

REPORT BY THE SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Report by the Social, Ethics and Transformation Committee (SETC) to be presented at the 20th (twentieth) Annual General Meeting of the Shareholders to be held on 25 November 2021.

INTRODUCTION

The SETC's mandate, received from Momentum Metropolitan Holdings Limited (MMH or the Group's) Board of Directors, is to fulfil the following monitoring and oversight roles:

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

KEY ACTIVITIES OF THE COMMITTEE

Transformation and people practices

The Momentum Metropolitan Group continues its steadfast commitment to transformation. Hence, transformation goals are integrated into its business and governance structures. The Group's progress on transformation is monitored by the SETC. The SETC believes that transformation is integral to achieving the Momentum Metropolitan Group's vision of being the preferred lifetime financial wellness partner with a reputation for innovation and trustworthiness. B-BBEE underpins the Group's strategic objective to enhance financial wellness, promote access to financial services and improve financial literacy in a country that continues to grapple with inequality.

Latest B-BBEE verification

Momentum Metropolitan Holdings was the first major insurance group to attain a Level 1 B-BBEE rating under the Amended Financial Sector Codes (FSC) in 2019 and has strengthened its Level 1 rating as part of its 2021 scorecard with a total score of 115.18 (up from 110.96 issued in 2020).

The Group is proud of its third consecutive year Level 1 rating, and in view of its efforts to maintain this positioning it continues to focus on a holistic approach to the transformation plan, including Management Control, Skills Development, and Access to Financial Services elements of the B-BBEE scorecard.

A Transformation Steering Committee, represented by business and pillar champions, and led by the Group Transformation Function, is now well established and is proactively managing BEE and providing assurance to MMH Exco.

MMH's Amended FSC Scorecard

Element	Total points available	Actual Score (including bonus points)
Equity Ownership	23 + 5 bonus	27
Management Control	20	10.83
Skills Development	20 + 3 bonus	15.17
Enterprise and Supplier Development	10 + 4 bonus	14
Preferential Procurement	15 + 4 bonus	19
Empowerment Financing	15	13.61
Socio Economic Development	5 + 3 bonus	8
Access to Financial Services	12	8.25
Total Score	120 + 19 bonus	115.86

Equity ownership

We appreciate that the Group's empowerment shareholding is largely influenced by Mandated Investments. In this regard, we have seen a positive increase in our equity ownership points to 27 up from 24.82 – ranking us second among our competitors.

MMH's long term empowerment shareholding structure has also been bolstered by implementation of a 3% ESOP in April 2021, as part of its long-term ambition to be authentically transformed.

Employment equity

MMH believes that a diverse workforce will yield better results; thus, diversity has been adopted as one of the key strategic priorities for the Group, which continues to focus on the retention of African employees at senior management level.

Momentum Metropolitan's current five-year EE Plan has been developed to coincide with the Group's financial year, to run from July 2020 until June 2025. A bottom-up target-setting process was followed by Group businesses, which also assessed barriers to employment equity. A top-down review by the Executive Committee ensured concerted efforts towards transformation, in particular at senior and middle management levels. This approach ensures each business takes full accountability of its targets and plans to support those.

When compared to the economically active population (EAP), MMH has a fair amount of work to do in diversifying its workforce; hence, a number of interventions are in place in this regard, with collaboration between our Human Capital and Transformation areas. Group leadership continues to focus on efforts to improve the status quo. In the last financial year, we seen positive progress with Senior and Middle Management recording increases of 6% and 4% respectively for employees in Black category (African, Coloured, Indian) – this despite challenging growth prospects in the economy.

Skills Development

MMH's commitment to developing its people includes the Group's investment of:

- Over R236 million spent towards developing our black employees.
- R143 million spend towards female employees.
- R3 million investment in youth development through bursaries
- Over 841 unemployed learnership opportunities created
- 155 learners offered permanent employment at the end of the learnership/internships programme

Preferential Procurement

During the year under review, MMH continued its procurement strategy of supporting transformed businesses, resulting to an improved score on this element. The procurement team is committed to proactively identify opportunities for preferential procurement throughout the value chain. The view is to maintain/improve the status quo and continue to go beyond compliance by supporting and developing small businesses, to enable them to graduate onto our supply chain and be able to access other markets. The table below highlights our efforts in going beyond compliance.

