

VERIFICATION OPINION DECLARATION: GREENHOUSE GAS EMISSIONS

To: The Intended Users and Stakeholders of Momentum Metropolitan Holdings Ltd.

- **Organization:** MMH Limited
- **Address:** Group Head Office, 268 West Avenue, Centurion, Gauteng, 0157
- **Verification Standard:** ISO 14064-3:2019 '*Specification with guidance for the verification and validation of greenhouse gas statements*'
- **Verification Criteria:** WRI/WBCSD Greenhouse Gas Protocol: *A Corporate Accounting and Reporting Standard*, 2004, and subsequent Amendments.
- **GHG Consolidation Approach:** Operational Control
- **GHG Inventory Period:** 01 January 2022 to 31 December 2022 (2022)
- **GHG Statement:** Refer to: *MMH CY22 26.06.23_VERIFIED.xlsx*

Momentum Metropolitan Holdings (MMH) is one of South Africa's largest diversified financial services companies, with its primary listing on the JSE and secondary listings on A2X Financial Markets and the Namibian Stock Exchange. MMH provides life and non-life insurance, as well as investment services, through the Momentum, Metropolitan, Eris and Guardrisk brands. Outside of South Africa, MMH operates in:

- 5 African countries through Momentum Metropolitan Africa¹
- United Kingdom and Guernsey through Momentum Investments
- Gibraltar and Mauritius through Guardrisk
- India through a non-controlling interest in a health insurance joint venture

MMH engaged Verify CO₂ to conduct an independent greenhouse gas ('GHG') emissions verification with the objective of providing assurance to a limited level that the company's 2022 *GHG Statement* is accurate, complete and conforms with the stated criteria.

This *GHG Verification Opinion Declaration* is issued following in-depth review of the GHG Inventory calculations and supporting information for the stated inventory period, based on the scope of work detailed below.

Responsible Parties

MMH nominated a third party² to prepare the *GHG Statement* set out below but retains sole responsibility for its preparation and fair presentation in accordance with the stated criteria.

Verify CO₂'s responsibility is to express an independent assurance opinion on MMH's 2022 *GHG Statement* based on the evidence obtained with regard to:

1. Conformity with the verification criteria, namely the principles and requirements of the WRI/WBCSD *GHG Protocol Corporate Accounting and Reporting Standard*; and
2. Completeness and accuracy of the underlying activity data and GHG emissions quantification.

The ISO 14064-3 Standard requires that ethical standards are upheld in planning and performing the verification to obtain the agreed level of assurance that the GHG Statement is free from material misstatement.

Level of Assurance

- The verification activities provided a limited level of assurance on the final *GHG statement* below.
- A materiality threshold of 5% per emission source was applied.

¹ Botswana, Ghana, Lesotho, Mozambique and Namibia. Kenya was exited in July 2022.

² Collation of activity data and GHG quantification were carried out by Carbon Calculated on behalf of MMH.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit carried out in accordance with the ISO 14064-3 Standard will always detect a material misstatement when it exists. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the intended user's decisions. Verification activities performed to achieve a limited level of assurance are less extensive in nature, timing and extent than those for reasonable assurance.

Furthermore, GHG quantification is subject to inherent uncertainty as the methods used to estimate GHG emissions rest upon incomplete scientific knowledge.

GHG Verification Activities

Evidence-gathering procedures included but were not limited to:

- Risk assessment based on a high-level overview of the initial 2022 GHG data and historical GHG reporting.
- Communication with MMH and Carbon Calculated to clarify anomalies and deviations, and to provide supporting evidence as required.
- Analytical procedures to assess completeness and accuracy of the GHG data, including year-on-year variance checks, recalculation and tracing of primary data to GHG information.
- Evaluation of the appropriateness of emission factors, estimation methodologies and assumptions.
- Evaluation of the accuracy and consistency of the GHG emissions and GHG intensity calculations.
- Evaluation of conformity of the *GHG Statement* with the verification criteria referenced above.
- Liaison with Carbon Calculated regarding the verification findings and recommended corrective action.
- Since MMH provides financial services and has no complex GHG emitting activities, no site visits were done.
- Due to time and cost constraints, evaluation of uncertainty and an independent review were not performed.

Verification Scope & Exclusions

GHG Boundaries:

- No significant structural changes took place during 2022.³
- In accordance with the operational control approach for consolidating emissions, the GHG boundary included scope 1 and scope 2 GHG emissions for all operationally controlled facilities occupied by MMH. In addition, emissions for 4 out of the 7 scope 3 categories deemed relevant to MMH's business activities were reported.

