

REMUNERATION REVIEW

The group's remuneration philosophy is to recruit, motivate, reward and retain employees who believe in, and live by our culture and values. We endeavour to encourage entrepreneurship by creating a working environment that motivates high performance so that all employees can positively contribute to the strategy, vision, goals and values of the group.

THE IMPACT OF BUSINESS PERFORMANCE ON REMUNERATION IN F2019

After two challenging years in which the financial threshold performance in terms of the group scorecard was not achieved, the initial results of the Reset and Grow strategy, introduced in the beginning of F2019, are encouraging. Diluted normalised headline earnings increased by 53%, and the value of new business increased by 57%. Despite lacklustre investment market returns for the year, the return on embedded value per share amounted to 9.4%.

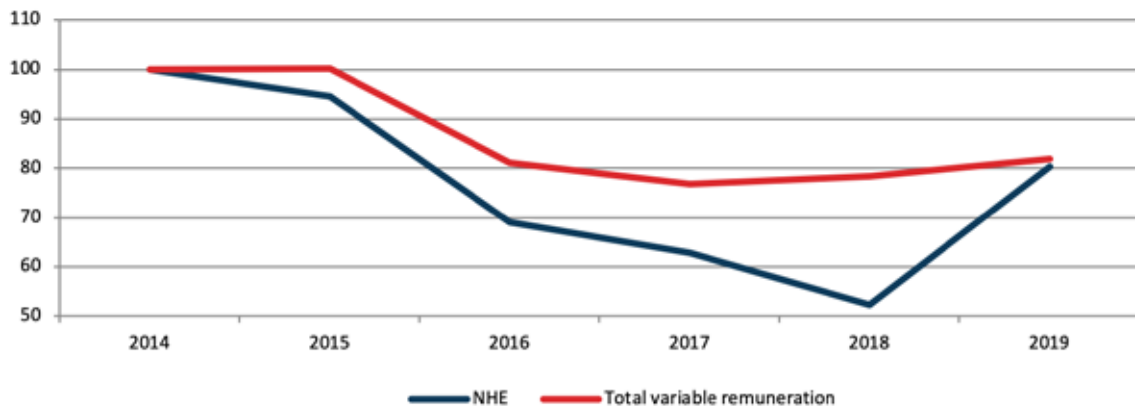
Overall, the group scorecard for F2019 reflects a 2.9 rating (on a five-point scale, with three being on target), and a financial sub score rating of 3.0. This compares with a 1.9 overall rating for F2018, and a 0.9 financial sub score.

The financial performance conditions imposed on the performance units in the long-term incentive plan allocated in October 2016 and April 2017 were not achieved, which will result in the full forfeiture of performance units with regard to tranches vesting in October 2019 and April 2020.

IN RESPONSE TO THESE FACTORS, THE REMUNERATION COMMITTEE TOOK THE FOLLOWING DECISIONS:

- The variable remuneration pool (short-term incentives (STI) plus long-term incentives (LTI)) was increased by 5% to R650m despite the significantly improved earnings performance. This decision takes into account the fact that discretionary variable remuneration pools were granted by the Remuneration Committee over the past two years, notwithstanding the group not meeting the threshold financial performance targets in those years
- This year's additional 5% variable remuneration pool has been fully allocated to increase the LTI participation from 38 to 108 participants, while the STI pool has remained flat
- A call option-based phantom share scheme (Share appreciation rights or SARs) was used last year as the foundation of the LTI. The highly geared nature of call options on Momentum Metropolitan Holdings (MMH) shares (subject to the achievement of performance conditions), is not considered appropriate for the current year's larger participant pool. Consequently, the committee decided to revert to issuing long-term incentive plan (LTIP) performance units as a basis for the LTI. The performance conditions for the current year's LTIP will remain similar to the SAR scheme, however, instead of call options, participants will be allocated free units, each performance unit being equal in value to one share. The LTIP scheme does not include any retention units as a basis. The LTIP performance units will be allocated in October 2019, based on the weighted average share price in the 20 business days preceding the award date.

