to 81)		Nimble and inventive digital transformation of our organisation to enhance experience (page 83)
	Accelerate our short-term business growth ambition (page 78)		Achieving rapid organic growth of our short-term business (page 79)
	Regain new business market share (page 28)		Exploit growth opportunities to increase new business market share (page 28)
	Delivering on our commitments as a responsible, ethical corporate citizen (pages 37,92 and 111)		Investing in the safety, health and overall well-being of our clients, and people in need during Covid-19 (pages 8 to 9, 90 and 112)
Strategies affected	KNOWN CURRENT ISSUES	Value impacts	NEW AND CHANGING ISSUES
INTERNAL ENVIRONMENT			
	Organisational resilience built through the successful resetting of our business (page 27)		Exploit organisational resilience to prepare the organisation for rapid changes in the way we work (page 28,51)
	Maintaining a strong balance sheet (page 63)		Balance sheet resilience (page 63)
	Embedding a culture of financial discipline (page 28)		Maintaining a culture of financial discipline (page 28)
	Return to entrepreneurial culture (page 28)		Maintaining our entrepreneurial culture and intrapreneurship (page 28)
	Positioning Momentum Metropolitan as an employer of choice (page 91)		Employer of choice meeting and exceeding employee expectations of leadership as caring, compassionate, transparent and trustworthy (page 91)
			Focus on the safety, health and overall well-being of our people during Covid-19 (page 90)
	Enhancing our distribution capabilities (page 71)		The need to think differently about distribution, getting closer to each other now and in the future (page 71)
	Continuous improvement of our workforce transformation outcomes (diversity and employment equity) (page 92)		Ongoing focus on improved workforce transformation outcomes (diversity and employment equity) (page 92)
	Addressing climate change through environmental management and responsible investing (page 116 and 125)		Delivering on our commitment to support a just transition to a resilient low carbon society (page 117)
	High standards of governance, accountability, ethics and integrity underpinning organisational resilience (page 35)		Application of our robust governance framework and processes to achieve effective risk management, nimble decision-making and business continuity (page 23 and 40)

Legend:  Reset strategy  Grow strategy  Resilience  Positive impact on value  Negative impact on value



Momentum Metropolitan’s robust Own Risk and Solvency Assessment process gives it the ability to anticipate and respond rapidly to sudden and unexpected changes in the external risks and opportunities facing our Group. Its contribution to our resilience has been apparent during the Covid-19 pandemic.

Frans Truter
Chairman
Risk, Capital and Compliance Committee

Our risk philosophy recognises that managing risk is key to the achievement of business sustainability and the Group’s strategy. By maintaining an optimised level of risk management and risk governance at Momentum Metropolitan we are able to provide the business with the information it needs to effectively manage its risks and opportunities and continually take corrective action that will allow the Group to deliver on its business strategy and achieve its targets.

MANAGING OUR RISKS AND OPPORTUNITIES FOR SUSTAINABLE VALUE CREATION

To achieve this 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 is able to create value by achieving a long-term sustainable return on the capital required to back the risks assumed
- protect client interests by maintaining adequate solvency and liquidity levels
- ensure that we focus our capital and resources on activities that generate the greatest value on a risk-adjusted basis
- create a competitive long-term advantage by managing our business in a sustainable manner.
- ensure ongoing compliance with relevant legislative and regulatory requirements.

Our Own Risk and Solvency Assessment (ORSA) process

Our ORSA process links and integrates the Group’s risk management system, risk appetite and capital management, and is used to balance risk and return and inform business and strategic 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 (see page 62 of financial capital) and resilience under a range of adverse scenarios.

Risk governance

Our Board is responsible for the governance of risk and capital management in Momentum Metropolitan. It sets the direction for how we approach and address risk and capital management and mandates the Board Risk, Capital and Compliance Committee to exercise ongoing oversight of risk, capital and compliance management. The Board has also assumed responsibility for the governance of technology and information. While the strategy and operation of information technology (IT) within Momentum Metropolitan are subject to Board level oversight, responsibility for IT governance is also delegated to the Board Risk, Capital and Compliance Committee. See page 42 of ¹¹ ¹² Value creation through good governance for information on the outcome of the Committee’s oversight of risk, capital and compliance management and IT strategy and operation within the Group.



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 integrated approach allows for improved understanding and coverage of risks by all relevant Momentum Metropolitan assurance providers.

Combined assurance activities in F2020

The key combined assurance activity this year was integrating the newly appointed external auditors into our combined assurance process. Additionally, our focus also included embedding and optimising our combined assurance efforts with particular focus on increased assurance provider collaboration; enhancing the combined assurance maturity assessment model; and developing the assurance provider reliance model.

OUR APPROACH TO RISK APPETITE AND RISK TOLERANCES

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.

MANAGING RISKS AND OPPORTUNITIES

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

Our risk appetite statements are expressed as thresholds on solvency cover, earnings volatility and liquidity exposures. They consider quantitative, modelled risk exposures and result from financial risk taking, that provide risk

thresholds at a Group level within which senior management and the Board steer the business.

