

Corporate governance report

Governing MMI for our stakeholders

At MMI, sound corporate governance provides a foundation on which investor trust is built and contributes to creating value for our stakeholders.

Group governance structure



Summary of governance initiatives for 2018

- Ongoing execution of the 17 Principles and Recommended Practices in the King IV™ Report on Corporate Governance for South Africa 2016 (King IV).
- Reviewed MMI's operating model to assess its continued relevance and to ensure ongoing focus to enable businesses and people from all walks of life to achieve their financial goals and life aspirations.
- Considered MMI's talent management strategy, and the composition of the MMI Board, Board committees and Executive Committee (Exco) in respect of succession planning, and implemented various changes including leadership changes.
- Revised the governance structure, organograms, governance framework and delegation of authority policy to enhance MMI's governance outcomes.
- Performed the annual review and approval of risk appetite and tolerance levels for MMI.
- Approved the revised Board diversity policy to include the promotion of racial diversity at Board level. Gender targets and race targets have been set.

Statement of commitment

The MMI Board, representing the MMI group of companies, is committed to the highest standards of

corporate practice and conduct, which are to a large extent enunciated in King IV. The group endeavours to implement the best processes and principles of good corporate governance to assist its directors and management to discharge their duties and responsibilities with integrity, while striving towards excellent ethical leadership for the benefit of all MMI's stakeholders.

Appropriate and bespoke best practices are adopted and monitored in all the countries in which MMI operates.

Assessment of King IV principles

After King IV came into effect in April 2017, MMI assessed and considered its application and adherence to the 17 King IV principles. The outcome demonstrated that MMI's governance processes are well entrenched and that the group applies all the King IV principles.

MMI's report on the application and disclosure on the 17 King IV principles can be accessed on the MMI website www.mmiholdings.com.

MMI continues to make every endeavour to implement the King IV recommended practices taking into account the size and complexity of its business. In this regard, a full gap assessment was undertaken for the period 2017/2018 and will be reviewed annually. The

King IV Recommended Practices review for 2018 /2019 is currently being undertaken. Most of the comments from the prior assessment are still applicable and the document will be updated each year and tabled at the November round of Audit Committee meetings.

Culture and leadership

The Board's governance approach is based on a foundation of trust and integrity, and fosters strong corporate values of ethical and effective leadership. MMI's client-focused corporate strategy is centred on its purpose to enable businesses and people from all walks of life to achieve their financial goals and life aspirations. In creating value for its stakeholders, MMI subscribes to good sustainability principles and strives to be financially sound, socially responsible as well as an environmentally conscious organisation with good corporate governance as the overarching principle.

Role of the Board

The MMI Board is the custodian of the group's corporate governance, acts in the best interests of MMI and its stakeholders at all times and takes ultimate responsibility for MMI and its group of companies (generally). The Board is duly mandated in terms of its Board charter, which includes details such as the roles and responsibilities of the Board, its directors and the composition of the Board. The Board committees are mandated by their respective terms of reference that set out their purpose, composition and duties. The MMI Board charter is reviewed on a regular basis and is in line with best corporate governance principles.

For the Board charter and the Board committees' terms of reference, refer to the MMI website www.mmiholdings.com.

The MMI Board is supported by the Board committees depicted in the MMI organogram shown earlier. These committees are empowered to further delegate authority to appropriate forums to assist them in dealing with matters defined in the terms of reference. These committees report to the MMI Board on a quarterly basis and to other relevant Boards, committees and forums in MMI as required. The MMI Board approves the delegated responsibility and powers, limits and authorities applicable to each Board committee.

The MMI Nominations Committee, at its meeting on 22 June 2018, approved the establishment of a new Board governance committee to serve as an Investments Committee. Finalisation of the composition of this new committee and its terms of reference is underway.

The Board met five times during the year, with four scheduled meetings and a fifth being a special meeting to

discuss important business developments. The Board also met for a strategy planning session over three days during November 2017.

Composition of the Board

The chairman of the Board is an independent non-executive director and free from conflicts of interest. In addition, MMI has appointed a Deputy Chairman to its Board.

The strategic operational role of the CEO is separate from that of the chairman of the Board.

The Board of Directors consists of an appropriate mix of individuals to ensure an adequate spread and level of knowledge, skills, expertise, diversity and independence with division of responsibilities and accountability, as outlined in the Board charter. During the past year, MMI undertook a full analysis of the skills of its Board members, with the outcomes used as additional guidance when considering prospective appointments to the Board.

Retirement of a director

Mr Syd Muller was appointed as a member of the MMI Board of Directors of the company with effect from the Momentum-Metropolitan merger in December 2010. In accordance with the Companies Act, 71 of 2008, as amended (the Act) and the group's memorandum of incorporation (MOI), Mr Muller, having reached the age of 70 years, retires as a director on the MMI Board with effect from the date of the annual general meeting (AGM), being 26 November 2018.

