

Our intellectual capital is a key driver of our sustainable growth. It includes our organisational knowledge, culture, governance and leadership structures. It includes our policies and processes, approach to remuneration, corporate governance, risk and sustainability management. It also includes our ability to innovate and the systems and technology that support our ability to deliver on our business strategy and our all-important relationships.

INFORMATION TECHNOLOGY

OUR STRATEGIC TECHNOLOGY PRIORITIES FOR F2020

Two of our three strategic priorities for F2020 are increasing the digitalisation of our business through digital initiatives that will enable growth and modernise our IT architecture, moving our health solutions onto a single platform and completing the migration of Metropolitan Retail onto new channel technology with a new digital front end.

COMPLIANCE PROJECTS UNDER WAY

There are currently a number of projects under way to ensure the various business units of Momentum Metropolitan meet their legislative and compliance commitments.

The new requirements of the Financial Intelligence Centre Amendment Act 1 of 2017, which were implemented on 2 April 2019, impacted all our Momentum Life products and had a significant impact on business processes where products were previously exempt (Myriad funeral policy) or partially (Investo) exempt under the legislation. Business processes most impacted by the changes were new business, service and claims processes. The changes impacted intermediaries who needed to address additional documentation requirements.

MANAGING CYBER RISK

The management of cyber risk is of critical importance to Momentum Metropolitan. In order to effectively manage this risk and to provide oversight to its governance structures the Group has intensified its focus on cyber and information security by making several key appointments.

PRODUCT INNOVATION

We are passionate about using forward-thinking new technology and ideas to create exceptional value for our clients, our shareholders and society as a whole.

BUILDING ON OUR WORLD-LEADING EXPERTISE

Guardrisk, a world leader in cell captive insurance, has found an innovative way of using its expertise in this area to facilitate economic transformation by using the cell captive model to set up an insurance business (see page 69 and 70 of the productive capital section of this report for more information on this solution).

Increasing speed to market: Root Insurance

In partnership with Root, a Fintech start-up, Guardrisk has developed an Insurtech solution, which allows its clients to digitise their existing business models. This has the potential to rapidly develop affordable niche insurance products that could disrupt the market and expand distribution of their products (see page 70 of the productive capital section of this report for more information on this solution).

Also in partnership with Root, Guardrisk extended its on-demand CarSure product to include a WhatsApp chatbot offering, providing excess buy down cover to protect against often astronomically high excess payments for car rental. This product, which is believed to be South Africa's first non-life insurance WhatsApp chatbot, takes the CarSure commitment to quick and easy access to products a step further.

New Generation Crop Insurance

Guardrisk's new generation crop insurance product, multi-peril yield insurance, uses state-of-the-art technology to reduce the financial risks faced by

South Africa's grain farmers (see page 70 of the productive capital section of this report for more information on this solution).

DESIGNING TOOLS TO INCREASE THE EASE OF DOING BUSINESS

To support the predictability our Outcomes-based Investment (OBI) product and increase the ease of doing business for advisers, Momentum Investments has developed a suite of digital tools, which include the OBI score, analysis tools and income tools, which enable advisers to select the appropriate portfolio of solutions for clients needing to draw an income.

ENCOURAGING OUR CLIENTS TO SAVE

By introducing Multiply Money, an innovative digital transactional banking account with a saving wallet into which cashbacks and payouts are automatically deposited, Momentum Multiply hopes to encourage its clients to develop a savings habit (see page 56 of the productive capital section of this report).

SMART DIGITAL CLIENT JOURNEYS

Momentum Corporate has a long legacy of delivering innovative digital solutions. Our **FundsAtWork** umbrella fund portal for our corporate clients remains ahead of its peers.

Digital member level engagement in the South African employee benefits context needs to take into account the current realities of our membership base and their financial needs, as well as solve for more frequent, real-time and client-friendly experiences.

Our digital strategy currently focuses on mobile channels. We are building interactive app-like facilities that are available via mobile phones and through unstructured supplementary service data (USSD), i.e. everything is mobile compatible. We have created layers of financial education through our digital solutions to cater for different target audiences with different levels of financial education. The layered information we provide helps our clients understand the impact of financial decisions on their future,

Our digital solutions are also an enabler of policy protection rules (PPR), moving it beyond compliance to putting the client at the centre of everything we do. Through our digital client journeys we have helped our clients in the following way:

- **Smart Exits:** We have inspired our clients to understand the importance (and tax implications) of preserving assets, resulting in significantly improved preservation rates (more than double).
- **Smart Retirements:** We are helping solve the advice gap for the lower income/mass market through access to our benefit counselling services as part of our digital service.
- **Smart Underwriting:** What used to take up to three months can now take less than 10 minutes and just a couple of clicks. We now have immediate access to the member at the time that the cover is due to increase and can provide education around the benefits and member lifestyle choices and the implication of the medical underwriting in simple language.
- Other smart initiatives include work being done at the onboarding stage of a client's journey through mobile technology including USSD, which helps guide them on their successful journey to financial success from the start of our relationship.