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Measure	Target (%)	Achieved %	Under/Over
Recognised BEE SPEND	75%	78%	Over target
Qualifying Small Enterprise (QSE)	14%	14%	On target
Exempt Micro Enterprise	8%	8%	On target
Black Ownership	20%	33%	Over target
Black Women Ownership	9%	20%	Over target
Designated Groups	2%	4%	Over target
Intermediaries	5%	47%	Over target

Our supply chain policies, procedures and processes ensure fair procurement practices and adherence to our ethical standards.

During Covid-19 we have ensured that all businesses, especially small business, are paid promptly.

Our future initiatives are focusing on:

- enterprise and supply development programmes to transform our brokers by adding new black brokers
- more spend with suppliers from the designated groups, especially the youth and disabled.

Enterprise and supplier development (ESD) and empowerment financing

MMH recognises that entrepreneurship is a key driver of economic and socioeconomic improvement. Hence, our enterprise and supplier development strategy promotes impactful development of small and medium-sized enterprises. The Momentum Metropolitan ESD Trust is committed to improving the ability of qualifying entrepreneurs to access markets, skills and funding, and to develop their businesses in a way that fosters inclusive growth.

We have been actively involved in the implementation of our intermediary development programmes. Intermediaries are an essential part of the value chain of MMH and as the industry transitions from being product-focused to advice-led, we need to look at equipping our intermediaries with the necessary skills to make their value proposition more client-centric.

The focus of our enterprise development (ED) programme has been the green economy. We have onboarded four black women-owned businesses in the green economy who will be exposed to an intensive 18-month development programme.

Our investment in the ASISA ESD Fund and other ED initiatives, has helped achieve the following:

- 961 Black SMEs developed
- 35% average growth in revenue
- Over 2 000 new jobs created
- Over 4 500 jobs supported
- R220 million in procurement to supported SMEs
- 96 100 hours in business development support.

Corporate social investment (CSI)

The CSI function remains committed to carrying out its mandate of youth employment (YE), consumer financial education (CFE), staff volunteer programme (SVP) and monitoring and evaluation (M&E).

We have social impact marketing initiatives at advanced stages, such as Metropolitan GetUp in partnership with YES, Metropolitan Blue Towns and Momentum Insure in partnership with UNICEF. The CSI team will craft a framework for these internal partnerships to assist the business units in developing a theory of change for their impact marketing programmes.

Our youth employment programmes are still being carried out through our partners in the NPO sector and in compliance with all Covid-19 regulations. For F2021 our partners managed to recruit a total of 1 057 young people into their programmes, completed training for 283, completed workplace experience for 155, and placed 74 in full time employment (of which 60 are young women).

Our partners are committed in the fight against Covid-19, with Ubuntu, a Gqeberha-based organisation centre being used as a vaccination site, and all others playing their part in flattening the curve during the adjusted Level 4 lockdown restrictions.

Since November 2020 to the first week in June 2021, our Metro KickStarz WhatsApp programme (a condensed version of the face-to-face programme) successfully reached 6 799 participants nationally. For F2021, our CFE online programmes reached a total of 18 228 young people, with 10 395 completing the programmes, giving us a good completion rate of 57%.

Momentum Metropolitan Foundation hosted Day 1 of the Trialogue Business in Society Virtual Conference 2021. The focus for the day was on purpose-driven organisations gaining momentum. Group CEO, Hillie Meyer, spoke about ethical and empathic leadership, while Dan Moyane, the Chairman of the MM Foundation, facilitated a panel discussion about the journey from compliance to purpose, and Saray Khumalo (Foundation Board Member) and Charlene Lackay presented case studies on volunteering through a global pandemic.

CSI is in partnership with Primestars through the Step Up 2 A Start up programme. The programme aims to inspire and educate schoolgoing learners about the fundamentals of entrepreneurship and the exciting opportunities that exist therein. The programmes focus on career guidance, financial literacy, maths and science and entrepreneurship.

The CSI function is proud to play a part in the government's roll-out of Covid-19 vaccinations to the people of South Africa in partnership with the Momentum Health team. When Momentum Health needed extra hands to help manage the five Momentum Metropolitan vaccination sites in Durban, Cape Town, Sandton, Centurion and Gqeberha, many of our employees volunteered to help ensure a smooth and pleasant experience for people getting their vaccinations.