Board diversity policy

A diverse Board recognises and includes a balance of knowledge, range of skills and experience, age, culture, race, gender and other distinctive merits between directors. In reviewing and determining the optimal composition of the Board, the MMI Nominations Committee considers all aspects of diversity, including race and gender diversity, to ensure that the Board may effectively discharge its duties and responsibilities. The Committee also ensures that the Board structure, size and composition is appropriately balanced.

To align with legislative prescripts promulgated from time to time, the Committee regularly considers and determines targets and target-setting to include gender and race representation, respectively.

Directors' independence

The Board considers all relevant legislation and guidance documents when assessing the independence of its directors. This includes the King IV Recommended Practices, provisions of the JSE Listings Requirements, legislation and standards specific to the financial and insurance sector, including the Governance and Risk Management Framework issued by the Prudential Authority under the Insurance Act, 18 of 2017 and others. The individual status of the directors are recorded on pages 78 and 79 of this integrated report.

The company applies the governance practice that the Board should comprise a majority of non-executive directors, of which a majority are independent.

Directors' interests

As the CEO of MMI's strategic empowerment partner, Kagiso Tiso Holdings (Pty) Ltd (KTH), up until the end of December 2017, Vuyisa Nkonyeni had an interest in the contractual relationship between the two parties and was thus considered non-independent. He continues to serve on the MMI Board as the KTH representative while they are filling their CEO vacancy.

The non-executive director, Peter Cooper, albeit a director on the Board of one of MMI's larger shareholders, RMI Holdings Ltd (a 25% shareholder in MMI), is not appointed as shareholder representative on the MMI Board and does not exercise any control or influence on the Board that is any different to the responsibilities of any other Board member. He is therefore, considered an independent non-executive director.

Appointment, re-election and rotation of directors

The Nominations Committee is tasked with the responsibility of considering suitable candidates for directorship on the MMI Holdings Board and the election or re-election of directors are duly tabled for shareholder approval. The appointment, rotation, resignation and removal of directors are undertaken in accordance with the Company's MOI, the Companies Act and other relevant prescriptions or requirements. The Nominations Committee also considers the fit and proper status of prospective directors, and regularly reviews the fit and proper status of the directors appointed to the Board.

For further detail, refer to the MMI MOI on the MMI website www.mmiholdings.com.

The Company's MOI requires the resignation of at least one third of non-executive directors at its AGM. A list of non-executive directors required to retire by rotation annually is considered by the Nominations Committee and, after debating relevant criteria, a recommendation is included for approval in the AGM notice.

Board committees

Social, Ethics and Transformation Committee

The MMI Social, Ethics and Transformation Committee (SETC) is mandated and authorised by the Board to fulfil its monitoring and evaluation roles. In doing this, the SETC monitors the progress of the group in ensuring that the racial imbalances of the past are corrected, and that leadership and talent are encouraged by positive and affirmative policies.

Summary of key strategic initiatives in 2018:

- Monitored MMI's broad-based black economic empowerment (B-BBEE) contributor status, in particular the more stringent targets under skills development, preferential procurement, enterprise and supplier development, as well as the introduction of the Black Industrialists Fund in terms of equity equivalents and ownership top up.
- Monitored progress towards achieving the group's employment equity plan.
- Managed the impact of the amendments to the Preferential Procurement Policy Framework Act.
- Monitored progress of the group's sustainability plans, including the reduction of its carbon footprint.
- Monitored the impact of corporate social investment initiatives in targeted communities and selected beneficiaries.
- Monitored ongoing legislative developments and their impact on MMI, such as the introduction of priority elements in the Financial Sector Code (FSC), which was promulgated in December 2017.
- Considered Namibia's new Equitable Economic Framework Legislation and its impact on MMI's business in Namibia.
- Considered President Cyril Ramaphosa's call for action, known as the Yes Programme, that is focusing on youth employment services.
- Considered the impact of the recent court judgement relating to the "once empowered always empowered" principle.
- Monitored reporting and escalation protocols.
- Ensured that company procedures are ethical and aligned to the legislative requirements for risk, compliance and Treating Customers Fairly (TCF).

The SETC has satisfied itself that the management of corruption, commercial crime and unethical employee behaviour is appropriately and effectively managed within the group.

The SETC has confirmed its support of the revised group transformation strategy, and the various initiatives to support its implementation. Progress on attaining these strategic goals and objectives is monitored on a periodic basis, and the SETC remains confident that the group will achieve its various targets.

At MMI, we consider B-BBEE and transformation as essential in achieving MMI's purpose of enabling businesses and people from all walks of life to achieve their financial goals and aspirations. B-BBEE underpins our purpose to enhance Financial Wellness in a country that continues to grapple with inequality, inadequate access to financial services and lack of financial literacy, among other issues. MMI is guided by the FSC in delivering its B-BBEE and transformation objectives, and has attained a Level 3 contributor status under the current FSC.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Fair Practices Committee

The Fair Practices Committee (FPC) is mandated by the MMI Board to ensure that fair treatment of clients is embedded as a core corporate value at all levels of the group. The FPC acts as an independent governance forum responsible for overseeing the implementation of, and adherence to, TCF in relation to life licence products, business practices pertaining to linked-investment services provider products, unit trust products, healthcare business, investment business, employee benefits business and all other operations forming part of MMI group.

