

Momentum Metropolitan Life Limited

Board Charter



Board Charter: Momentum Metropolitan Life Limited

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1. Preamble

- 1.1 The Board of Directors (the “Board”) of Momentum Metropolitan Life Limited (“MML” or “the Company”) acknowledges the need for a Board Charter (“the Charter”) as recommended in the King IV Report on Corporate Governance for South Africa 2016 (“King IV™”) and other prescribed or recommended provisions such as the regulations relating to the Insurance Act, 18 of 2017.
- 1.2 This Charter is subject to the provisions of the Companies Act no. 71 of 2008 and its Regulations (the “Companies Act”), the Company’s Memorandum of Incorporation (“MOI”), the Debt Listings Requirements of the JSE Limited, the Insurance Act, 18 of 2017 and other relevant legislation, regulatory and supervisory prescripts, and applicable corporate governance principles, codes and best practices.

2. Relationship between Holding and Subsidiary Companies

- 2.1 MML is a licensed insurer and wholly-owned subsidiary of Momentum Metropolitan Holdings Limited (“MMH”) which is a Johannesburg Stock Exchange (“JSE”) listed entity.
- 2.2 The Company forms part of the Momentum Metropolitan group of companies (“MMG” or “the Group”). The Directors shall, notwithstanding the separate legal persona of the Company, take cognisance at all times of directives, policies and processes applicable to MMH and the Group, and, in order to avoid duplication of governance within the Group, comply with the provisions thereof, as applicable and without reservation.
- 2.3 Terms such as ‘Managing Executives’ and ‘Control Functions’ shall have a corresponding meaning to those defined in the MMH Fit and Proper Policy (as adopted or amended from time to time).

3. Purpose of the Charter

- 3.1 The purpose of this Board Charter is to set out the Board’s role and responsibilities, authority, composition, functioning and other related matters.

4. Board Composition

- 4.1 The Board or its nominated Board Committee (the Nominations Committee) will determine the size of the Board, subject to the provisions of the Company’s MOI and recommended practices.
- 4.2 The Board shall comprise of executive and non-executive directors, with a majority being independent non-executive directors.
- 4.3 All appointments to the Board will be made through a formal and transparent process.
- 4.4 The Board will appoint a Chairman and Deputy Chairman/Lead Independent Director (“LID”), where necessary, from amongst its independent non-executive directors, and will consider the tenure for these positions.
- 4.5 The Group Chief Executive Officer (“Group CEO”), Group Deputy CEO and Group Finance Director (“Group FD”) of the Company shall be ex officio members of the Board.
- 4.6 The appointment, rotation, resignation and removal of directors shall be done in accordance with the Company’s MOI, including arrangements for periodic and staggered rotation.

5. Roles and Responsibilities

The Board will:

- 5.1 At all times, act in the best interest of the Company and in accordance with the code of conduct for directors, as contained in **Annexure B** and **Annexure C** to this Charter.
- 5.2 Take ultimate responsibility for the Company's performance, affairs, actions and decisions.
- 5.3 Take note of the roles and responsibilities contained in the MMH Board Charter and taking into account the functioning of the Company within the broader Momentum Metropolitan group of companies, comply with the provisions entrenched in that Board Charter, mutatis mutandis.
- 5.4 Set, be role models for, and ensure ongoing adherence to the insurer's values and culture.
- 5.5 In relation to Directors, Managing Executives and Head of Control Functions:
 - 5.5.1 Regularly review the composition, knowledge, expert skills and experience of the Board of Directors as a whole and plan for the orderly succession of the Board Members.
 - 5.5.2 Ensure that the roles and responsibilities allocated to the Board, Managing Executives and Heads of Control Functions, are clearly defined so as to promote an appropriate separation of oversight function from management responsibilities.
 - 5.5.3 Monitor that Directors, Managing Executives, Heads of Control Functions, and persons that control the company at all times meet the Company's fit and proper requirements (as encapsulated in the MMH Fit and Proper Policy), in order to facilitate the sound and prudent management of the business of the insurer.
 - 5.5.4 Ensure that there are adequate policies and procedures relating to the appointment, dismissal and succession of Managing Executives and Heads of Control Functions, and be actively involved in the process.
 - 5.5.5 Set appropriate performance and remuneration standards for Managing Executives and Heads of Control Functions consistent with the long-term strategy and the financial soundness of the insurer and monitor whether they are meeting the performance goals set for them.
 - 5.5.6 Regularly meet with Managing Executives and Heads of Control Functions to discuss and review the decisions made, information provided, and explanations given with respect to the business and operations of the insurer, where this responsibility is not delegated.
 - 5.5.7 Adopt appropriate policies and procedures to oversee Managing Executives' responsibilities to:
 - a. Carry out the day-to-day operations of the Company effectively and in accordance with the Company strategies, policies, procedures, board-approved risk appetite, values and culture.
 - b. Promote a culture of sound risk management, compliance and policyholder protection.
 - c. Provide the Board with adequate and timely information to enable it to carry out its duties and functions, including the monitoring and review of the performance and risk exposures of the Company, and the performance of Managing Executives.
 - d. Provide relevant stakeholders and the regulatory authority with the information required to satisfy legal and other obligations applicable to the Company or Managing Executives.
 - 5.5.8 In relation to governance, risk, controls and compliance:
 - a. Promote an open and accountable environment in which employees who communicate concerns about illegal or irregular behaviour are properly protected from occupational detriment.
 - b. Provide oversight in respect of the design and implementation of sound risk management and internal control systems and functions.
 - c. Adopt and oversee the effective implementation of Company policies and procedures, including where applicable, Group policies and procedures.

