

KING IV APPLICATION REGISTER 2017

CORPORATE GOVERNANCE – KING IV APPLICATION REGISTER 2017

This document has been prepared in terms of the JSE Listings Requirements and sets out the application of the 17 corporate governance principles by MMI Holdings Limited (“MMI”) as recommended by the King IV Report on Corporate Governance™ (hereafter referred to as King IV).

PRINCIPLE #	PRINCIPLE	APPLICATION OF THE PRINCIPLE
1	Leadership: The governing body should lead ethically and effectively.	The MMI Board of Directors (“MMI Board”) is the Governing Body (“GB”) and committed to the good corporate governance principles as set forth in King IV, these being the overarching principles for an ethical foundation at MMI. The MMI Board subscribes to those generally accepted norms of conduct that find application in society as a whole. MMI has adopted a Code of Ethics and Standards for Conduct which applies to all directors in order to ensure that MMI maintains the highest level of integrity and ethical conduct.
2	Organisational Ethics: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	MMI has developed a Code of Ethics and Standards for Conduct for the Group and is a values-based organisation. We call this culture our “MMI Way” and it defines the way we work. The MMI Way is described in relation to MMI’s values of accountability, integrity, teamwork, diversity, innovation and excellence. Each value is brought to life by the behaviours the organisation strives for, which are always defined in the context of the MMI interdependent operating model and in the way the organisation interacts with clients and colleagues.
3	Responsible Corporate Citizenship: The governing body should ensure that organisation is and is seen to be a responsible citizen.	MMI’s client-centric operating model and structure underpins MMI’s purpose to enhance the lifetime financial wellness of people, their communities and their businesses. When engaging with stakeholders and various communities MMI respects their rights and dignity. MMI is committed to improving the material well-being of societies in which it operates by designing sustainable products and introducing sustainable services that will fulfil their needs. Careful consideration is given to the utilisation of energy, water and other environmental resources to ensure an effective contribution to sustain the environment for the future. The Board fulfils its Corporate Citizenship responsibilities through, <i>inter alia</i> , delegated responsibility to the MMI Social, Ethics and Transformation Committee (“SETC”) which has been established with documented Terms of Reference. The role of the SETC includes ensuring that MMI’s businesses are conducted in a manner that is sensitive to the social, economic and environmental factors of the economy. MMI strives to be a good corporate citizen to the benefit of all the countries in which it operates.
4	Strategy and Performance: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	MMI has identified three strategic focus areas to guide it in living its purpose. The focus areas are growth, excellence and client centricity. The MMI Board strongly and continuously endorses an integrated thinking mind-set at the MMI Board Strategy Planning Sessions which takes place annually. The Company’s Strategy Map and Critical Focus Areas, which includes risks and opportunities, business model, performance and sustainable development, are discussed, amongst others, at these annual sessions. The MMI Board has implemented strategy, risk and sustainability frameworks, to mention but a few, and continuously monitor and report on these in its annual Integrated Report.
5	Reporting: The governing body should ensure that	The MMI Board is assisted by the Audit Committee to review the integrity of the annual Integrated Report

	reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	("IR") issued by MMI. The IR includes all relevant information to enable stakeholders to make an informed assessment of MMI's performance in the short, medium and long term.
6	Primary role and responsibilities of the governing body: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The MMI Board serves as the focal point and custodian of corporate governance in the organisation. The Board has adopted a Board Charter that ensures its roles, responsibilities and accountability is documented and adhered to, which includes responsibilities relating to corporate governance. The Board is supported by various Board Committees which have delegated responsibility to assist it to fulfil certain specific functions. The Board Committees report to the MMI Board at every Board meeting. The MMI Charter and Board Committees' Terms of Reference underpin the Boards responsibility for good corporate governance.
7	Composition of the governing body: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The MMI Board is assisted by the MMI Nominations Committee who considers, on a regular basis, the composition, balance of skills, experience, diversity, independence and knowledge of the MMI Board in order to determine their effectiveness to discharge their duties as Board members. The Code of Conduct for Board members is incorporated in the Board Charter and also highlights that members shall maintain objectivity and act ethically in the best interests of MMI and its stakeholders in a manner consistent with the values of the business.
8	Committees of the governing bodies: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	MMI has a comprehensive Framework for the Delegation of Authority, which has been approved by the MMI Board. A Subsidiary and Delegated Authority Policy has also been developed for further sub-delegations within MMI, as well as a Delegation of Authority Manual. Delegated authority is always collateral and promotes independent judgment and effective discharge of duties, whilst simultaneously managing for future systemic risk within the group. The Board has exercised its prerogative to establish various Board Committees, which are legally compliant and constituted, in order to assist it to effectively discharge its duties and also allows for balance of power since the distribution of authority between the Chairman, Board, Board Committees does not lead to instances where individual(s) dominate decision-making within governance structures or where undue dependency is caused.
9	Evaluations of the performance of the governing body: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.	An assessment of the performance of the Board, Board Committees and Director Self Evaluation is conducted regularly, either internally (whilst maintaining impartiality) or through use of external consultants. All outcomes and areas of improvement are formally noted in a report to the MMI Board, Nominations Committee and also tabled at the various Board sub-committees, for attention. The Chairman of the Board also engages with each individual Board member on a regular basis generally, as well as to discuss any areas of concern / improvement. The company secretary performance is also evaluated to ensure that 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.
10	Appointment and Delegation to Management: The governing body should ensure that the appointment of, and delegation to, management	The appointment of executive management roles fall within the mandate of the Chief Executive, in consultation with the Board. Clarification of roles and responsibilities are finalised through a formal internal process. A Subsidiary and Delegated Authority Policy as well as Delegation of Authority Manual govern sub-