Fair treatment is measured against the fairness outcomes defined by the Financial Sector Conduct Authority (FSCA) in their TCF initiative. The FPC also functions as the Discretionary Participation Committee of MMI's life companies.

Summary of key strategic initiatives in 2018:

- Approved the principles and practices of financial management for the period July 2016 to June 2017 as well as the communication plan in accordance with Directive 147 A of the FSCA. The following principles and practices of financial management were updated:
 - Metropolitan Retail: Smoothed bonus and conventional with-profits business.

- Momentum Retail: Smoothed bonus business, conventional with-profits (reversionary bonus) business and secured funds business.
- Momentum Corporate: Smoothed bonus business and Multi-Manager Smooth Growth Fund range.
- Approved Momentum Group Whole Life Reviews. The approval took into consideration technical fairness and ensured that the review process and options were effectively communicated to intermediaries and our clients.
- Approved the appointment of the group head of market conduct.
- Provided oversight and guidance on the MMI's market conduct risk management strategy.
- Reviewed the market conduct framework and sub-frameworks, which are in the process of being implemented.
- Approved the review of all TCF self-assessments gap analysis.
- Monitored MMI compliance with customer outcomes set out internally and through the TCF outcomes of the FSCA.
- Monitored improvement of client satisfaction.
- Monitored improvement of ombudsman escalations.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Risk, Capital and Compliance Committee

This Committee is responsible for assisting the Board in discharging its responsibility for risk, capital and compliance management within the MMI group.

Summary of key strategic initiatives in 2018:

- Reviewed and challenged the holistic risk profile (shareholder and policyholder risks) across MMI and the supporting risk management processes.
- Reviewed MMI's risk and solvency profiles against risk appetite.
- Reviewed the impact of the sovereign debt downgrade as well as changes in the local and global political landscapes on MMI and the macro environment.
- Reviewed the ongoing development and implementation of the Own Risk and Solvency Assessment (ORSA) process.
- Approved the appointment of the head of compliance.
- Approved the stress testing scenarios that are assessed as part of the ORSA process.
- Approved the revised MMI risk strategy.
- Approved the revised credit risk appetite for the MMI Lending business.
- Reviewed the execution of corporate transactions.

- Reviewed the financial performance of strategic initiatives.
- Reviewed the implementation of key strategic initiatives, including the joint ventures with Aditya Birla Capital (in India) and African Bank (in South Africa).
- Reviewed MMI's dividend sustainability.
- Approved the revised capital deployment and distribution plan.
- Reviewed the implementation of the share buy-back programme.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Nominations Committee

The Nominations Committee makes recommendations to the Board on various issues, such as the election and re-election of non-executive directors, appointment of executive directors on material subsidiaries within MMI, the appropriate size and composition of the Boards of MMI Holdings and MMI group, succession planning for key executives and the MMI Holdings Board and committees. A further key function is to ensure an effective process of corporate governance, taking into account the complexity and risks inherent in MMI group, whilst giving due consideration to governance best practices and relevant legislation.

Summary of key strategic initiatives in 2018:

During the year under review, the following were some of the matters dealt with at the Nominations Committee meetings:

- Made changes to the composition of the Board and Board committees, as well as prospective candidates to the MMI Holdings and MMI group Boards. In view of the MMI CEO, Nicolaas Kruger, stepping down as CEO from 15 February 2018, Hillie Meyer was appointed on a three-year contract as CEO of MMI. Jeanette Cilliers (Marais) also joined the group as deputy CEO from 1 March 2018. Risto Ketola, the CFO of MMI Holdings, was appointed the Group's Finance Director.
- Decision taken to hold meetings of the Boards of MMI Holdings and MMI group concurrently going forward, and to investigate legal and compliance requirements with a view to giving effect to the in-principle recommendation to appoint the same members to serve on both these Boards.
- Reviewed the MMI Directors serving on the MMI Board, various Subsidiary Boards and Board Committees and approved relevant changes, especially in light of the various leadership changes within MMI.
- Discussed the MMI non-executive directors retirement schedule and appropriate succession planning.
- Considered MMI's Talent Management and MMI Exco succession planning. Discussion on the succession

plan for the MMI group CEO who was appointed in February 2018 on a three-year contract will take place in due course.