The graph below illustrates the decline in the overall remuneration pool (STI plus LTI awarded) since 2014, in line with the decline in normalised headline earnings (NHE) over the same period (indexed to 100 in 2014):



OTHER MATTERS CONSIDERED BY THE REMUNERATION COMMITTEE IN F2019 INCLUDED:

- Ongoing discussions around the implementation of changes to the remuneration policy and remuneration disclosure in terms of King IV™
- Benchmarking the executive management compensation to comparator groups
- Benchmarking the non-executive directors' fees with the relevant survey data
- Engaging with dissenting shareholders regarding the reasons for the less than 75% vote in favour of the group's remuneration policy at the AGM that took place on 26 November 2018 (see below for the actions taken by the Remuneration Committee to address the concerns raised by shareholders)
- Reviewing the short-term incentive scheme balanced scorecard outcome for F2019, and the formulation and approval of the F2020 scorecard
- Reviewing the calculation of the performance criteria related to the vesting of performance units in the long-term incentive scheme in October 2019 and April 2020, and approving the performance criteria applicable to the October 2019 long-term incentive scheme allocation
- Introducing a clawback policy with regard to incentive payments from 1 September 2019, whereby incentives paid to executives, senior managers and heads of control functions can be recovered from individuals, if it is found that these incentive payments were based on erroneous, inaccurate or misleading financial information attributed directly to these individuals. This policy complements the malus (pre-vesting forfeiture) policy that was already in place with regard to unvested incentive payments.

ACHIEVEMENT OF THE STATED OBJECTIVES OF THE REMUNERATION POLICY:

The Remuneration Committee is committed to ensuring that the group remuneration policy and remuneration structures are fair and responsible and that there is alignment between shareholder

and employee interests. The Remuneration Committee believes that the policy supports the delivery of the group strategy in a responsible and sustainable manner.

FUTURE FOCUS AREAS

The Remuneration Committee will be focusing on the following areas:

- the review and approval of the performance criteria applicable to the long-term incentive scheme, to ensure appropriate alignment with shareholder interests
- ongoing engagement with shareholders regarding the current year remuneration policy vote, prior to the annual general meeting scheduled to be held in November 2019 in light of the fact that, for the past three years, the remuneration policy has received an advisory vote below 75%
- a review of the performance measures applicable to executive management, to ensure that the performance outcomes for executives reflect the financial outcome for shareholders.

SHAREHOLDER VOTING

At the group's 26 November 2018 AGM, the Remuneration Policy received a 99% non-binding advisory vote from shareholders, while the Implementation Report received a 62% non-binding

advisory vote from shareholders. We have solicited feedback from shareholders (and proxy voting advisers) regarding their concerns. Set out below are our responses to shareholder concerns:

Shareholder concern raised	Feedback and actions
<p>The newly appointed Deputy CEO received a R7.5 million cash sign-on award. Rather than a cash award, such sign-on awards should be in the form of shares.</p>	<p>The Deputy CEO's employment agreement required her to invest the full after-tax proceeds of the sign-on award directly in MMI shares, which she did directly after receipt of the payment in F2018. Details of this shareholding are included in the Interest of Directors in Share Capital section below.</p>
<p>The company entered into a mutual separation agreement with the previous CEO, in terms of which he retained his right to retention shares that vested until 31 December 2018, and an ex-gratia payment of R7 million was made for which no convincing rationale has been provided.</p>	<p>The share scheme vesting amounts were paid in terms of the rules of the long-term incentive scheme, given that the ex-CEO remained in service until December 2018. Other than the remaining salary payments and normal vesting of LTIP retention units up to 31 December 2018, no further payments were made during F2019.</p>
<p>The payment of bonuses to executives, despite the financial performance of the Group being well below target, is considered inappropriate.</p>	<p>The bonuses paid to executives in relation to the F2018 results were well below the on target level, given the below-target performance of the Group. In addition, 50% of these bonuses were deferred into the long-term share scheme for three years. The Remuneration Committee is of the view that this outcome strikes an appropriate balance between the need to retain executives (especially those in performing business units), and holding executives accountable for the financial performance of the Group.</p>
<p>The quantum of total remuneration for on target performance is high versus peers in financial services and other industries, and especially so considering what some shareholders regard as conservative performance targets.</p>	<p>The on target remuneration of the executive directors is benchmarked against peers, and is considered appropriate given the significant effort required to turn around the financial performance of the Group in the medium term. It should also be noted that the long-term incentives are subject to stretching financial performance measures and a compulsory holding period of two years after the three-year vesting period.</p>

EXECUTIVE DIRECTORS – REMUNERATION DISCLOSURE

The South African Companies Act, 71 of 2008 (Companies Act) has defined the term "prescribed officer". The duties and responsibilities of directors under the Companies Act also apply to "prescribed officers". The Remuneration Committee has considered the definition of "prescribed officers" and resolved that the executive directors are the prescribed officers of the group. Remuneration earned by the executive directors in accordance with the single figure remuneration disclosure guidance set out in King IV™, is set out below:

