

MMI has confirmed broad-based black economic empowerment (B-BBEE) and transformation as strategic objectives, as we understand the importance of transformation in the context of our continued growth and to be the preferred financial wellness partner to our communities. We understand that the current income inequality in the country is not sustainable and as such we need to use our collective efforts to address transformation in its broader context.

Given that transformation is a strategic imperative, MMI monitors and discusses achievement of its transformation objectives monthly at its Group Transformation Steering Committee and MMI Group Executive meetings, as well as quarterly meetings with the Social, Ethics and Transformation Committee (SETC), an MMI board committee.

In 2014, MMI maintained its level 2 contributor status based on the current Financial Sector Charter (FSC) codes. We have made significant strides since the merger and our commitment to transformation is evident in the table below, which illustrates our performance from 2012 to 2014.

## MMI HOLDINGS B-BBEE SCORECARD

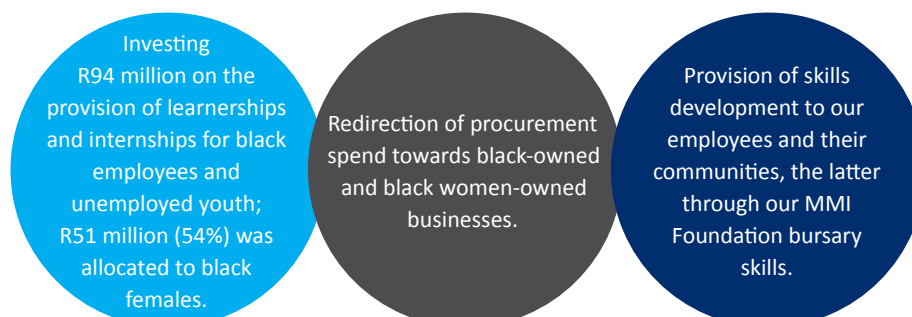
| B-BBEE element                | FSC B-BBEE maximum points | MMI performance calendar year 2012 | MMI performance financial year 2013 | MMI Performance financial year 2014 | MMI performance calendar year 2014 |
|-------------------------------|---------------------------|------------------------------------|-------------------------------------|-------------------------------------|------------------------------------|
| Equity ownership <sup>^</sup> | 14.0                      | 15.7                               | 15.9                                | 17.0                                | 17.0                               |
| Management control            | 8.0                       | 7.8                                | 7.8                                 | 8.7                                 | 8.7                                |
| Employment equity             | 15.0                      | 9.6                                | 9.8                                 | 9.6                                 | 9.2                                |
| Skills development            | 10.0                      | 8.7                                | 7.1                                 | 6.2                                 | 9.0                                |
| Preferential procurement      | 16.0                      | 13.3                               | 12.8                                | 13.6                                | 14.5                               |
| Enterprise development*       | 5.0                       | 15.0                               | 15.0                                | 5.0                                 | 5.0                                |
| Socio-economic development    | 3.0                       | 3.0                                | 3.0                                 | 3.0                                 | 3.0                                |
| Empowerment financing         | 15.0                      | Exempt*                            | Exempt*                             | 13.8                                | 13.7                               |
| Access to financial services  | 14.0                      | Exempt*                            | Exempt*                             | 10.0                                | 10.9                               |
| <b>Total score</b>            | 100.0                     | 73.1                               | 71.4                                | 86.9                                | 91.0                               |
| <b>Performance (%)</b>        |                           | 90.2%                              | 88.2%                               | 86.9%                               | 91.0%                              |
| <b>B-BBEE rating</b>          |                           | Level 2                            | Level 2                             | Level 2                             | Level 2                            |

<sup>^</sup> The vesting of the FirstRand Empowerment Trusts had no impact on our performance in the Ownership element, as defined by the FSC.

\* Enhanced recognition due to the exemption of Empowerment financing and Access to financial services. In 2014, MMI was not exempted from Empowerment financing, therefore only 5 points were available for Enterprise development and 15 points available for Empowerment financing. MMI was also measured under Access to financial services for the first time.

\*\* It should be noted that MMI completed two B-BBEE verifications in the last year, one that measured the financial year July 2013 – June 2014 and the second being the interim verification, which measured the calendar year Jan 2014 – Dec 2014; this was due to significant changes in the MMI group structure. Subsequent to its listing, MMI acquired, among others, the following entities: Eris, Guardrisk, Providence and CareCross. These entities operate in South Africa, to this end MMI decided to incorporate the entities in the interim B-BBEE verification.