Reporting Exclusions⁴:

The following facilities/emissions sources were excluded due to data availability:

- Eris-owned and controlled property portfolio outside South Africa.
- Kenya, Ghana, Mozambique offices (combined, these represent 1% of MMH's global GLA in 2022).
- Namibia branches operating from The Palms building in Oshakati.
- Electricity and water consumption associated with vacant space in MMH-owned properties.
- Scope 1 emissions for most non-SA offices (if applicable, as these are small, leased premises).

It was not possible to estimate the magnitude of these omitted emissions, but it's unlikely they would account for more than 3% of MMH's 2022 scope 1 and scope 2 GHG emissions. Based on this premise, these omissions are not relevant and MMH's 2022 scope 1 and scope 2 GHG reporting was deemed complete.

³ MMH's exit from Kenya was deemed insignificant (only one office (1221m²) occupied for half of 2022).

⁴ It was assumed that MMH has no operational control over associates (shareholding below 50%).

MMH 2022 GHG Statement

After correction of misstatements, the 2022 *GHG Statement* below was finalized on 26 June 2023:

2022 Verified GHG Emissions	Tonnes CO ₂ e
Scope 1	3 568
Scope 2 (location- & market-based) ⁵	40 437
Total Scopes 1 & 2 (location-based)	44 005
Scope 3	11 536
Total Scopes 1, 2 & 3 (location-based)	55 541
Outside of Scopes – HCFC R-22 ⁶	281
Total Measured Emissions	55 822

Percentage of above 2022 GHG emissions verified					
Scope 1:	100%	Scope 2:	100%	Scope 3:	100%

Additional Verified Information for CDP 2023 Climate Change & Water Security	
Year-on-year change in emissions	Scope 1; Scope 2; Scopes 1 & 2; Scope 3
Year-on-year emissions intensity figures	Scopes 1 & 2 tCO ₂ e per m ² GLA Scopes 1 & 2 tCO ₂ e per employee
2022 Total Energy Consumption: ⁷	
- Consumption of fuels	MWh not calculated
- Purchased/acquired electricity	40 167 MWh
2022 Municipal Water Consumption:	98 408 kl

GHG Verification Findings and Qualifications

Findings:

- **GHG Data Management:** Challenges were encountered in tracking down data and information for certain sites due to loss of institutional knowledge over the past few years.
- **GHG Reporting:** The emission factors and IPCC Assessment Report applied were not transparent.
- **GHG Quantification:** The following GHGs are applicable to MMH business activities: CO₂, CH₄, N₂O, HFCs and HCFCs. IPCC AR4 100-year GWPs were used throughout.

Aside from MMH's large corporate facilities located in city centres, MMH operates through a widespread network of +/-200 small branches throughout South Africa. To reduce the reporting burden, consumption for these branches (as well as some non-SA branches) was estimated using an average consumption rate for these sites over the past 3 years. This estimation accounted for 23% of reported electricity consumption.

- **GHG Boundaries:**
 - MMH data centre moved to the Head Office which led to a corresponding increase in electricity consumption.
 - Consumption and GLA inaccuracies were found, mostly due to changes in lease agreements. In some cases, this was challenging to resolve due to unclear data ownership/accountability.

⁵ Since MMH operates in regions where renewable energy contractual instruments are available, both a location- and a market-based scope 2 emissions total is reported. However, 2022 location-based and market-based scope 2 emissions are the same as no energy contractual instruments were purchased in 2022, and no residual mix emission factor is available for South Africa where most MMH facilities are located.

⁶ Fugitive GHG emissions from refrigerant gases not listed under the Kyoto Protocol.

⁷ No properties in the reporting boundary purchased or generated on-site renewable energy during 2022.

- UK: GLAs were reported in square feet rather than square meters.
- Namibia & Lesotho: More information was obtained for the offices in these regions indicating that Namibia's 2021 reporting was inaccurate and should be restated.
- Botswana: Data was reported in spend rather than consumption units.

Scope 1:

- There was a significant increase in stationary fuel usage due to more load shedding incidents, resulting in increased use of backup diesel generators. Most of this data was audited to a reasonable level of assurance in March 2023 prior to for MMH's mandatory GHG reporting submission for South Africa.
- GHG emissions from the use of HFC refrigerant gases may be under-reported as data was not reported for MMH branches, most likely because this falls under landlord control.

