

LEADERSHIP REVIEW

CHAIRMAN'S REVIEW

INTRODUCTION

During the year under review South Africa held its sixth democratic general election since 1994, in which the ANC retained its majority and Cyril Ramaphosa, who is championing a New Dawn, was appointed President. This New Dawn is premised on fighting corruption and addressing increasing levels of unemployment and poverty. It is encouraging to see some progress with the country's resetting process, starting with the appointment of new leaders in the South African Revenue Service and the National Prosecuting Authority. Sadly, the economic growth the country needs so badly still eludes us and the high debt levels of State-Owned enterprises weighs heavily on the fiscus. Per capita income has declined by nearly five percent since 2014 and recent unemployment statistics put our unemployment rate at 29%. Even more concerning is the youth unemployment rate, which is around 56%.

THE IMPORTANCE OF ACCOUNTABILITY

Chief Justice Mogoeng Mogoeng recently spoke at The Directors Event about what happened to South Africa when its value system was jettisoned to the extent that corruption was allowed to flourish, and he called for more accountable leadership. We have also seen the devastating impact on businesses and members of the public in recent times when corruption has been allowed to flourish in corporates.

K¹ I am proud of the commitment and determination of our Board and Executive team members to live our values, lead ethically, act in good faith and in the best interests of our business (see pages 28 to 29 for information on our progress with the application of the King IV™ principles in order to achieve effective leadership through good governance). The Board, its committees and the Executive team of Momentum Metropolitan are committed to addressing the threat to the integrity of business from the ills of fraud and corruption, and we remain vigilant to prevent such occurrences.

The redesign of our operating model, which Hillie Meyer our Group Chief Executive Officer (CEO) spoke to in our 2018 integrated report, has ensured the end-to-end accountability that facilitates effective leadership (see page 14 of our CEO's review for information on how it has also improved our overall performance in terms of our Reset and Grow turnaround strategy).



JJ Njeke
Chairman

OUR PROGRESS WITH VALUE CREATION

When we reported to you last year, I indicated that the Board was confident that under the leadership of the new Group CEO, Hillie Meyer, our Executive team was committed to implementing our strategy, following the strategic review the Board had initiated during 2017. The progress they have since made with the Reset and Grow Strategy justifies our confidence in the team (See pages 14 to 15 of the CEO's review and pages 41 to 51 of the Group Finance Director's review for information on the performance of the business against its Reset and Grow targets).

The progress we have been able to achieve during the year under review, despite the very challenging economic environment, demonstrates that our primary attention is the sustainability of our business, delivering value to our shareholders and making a positive contribution to our country's social issues.

Hillie, who joined the business in February 2018 on a three-year contract, has agreed to extend his contract for a further two years, which means he will be with us until mid 2023. This is important for the business because not only will he oversee the Group's delivery on its three-year Reset and Grow strategy but also the implementation of its longer-term strategy, which will ensure that we create long-term sustainable value and regain our place as a formidable competitor in the market. He has already made good progress with building a

new leadership team and I expect that during his extended tenure he will ensure that the Group has a strong succession plan in place.

RESPONSIBLE CORPORATE CITIZENSHIP

In order to achieve a high-road outcome, all South Africa's stakeholders need to act in the national interest, which may require trade-offs and compromises. Momentum Metropolitan remains committed to working with government, labour and communities to achieve the economic growth, transformation and inclusion the country so desperately needs. With this in mind we have focused our corporate social investment on making a positive, measurable difference to youth unemployment in South Africa by equipping young people to access, maintain and further develop their income-earning opportunities. The various internship and learnership opportunities we provide in Momentum Metropolitan also better prepare unemployed young people for employment.

Something we are very proud of this year is our achievement of being a Level 1 contributor in terms of the new Financial Sector Charter (FSC). I believe it is our approach to transformation, which is not just about compliance but rather about going beyond compliance to create value, that has made it possible for us to do so well in this respect. We are particularly proud of our performance in terms of our preferential procurement, empowerment financing and enterprise and supplier development, as well as addressing youth unemployment, education or training and consumer education (see pages 92 to 98 for information on what we have achieved in these key areas).

THE WAY FORWARD

Despite the gloomy prospects for the South African economy, which is characterised by low economic growth, rising unemployment and consumers' indebtedness, the leadership team at Momentum Metropolitan is focused on preserving shareholder value. We are well-positioned to complete the resetting of the business and to continue growing it in the year ahead, despite the challenging environment.

As a responsible corporate citizen, and in particular with regard to our environmental, social and governance performance, we will continue to invest in our socio-economic and transformation initiatives with the intention of making a positive contribution to our country and its citizens. Climate change is a material matter and we have set targets aimed at reducing our carbon footprint (see page 105 of

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the natural capital section of this report). Through our empowerment finance programme we are deliberately focusing on infrastructure projects that address environmental issues, such as renewable energy projects (see page 98 of the social and relationship capital section of this report).

We apply the King IV™ principles throughout our business in South Africa and adopt appropriate and bespoke best practices in all the countries in which we operate. In order to continually improve our corporate governance practice, we undertook a full gap assessment of our application of the King IV™ principles in F2018 and further reviewed our application in F2019. We plan to continue with an annual review of our King IV™ application.

I believe the decision we took to change the Group's name to Momentum Metropolitan Holdings Limited is more representative of our Momentum and Metropolitan brands, and their related brands, and also supports our short, medium and long term efforts to grow our brands.

CONCLUSION

I would like to thank my fellow Board members for the valuable contribution they have made to our deliberations. During the year under review we said goodbye to Louis von Zeuner who had been a member of our Board since January 2014. On behalf of my fellow Board members I would like to thank Louis for the valuable contribution he made as a Board member and to wish him well in his new endeavours. We welcomed five new members to our Board in the year under review: Lisa Chiume, Kgaugelo Legoabe-Kgomari, Sharron McPherson, Linda de Beer and Sello Moloko. I look forward to working with you in the year ahead. My thanks also go to all Momentum Metropolitan's stakeholders and the individuals who make up the highly effective team.



JJ Njeke
Chairman