Employee registrations have been on the rise on the ForGood platform which is our internal staff volunteer platform.

Ethical conduct

The centralised Group Forensic Services (GFS) team is mandated by the SETC to collaborate with various stakeholders, including human capital, industrial relations and business units, to develop our ethics strategy and to implement related policies and control processes. This is to ensure that any risk and/or potential risk of unethical conduct by employees that could bring harm to the business, is not only prevented, but where it occurs, is effectively managed in line with Momentum Metropolitan standards and within the ambit of relevant legislation.

The SETC monitors and evaluates detailed quarterly reports provided by GFS on employee conduct.

The SETC has taken cognisance of the continuous ethics and compliance training and awareness programme that was implemented during the year.

The SETC has also approved the well-embedded MM Code of Ethics and Standards of Conduct Policy that was set for its yearly review. This policy based on the MM Values proposition sets the principles for all employees of how the Group conducts its affairs and sets the tone and guidance for expected employee behaviour. The policy is well-supported by various guidance notes and further policies that specify specific requirements for employee behaviour and conduct.

The SETC is of the opinion that the measured rate of unethical behaviour against the total employment figure reflects that the general behaviour of employees is acceptable in terms of the standards and values that are set by the Group.

The SETC is also comfortable that the Executive Management and Board of MMH are taking their responsibility for safeguarding the various group entities, clients, and shareholders from the risk of commercial crime, corruption, and unethical and inappropriate behaviour by our employees, seriously.

In this regard adequate support are provided to structures such as GFS, Human Capital and Industrial Relations departments to maintain risk mitigation processes and, where applicable, management is willing to allow for the transparent debate on funding for adequate resources and infrastructure enhancements.

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Environmental sustainability

Momentum Metropolitan actively subscribes to the recommendations set out under the King IV Report on Corporate Governance™ for South Africa, 2016; the United Nations Principles for Responsible Investing (PRI); and the Code for Responsible Investing in South Africa. The Group's responsible investment policies have been expanded to include all subsidiaries within Momentum Metropolitan, have been approved at MMH Exco, and are now uploaded on our websites. The Group also published its first Responsible Investing Stewardship Report (<https://urlshortner.org/RuAl5>) We also contributed to a PRI global research paper in partnership with UNEP Finance Initiative and UN Global Compact on understanding beneficiaries' sustainability preferences.

The Group strives to comply with relevant legislation relating to environment, social and governance (ESG) enactments. The various sustainability policies relating to this are available on the Momentum Metropolitan website.

During the year under review, the Group has considered global developments in climate change. Momentum Metropolitan Holdings signed the *"Statement of Investor Commitment to Support a Just Transition on Climate Change"*. This is an international statement of investor commitment to support the just transition to a low carbon economy. This initiative complements the Momentum Metropolitan climate change investment policy and climate change positioning statement that were both published in 2019. The Group also became a formal supporter of the Task Force on Climate-Related Financial Disclosures (TCFD). To demonstrate active support, we have already advocated with 43 investment managers to disclose their climate change investment policies.

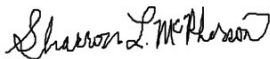
Furthermore, we have finalised our Sustainability Framework which articulates our commitment to sustainability, and constituted a Sustainability Forum with representatives from across the business to realise our sustainability objectives.

Momentum Metropolitan has been listed on the Johannesburg Stock Exchange (JSE) Socially Responsible Investment Index since 2010 and is listed on the current FTSE/JSE Responsible Investment Index and FTSE4Good Index. The Group calculates its carbon footprint annually and participates in the CDP (formerly the Carbon Disclosure Project) process. The Group has met its carbon emissions reduction target two years ahead of schedule, and will introduce an updated longer-term target. Over the years, Momentum Metropolitan has implemented several energy efficiency initiatives which have contributed to us achieving our carbon emissions reduction target, and we will continue to implement interventions which will contribute to us achieving our newly-set carbon emissions reduction target. Detailed information regarding this is available on our website.

The SETC considers quarterly reports on Momentum Metropolitan's sustainability activities.

CONCLUSION

The Committee is satisfied that it has fulfilled its mandate as prescribed by the regulations to the Companies Act and as laid out in its terms of reference. There are no instances of material non-compliance to disclose in those respects.



Sharron McPherson

Chairman: Momentum Metropolitan Social, Ethics and Transformation Committee

05 August 2021