- d. Implement systems and controls to ensure the promotion of appropriate, timely and effective communications with the regulatory body and relevant stakeholders on the governance of the Company.
 - e. Regularly monitor and evaluate the adequacy and effectiveness of the Company's governance framework and notify the Registrar of any shortcomings, reasons therefor and plans to rectify such shortcomings.
 - f. Give due consideration to the application and implementation of the principles of good corporate governance, recommendations and practices, including, but not limited to, the key aspects of ethical leadership, sustainable development, integrated thinking and corporate citizenship, and explain the application in a narrative form on an annual basis.
 - g. Oversee and set direction for the compliance with governance and operational standards for insurers and/or other applicable industry standards.
 - h. Oversee the relationship with institutional investors.
- 5.5.9 In relation to strategy and performance:
- a. Determine, approve and oversee the implementation of the Company's objectives and strategies for achieving those objectives.
 - b. Review the business objectives and strategies regularly to be consistent with the long-term interests and viability of the insurer and the legitimate interests of its stakeholders and policyholders.
 - c. Ensure reliable and transparent financial reporting for public and supervisory purposes.
- 5.5.10 Other roles and responsibilities:
- a. Undertake such other roles and responsibilities as may be prescribed by applicable legislation and/or regulations.
 - b. Perform responsibilities required by relevant Board approved policies including the review and approval of such policies.
 - c. Request and consider any additional information necessary to fulfil the functions of the Board.
 - d. The Board and its members will remain transparent in the manner in which they execute their governance role and responsibilities.
 - e. Approve matters requiring general or specific Board approval in terms of legislation.
 - f. Deal with matters reserved exclusively for the Board in the Framework for the Delegation of Authority.

6. Role of the Chairman and Company Secretary

6.1 Chairman

6.1.1 The Chairman is primarily responsible to:

- 6.1.1.1 Manage and provide overall effective leadership to the Board.
- 6.1.1.2 Preside over Board meetings and ensure that time in meetings is used productively.
- 6.1.1.3 Ensure the integrity and effectiveness of the Board and Board Committees.
- 6.1.1.4 Ensure that complete, timely, relevant and accurate information is placed before the Board.
- 6.1.1.5 Ensure the Board is well informed and that the members, individually and as a group, have the opportunity to generate collective views.
- 6.1.1.6 Ensure that all directors play a full and constructive role in the affairs of the Company and take a lead role in removing non-performing or unsuitable directors.
- 6.1.1.7 Encourage collegiality among Board members without inhibiting transparent discussions on matters.
- 6.1.1.8 Ensure that there are processes and procedures in place to evaluate the performance of the Board, Board Committees and individual Directors.

