

# APPLICATION OF KING IV™

Summary Report 2020



## APPLICATION OF KING IV™ PRINCIPLES - FY2020

The following table has been developed to provide a summary assessment of the application by Momentum Metropolitan Holdings Limited of the principles described in **King IV™** for FY2020. Reference in certain instances may be made to the latest integrated report or to the company's website for further information.

KING IV PRINCIPLE	IR PAGE NUMBER	APPLICATION / EXPLANATION
1. The governing body should lead ethically and effectively	<b>37</b>	<p>The Board subscribes to the generally acceptable norms and conduct that find application in society as a whole and assumes responsibility for governance and ethics in Momentum Metropolitan. The Board remains committed to the highest standards of integrity, as per its own Code of Conduct incorporated in the Board Charter. The Social, Ethics and Transformation Committee (SETC) assists with the monitoring and review of implementation and the efforts to establish an ethical culture.</p> <p>See referenced pages of IR for further information.</p>
2. The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture	<b>37</b>	<p>Momentum Metropolitan is a values-based organisation and has developed various policies to maintain its commitment to high standards of integrity. The Code of Ethics and Standards for Conduct for the Momentum Metropolitan Group is adopted and published on the Momentum Metropolitan Website. In addition to Principle 1, the SETC, through consideration of documents, agenda items determined by its Terms of Reference (TOR) and topical discussion points, continually reviews and revises Momentum Metropolitan Group frameworks, policies and controls and develops and implements new ones where necessary, relating to ethical behaviour. This approach enables the optimisation of our corporate governance standards and ensures that corruption and unethical behaviour is appropriately managed and detected within the Momentum Metropolitan Group.</p> <p>See referenced pages of IR for further information.</p>
3. The governing body should ensure the organisation is and is seen to be a responsible corporate citizen	<b>13, 37, 112-116</b>	<p>The Board fulfils its corporate citizenship responsibilities through, inter alia, delegated responsibility to the SETC. The role of the SETC includes ensuring that the Momentum Metropolitan Group's businesses operate in a manner that is sensitive to economic, environmental, social and governance factors.</p> <p>Momentum Metropolitan strives to be a good corporate citizen to the benefit of all countries in which it operates.</p> <p>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, and Momentum Metropolitan has set a carbon emissions reduction target for 2030.</p> <p>See referenced pages of IR for further information.</p>

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<p>4. 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</p>	<p><b>37</b></p>	<p>The Board oversees the creation of a sustainable business. Momentum Metropolitan recognises that its activities and outputs can have both positive and negative impacts on the economy, society and environment in which it operates and the capital it employs to create value for stakeholders by achieving good performance. The Group sets its strategy objectives by assessing the risks and opportunities presented in relation to the risk appetite and risk statements. Momentum Metropolitan's strategy map, critical focus areas and balanced scorecards, business model, performance and sustainable development, are discussed, amongst others, at the annual strategic sessions. The Executive Committee is the custodian of the strategy and tasked by the Board for executing the strategy for the next three years, as approved by the Board.</p> <p>The Board has implemented strategy, risk and sustainability frameworks, to mention but a few, and continuously monitor and reports on these in its annual Integrated Report (IR). See referenced pages of IR for further information.</p>
<p>5. The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance</p>	<p><b>5, 37</b></p>	<p>The Board assumes responsibility for the integrity of the integrated report and critically assesses and satisfies itself as to the assurances obtained in terms of the combined assurance model. The model enables an effective internal control environment that supports the integrity of information used for internal decision making by management, the Board and its Committees. Momentum Metropolitan Group reports are compiled in accordance with legislation, as well as international and South African reporting standards, and the materiality of information is determined through internal and external engagement.</p> <p>See referenced pages of integrated report for further information.</p>
<p>6. The governing body should serve as the focal point and custodian of governance in the organisation</p>	<p><b>35, 37, 92</b></p>	<p>The Board provides direction as governance custodian by establishing accountability, delegation, monitoring and oversight. It facilitates the establishment of an ethical culture by demonstrating ethical leadership, approving an appropriate code of ethics, fraud and corruption prevention policy and ensuring management's accountability for establishing an ethical culture. It puts in place arrangement for delegation of authorities that promote independent judgement, a balance of power, and leads to the effective discharge of duties within the Board and its committee structures as well as at executive and other levels of management.</p> <p>The Board Committees report to the Board at every Board meeting. The Board Charter and Board Committees' Terms of Reference underpin the Board's responsibility for good corporate governance.</p> <p>Governance structure, organograms, governance framework and delegations of authority are reviewed periodically to enhance governance processes and outcomes.</p> <p>See referenced pages of IR for further information.</p>