- Undertook a skills analysis on all MMI Board members to ensure that the Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence of it to discharge its responsibilities objectively and effectively.
- Discussed proposed changes to MMI's governance structure, operating model and organogram.
- Approved the MMI Board Diversity Policy (version 2). With regards to the voluntary setting of gender and race targets for the MMI Board, it was agreed that target-setting must be progressively attained and the determination of quantifiable targets will be discussed in due course.
- The MMI King IV Gap Analysis, as it pertains to this Committee was discussed and the members were satisfied that MMI was compliant with all Recommended Practices and explanations provided as necessary. The gap analysis is a live document and will be reviewed on an ongoing basis.
- Commented on the MMI Reporting and Escalation protocols re complaints as well as considered various ethics-related complaints received through the Complaints Hotline.
- Reviewed the Fit and Proper status of Responsible Persons within MMI and considered various other governance-related matters.
- Considered the relevant resolutions for inclusion in the MMI Holdings AGM Notice and approved same / made recommendations to the Board for approval.
- Approved the process to conduct an annual assessment on the Boards, Board Committees, (Director) Self and Peers for MMI Holdings Ltd, MMI Group Ltd and other relevant regulated subsidiaries within MMI.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Remuneration Committee

The Remuneration Committee has an independent role to oversee the remuneration process and consider and approve remuneration-related issues.

Summary of key strategic initiatives in 2018:

- Ensured that MMI adhered to fair and responsible remuneration across the company, specifically in terms of annual increases, bonus and long-term incentive payments.
- Engaged with dissenting shareholders regarding the reasons for their vote against the group's remuneration policy at the AGM that took place on 24 November 2017, where MMI received less than 75% approval.

- Assessed the implications of King IV requirements to ensure implementation of the required changes in the current year.
- Reviewed the overall level of variable remuneration in MMI versus its competitors, and made changes to the mix between short- and long-term incentives going forward.
- Benchmarked non-executive directors' fees to ensure they remain market related.
- The professional commitments of the CEO, including membership of Boards outside the organisation was discussed at Remco. It was agreed that he would resign as a Board member from all entities on which he served and where there was a conflict of interest with MMI's business. He could, however, retain his interest in certain juristic entities in which he had a personal interest.
- Reviewed the MMI short-term incentive scheme balanced scorecard for F2018, and formulated and approved the F2019 scorecard.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Refer to the remuneration report starting on page 100 for further detail.

Actuarial Committee

The role of the Actuarial Committee is to act as an advisory forum for the Board and other Board committees on actuarial and related technical matters, to assist the Board in discharging its fiduciary duties to policyholders and shareholders, and to assist the heads of the actuarial functions to fulfil their professional and statutory duties.

To accomplish its role, the Committee performs the following functions:

- Provides oversight over the integrity and correctness of actuarial statements and reporting, including the overall methodology and assumptions used to value the assets and liabilities underlying the statutory and published valuation results, and embedded value results.
- Considers the projected valuation results over the business planning period, as part of the ORSA process.
- Reviews and recommends bonus declarations on discretionary participation policies to the MMI Group Limited Board.
- Ensures that details of the design features and pricing of new products and product revisions are regularly reviewed.
- Reports and accounts to the MMI Holdings Board at least quarterly.

Summary of key strategic initiatives in 2018:

- Considered the half-year and annual statutory and published valuation results, and embedded value results.
- Considered the Solvency Assessment and Management valuation results, as well as the projected balance sheet, risk appetite and economic capital results used in the ORSA process.
- Considered other matters, such as the proposed bonus declarations on discretionary participation policies, principles and practices of financial management, insurance risk annual report, the Product Management Committee report and proposed dividend/share buy-back declarations.
- Expressed its satisfaction to the Board with the performance of the head of the actuarial function.
- Monitored how the changing regulatory landscape would impact on valuation methodologies.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Audit Committee

The Audit Committee is an independent statutory committee appointed by the shareholders. In addition to its statutory responsibilities, the Audit Committee deals with duties that are delegated to it by the MMI Board.

Summary of key strategic initiatives in 2018:

- Approved the published MMI Holdings financial results.
- Reviewed and approved quarterly trading updates communicated to the market.
- Reviewed and approved the integrated report.
- Approved the risk-based internal audit plan for the financial year and quarterly internal audit feedback.
- Monitored the internal audit co-source agreement.
- Monitored the activity of the divisional combined assurance forums and conducted deep dives into some of the segments.
- Approved the external audit plan for the financial year and feedback from external audit at the financial year-end meeting.
- Approved external audit fees.
- Reviewed management's assessment of going concern.
- Reviewed the development of the combined assurance model.
- Reviewed the group's internal financial controls (IFC).
- Reviewed the group's IT governance processes, including information security, disaster recovery plans and testing, and data governance.
- Provided recommendations on dividend/share buyback proposals to the Board.