- 6.1.1.9 Act as a link between the Board and management, and particularly between the Board and the Group CEO, maintaining an arm's length relationship at all times.
- 6.1.1.10 Represent the Board to shareholders and stakeholders and build and maintain stakeholder trust and confidence in the Group.
- 6.1.2 The roles of Chairman and Group CEO are separate, and a retired CEO should not become the Chairman of the Board until three (3) complete years have passed after the end of their tenure as CEO.
- 6.1.3 The Chairman may be a member of the Nominations, Remunerations, Social, Ethics and Transformation, Investments, and Risk, Capital and Compliance Committees and may chair Board Committees with exception of the Remuneration, Audit, and Social, Ethics and Transformation Committees. The Chairman may also not be a member of the Audit Committee.
- 6.1.4 The number of outside professional positions that the Chairman is allowed to hold, taking into account the relative size and complexity of the organisations involved, should be determined in collaboration with the Board.

6.2 Company Secretary

The role of the Company Secretary shall, inter alia, include the following:

- 6.2.1 The Company Secretary will be secretary to the Board.
- 6.2.2 The Board should empower the Company Secretary to enable him/her to fulfil the role and responsibilities set out in this Charter and other relevant Company documents.
- 6.2.3 All Directors shall have access to the Company Secretary, and the Company Secretary will have unfettered access to the Board but, for reasons of independence, should maintain an arms-length with all Board members.
- 6.2.4 The Company Secretary will not be a Director of the Company.
- 6.2.5 The Company Secretary will report to the Board via the Chairman on his/her statutory duties and functions performed in connection with the Board. Regarding other duties and administrative duties, the Company Secretary will report to the designated and appropriate member of executive management.
- 6.2.6 The Company Secretary will, amongst other things:
 - 6.2.6.1 In consultation with the Chairman, play a substantial role in the orientation process for Directors, and attend to any educational or development requirements of Directors.
 - 6.2.6.2 Provide the Board and individual Directors with detailed guidance to properly discharge their responsibilities in the best interests of the Company.
 - 6.2.6.3 Ensure that the Board Charter and Board Committee Terms of Reference are kept up to date.
 - 6.2.6.4 Prepare and circulate Board papers.
 - 6.2.6.5 Assist in drafting yearly work plans for the Board and Board Committees.
 - 6.2.6.6 Ensure preparation and dissemination of Board and Board Committee meeting minutes.
 - 6.2.6.7 Support and coordinate the functioning of the Board and its Committees.
 - 6.2.6.8 Assist with the evaluation of the Board, Board Committees and individual Directors.
 - 6.2.6.9 Assist the Nominations Committee with a programme of professional development and regular briefings on legal and corporate governance developments, risks and changes in the external environment of the Company, to be provided to the Directors.

- 6.2.7 The Company Secretary will be subjected to a fit and proper test in the same manner as is recommended for new Director appointments.
- 6.2.8 The necessary induction, training and mentorship for Directors shall be coordinated by the Company, as and when required.

7. Meeting Procedures

7.1 Frequency

- 7.1.1 The Board shall hold sufficient scheduled meetings to discharge its duties as set out in this Charter and other relevant Company documents and policies
- 7.1.2 There shall be a minimum of 4 (four) meetings per year and additional meetings may be held as and when necessary
- 7.1.3 A schedule of regular meetings for the following year shall be provided to the Directors at the end of each year.

7.2 Attendance

- 7.2.1 Board members must attend all scheduled meetings of the Board, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Group Company Secretary.
- 7.2.2 If the Chairman and Lead Independent Director of the Board, where applicable, are absent from a meeting, the Directors present must elect one of the Directors amongst them to act as a Chairman, subject to the provisions of the Company's MOI.
- 7.2.3 If a Director is absent from three (3) consecutive board and/or committee meetings, the Chairman shall engage with the Director in connection with the matter.

7.3 Agenda and Minutes

- 7.3.1 The Board shall establish an annual work plan for each year to ensure that all relevant matters are covered by the agendas of the meetings planned for the year. The number, timing and length of the meetings and the agendas are to be determined in accordance with the annual plan.
- 7.3.2 The Chairman of the Board may meet with the Group CEO, and/or the Company Secretary prior to a Board meeting to discuss important issues and agree on the agenda.
- 7.3.3 The notice of each meeting of the Board, confirming the venue, time and date and enclosing an agenda of items to be discussed, together with supporting documentation shall, other than under exceptional circumstances, be forwarded to each Director not less than five (5) working days prior to the date of the meeting, unless alternative arrangements and timelines have been made with members.
- 7.3.4 The content, presentation and delivery of agendas to Directors for each meeting will be in accordance with the guidelines agreed by the Board.
- 7.3.5 The minutes of each Board meeting must be completed as soon as possible after the meeting. The minutes must be formally approved by the Board at its next scheduled meeting.