Our risk strategy guides the way in which the Group assumes risk through the qualitative expression of its appetite for exposure to the different types and sources of risk. It is supported by quantitative tolerances and risk limits, which are set to ensure that underlying risk exposures remain within appetite.

During the Covid-19 crisis, the Group's risk appetite framework has proved invaluable in managing the Group's risk, liquidity and

solvency profile. It has helped to ensure the resilience of the Group to the severe volatility observed in financial markets and disruptions in the operating environment, and has enabled the Group to respond quickly and proactively in managing risk exposures and mitigating risk impacts. The processes we followed to address the operational impact on our processes, people, clients and office locations of the Covid-19 pandemic were in line with our business continuity policy (see page 11 of this report for more information and the capitals on pages 50 to 127)

OUR KEY RISKS AND OPPORTUNITIES JSSE^{8.63(s)}

In the table that follows we have included a summary of our key risks and opportunities, the material matters related to these risks and opportunities, and our response to them. Momentum Metropolitan's operating performance and delivery of its long-term strategy can be materially impacted by changes in the macroeconomic environment, and the Covid-19 pandemic and its effects on financial markets, local and global economies and the Group's client base has resulted in elevated risk exposures across the Group.

Strategy and capitals impacted	Material matters	Risks and opportunities	Our response to the risks, material matters and opportunities they present	Change in risk rating compared to F2019	Risks impacted by Covid-19
   	<p>Global and local economic conditions</p> <p>Application of our robust governance framework and processes to achieve effective risk management, nimble decision-making and business continuity</p> <p>Organisational resilience built through the successful resetting of our business</p> <p>The value of our reputation in the market</p> <p>Balance sheet resilience</p>	<p>Financial market volatility: Our earnings and net asset value are exposed to movements in financial markets, most significantly to movements in equity markets and interest rates as consequential features of our business. The Covid-19 crisis has resulted in significant volatility in local and global financial markets, and market volatility is likely to remain elevated in the near term.</p>	<p>Under our Board-approved market risk strategy, we maintain a conservative investment mandate for shareholder assets. Hedging and asset-liability matching strategies are implemented in accordance with approved policies, and continually monitored to maintain shareholder exposures within risk appetite based on specific management intervention triggers.</p> <p>In line with our risk appetite, we maintain strong coverage of our regulatory solvency position to provide resilience against severe shock scenarios. Our liquidity profile is closely monitored and managed within our risk appetite. (see page 21 for more information).</p>		



Strategy and capitals impacted	Material matters	Risks and opportunities	Our response to the risks, material matters and opportunities they present	Change in risk rating compared to F2019	Risks impacted by Covid-19
	<p>Investing in the safety, health and overall well-being of our clients, members, service providers and employees need during Covid-19</p> <p>Exploit growth opportunities to increase new business market share</p> <p>Regain new business market share</p> <p>Organisational resilience built through the successful resetting of our business</p> <p>Maintaining a culture of financial discipline</p> <p>Nimble and inventive digital transformation of our organisation to enhance our client, member, adviser and employee experience</p> <p>Maintaining our entrepreneurial culture and intrapreneurship</p> <p>Achieving rapid organic growth of our short-term business</p> <p>The need to think differently about distribution, getting closer to each other now and in the future</p>	<p>Business volumes and growth: The challenging operating environment and the economic and social impacts of the Covid-19 pandemic are expected to place pressure on business growth. The expected slow down in employment, decreases in disposable income, and weak business and consumer sentiment may impact new business volumes, client retention and profit margins, and require close management of the Group's cost base.</p>	<p>A large number of initiatives have been rolled out in response to the risks that Covid-19 presents to business growth and client retention. Product management responses focused on ensuring that capabilities in respect of client service and distribution were not significantly compromised during the lockdown period, and providing relief to clients where appropriate and ensuring effective communication between clients, brokers and distribution staff. Given the potential for pressure on business volumes, the Group will continue to closely monitor and manage its expense base and provide innovative product management responses to meet the needs of our clients (see pages 8 and 9 of the Our business section of the report and pages 65 to 81 of productive capital).</p>	<p style="text-align: center;">↑</p>	<p style="text-align: center;">✔</p>
	<p>Exploit organisational resilience to prepare the organisation for rapid changes in the way we work, and identifying, retaining and acquiring the skills employees will need for these new ways of working</p> <p>Nimble and inventive digital transformation of our organisation to enhance our client, member, adviser and employee experience</p> <p>Employer of choice meeting and exceeding where possible employee expectations of leadership as caring, compassionate, transparent and trustworthy</p> <p>Ongoing focus on improved workforce transformation outcomes</p> <p>Focus on the safety, health and overall well-being of our people during Covid-19</p>	<p>Business continuity and people risk: The lockdown restrictions imposed by government have presented numerous challenges to the continuity of business operations. Business continuity management has been a key focus area of the business, and is expected to remain so as the remote working practices which have developed in response to the lockdown become more established in business practices. The Covid-19 pandemic is a risk to the health and safety of our employees which is also a key focus area for the Group.</p>	<p>The Group successfully implemented the necessary measures to keep businesses operational over the lockdown period and enable employees to work from home. Overall service levels have been maintained during the lockdown, and most service staff have been able to work remotely. See page 69 of intellectual capital. An accelerated digital transformation of our sales processes was also implemented in response to the Covid-19 lockdown.</p> <p>The Group is also incorporating the practices and solutions developed in response to the Covid-19 crisis, which include more flexible working arrangements, the roll out of remote working enablement solutions and ensuring that our employee value proposition continues to adequately address the overall well-being of our employees, given the potential for structural shifts in working practices going forward. In order to address the risks associated with a remote-working workforce management is ensuring that appropriate attention is being placed on wellness and performance initiatives. See page 90 of the human capital section of this report.</p>	<p style="text-align: center;">↑</p>	<p style="text-align: center;">✔</p>
	<p>Application of our robust governance framework and processes to achieve effective risk management, nimble decision-making and business continuity</p> <p>Delivering on our commitment as a responsible, ethical corporate citizen</p> <p>Maintaining a culture of financial discipline</p> <p>Maintaining a strong balance sheet</p>	<p>Counterparty credit risk: The Group assumes credit risks from a variety of sources across its operations. The nature of these exposures differs by source, with shareholder credit exposure from investment activities being the most significant. There is an increase in credit risk observed for specific counterparties and industries due to the impact of the Covid-19 crisis and the weak macroeconomic environment.</p>	<p>The Group assumes credit risk within a well-developed risk framework, and is comfortable with the high quality of its credit portfolio. We continue to monitor the corporate credit exposure closely given the challenging economic environment, and are engaging proactively with higher-risk counterparties.</p> <p>We practise responsible lending aligned with our credit policy and mandates, and assess each entity's financial strength on a stand-alone basis, level of government guarantees, governance and strategic importance.</p>	<p style="text-align: center;">↑</p>	<p style="text-align: center;">✔</p>