- Satisfied itself with the independence and objectivity of the external auditor and other requirements in terms of section 94(8) of the Companies Act and King IV principles and Recommended Practices.
- Ensured the independence of the internal audit function and that it has the necessary resources, standing and authority within the organisation to enable it to fulfil its duties as per King IV good governance requirements. This included assessing the performance of the chief audit executive and the internal audit function.
- Satisfied itself that the Group Finance Director has the appropriate expertise and experience to act in this capacity, and that MMI has established appropriate financial reporting procedures and that those procedures are operating.
- Assessed the suitability of the current audit firm and designated partner, in compliance with the JSE Listing Requirements and taking into account other relevant legislation.
- Oversaw the company's risks, which included financial reporting risks, IFC, and fraud and information technology risks relating to financial reporting.

The Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

Board evaluation and training

In line with best practice and the King IV Recommended Practices, MMI conducted a Board and Board committee evaluation (including a director self-assessment) in April 2017 for MMI Holdings Limited and MMI Group Limited. The assessment included director self-assessments and a fit and proper evaluation of all directors. There was full participation by all directors in the process, with the final evaluation report tabled at the MMI Nominations Committee, MMI Board and Board committee meetings at the end of June 2017. The overall performance of the Board and the individual members confirm an effective and well-performing Board. Other comments received through this process were addressed by management at the relevant Board committees. In response to comments made in previous assessments, an important development implemented during the year is regular training being provided to MMI directors on topical issues.

Delegation of authority

The Board has delegated the authority for the management of the group to the MMI Group Chief Executive Officer (CEO) by way of a delegation of authority policy and the CEO powers are collateral with

that of the Board. In delegating these powers, the Board has imposed certain restrictions, conditions and limits that they believe to be appropriate for the effective exercise of such delegated powers. In turn, the CEO has sub-delegated authority to the MMI Executive Committee members and various operational committees, who are mandated to further sub-delegate to appropriate persons within MMI. The Board reviews the MMI delegation of authority policy regularly, and during June 2018 the policy was completely revised to be more streamlined and include more effective checks and balances.

Managing executives

The MMI Executive Committee (Exco) is chaired by the Group CEO and meets at least once a month. The CEO appoints the members of Exco and the composition includes the chief executives of the various client-facing businesses and group-wide functions. The MMI Exco is appointed to act on behalf of the MMI group as a whole and the executive functions for the MMI group are fulfilled by the MMI Exco. The Exco is also the custodian of MMI's strategy and is responsible for executing the strategy, as approved by the MMI Board. They also provide the Board with information on various matters pertaining to MMI, ranging from advice and recommendations on the organisation, governance, operational and other strategies, plans, policies and procedure, to enable the Board to make informed decisions.

The MMI Exco is supported by various other executive subcommittees and operational forums.

Company secretary

The company secretary as appointed by the Board, is the primary provider of professional corporate governance services to the Board and its committees. The Board of Directors have satisfied themselves that the company secretary is suitably qualified and competent, in accordance with applicable legislation, to act as the group company secretary, and the Board annually assesses the performance of the Company Secretary.

The Company Secretary has unrestricted access to the chairman of the Board and chairpersons of all Board committees, including the MMI Group CEO, and plays a vital role in ensuring the effectiveness of the Board and its committees by, inter alia, ensuring the Board and its committees receive sufficient support from the company secretary for its coordination and functioning. There is an arm's length relationship between the Board and the company secretary in that the objectivity and independence of the company secretary is not unduly influenced.

The company secretary engages professionally and independently of management and does not have executive duties and responsibilities other than those that are core to a company secretary. Further to this, there is no conflict of interest affecting the company secretary's ability to adequately and effectively perform her duties.

For the abbreviated CV of the group company secretary, Maliga Chetty, (Resigned effective 30 September 2018) refer to the MMI website www.mmiholdings.com.

Ethical behaviour

MMI has a code that sets ethical standards of conduct and ensures that the requisite behaviour is aligned to MMI's values. The code of ethics and standards for conduct deals with the following, among other issues:

- Standards for employee behaviour.
- Commitment to regulatory compliance.
- Prohibiting facilitation of payments.
- Dealing with conflicts of interest.
- Prohibiting practices to facilitate money laundering and corrupt activities.
- Ensuring the fair and ethical treatment of clients.

For further details on the MMI code of ethics, refer to the MMI website www.mmiholdings.com.

Reporting fraud and unethical behaviour

MMI has a number of business-specific reporting facilities available to deal with reports of fraud and unethical behaviour. These facilities include telecommunication lines and web reporting tools for all employees, clients and authorities in local and African subsidiaries. These reporting structures adhere to the standards set in relevant legislation and good corporate practices.

Promotion of Access to Information Act

MMI Holdings has established a formal process to timeously deal with requests for access to records and information by third parties as determined by the Promotion of Access to Information Act, 2 of 2000 (PAIA). In terms of PAIA, MMI's information officer is Douw Lotter.

Information technology governance

MMI's business is critically dependent on its information systems and technology (IT). To ensure appropriate governance and risk management of this key business enabler, the MMI executive established the MMI IT Executive Committee (IT Exco) to oversee all IT governance and the IT strategy to support MMI's strategic objectives. The IT Exco further established the

MMI IT Architecture Committee to manage the design of MMI's technology architecture. The Board is ultimately responsible for IT governance and the implementation of the overall IT strategy.