7.4 Quorum

- 7.4.1 A quorum for meetings shall be a majority of the Directors in office (but not counting Alternate Directors for this purpose).
- 7.4.2 Any non-Director in attendance at Board meetings shall not count towards the quorum.
- 7.4.3 A meeting may be conducted by way of electronic media such as video or telephone conferencing.
- 7.4.4 Should the need arise for a decision to be taken by the Board outside of its meeting cycle, such decision can be taken on a round robin basis.
 - 7.4.4.1 For a decision to be legitimately taken by round robin procedure, the support of the majority of members is required in writing and signed by them (and for the purposes of this procedure, communication by email will be regarded as being in writing). Should a Board member object to a decision, the remaining members of the Board must be advised of such objection.
 - 7.4.4.2 At the Board meeting following the date of the round robin decision, the Company Secretary must report on the decision so taken by the Board.

8. Review

- 8.1 This Board Charter and the annual work plan shall be reviewed annually by Group Company Secretariat and submitted for approval by the Board.

Annexure A - Code of Conduct for Directors

- a. The Board expects its members, both individually and collectively, to act ethically and in a manner consistent with the values of the business and beyond mere legal compliance.
- b. A director must act honestly, in good faith and in the best interest of the Company as a whole, at all times.
- c. A director must use the powers of office for a proper purpose, and shall use due care and diligence in fulfilling the functions of the office and exercising the powers attached to that office.
- d. A director must recognise that the primary responsibility is to the Company's shareholders, but should also have regard to the interests of all stakeholders of the Company.
- e. A director must not make improper use of information acquired as a director, and must not take improper advantage of their position as director.
- f. Board members must be fully prepared for Board meetings to be able to provide appropriate and constructive input on matters for discussion.
- g. A director has an obligation to be independent and impartial in judgment and actions, and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Board.
- h. Confidential information received by a director in the course of the exercise of their duties as a director of the Company remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or when such disclosure is required by law.
- i. A director must not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company.
- j. A director should not engage in conduct likely to bring discredit upon the Company.
- k. A director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law.
- l. Directors should ensure, to the extent applicable in their capacities as Directors, compliance with all legislation, such as the Companies Act, Debt Listings Requirements of the JSE, Insurance Act, as well as applicable governance principles, and the principles of this Code of Conduct.
- m. Directors will complete annual declarations of interest as required by legislation, regulations and internal Momentum Metropolitan Group policies.
- n. Directors should take steps to ensure that they have sufficient working knowledge of the Company, the wider Momentum Metropolitan Group and the context in which the Company operates.

Annexure B - Conflicts of Interest

- a. The Companies Act requires directors to disclose their personal financial, economic and other interests, and those of persons related to them; in contracts or other matters in which the Company has a material interest or which are to be considered at a Board meeting. Directors are required to disclose any potential conflict of interest as soon as they become aware of it.
- b. A director shall not be disqualified, by virtue of his office, from contracting with the Company or any of its subsidiaries. However, each director shall minimise the possibility of any conflict of interest with the Company, by restricting involvement in other businesses that would be likely to lead to a conflict of interest.
- c. Full disclosure of the nature of a director's interest on any matter before the Board, is required prior to commencement of meetings, and a director may not vote on any matter in which he/she has an interest.
- d. Where conflicts of interest do arise, directors shall recuse themselves from related discussions at the discretion of the Chairman.
- e. A register of declarations of interest shall be kept and maintained by the Group Company Secretary.
- f. Executive directors must distinguish between their role as director and that of manager. If these roles conflict, they should withdraw from the discussion and voting. An executive director, when acting as a director as opposed to when acting as a manager, is not accountable to the Group CEO in the hierarchal sense for their actions or vote.
- g. The Chairman may with good reason request executive directors to excuse themselves from any part of the Board meeting. This is especially applicable during deliberations relating to executive performance and/or remuneration.
- h. Should non-executive directors meet without the executive directors present, the non-executive directors shall not resolve on, or engage in matters relating to the business of the Company that would ordinarily require the involvement of the executive directors.
- i. Non-executive directors may be categorised as independent if the Board concludes that there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision making in the best interest of the Company.