

Social and environmental indicators

Creating social value

The South African National Development Plan (NDP) and United Nations Sustainable Development Goals (SDGs) have a similar purpose and timeline. Through our strategy and commitment to Financial Wellness, MMI is a partner in assisting in attaining the SDGs (and thereby, also the aspirations of the NDP) in the following ways:

- Providing annuity and retirement solutions, which promote saving and provide Financial Wellness over the long term.
- Providing financial access to individuals particularly in the emerging market space.
- Providing access to microfinance.
- Providing short-term insurance, which promotes safety and security measures, and rewards clients who implement these.
- Providing the Multiply wellness and rewards programme, which encourages our clients to improve various elements of their wellness, which will ultimately enhance their total Financial Wellness. The four areas of wellness that Multiply aims to drive positive client behaviour in are: Physical Wellness, Education, Safety and Financial Wellness.
- The Health Centre of Excellence promotes and manages the health of individuals to relieve the health burden on the government as well as ensure the longevity and good health of its members.
- Investment in infrastructure and renewable energy.
- Ensuring responsible management of our client's assets and money.
- Ensuring we participate in achieving the aims of the global Paris Agreement, of which South Africa is a signatory, by reducing our carbon emissions.
- Ensuring we put client centricity at the heart of our business and thereby embed the principles of treating customers fairly. We actively manage the process of implementation and monitor progress on a monthly basis.
- Exploring, developing and providing innovative solutions to provide continuous enhancement of our Financial Wellness offerings.

In acknowledgement of our environmental, social and governance (ESG) achievements, MMI is listed on the FTSE/JSE Responsible Investment Index, and is on the FTSE/JSE Responsible Investment Index Top 30 Reserve List.

In addition to this, the FTSE Group confirms that MMI Holdings has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index company FTSE Group, FTSE4Good is an equity index series that is designed to facilitate investment in companies that meet globally recognised corporate responsibility standards. Companies in the FTSE4Good Index Series have met stringent environmental, social and governance criteria, and are positioned to capitalise on the benefits of responsible business practice.



FTSE4Good

Responsible investing

MMI promotes acceptance and implementation of the United Nations Principles for Responsible Investment (PRI) and the Code for Responsible Investing in South Africa principles. As part of Momentum Investments, which houses the MMI investment business and capabilities, Momentum Outcome-based Solutions and Momentum Asset Management are signatories to the PRI. The company is proud to have served on two working committees of the PRI since 2009, having been one of the first signatories from South Africa. MMI collaborates with other industry bodies, interested parties, service providers and others on ESG, through engagement, network discussions and various initiatives.

Momentum Investments constituted the responsible investment committee, which sets policy and provides oversight of MMI's efforts in responsible investment, with member representation from across the business. Each year, Momentum Investments reviews the responsible investment initiative and sets new annual goals. Considering MMI's purpose, the use of responsible investment practices is crucial to achieve our purpose. Momentum Investments understands that long-term success can only be built through sustainable and responsible investment practices.

Momentum Investment's investment philosophy is an outcomes-based investment approach, which requires managing our clients' experience and journey to achieve a defined investment goal over the determined time period. We understand that ESG risk factors affect the sustainability of companies and are therefore especially relevant to the company's investment decision-making process.

The following policies guide our investment approach:

- Conflict of interest management policy.
- Responsible investment policy available on www.mmiholdings.co.za.
- Proxy voting guideline policy.

Momentum Outcome-based Solutions' and Momentum Asset Management's annual detailed responsible investment activities are reflected on the PRI website www.unpri.org/signatories. Both business entities provide a transparency report, which is also publicly available to local and international audiences.

An overview of some of the ESG activities that form an integral part of ongoing investment and business interests for entities within MMI are listed below:

- Entities consider ESG when:
 - Making investment decisions by evaluating the ESG factors of the companies in which direct investments are made.
 - Selecting investment managers by assessing their ESG practices and policies, and considering these where relevant in the investment decision-making process.
 - Investing in properties by focusing on energy efficiency, water demand management and by targeting green star ratings for refurbishments.
- Dedicated analysts are responsible for ESG and quality standard policy development and monitoring.
- A record of voting decisions and a register of ESG engagements is maintained.
- Momentum Outcome-based Solutions has integrated ESG further into its investment manager due diligence process through active engagement, having taken guidance from the PRI.
- Momentum Outcome-based Solutions offers a responsible investment portfolio, which is called the Momentum MoM SuperNation Portfolio. This investment portfolio is holistic and comprehensive, and compliant with Regulation 28 (of the Pensions Fund Act, 24 of 1956); it is structured to address responsible investment guidelines, while at the same time competing directly, from a risk-adjusted return perspective, with other traditional multi-asset balanced portfolios. Multiple specialist investment managers are mandated to derive active investment returns from differentiated segments of the market. Various responsible investment themes are covered in the portfolio, including but not limited to infrastructure and development, developmental property, and responsible investment equity exposure.
- Momentum Outcome-based Solutions believes in the integration of responsible investment within the investment portfolio offerings. This includes, among others, specifically focused responsible investment building blocks in the company's "best ideas" Factor Series™ range of portfolios.
- Momentum Asset Management has been a member of the International Corporate Governance Network since 2013. This investor-led organisation's mission is to promote effective standards of corporate governance and investment stewardship to advance efficient markets and sustainable economies worldwide.
- Momentum Investments' proxy voting policy is available on request. The proxy voting policy and guidelines are aligned with the Companies Act, PRI, King IV and various global industry association codes.

The role of corporate social investment

MMI established the MMI Foundation to provide strategic oversight and governance, as well as play an advisory role for all corporate social investment initiatives undertaken by our client-facing brands. The MMI Foundation's mission is to contribute to the social and Financial Wellness of communities, and bring about sustained change. To date, its social investment has been in the areas of health, disability, education and sports development.