SINGLE FIGURE REMUNERATION: EXECUTIVE DIRECTORS

GUARANTEED PACKAGE (A)

Executive Director	Months as executive director		Salary		Retirement fund contribution		Medical Aid contribution		Subtotal: Guaranteed package	
			R'000		R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Hillie Meyer ¹	12	5	7 033	2 600	–	–	–	–	7 033	2 600
Jeannette Cilliers (Marais)	12	4	3 820	1 235	212	83	51	16	4 083	1 334
Risto Ketola	12	6	3 447	1 627	278	129	141	73	3 866	1 829
Nicolaas Kruger ²	–	8	–	3 981	–	356	–	206	–	4 543
Mary Vilakazi	–	9	–	2 963	–	520	–	58	–	3 541
Total			14 300	12 406	490	1 088	192	353	14 982	13 847

INCENTIVE AND CONTRACTUAL REMUNERATION (B)

Executive Director	Short-term incentives ³		Retention payments		Long-term incentives reflected ⁴		Contractual payments		Subtotal: incentive & contractual remuneration	
	R'000		R'000		R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Hillie Meyer ¹	5 950	2 000	–	–	–	–	–	–	5 950	2 000
Jeannette Cilliers (Marais)	4 000	1 250	–	–	–	–	–	7 500	4 000	8 750
Risto Ketola	4 175	3 750	–	–	–	1 101	–	–	4 175	4 851
Nicolaas Kruger ²	–	–	–	3 500	–	2 793	5 506	9 292	5 506	15 585
Mary Vilakazi	–	–	–	–	–	–	–	–	–	–
Total	14 125	7 000	–	3 500	–	3 894	5 506	16 792	19 631	31 186

* For footnotes refer next page.

TOTAL REMUNERATION (A + B)

Executive Director	Total guaranteed package		Total incentive & contractual remuneration		Total remuneration	
	R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018
Hillie Meyer ¹	7 033	2 600	5 950	2 000	12 983	4 600
Jeannette Cilliers (Marais)	4 083	1 334	4 000	8 750	8 083	10 084
Risto Ketola	3 866	1 829	4 175	4 851	8 041	6 680
Nicolaas Kruger ²	–	4 543	5 506	15 585	5 506	20 128
Mary Vilakazi	–	3 541	–	–	–	3 541
Total	14 982	13 847	19 631	31 186	34 613	45 033

1 The Group CEO's contract has been extended until 30 June 2023.

2 As mentioned in the prior year, in terms of the mutual separation arrangement, the ex-CEO received his monthly salary (R3,437,500) and LTIP vesting entitlements (R2,068,392) until 31 December 2018. LTIP benefits vesting beyond this date were forfeited. These payments have been shown collectively under "contractual payments" above.

3 The short-term incentive represents the approved performance bonus in the year to which it relates, including the portion deferred into the LTIP

4 The calculation basis for long-term incentives is:

2018:

- For LTIP performance units - the value of the number of October 2016 performance units vesting in October 2019, on the basis of performance conditions measured on 30 June 2019. In terms of these LTIP performance conditions all performance units will be forfeited.
- No LTIP retention units were issued to executive directors in the 2019 year, other than the deferred bonus units, which are included in the short-term incentive amounts above.

2019:

- For LTIP performance units - the value of the number of October 2015 performance units vesting in October 2018, on the basis of performance conditions measured on 30 June 2018. In terms of these LTIP performance conditions no performance units vested.
- For OPP performance units - the value of the number of October 2014 performance units vesting in October 2018, on the basis of performance conditions measured on 30 June 2018. In terms of these OPP performance conditions no performance units vested.
- For LTIP retention units - the number of retention units awarded during the 2018 year at the share price on award date being R18.42 per share.

COMPANIES' ACT DISCLOSURE: EXECUTIVE DIRECTORS

GUARANTEED PACKAGE (A)

Executive Director	Salary		Retirement fund contribution		Medical Aid contribution		Subtotal: Guaranteed package	
	R'000		R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018	2019	2018
Hillie Meyer	7 033	2 600	–	–	–	–	7 033	2 600
Jeannette Cilliers (Marais)	3 820	1 235	212	83	51	16	4 083	1 334
Risto Ketola	3 447	1 627	278	129	141	73	3 866	1 829
Nicolaas Kruger	–	3 981	–	356	–	206	–	4 543
Mary Vilakazi	–	2 963	–	520	–	58	–	3 541
Total	14 300	12 406	490	1 088	192	353	14 982	13 847