	contribute to role clarity and the effective exercise of authority and responsibilities.	delegations within MMI, including to executive management. These policies also identify matters which are strictly reserved for Board approval and prescribe authority thresholds for different management and staff levels, to ensure effective exercise of authority through proper governance processes.
11	Risk Governance: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Board is assisted by the MMI Risk, Capital and Compliance Committee in order to govern risk in a way that supports MMI in achieving its strategic objectives. MMI prepares an Own Risk and Solvency Assessment (ORSA) report for MMI Holdings Ltd a separate one for certain other regulated subsidiaries within MMI. The ORSA report is an important business management tool for senior management and the Board as it provides a holistic view of the risk exposures in the group and how these risks influence capital, solvency and business strategy. The ORSA report also addresses the key questions about risk, capital and solvency and how they inter-relate.
12	Technology and information governance: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The Board is assisted by the MMI Risk, Capital and Compliance Committee in order to oversee the governance of Information Technology (“IT”). An IT Steering Committee (“ITSC”) has also been established and is governed by its Charter. The primary duty and responsibility of the ITSC is to optimise the total MMI Investment in Technology and Information. The ITSC has four main objectives; <ul style="list-style-type: none"> • To develop the MMI IT Philosophy and approve the Business IT Strategies, • To approve IT Risk and IT Audit approaches, • To approve major IT investments, and • To ensure that IT best practices and trends are implemented in MMI. It also ensures that the necessary measurements structures and philosophies are in place.
13	Compliance Governance: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The Board is assisted by the MMI Risk, Capital and Compliance Committee in order to oversee the governance of compliance. MMI supports its Regulators in the achievement of their goals by contributing to the development and enhancement of the regulatory frameworks and complying with all applicable compliance obligations. The MMI Compliance Function is responsible for the compliance strategy of the group and oversees the effective implementation of the MMI Compliance Risk Management Policy. It is accountable to the board for managing and reporting identified compliance risks. The compliance function is an integral part of the wider MMI risk management function and reports to the chief risk officer and the board.
14	Remuneration Governance: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	The Board is assisted by the MMI Remuneration Committee in order to oversee the governance of all remuneration matters. This Committee ensures the Group’s remuneration policy is aligned with its strategy. The Committee also reviews and approves remuneration of executive directors and senior management. MMI’s remuneration policy is one of the key components of the group’s overall human resources (HR) strategy. It supports the HR strategy by helping to build a high-performance, values-driven culture with a view to capitalising on growth and expansion opportunities, raising the group’s levels of innovation and entrenching its entrepreneurial approach to business.

15	<p>Assurance: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.</p>	<p>The Audit Committee (through assistance from Combined Assurance forums and the co-sourced Internal Audit (IA) Function) reviews MMI's combined assurance approach.</p> <p>The combined assurance model has been recently revised and implemented throughout MMI. Currently the planning is done in a combined manner and progress to plan is tracked.</p> <p>MMI has a co-sourced IA Function with an external service provider which complies with the standards as set by the Institute of Internal Auditors for the Professional Practice of Internal Auditing and Code of Ethics. The internal audit methodology includes a risk-based approach.</p> <p>The Audit Committee is functionally responsible for the outsourced group internal audit function. On a quarterly basis the Audit Committee receives a detailed report on the progress of the IA function against its annual risk-based planning.</p> <p>The Audit Committee annually reviews the expertise, resources and experience of the company's finance function (Head of Finance). This role is also assessed through the Board and Committee evaluations process.</p>
16	<p>Stakeholders: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.</p>	<p>The Board understands the risk of reputation, and there is regular engagement with MMI stakeholders through various platforms and forums. There is a Stakeholder Relationship unit within MMI that supports business segments SRM approach.</p> <p>MMI is currently developing an integrated SRM framework, and will follow this up with a group-wide stakeholder mapping process. Internal consultation is already underway with the respective business segments.</p>
17	<p>Responsibilities of institutional investors: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests.</p>	<p>MMI acknowledges that we are in a privileged position to act as fiduciary to our clients and stakeholders. Responsible investing is part of our core belief and sustainable and responsible investment practices are a material factor underpinning our long term success.</p> <p>The responsible investment goals sets the direction and how it will be approached on an annual basis, by the Responsible Investment Committee. The Responsible Investment Policy is available on the MMI Holdings website and incorporates the codes, principles and practices it supports. All investment divisions across the MMI Group Ltd must adopt the responsible investment policy. There is a process underway to ensure that our formal investment management agreement mandates refer to our responsible investment policy. Engagement is one of the important goal posts within our responsible investment initiative and requires on-going interaction with different service providers and to keep them accountable. The company discloses application of the United Nations supported Principles for Responsible Investment (UN PRI) through the annual transparency report published by the UN PRI.</p>