Strategy and capitals impacted	Material matters	Risks and opportunities	Our response to the risks, material matters and opportunities they present	Change in risk rating compared to F2019	Risks impacted by Covid-19
	<p>Application of our robust governance framework and processes to achieve effective risk management, nimble decision-making and business continuity</p> <p>Organisational resilience built through the successful resetting of our business</p>	<p>Claims experience: Momentum Metropolitan is in the business of accepting underwriting risk as part of its core insurance operations. While the Covid-19 pandemic is expected to have a negative impact on our claims experience, significant uncertainty remains regarding the nature and scale thereof and the potential effects on policyholder behaviours. Most notably, there is the risk of a significant increase in mortality claims across life insurance protection products, higher policy lapses as a result of the reduction in client's disposable income, and (to a lesser extent) additional business interruption claims.</p>	<p>The Group has made additional allowances in the IFRS liabilities and regulatory technical provisions for the potential impacts of Covid-19, and continues to monitor emerging experience closely. See page 53 of financial capital.</p> <p>The diversity of the Group's business may serve as a partial mitigant to overall experience, as adverse mortality experience may be partly offset by positive experience in other businesses or product lines. See pages 8 to 9 of the Our business section of the report.</p>	<p>↑</p>	<p>✓</p>
	<p>Application of our robust governance framework and processes to achieve effective risk management, nimble decision-making and business continuity</p> <p>Brand and reputation</p> <p>Delivering on our commitment as a responsible, ethical corporate citizen</p>	<p>Technology risk: Technology risk, and in particular exposure to operational and reputational risks emanating from operational systems and processes, network infrastructure and cyber crime, continue to present evolving risk exposures.</p>	<p>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.</p> <p>The initiatives include enhancing our firewall protection, implementing stronger authentication controls, reducing the organisation's internet footprint and enhanced data leak prevention controls. See pages 69 to 72 of intellectual capital.</p>	<p>↑</p>	<p>✓</p>
	<p>Delivering innovative products and client solutions</p> <p>Nimble and inventive digital transformation of our organisation to enhance our client, member, adviser and employee experience</p> <p>Maintaining our entrepreneurial culture and intrapreneurship</p>	<p>Disruptive innovation: The threat from disruptive innovation, one example of which is the digital transformation of the financial services industry, remains a significant and accelerating risk for the business strategies of traditional insurers.</p>	<p>In line with our federated model, we have empowered our business units to drive digital transformation. Business units continue to develop their digital strategies to support their objectives, while actioning projects to enhance digital skills and capabilities.</p> <p>See page 71 of intellectual capital for information on progress with the digital transformation of our business.</p>	<p>↔</p>	<p>✗</p>
	<p>Application of our robust governance framework and processes to achieve effective risk management, nimble decision-making and business continuity</p> <p>Delivering on our commitment as a responsible, ethical corporate citizen</p>	<p>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.</p>	<p>Momentum Metropolitan is committed to operating an efficient and profitable business with the parameters of the compliance landscape.</p> <p>The Group's compliance function assists management in ensuring Momentum Metropolitan effectively manages our compliance risk in line with its risk appetite. The compliance function also provides assurance to the Board and other relevant stakeholders regarding the effectiveness of compliance risk management within the Group.</p> <p>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.</p>	<p>↔</p>	<p>✗</p>