CORPORATE GOVERNANCE

INFORMATION AND TECHNOLOGY GOVERNANCE

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Board level responsibility	Board has delegated responsibility for IT governance to the Risk, Capital and Compliance Committee
Executive responsibility for the implementation of effective governance practices	Chief Operating Officer supported by Chief Technology Officer
Executive oversight structures	IT Exco and Architecture Exco Business unit CIOs are all members of the IT Exco
Group IT responsibilities	Shared services responsible for consolidating of data across the Group and providing certain on-demand services Infrastructure and Operations: responsible for Group IT infrastructure and procuring software in consultation with business unit IT teams
Business unit IT resources	Chief Information Officer (CIO) and IT team in each business unit

K¹² The Board of Momentum Metropolitan has assumed responsibility for the governance of technology and information in the Group and the strategy and operation of Information and Technology (IT) within Momentum Metropolitan are subject to Board level oversight. The Board has delegated responsibility for IT governance to the Risk, Capital and Compliance Committee. This includes ensuring our IT governance results in the integration of people, technologies, information and processes across the Group and the leveraging of information to sustain and enhance our intellectual capital. The status of IT in the Group is reviewed by the Risk, Capital and Compliance Committee every quarter, which provides oversight in a number of key areas including IT strategy, key projects, IT operations, security, resilience and risk management.

K¹¹ **THE CONTRIBUTION RISK GOVERNANCE AND COMBINED ASSURANCE MAKES TO OUR ABILITY TO CREATE VALUE**

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. This section sets out the outcome of this oversight.

The purpose and scope of our risk strategy, which is subject to approval by the Risk, Capital and Compliance Committee acting on behalf of the Board, is to guide 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 also provide a high-level perspective on both types of risk and the types of business in which the Group is willing to participate.

The Board's Risk, Capital and Compliance Committee is accountable for addressing and managing the risk related to ensuring data privacy and cyber security in the Group. The Group's Chief Operating Officer is the business representative on the committee for data privacy and data and cyber security. The Chief Risk Officer provides guidance and input regarding the appropriate risk management.

K¹⁵ **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 thinking and integrated reporting of all assurance activities across the business. Integrated planning and reporting optimises assurance activities allowing for:

- wider coverage of risks in the business
- taking into consideration the Group's risk appetite with a more specific focus by the relevant assurance providers
- collaboration of assurance effort.

The Momentum Metropolitan Combined Assurance framework, which is approved by the Audit Committee, includes among others:

- stakeholder inclusivity in planning and executing of assurance services across the Group
- combined planning and sequencing of assurance work by the various service providers to avoid duplication of effort and to maximise assurance cover
- effective reporting of assurance planning and progress.

F2019 COMBINED ASSURANCE ACTIVITY REPORT

The following key activities were performed during F2019:

- the combined assurance forum operating model was aligned with the new Momentum Metropolitan Group operating model and the alignment proposals were approved by the Audit Committee
- a high level assessment of the maturity level of the combined assurance processes within the Momentum Metropolitan Group entities was conducted by Group Internal Audit as part of the combined assurance program improvement process
- the Combined Assurance Forums annual work plans were also aligned to those of the Audit Committee, which ensures the combined assurance framework is applied in a way that supports oversight duties of the Audit Committee
- The various business unit forums assessed the assurance progress and results of the combined assurance work undertaken during the financial year and also approved their F2020 combined assurance plans.

High-level responsibilities and how they link to the internal control framework

	Role	Responsibilities
Board and its sub committees	<ul style="list-style-type: none"> Leadership, direction and oversight of the strategy, design, development and operation of assurance structures, processes and activities 	<ul style="list-style-type: none"> Leadership Direction Oversight
Audit Committee	<ul style="list-style-type: none"> Assists the Board in executing of its fiduciary duties regarding assurance, providing leadership, direction and oversight 	<ul style="list-style-type: none"> Leadership Direction Oversight
Combined Assurance Forums	<ul style="list-style-type: none"> Assists the Audit Committee with the governance and management of combined assurance processes and activities in the business units 	<ul style="list-style-type: none"> Risk identification and management Control self-assessment Management assurance
Executive Committee	<ul style="list-style-type: none"> Assists the Combined Assurance Forums and the Audit Committee with the management of combined assurance processes and activities and oversees all combined assurance activities 	<ul style="list-style-type: none"> Risk identification and management Control self-assessment Management assurance
Internal Audit	<ul style="list-style-type: none"> Formulates and maintains the combined assurance framework Implements combined assurance in the Group Reviews effectiveness of assurance processes and standards Reviews legislative requirements 	<ul style="list-style-type: none"> Risk assessment Control assessment Control assurance
Risk management	<ul style="list-style-type: none"> Performs risk management responsibilities according to the Momentum Metropolitan ORSA Policy and Framework 	<ul style="list-style-type: none"> Risk assessment and support Risk assurance and monitoring
Compliance and Legal Actuarial and Risk type heads	<ul style="list-style-type: none"> Participates in combined assurance workshops to determine and provide input in assurance activities to be included in the combined assurance plan 	<ul style="list-style-type: none"> Compliance Risk assessment and support Assurance and monitoring
Management, external audit and other internal or external assurance providers	<ul style="list-style-type: none"> Performs and reports on progress and results of the assurance activities per the assurance plan 	<ul style="list-style-type: none"> Financial risk identification Financial control assessment Financial control assurance

The results of the assurance work:

- informs the accuracy of business unit risk profiles and the need to make any adjustments to the assurance focus
- facilitates the escalation of significant risks and material matters to the Audit Committee and the Board.