Key responsibilities of the IT Exco include:

- Setting direction for how technology and information should be approached and addressed in MMI by developing an MMI IT philosophy and IT strategy.
- Approving a policy to articulate and give effect to the MMI IT philosophy and IT strategy on employing technology and information.
- Delegating to management the responsibility to implement and execute effective technology and information management.
- Exercising oversight of technology and information management and, in particular, ensure that it results in the:
 - Integration of people, technologies, information and processes across the organisation.
 - Integration of technology and information risks into the organisation-wide risk management system.
 - Enablement of business resilience.
 - Proactive monitoring of intelligence to identify and respond to incidents, including cyber-attacks and social media events.
 - Management of the performance of, and the risks pertaining to, third parties and outsourced providers for IT services.
 - Assessment of value delivered to MMI through cycles and of significant operational expenditure.
 - Responsible disposal of obsolete technology and information in a way that considers environmental impact and information security.
 - Ethical and responsible use of technology and information.
 - Compliance with relevant laws.
- Exercising oversight of the management of information and, in particular, that it results in:
 - An information architecture that supports confidentiality, integrity and availability of information.
 - Protection of privacy of personal information.
 - Continual monitoring of the security of information.
- Exercising oversight of the management of technology and, in particular, that it results in:
 - A technology architecture that enables the achievement of strategic and operational objectives.
 - Management of risks pertaining to the sourcing of technology.
 - Monitoring and appropriate responses to developments in technology, including the capturing of potential opportunities and the management of disruptive effects on MMI and its business model.

- Considering the need to receive periodic independent assurance on the effectiveness of MMI's technology and information arrangements, including outsourced services.
- Disclosure in relation to technology and information, including:
 - An overview of the arrangements for governing and managing technology and information.
 - Key areas of focus during the reporting period, including objectives, significant changes in policy, significant acquisitions, and remedial actions taken as a result of major incidents.
 - Actions taken to monitor the effectiveness of technology and information management, and how the outcomes were addressed.
 - Planned areas of future focus.

The chairperson of the IT Exco is the MMI chief operating officer (COO), who is also a member of the MMI Exco.

MMI has also appointed a chief technology officer (CTO), Mr C Kruger, who takes ownership of and responsibility for the MMI IT philosophy, strategy and governance together with the COO. The CTO reports to the COO. All IT governance issues are reported to the Risk, Capital and Compliance Committee through the IT Exco.

Managing IT risks

The IT Exco provides executive oversight and reviews MMI's IT risk profile by:

- Ensuring the MMI IT risk management framework is appropriately implemented within all business areas, functions, group service areas and subsidiaries.
- Ensuring that MMI management is aware of their responsibilities as they relate to IT risk management and the implementation of controls.
- Ensuring MMI's IT risk exposure and the effectiveness of IT risk management processes are appropriate, including cyber-related risks.
- Monitoring key corrective actions initiated by management and the IT risk management functions.
- Reporting key IT risk exposure and the effectiveness of the management thereof to the Risk, Capital and Compliance Committee.

Business Disruption and Disaster Recovery

MMI's business continuity management (BCM) programme, via a process of continuous improvement, aims to ensure that our business will be able to continue its critical business operations should a large-scale incident disrupt business activities. Various Business Continuity and Disaster Recovery scenarios were tested during the year under review. These exercises provided the platform for operating segments from across the group to test according to the agreed scope of the

given scenario. The programme is driven and owned by the operating segments, with programme guidance, monitoring and reporting provided at group level.

Annual activities performed as part of our BCM programme include:

- Updating our business impact analysis and recovery plans.
- Reviewing our recovery strategy and plans.

Compliance

The regulatory landscape continues to change at a rapid pace. The Twin Peaks model has now been implemented in South Africa with the establishment of the prudential and market conduct regulators. These changes have brought in new and more stringent compliance requirements. The Board remains committed to upholding the highest standard of compliance with regulatory requirements (including national laws, industry regulations and codes of good practice), which it considers an integral part of doing business. The Board has delegated compliance management to the group compliance officer who facilitates the management of compliance through analysing regulatory requirements, and monitoring their implementation and execution together with the compliance functions of the various segments. Material deviations are reported to the Risk, Capital and Compliance Committee. There were no material deviations during the 2018 financial year that warrant separate reporting.

Risk management and control environment

MMI recognises that clear accountability is fundamental to effective risk management and makes use of various assurance providers to provide comfort that its key risks, processes and controls are functioning as intended.

Combined assurance integrates and coordinates the activities of the assurance providers, whose functions include risk management, compliance, actuarial, internal audit and external audit and other independent third party specialists.