However, given some of the current challenges facing South Africa, the MMI Foundation will be more deliberate in supporting the youth in their quest to become employable, financially well and active citizens of the country.

The Financial Sector Charter Codes stipulates that 1% of NPAT must be dedicated to Corporate Social Investment, of which 60% must be spent on socio-economic development (SED), and 40% on consumer education. Through the MMI Foundation, MMI's targeted spend on SED is 0.6% of net profit after tax (NPAT) and 0.4% for consumer education (CE). For the 2016 calendar year, more than R29 million was spent on qualifying initiatives. The weighted contribution for SED equated to 1.2% of NPAT and 0.9% for CE. In the last calendar year, the MMI Foundation invested in the following focus areas:

- Over R8.4 million on education.
- Over R4.2 million on health.
- Over R1.9 million on disability.
- Over R2 million on sports.
- Over R12.6 million on consumer education.

MMI Foundation project overview

The projects in the MMI Foundation's portfolio currently range from grassroots initiatives to participation in large-scale collaborative partnerships. Some of the projects overseen by the MMI Foundation include:

- National Education Collaboration Trust (NECT) – a partnership between business, trade unions, non-governmental organisations (NGOs), civil society and government to support and influence the agenda for educational reform. The NECT is committed to ensuring that 90% of learners pass mathematics, science and languages with at least 50% by 2030 in South Africa.
- Live the Future – the non-profit organisation Afrika Tikun has managed Live the Future on behalf of the MMI Foundation since March 2016. The programme focuses on HIV/AIDS awareness and mobilises communities through peer education in primary healthcare facilities and community outreaches to take control of their own health and wellness.
- UJ Metropolitan Academy – based in Johannesburg and in partnership with the University of Johannesburg (UJ), the UJ Metropolitan Academy focuses on maths and science, offering learners from disadvantaged backgrounds an

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opportunity to prosper and excel in these subjects, and pursue their tertiary education ambitions in professions requiring a strong base in maths and science.

More detail on these and other initiatives are available on the MMI Foundation website www.mmifoundation.org.za.

Consumer education

The MMI Foundation supports various financial literacy programmes that assist consumers in various communities to make better-informed transactional decisions. These programmes directly link to MMI's purpose of enhancing Financial Wellness.

Our approach includes face-to-face workshops with NGO partners and media-based awareness programmes. Motheo Financial Dialogues was a financial literacy series aired on Khaya FM with supporting workshops conducted at various work sites and community centres. In 2016, we strengthened our focus on financial education programmes aimed at Grade 10-12 learners. In addition to the Making Money Matter board game, which teaches high school learners the basics of financial literacy, Metro Kickstarz was launched to encourage an entrepreneurial mindset among high school learners.

Further details on these initiatives are available on the MMI Foundation website www.mmifoundation.org.za.

Sponsorships

Metropolitan and Momentum have various sponsorships that build brand awareness, enhance visibility and support the group's focus on creating prosperity and ensuring Financial Wellness. These include:

- Metropolitan Mojo road running series.
- Metropolitan: Clash of the Choirs.
- Momentum: Official sponsor of all One-Day Cricket in South Africa.
- Momentum: Official sponsor of the Momentum Proteas national women's cricket team.
- Momentum and Pick n Pay: Lifestyle events partnership including:
 - The Cape Town Cycle Tour, the Stellenbosch Wine Festival and the Knysna Oyster Festival.
- Momentum Health/DRYLAND mountain bike events.
- Multiply: Official team sponsor of the Multiply Titans, a local franchise cricket team.

Momentum and the University of South Africa – purposeful collaboration

In 2012 Momentum teamed up with the University of South Africa (UNISA) to present independent and credible research into the state of the nation's Financial Wellness.

Further research indices introduced in 2016 and in 2017 included insights into consumer and employee financial vulnerability and the drivers of employee productivity.

- Momentum/UNISA Household Financial Wellness Index (annual).
- Momentum/UNISA Household Wealth Index (quarterly).
- Momentum Corporate and Public Sector Consumer Financial Vulnerability Index (CFVI).
- Momentum Corporate and Public Sector/UNISA Employee Financial Vulnerability Index (EFVI).
- Momentum Corporate and Public Sector/UNISA Effective Employee Index (EEI).

Carbon footprint

MMI participates in the CDP annually and our submission is publicly available on the CDP website at www.cdp.net.

In enhancing its understanding of the risks related to climate change, Momentum Short-term Insurance is currently the main sponsor of the University of Pretoria Natural Hazard Centre for Africa. Through this sponsorship, MMI is building a better understanding of climate change to more appropriately protect itself and its clients against adverse events due to climate change, by quantifying weather-related risks and developing unique offerings for the benefit of client safety and Financial Wellness.

MMI's total carbon emissions for the period 1 July 2015 to 30 June 2016 was 73 140 metric tons, a 4% reduction on the prior year. The largest contributor to our carbon footprint was electricity, at 74%. In terms of reducing our carbon emissions, and to enable the government to achieve its target of reducing country emissions by 34% by 2020 and 42% by 2025, we will continue to concentrate most of our efforts on reducing our electricity usage.

MMI has established the F2014 financial year as the baseline year against which we set carbon emission targets. The board has approved a 12% reduction in carbon emissions by 2020. As part of this process, carbon emissions will be monitored to ensure that appropriate initiatives are implemented to meet the set target, and our progress in reducing carbon emissions will continue to be reported annually in the CDP.

For further details on our carbon footprint, refer to the MMI website www.mmiholdings.com.