F2020 COMBINED ASSURANCE OBJECTIVES

In the year ahead our focus in terms of combined assurance will be on:

- embedding and optimising of the combined assurance process
- enhancing the assurance providers reliance model
- integrating of the newly-appointed external auditors into the Momentum Metropolitan combined assurance process.

APPLYING CORPORATE GOVERNANCE PRINCIPLES TO CREATE SUSTAINABLE VALUE

In the Leadership review section of this report (on page 13) we have addressed Momentum Metropolitan's application of the corporate governance principles that are intended to achieve effective control and legitimacy. In the section that follows, we assess how we have applied our intellectual capital to corporate governance principles in order to:

- address the challenging task of governing ethics in a manner that supports the establishment of an ethical culture
- ensure Momentum Metropolitan is a responsible corporate citizen and is seen to be one
- create sustainable value for our stakeholders

which is presented to the Audit and Social, Ethics and Transformation committees.

We have robust processes in place for the onboarding of suppliers to check for any conflicts of interest or negatives exposures, and suppliers are required to commit to complying with our code of conduct and standard of conduct, fraud and corruption, conflicts of interest and gift policies. We monitor the compliance of both our suppliers and our employees with these policies.

ENSURING MOMENTUM METROPOLITAN IS A RESPONSIBLE CORPORATE CITIZEN AND IS SEEN TO BE ONE

Meeting the obligations and responsibilities we have towards society and the natural environment on which society depends can be challenging, however, we are committed through the application of our values of accountability and integrity to being a responsible corporate citizen. It also includes meeting our responsibility to comply with all laws and regulations that apply to Momentum Metropolitan and our support and application of non-binding codes and standards we choose to apply.

Consumer protection

Addressing our responsibilities in terms of the Protection of Personal Information Act (POPIA)

The aim of the POPIA is to ensure that all South African institutions conduct themselves in a responsible manner when collecting, processing, storing and sharing personal information, by holding them accountable should they abuse or compromise personal information in any way. POPIA protects the constitutional right of all South Africans to privacy within South Africa. Momentum Metropolitan has begun implementing it across all its legal entities. To ensure we meet our responsibilities in this regard we have put in place a group-wide programme responsible for its implementation under the sponsorship of our Group Chief Operating Officer.

Our implementation efforts include employee training programmes, data and cyber security, the implementation of relevant policies, and reporting and breach procedures.

GOVERNING ETHICS IN MOMENTUM METROPOLITAN IN A MANNER THAT SUPPORTS THE ESTABLISHMENT OF AN ETHICAL CULTURE

Challenges with regard to ethics, fraud and corruption, and addressing the threat they pose to the integrity of our business, remain a key focus for the Board and its Social, Ethics and Transformation and Audit committees. Both these committees receive quarterly reports on ethics management and fraud prevention in Momentum Metropolitan.

We communicate with our employees on the importance of complying with our code of ethics and standard of conduct policy, fraud and corruption and conflicts of interest. Whistleblowing facilities and internal reporting facilities are provided throughout our business units in line with the terms of the Protected Disclosures Act 26 of 2000.

As a Group we regularly review our approach to doing business to ensure it is in line within our commitment to being a responsible corporate citizen and doing business ethically.

As part of our governance processes, Internal Audit regularly conducts a group-wide review of ethics and our management of fraud and corruption,

APPRECIATING THAT OUR CORE PURPOSE, OUR RISKS AND OPPORTUNITIES, STRATEGY, BUSINESS MODEL, PERFORMANCE AND SUSTAINABLE DEVELOPMENT ARE ALL INSEPARABLE ELEMENTS OF OUR VALUE CREATION PROCESS

K⁴ It is our responsibility to not only deliver a good financial performance, but to also make a positive contribution to society and create lasting benefits for our stakeholders by being responsible, transparent and respectful of the rights of all. We recognise that our activities and outputs can have both positive and negative impacts on the triple context economy – environment, social impact and economy – in which we operate and the capitals we employ in our business to create value for our stakeholders by achieving a good performance.

A key component of meeting our responsibilities is our approach to sustainable development. Our contribution to the sustainable development of the communities in which we operate and ensuring we treat our clients fairly are key responsibilities Momentum Metropolitan addresses as a responsible corporate citizen (see the social and relationship capital section of this report on pages 91 to 103 for information on our performance in both these areas).