Risk management

MMI's risk management system includes various policies, strategies, processes, procedures and tools for identifying, measuring, monitoring, managing and reporting all material risks to which MMI is exposed. The ORSA framework and policy sets out the key principles that guide the implementation of risk and capital management at all levels. It provides the necessary foundations and organisational arrangements for managing risk within MMI, and illustrates how risk management is embedded in all segments to ensure that effective risk management strategies are integrated in all work contexts.

At MMI, risk management is an integral part of the management processes. The group's effectiveness is enhanced by risk management being a part of the group's culture and being embedded in daily practices and business processes. Risk management focuses on the relationship between risk, opportunity and its impact on achieving objectives.

Further details are available in the risk management report starting on page 96.

Internal control system

The internal control system acts as an enabler for delivering effective governance and demonstrating that adequate internal controls are in place and operating satisfactorily.

The MMI internal control system outlines the various elements influencing and contributing to a sound internal control environment to ensure adequate control over operations, compliance and financial reporting. It is designed to assist the MMI Boards, managing executives and other management within MMI, and provides reasonable assurance from a control perspective that the business is being operated consistently within:

- Set strategy and risk appetite.
- Agreed business objectives.
- Agreed policies and processes.
- Laws and regulations.

Share dealing and insider trading

MMI's policy on dealings in MMI securities was approved at a Board meeting during November 2013, and is reviewed regularly thereafter, with the last review in June 2018. In essence, the policy provides guidance to MMI directors, members of the MMI Exco and persons holding other key positions in MMI, on trading and restrictions on dealing in the company's listed shares during closed and prohibited periods as per the provisions of the JSE Listings Requirements.

The directors and company secretary (including their associates) of MMI and its major subsidiaries may not trade during a prohibited period. All employees of the group are prohibited from trading in the listed company's shares during closed periods unless clearance to trade has been obtained from the group company secretary under the direction of the Chairman of the Board. These policies have been widely distributed within MMI to ensure that directors and employees are familiar with its content. The Board has also approved an information policy that deals with the identification, classification and effect of information arising in the ordinary course of business (as well as information that does not arise in the ordinary course of business) with respect to the listed company and the regulatory and group compliance requirements.

Political party support

MMI endorses all principles that sustain a free and democratic society. However, it does not make donations to or in favour of any specific political party or political institution.

Shareholder communication and investor relations

The group maintains highly rated standards of shareholder communication that are widely recognised by members of the investment community. Over and above the normal interim and full-year financial disclosure, the group also publishes quarterly operational updates that are distributed to all relevant parties.

Directors' shareholdings

The direct and indirect shareholdings of the directors of MMI as at 30 June 2018 are set out below. Directors have access to the group's shares through the open market.

MMI DIRECTORS' MMI SHAREHOLDING

AS AT 30 JUNE 2018

Listed shares	Direct beneficial '000	Indirect beneficial '000	Total '000
Jeanette Cilliers (Marais)*	189	-	189
Peter Cooper	292	150	442
Stephen Jurisich***	0	-	0
Niel Krige	-	408	408
Hillie Meyer**	190	150	340
Jabu Moleketi	-	112	112
Syd Muller	50	-	50
Khehla Shubane	78	7	85
Frans Truter	44	433	477
Johan van Reenen	-	144	144
Total listed shares	843	1 404	2 247

* Appointed as director of MMI Holdings Limited on 1 March 2018

** Appointed as director of MMI Holdings Limited on 15 February 2018

*** 169 shares held in MMI

SHAREHOLDING OF DIRECTORS WHO RESIGNED IN F2018

Listed shares	Direct beneficial '000	Indirect beneficial'000	Total '000
Nicolaas Kruger*	64	4 573	4 637
Mary Vilakazi**	-	1 703	1 703
Total listed shares	64	6 276	6 340

* Resigned as director of MMI Holdings Limited on 15 February 2018

** Resigned as director of MMI Holdings Limited on 31 March 2018

Trades in MMI shares F2018	Transaction date	Price	Number of shares	Nature of transaction	Extent of interest
Johan van Reenen	2018-03-07	R21.2357	47 130	Purchase	Indirect
Jeanette Cilliers (Marais)	2018-03-13	R21.6997	189 050	Purchase	Direct
Johan van Reenen	2018-03-20	R22.8946	56 765	Purchase	Indirect
Hillie Meyer	2018-06-13	R18.4202	107 790	Purchase	Direct
Syd Muller	2018-08-08	R21.1500	42 043	Transfer	Direct

MMI DIRECTORS' MMI SHAREHOLDING

AS AT 30 JUNE 2017

Listed shares	Direct beneficial '000	Indirect beneficial '000	Total '000
Peter Cooper	292	150	442
Niel Krige	-	408	408
Nicolaas Kruger	64	4 573	4 637
Jabu Moleketi	-	112	112
Syd Muller	8	42	50
Khehla Shubane	78	7	85
Frans Truter	44	433	477
Johan van Reenen	-	40	40
Mary Vilakazi	-	1 703	1 703
Total listed shares	486	7 468	7 954