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<p>7. 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</p>	<p><b>29-31, 33-34, 37</b></p>	<p>The Board's composition is such that it caters for diversity and independence in order to discharge its duties effectively and objectively. The Board Charter and Committee Terms of Reference also ensure that a balance of power exists and that conflicts of interest are detected and managed appropriately. The Board promotes diversity at Board level, setting of gender targets and attaining progressive race targets. The Nominations Committee is further tasked with Director's rotation, retirement and appropriate succession planning.</p> <p>See referenced pages of IR for further information.</p>
<p>8. The governing body should ensure that its arrangements for delegation within its own structure promote independent judgement and assist with the balance of power and the effective discharge of its duties</p>	<p><b>36, 38, 41-45</b></p>	<p>Added to Principle 7 above, the Board oversees the Momentum Metropolitan Group's delegation of authority policy which, together with the MOI, determines the delegated powers to the governance structures and leaders within the Group. The policy is comprehensive and inclusive of a Momentum Metropolitan Group Delegation of Authority Policy and Chief Executive Officer (CEO) sub-delegation policy, including guidelines for further onward delegations. The Board has also 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 to allow for balance of power, to ensure that the distribution of authority between the Chairman, the Board and the Board Committees does not lead to instances where individual(s) dominate decision-making within governance structures or where undue dependency is caused. Each Board Committee has a Board approved TOR, which sets out its purpose, composition, functions and authority as determined by the Board. The Board Committees are empowered to further delegate authority to appropriate forums to assist them in dealing with matters defined in their TORs. All the Committees review their Agenda items against their Annual Work Plans which are drafted from Terms of Reference, to confirm that they discharge their responsibilities as determined in their Terms of Reference.</p> <p>Board and Board Committee meetings are attended by members and invitees. Some of our specialised and non-statutory committees include independent specialists as members who are not directors of the company. Meeting attendance registers are available from the Group Company Secretary upon request thereof.</p> <p>The performance of the CAE is discussed in closed sessions by the Audit Committee, with a formal performance assessment conducted annually.</p> <p>See referenced pages of IR for further information.</p>

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9	38	<p>Comprehensive performance evaluations and peer reviews of the Board, its members and its committees are conducted in a two-year cycle, with summarised performance evaluations conducted in alternate years. The Board utilises the outcomes of these evaluations to identify weaker areas for improvement to build on key performance areas.</p>
10.	38	<p>Through the appointment of strong independent directors and clear definition and separation of roles and responsibilities of the Chair and CEO, the company establishes balance of power and authority levels. The Board performs its duties within a framework of policies and controls which provide effective risk assessment and management of performance. The Board Charter, Delegation of Authority Policy and MOI also address Board and Management responsibilities and powers. The appointment of executive management roles falls within the mandate of the CEO, in consultation with the Board and/or relevant Board Committee. Clarification of roles and responsibilities are finalised through formal internal processes, which include identification of Performance Objectives, establishment of performance targets for Business Units, regular engagement and evaluation of the performance of management, etc.</p> <p>See referenced pages of IR for further information.</p>
11.	21, 35, 39, 42	<p>The Board provides direction as governance custodian by establishing accountability, delegation, monitoring and oversight. It ensures appropriate strategies, policies, charters, terms of reference, etc and assurance services and functions are in place to achieve compliance with relevant laws and regulations, effective control at Board, Committees, executive and other management levels, effective risk management and technology and information governance, and facilitates responsible corporate citizenship and a stakeholder-inclusive approach that will help the Group to achieve its objectives and vision. The Board by setting the direction for how the organisation approaches and addresses risk ensures that the Group has the appropriate risk management framework, people, processes and technology in place to evaluate and manage the uncertainties we face in protecting and creating stakeholder value. The Board accepts that it is responsible for the governance of risk and has the ultimate responsibility not only for risk management but also for developing the risk appetite and monitoring risk tolerance levels. The Board is assisted by the Risk, Capital and Compliance Committee (RCC) to govern risk in a way that supports the Momentum Metropolitan Group in achieving its strategic objectives. 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. Momentum Metropolitan prepares a quarterly, and an annual Own Risk and Solvency Assessment (ORSA) report which addresses, inter alia, key questions about risks, capital and solvency and how they inter-relate. 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 Momentum Metropolitan Group and how these risks influence capital, solvency and business strategy. Separate risk reports are prepared for other regulated subsidiaries within the Group as appropriate.</p> <p>See referenced pages of IR for further information.</p>

