

KEY PERFORMANCE INDICATORS

MMI assesses its operational performance against a set of key performance indicators that are approved and annually reviewed by the group's Remuneration Committee. The set of indicators include both short-term and longer-term objectives.

PERFORMANCE SCORECARD 2015

	Weight	F2015 target	Actual	Achieved
Return on embedded value*	20%	GDP plus 3%	10.6%	↔
Value of new business	20%	R880 million	R954 million	↑↑↑
Core headline earnings	25%	GDP plus 3%	6%	↓↓
Transformation	15%	FSC score of 75	91	↑↑↑
Strategic initiatives	20%	Self-assessment		↑↑

* For short-term incentive scorecard purposes, investment variances are excluded from the return on embedded value.

The above relates to group-wide targets and deliverables. In addition, specific targets have been set for each division and subsidiary.

LONGER-TERM PERFORMANCE INDICATOR – RETURN ON EMBEDDED VALUE (ROEV)

As an indicator of financial performance over the medium to longer term, the group's return on embedded value is measured on an annual basis, but averaged over a rolling three-year period. The targeted rate of return has been set at 300 basis points in excess of the annual growth in South Africa's gross domestic product ("GDP + 3%"). An outperformance target equal to GDP + 6% has also been set. The targets are reviewed on an annual basis.

For allocations before 2014, the performance of the group is measured against the targeted hurdle rate of GDP + 3%, as well as against the average ROEV achieved by MMI's peers over the three-year period. For allocations made since 2014, the relative criterion against competitors has been removed, due to the small number of constituents making up the index of comparable SA-listed peers.

The following table is an analysis of the group's ROEV for the year ended 30 June 2015:

	2015	
	Rm	ROEV
Expected return – unwind of risk discount rate (RDR)	2 758	7.0%
Operating experience variances	622	1.6%
Embedded value from new business	954	2.4%
Investment return on adjusted net worth	664	1.7%
Investment variances	(406)	(1.0%)
Non-covered (excl. basis changes)	(557)	(1.4%)
Total (excl. assumption changes)	4 035	10.2%
Operating assumption changes	(292)	(0.7%)
Economic assumption changes	51	0.1%
Total return on embedded value	3 794	9.6%

The returns shown in the table are aggregates for the group, including both covered and non-covered business.