Scope 2: The 3.8% overall decrease in emissions compared to 2021 was a result of a combination of factors: reduced consumption from the rationalization of office space (4% decrease in GLA), increased load shedding and a 1.9% decrease in the Eskom FY2022 CO₂ emissions factor.

Scope 3 – Municipal Water:

- Consumption may be over-reported as the rate of 0.85kl/m² GLA used to estimate consumption for branches included anomalies caused by leaks and estimated council readings.
- Centurion online meters were found to be faulty and municipal bills were therefore used as the primary data source. The significant increase in 2022 consumption indicated that the online metering issue may have dated back to 2021 and hence 2021 was likely under-reported.

Scope 3 - Paper:

- Although there was a decrease in office paper consumption, the significant decrease in tCO_{2e} was attributed to a drop in certain outsourced printed materials since 2021.
- GHG emissions from office paper may be under-reported as it was not confirmed whether purchases for branches was omitted.

Scope 3 - Business Travel: Business and incentive air travel emissions increased almost 4-fold compared to 2021 but remained well below pre-Covid levels. However, reporting was also more complete due to the inclusion of subsidized travel and hotel accommodation emissions, as well as well-to-tank emissions for third-party fuels.

Scope 3 - Waste: Emissions increased as more accurate data was reported for the Marc precinct in Gauteng. Both the MMH offices at the Marc as well as the multi-tenanted retail space here are now reported.

Qualifications:

The following qualifications were raised in relation to the unmodified verification opinion:

- **GHG Reporting:** Since only the GHG calculations were submitted for verification, it was not possible to evaluate whether all reporting requirements were met.
- **Scopes 2/3:** Estimation was used for small branches, and where electricity and water consumption data were incomplete, which may be subject to inherent inaccuracy.

Future Recommendations

• GHG Data Management:

- For several facilities data ownership was difficult to track down which slowed down the process considerably. This should be addressed prior to the next reporting cycle (e.g., Cornubia and 1064 Arcadia).
- To ensure reporting completeness, branch codes to be included on all supporting documents.
- Eris data collection sheet to include a drop-down menu with all common aircon gases, as well as an 'other (please specify)' option, to ensure that usage of all gas types is reported (i.e., not only R410a and R-22).
- Eris property portfolio list to include a column indicating the country in which each site is located.

- **GHG Reporting:**
 - Full compliance with the *GHG Protocol Corporate Standard* requires the following information to be included in the GHG Report: A breakdown of GHGs in metric tonnes per gas; base year emissions profile. The energy (MWh) from consumed fuels and relevant intensity ratios should also be reported (this information is required for the CDP Climate Change submission).
 - Where necessary, 2021 GLAs and emissions to be restated as per the findings above.
- **GHG Boundaries:** For completeness, scope 3 reporting can be extended to include:
 - Consumption data for Eris' non-SA and managed-only sites.
 - Additional relevant categories, particularly Purchased Goods/Services (Cat.1) and Investments (Cat.15).
- **Scope 3 – Printed materials:** Engagement with Point Printing is recommended to address various anomalies noted in their reporting.
- **Scope 3 – Purchased Water:** Due to faulty metering at the Centurion Head Office, Livewire to provide an updated report using council readings for both 2021 and 2022 and MMH reporting to be updated accordingly.

Conclusion and Final Verifier Opinion - Unmodified

Based on the evidence obtained in conducting the limited assurance procedures in accordance with ISO 14064-3 and applying the stated criteria, misstatements were identified and duly rectified. Notwithstanding the above qualifications, it is our opinion that MMH has established appropriate systems for the collection, aggregation and analysis of data for quantifying the GHG emissions for the stated period and boundaries. There is no evidence that the GHG Statement set out above:

1. has not been prepared in accordance with the principles and requirements of the *WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard*; and
2. does not provide a true and fair representation of MMH's GHG emissions data and information for the stated inventory period and boundaries.

Verify CO₂ did not conduct any work outside of the agreed scope, and our opinion is therefore restricted to the agreed subject matter.

Statement of Competence, Independence, and Impartiality

Verify CO₂ has completed over 100 corporate GHG audits across a variety of sectors and has sound experience in GHG verification.

We conducted this verification independently and, to our knowledge, there has been no conflict of interest. No member of the verification team has a business relationship with MMH beyond that required of this assignment.

Attestation:



Signed: Kerry Evans
Lead GHG Verifier
Verify CO₂
Date: 20.07.2023