SHAREHOLDING OF DIRECTORS WHO RESIGNED IN F2017

Listed shares	Direct beneficial '000	Indirect beneficial '000	Total '000
Johan Burger*	12	942	954

* Resigned as director of MMI Holdings Limited on 22 November 2016

EUROPEAN CALL OPTIONS ON MMI SHARES

In terms of a private long-term funding transaction with Rand Merchant Insurance Holdings Limited, the following executive directors have, in their individual capacities, purchased European Call Options on MMI shares as follows:

European call options on MMI shares	Transaction date	Reference price	Strike price	Number of options	Expiration date
Nicolaas Kruger	2015-12-07	R22-10	R39-78	1 524 769	2020-11-13
Mary Vilakazi	2015-12-07	R22-10	R39-78	609 907	2020-11-13
Nicolaas Kruger	2015-12-10	R21-10	R37-99	2 733 082	2020-11-13
Mary Vilakazi	2015-12-10	R21-10	R37-99	1 093 233	2020-11-13

MMI DIRECTORS' RMI SHAREHOLDING

AS AT 30 JUNE 2018

Listed shares	Direct beneficial '000	Indirect beneficial '000	Total '000
Peter Cooper	758	3 061	3 819
Stephen Jurisich	3	0	3
Hillie Meyer	26	18	44
Jabu Moleketi	6	14	20
JJ Njeke	17	-	17
Khehla Shubane	25	10	35
Frans Truter	21	164	185
Total listed shares	856	3 267	4 123

MMI DIRECTORS' RMI SHAREHOLDING

AS AT 30 JUNE 2017

Listed shares	Direct beneficial '000	Indirect beneficial '000	Total '000
Peter Cooper	758	3 061	3 819
Stephen Jurisich*	3	-	3
Jabu Moleketi	6	14	20
JJ Njeke	17	-	17
Khehla Shubane	25	10	35
Frans Truter	21	164	185
Total listed shares	830	3 249	4 079

* Appointed as director of MMI Holdings Limited 1 October 2016

All changes in directors' MMI and RMI shareholding between 1 July 2017 and 30 June 2018 were published on SENS as prescribed. No changes in the above shareholding/interest occurred between 30 June 2018 and the date of approval of the annual financial statements.

MMI DIRECTORS' RMI SHAREHOLDING WHO RESIGNED IN F2017

Listed shares	Direct beneficial '000	Indirect beneficial '000	Total '000
Johan Burger*	-	1 184	1 184

* Resigned as director of MMI Holdings Limited 22 November 2016

MEMBERS AND ATTENDANCE OF MMI HOLDINGS LTD BOARD AND COMMITTEES

AS AT 30 JUNE 2018

	Holdings Board	Audit	Actuarial	Remuneration	Social, Ethics and Transformation	Fair Practices	Risk, Capital and Compliance	Nominations
Meetings held	4	6*	4	3	2	2	4	4
Members	Meetings attended							
JJ Njeke	4 ¹							4 ¹
Louis von Zeuner	4	6					4 ¹	4
Nicolaas Kruger ²	2 ²		4 ¹²		1 ²	2 ¹²	2 ²	
Hillie Meyer ³	2 ³				1 ³		2 ³	
Mary Vilakazi ⁴	2 ⁴		1 ⁴					
Jeanette Cilliers (Marais) ⁵	2 ⁵							
Risto Ketola ⁶	2 ⁶		2 ¹⁴					
Peter Cooper	4			3 ¹			4	4
Fatima Daniels (Jakoet)	3	5					4	
Stephen Jurisich	4		4 ¹			2 ^{1 11}		
Niel Krige	4		1 ¹³					
Jabu Moleketi	3			2	1			
Syd Muller	4	6			2 ¹			
Vuyisa Nkonyeni	4						3	
Khehla Shubane	4				2	2		
Frans Truter	4	6 ¹		2 ⁹			4	4
Ben van der Ross ⁷	2 ⁷			1 ⁷	1 ⁷	1 ^{1 10}		
Johan van Reenen	4			3			4	
Voyt Krzychylkiewicz ⁴	1 ⁸							
Independent consultants**	Meetings attended							
George Marx						2		
Marli Venter			4					
David Park			4					
K Pather			4					

¹ Chairperson

² Resigned 15 February 2018

³ Appointed 15 February 2018

⁴ Resigned 31 March 2018

⁵ Appointed 01 March 2018

⁶ Appointed 16 January 2018

⁷ Retired 24 November 2017

⁸ Resigned 9 October 2017

⁹ Appointed 02 March 2018

¹⁰ Resigned 10 October 2017

¹¹ Appointed 10 October 2017

¹² Non-director member wef 16 February 2018

¹³ Appointed 2 March 2018

¹⁴ Appointed 26 February 2018

*A Special Audit Committee meeting was held on 29 September 2017

** External invitees and advisers attend Board and Committee meetings regularly. The list of attendees varies from time to time and is available upon request from the Group Company Secretary.