INCENTIVE AND CONTRACTUAL REMUNERATION (B)

Executive Director	Short-term incentive payments		Retention payments		Long-term incentive payments		Contractual payments		Subtotal: Incentive & contractual remuneration	
	R'000		R'000		R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Hillie Meyer	1 050	–	–	–	–	–	–	–	1 050	–
Jeannette Cilliers (Marais)	675	–	–	–	–	–	–	7 500	675	7 500
Risto Ketola	1 925	–	–	–	–	–	–	–	1 925	–
Nicolaas Kruger	–	–	–	3 500	–	10 616	5 506	9 292	5 506	23 408
Mary Vilakazi	–	–	–	–	–	4 391	–	–	–	4 391
Total	3 650	–	–	3 500	–	15 007	5 506	16 792	9 156	35 299

TOTAL REMUNERATION (A + B)

Executive Director	Total guaranteed package		Total incentive & contractual remuneration		Total remuneration	
	R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018
Hillie Meyer	7 033	2 600	1 050	–	8 083	2 600
Jeannette Cilliers (Marais)	4 083	1 334	675	7 500	4 758	8 834
Risto Ketola	3 866	1 829	1 925	–	5 791	1 829
Nicolaas Kruger	–	4 543	5 506	23 408	5 506	27 951
Mary Vilakazi	–	3 541	–	4 391	–	7 932
Total	14 982	13 847	9 156	35 299	24 138	49 146

The tables above set out the remuneration of the executive directors in terms of the requirements of Section 30 (4)(4)(6) of the Companies' Act 2008. The tables include all remuneration paid to executive directors during the year, whereas the single figure remuneration disclosure is based on the King IV™ definition of executive remuneration.

TOTAL GUARANTEED PACKAGE – EXECUTIVE DIRECTORS

The total guaranteed packages (TGP) of the executive directors are set out in the table below.

Executive Director	Total guaranteed package		% increase
	1 September 2019	1 September 2018	
	R'000	R'000	
Hillie Meyer	7 430	7 075	5.0%
Jeannette Cilliers (Marais)	4 340	4 100	5.9%
Risto Ketola	4 175	3 900	7.1%

The overall average % increase for executive directors is 5.8%.

SHORT-TERM INCENTIVES AWARDED IN CASH AND DEFERRED – EXECUTIVE DIRECTORS

Set out below are the short-term incentives awarded to executive directors for the 2019 financial year, payable in the 2020 financial year, subject to the short-term incentive deferral rules as referred to in Part 2 of the remuneration report.

Executive Director	Approved STI	% of TGP	Settled as follows:	
	2019 R'000	2019 %	Cash R'000	Deferred into LTIP R'000
Hillie Meyer	5 950	80%	3 025	2 925
Jeannette Cilliers (Marais)	4 000	92%	2 050	1 950
Risto Ketola	4 175	100%	2 138	2 037

The performance ratings for the executive directors are determined based on a mix between their achievement of individual objectives, and the overall group scorecard. This ensures strong alignment between the incentive outcomes for individuals and the overall performance of the group.

NON – EXECUTIVE DIRECTORS' FEES

Non-executive directors are paid an all-inclusive retainer, which is annually benchmarked by participation in various market surveys. The non-executive directors' fees are not linked to the performance of the company in any way. The following table reflects the fees paid to non-executive directors during the year.

Non-Executive Director	Months service		Fees		Ad hoc fees		Total fees	
			R'000		R'000		R'000	
	2019	2018	2019	2018	2019	2018	2019	2018
Peter Cooper	12	12	1 136	1 077	–	–	1 136	1 077
Lisa Chiume ⁵	4	–	366	–	–	–	366	–
Fatima Daniels	12	12	994	968	–	–	994	968
Linda de Beer ⁵	4	–	292	–	–	–	292	–
Stephen Jurisich	12	12	1 595	1 523	–	–	1 595	1 523
Niel Krige	12	12	791	690	–	–	791	690
Voyt Krzychylkiewics ⁴	–	3	–	–	–	–	–	–
Kgaugelo Legoabe-Kgomari	–	–	–	–	–	–	–	–
Sharron McPherson ⁵	4	–	248	–	–	–	248	–
Jabu Moleketi	12	12	808	786	–	–	808	786
Sello Moloko ⁵	4	–	280	–	–	–	280	–
Syd Muller ³	5	12	1 139	1 697	–	45	1 139	1 742
JJ Njeke	12	12	2 197	1 982	–	–	2 197	1 982
Vuyisa Nkonyeni	12	12	766	658	–	–	766	658
Khehla Shubane	12	12	865	786	–	–	865	786
Frans Truter	12	12	2 223	2 154	–	–	2 223	2 154
Ben van der Ross ¹	–	5	–	630	–	–	–	630
Johan van Reenen	12	12	952	980	–	–	952	980
Louis van Zeuner ²	8	12	1 447	2 152	–	–	1 447	2 152
Total			16 099	16 083	–	45	16 099	16 128