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12. The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives	<b>21, 35, 41-43</b>	<p>The Board is assisted by the RCC to oversee the governance of Information and Technology (“IT”), which reviews the Group’s Information and Technology governance processes, including information security, disaster recovery plans (and testing), and data governance. The Executive Committee exercises oversight of the management of both information and technology.</p> <p>See referenced pages of IR for further information.</p>
13. The governing body should govern compliance with applicable law and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen	<b>7, 35, 39</b>	<p>The Board is assisted by the RCC to oversee the governance of compliance. The Board has delegated compliance management, through the RCC, to the Group Compliance Officer who facilitates management of compliance through analysing regulatory requirements and monitoring their implementation and execution together with compliance functions of the various business units. The Compliance Function is responsible for the compliance strategy of Momentum Metropolitan and oversees the effective implementation of the Momentum Metropolitan Group Compliance Risk Management Policy. It is accountable for managing and reporting identified compliance risks. The Head of Compliance and the Compliance Function is an integral part of the wider Momentum Metropolitan Group Risk Management Function and reports to the Chief Risk Officer and the RCC.</p> <p>Momentum Metropolitan 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. A review of the Board Charters/ Board Committee Terms of Reference and Group Policies was conducted to ensure alignment to GOI standards.</p> <p>See referenced pages of IR for further information.</p>
14. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement or strategic objectives and positive outcomes in the short, medium and long term	<b>39, 93-108</b>	<p>Momentum Metropolitan understands that it is essential that its strategies, risks, performances and rewards are aligned to enable the creation of shareholder value. The Board is assisted by the Remuneration Committee in overseeing the governance of all remuneration matters with the objective to ensure that Directors and employees are remunerated fairly, responsibly, transparently and in line with industry standards. This Committee ensures the Momentum Metropolitan Group’s Remuneration Policy is aligned with its strategy, and this Policy together with the Implementation Report are tabled at the Annual General Meeting for separate non-binding advisory votes.</p> <p>See referenced pages of IR for further information.</p>

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<p>15. 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 and internal reports</p>	<p><b>3, 21, 35, 39</b></p>	<p>The Combined Assurance Model integrates and coordinates the activities of assurance providers, whose functions include risk management, compliance, actuarial, internal audit, external audit, and other independent third-party specialists. The Internal Control System acts as enabler for delivering effective governance and demonstrating that adequate controls are in place and operating satisfactorily, 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, and Laws and regulations. The Group Audit Committee, with the assistance of Combined Assurance Forums and the Internal Audit function (IA), reviews the Momentum Metropolitan's combined assurance approach in collaboration with external audit to ensure the effectiveness thereof.</p> <p>Momentum Metropolitan 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 Group Audit Committee is functionally responsible for the outsourced Group IA and on a quarterly basis the Committee receives a detailed report on the progress of the IA function against its annual risk-based planning from the Chief Audit Executive.</p> <p>The Audit Committee annually reviews the expertise, resources and experience of the Group's Finance Function and the Group Finance Director. The latter role is also assessed through the Board and Board Committees' evaluation process.</p> <p>See referenced pages of IR for further information.</p>
<p>16. 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><b>8-9, 39</b></p>	<p>The Board understands the risk of reputation, and there is regular engagement with Momentum Metropolitan stakeholders through various platforms and forums. The Fair Practices Committee (FPC) is mandated by the Board to ensure that fair treatment of clients is embedded as a core corporate value at all levels of the Momentum Metropolitan Group.</p> <p>Momentum Metropolitan 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 disclosures, Momentum Metropolitan also publishes quarterly operational updates that are distributed to all relevant parties.</p> <p>Additional information on how the company approaches its stakeholder relationships can be found on the referenced pages in the IR.</p>
<p>17. 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><b>12, 40, 125</b></p>	<p>Momentum Metropolitan 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. The responsible investment goals set the direction and how it will be approached on an annual basis is governed by the Responsible Investment Policy. The Responsible Investment Policy is available on the website and incorporates the codes, principles and practices it supports. All investment divisions across the Momentum Metropolitan Group must adopt the Responsible Investment Policy.</p> <p>See referenced pages of IR for further information.</p>