The improvement in the calendar year ending 2014 was mainly driven by skills development and preferential procurement elements, whereby we focused on:



We remain committed to improving our performance in the employment equity pillar, which was impacted by the inclusion of the recently acquired subsidiaries. MMI will continue monitoring and developing strategies to improve the recruitment, retention and training of African, Coloured and Indian employees. This is essential under the Department of Trade and Industry's (dti) revised Codes of Good Practice (CoGP) and the amended Employment Equity Act that have enhanced Economical Active Population (EAP) targets.

## MMI HOLDINGS EMPLOYEE PROFILE (SOUTH AFRICA ONLY)

|                      | South Africa |              |              |            |            |            |              |              | Foreign nationals |           | Grand total   |
|----------------------|--------------|--------------|--------------|------------|------------|------------|--------------|--------------|-------------------|-----------|---------------|
|                      | African      |              | Coloured     |            | Indian     |            | White        |              | Female            | Male      |               |
|                      | Female       | Male         | Female       | Male       | Female     | Male       | Female       | Male         |                   |           |               |
| December 2012        | 4 467        | 2 776        | 1 549        | 882        | 640        | 482        | 1 937        | 1 233        | 27                | 37        | 14 030        |
| June 2013            | 4 527        | 2 737        | 1 445        | 835        | 561        | 427        | 1 753        | 1 129        | 24                | 28        | 13 466        |
| June 2014            | 4 649        | 2 667        | 1 470        | 849        | 580        | 465        | 1 750        | 1 191        | 44                | 59        | 13 724        |
| <b>December 2014</b> | <b>5 267</b> | <b>3 025</b> | <b>1 616</b> | <b>913</b> | <b>657</b> | <b>512</b> | <b>2 068</b> | <b>1 371</b> | <b>50</b>         | <b>69</b> | <b>15 548</b> |

Formal B-BBEE reviews were done for the above periods.

In December 2014, the FirstRand Empowerment Trusts vested, whereby in excess of R650 million was realised by two of the three trusts, while the remaining trust extended its investment to 2018. This is a further demonstration of MMI's commitment to achieving transformation through the distribution of wealth to previously disadvantaged groups, enhancing their financial wellness and accelerating financial inclusion.

It is worth noting that the B-BBEE landscape has changed fundamentally with the introduction of the dti revised CoGP that came into effect on 1 May 2015. These codes introduce more stringent requirements on B-BBEE, with penalties included for non-performance on priority elements such as ownership, skills development, and enterprise and supplier development (including preferential procurement). We have revised our transformation strategy to address these changes and are confident that its successful implementation will address the impact of a more stringent regulatory environment. MMI is an active participant in the realignment process of the FSC, with the dti revised CoGP before 31 October 2015, failing which the financial services industry will be evaluated according to the dti revised CoGP.

## NUMBER OF EMPLOYEES

|                                         | 30 June 2015  | 30 June 2014  |
|-----------------------------------------|---------------|---------------|
| <b>Indoor staff</b>                     | <b>10 438</b> | <b>9 877</b>  |
| Momentum Retail                         | 1 841         | 1 711         |
| Metropolitan Retail                     | 1 052         | 1 174         |
| Momentum Employee Benefits <sup>1</sup> | 1 668         | 1 650         |
| International <sup>2</sup>              | 1 010         | 1 037         |
| Momentum Investments                    | 651           | 667           |
| Metropolitan Health <sup>3</sup>        | 2 902         | 2 553         |
| Shareholder Capital                     |               |               |
| Balance Sheet Management                | 78            | 68            |
| Group services <sup>4</sup>             | 925           | 781           |
| Short-term insurance                    | 311           | 236           |
| <b>Field staff</b>                      | <b>6 801</b>  | <b>6 815</b>  |
| Momentum Retail                         | 1 327         | 1 041         |
| Metropolitan Retail                     | 3 840         | 4 424         |
| International <sup>2</sup>              | 1 634         | 1 350         |
| <b>Total</b>                            | <b>17 239</b> | <b>16 692</b> |

<sup>1</sup> Momentum Employee Benefits in the current year includes 220 (30.06.2014: 218) employees relating to Guardrisk (now including Momentum Ability).

<sup>2</sup> International in the current year includes 87 employees relating to Cannon indoor staff and 201 employees relating to Cannon field staff.

<sup>3</sup> Metropolitan Health in the current year includes 467 employees relating to CareCross.

<sup>4</sup> Group services in the current year includes 83 employees transferred from operating divisions.

## UNION MEMBERSHIP

All employee relations issues are dealt with by the group manager: risk, governance and labour relations.

All MMI employees have the right to freedom of association to become or not become union members. As at 30 June 2015, union membership at MMI was less than 7%, with various unions represented. No industrial action took place in the year under review where MMI incurred any financial expense related to this type of action.