1 Resigned November 2017

2 Resigned February 2019.

3 Retired November 2018

4 Resigned October 2017

5 Appointed March 2019

6 Appointed June 2019

INTEREST OF DIRECTORS IN SHARE CAPITAL

Director's MMH shareholding at 30 June 2019 – Number of ordinary shares ('000)			
Director	Direct beneficial	Indirect beneficial	Total
Hillie Meyer	248	390	638
Jeannette (Cilliers) Marais	189	–	189
Peter Cooper	292	150	442
Stephen Jurisich *	–	–	–
Niel Krige	–	408	408
Jabu Moleketi	–	112	112
Khehla Shubane	78	7	85
Frans Truter	44	433	477
Johan van Reenen	–	144	144
Total Ordinary Shares	851	1 644	2 495

* 169 shares held in MMH.

MMH shareholding of directors who resigned or retired during F2019 – Number of ordinary shares ('000)			
Director	Direct beneficial	Indirect beneficial	Total
Syd Muller *	50	–	50
Total Ordinary Shares	50	–	50

* Retired as director of MM Holdings Limited on 26 November 2018.

Trades in MMH shares during 2019					
Director	Transaction date	Price	Number of shares	Nature of transaction	Extent of interest
Hillie Meyer	07/09/2018	17.1729	58,240	On market	Direct
Hillie Meyer	14/09/2018	16.5726	293,300	On market	Indirect

Director's MMH shareholding at 30 June 2018 – Number of ordinary shares ('000)			
Director	Direct beneficial	Indirect beneficial	Total
Hillie Meyer	190	150	340
Jeannette (Cilliers) Marais	189	–	189
Peter Cooper	292	150	442
Stephen Jurisich *	–	–	–
Niel Krige	–	408	408
Jabu Moleketi	–	112	112
Syd Muller	50	–	50
Khehla Shubane	78	7	85
Frans Truter	44	433	477
Johan van Reenen	–	144	144
Total Ordinary Shares	843	1 404	2 247

* 169 shares held in MMH.

MMH shareholding of directors who resigned during F2018 – Number of ordinary shares ('000)			
Director	Direct beneficial	Indirect beneficial	Total
Nicolaas Kruger	64	4 573	4 637
Mary Vilakazi	–	1 703	1 703
Total Ordinary Shares	64	6 276	6 340

Directors' RMI shareholding at 30 June 2019 – Number of ordinary shares ('000)			
Director	Direct beneficial	Indirect beneficial	Total
Hillie Meyer	26	18	44
Peter Cooper	758	3 061	3 819
Stephen Jurisich	3	–	3
Jabu Moleketi	6	14	20
JJ Njeke	17	–	17
Khehla Shubane	13	10	23
Frans Truter	21	164	185
Total Ordinary Shares	844	3 267	4 111

Directors' RMI shareholding at 30 June 2018 – Number of ordinary shares ('000)			
Director	Direct beneficial	Indirect beneficial	Total
Hillie Meyer	26	18	44
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 Ordinary Shares	856	3 267	4 123

All changes in directors' MMH and RMI shareholding between 1 July 2018 and 30 June 2019 were published on SENS as prescribed. No changes in the above shareholding/interest occurred between 30 June 2019 and the date of approval of the annual financial statements.

MINIMUM SHAREHOLDING REQUIREMENT MEASUREMENT

The following table reflects the current shareholding by executive directors in MMH shares, relative to the minimum shareholding requirement (MSR) at 30 June 2019:

Number of MMH ordinary shares ¹ at 30 June 2019 ('000)			
Director	Minimum shareholding requirement	Current qualifying shareholding	Date by which the minimum shareholding requirement must be met
Hillie Meyer	746	638	1 March 2023
Jeannette (Cilliers) Marais	216	189	1 March 2023
Risto Ketola	206	–	1 July 2022

¹ Based on the MMH share price of R18,97 per share at 30 June 2019.