

## VERIFICATION OPINION DECLARATION: GREENHOUSE GAS EMISSIONS

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

- **Organization:** Momentum Metropolitan Holdings Limited (MMH)
- **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’
- **Reporting and Verification Criteria:** WRI/WBCSD Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, 2004, and subsequent Amendments (hereafter, the ‘GHG Protocol’)
- **GHG Consolidation Approach:** Operational Control
- **Level of Assurance:** Limited
- **GHG Inventory Period:** 01 January 2023 to 31 December 2023 (2023)
- **GHG Inventory Calculations:** Refer to: *MMH\_2023\_CF\_Summary\_02d\_28.06.2024\_VERIFIED.xlsx*

Momentum Metropolitan Holdings (MMH) is one of South Africa’s largest diversified financial services companies. MMH provides life and non-life insurance, as well as investment services through the Momentum, Metropolitan and Guardrisk brands. Eris Property Group, a MMH subsidiary, provides property development and management services, including managing MMH’s significant property portfolio.

MMH is predominantly based in South Africa, but the Group also has operations in:

- 5 African countries through Momentum Metropolitan Africa<sup>1</sup>
- United Kingdom and Guernsey through Momentum Investments
- Gibraltar and Mauritius through Guardrisk
- India through a non-controlling interest in a health insurance company (diluted from 49% to 44.1% in 2022)

MMH engaged Verify CO<sub>2</sub> to conduct an independent greenhouse gas (‘GHG’) emissions verification with the objective of providing assurance to a limited level that the company’s internally prepared 2023 *GHG Statement* is accurate, complete and conforms to the stated criteria.

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

### RESPONSIBLE PARTIES

MMH is responsible for the preparation and fair presentation of the *GHG Statement* in accordance with the stated criteria. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of a *GHG Statement* that is free from material misstatement.

Verify CO<sub>2</sub>’s responsibility is to express an independent assurance opinion on the *GHG Statement* and to evaluate whether, based on the evidence obtained, the following verification objectives have been met:

1. Conformity to the principles and reporting requirements of the *GHG Protocol*; and
2. Completeness and accuracy of the activity data and GHG emissions quantification.

The *ISO 14064-3 GHG Verification Standard* requires that ethical standards are upheld in planning and performing a verification engagement to attain the agreed level of assurance that the *GHG Statement* is not materially misstated.

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<sup>1</sup> Botswana, Ghana, Lesotho, Mozambique and Namibia.

## LEVEL OF ASSURANCE

The verification activities carried out provided a limited level of assurance on the *GHG Statement* below. A materiality threshold of 5% per emission source category was applied.

GHG quantification is subject to inherent uncertainty as the methods used to estimate GHG emissions rest upon incomplete scientific knowledge. Reasonable assurance provides a high level of assurance but is not a guarantee that an audit carried out according to the ISO 14064-3 Standard will always detect a material misstatement when it exists. Misstatements are considered material if, individually or aggregated, they could reasonably be expected to influence the intended user's decisions. The verification activities performed to achieve a limited level of assurance are less extensive in nature, timing and extent than those for reasonable assurance.

## GHG VERIFICATION ACTIVITIES

Evidence-gathering procedures included but were not limited to the following:

- Risk assessment based on a high-level overview of the initial 2023 GHG data and historical GHG reporting.
- The above risk assessment guided the development of the verification and evidence-gathering plans, according to which the audit was conducted.
- Communication with MMH to clarify anomalies and 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 and re-tracing of primary data with the GHG information provided.
- 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* to the verification criteria referenced above.
- Liaison with MMH regarding the verification findings and recommended corrective action.
- Since MMH operations do not involve complex GHG emitting activities, site visits were deemed unnecessary.
- An Independent Review was completed prior to finalizing this *Verification Opinion Declaration*.

## VERIFICATION SCOPE & EXCLUSIONS

### GHG Boundaries:

- No significant structural changes took place during 2023<sup>2</sup>.
- MMH accounting policies separate the Group portfolio into 'Owner-occupied'<sup>3</sup> and 'Investment'<sup>4</sup> properties. Investment properties are 3rd party-occupied, with common area consumption recovered from the 3rd parties, and hence are excluded from the reporting boundary. Eris acts as landlord for the MMH Investment property portfolio.

Consistent with historical reporting the GHG reporting boundary includes only the in-use operational emissions of MMH-occupied facilities globally, both owner-occupied and leased (i.e., where MMH is a lessee).

- Emissions for 4 of the scope 3 categories are reported, to the extent currently measured.<sup>5</sup>

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<sup>2</sup> MMH acquired RMI Investment Managers in September 2023 which will be included in the reporting boundary from 2024.

<sup>3</sup> Owner-occupied properties are held for use in the supply of services or for administrative purposes. Where the Group occupies a significant portion of the property, it is classified as an owner-occupied property.

<sup>4</sup> Investment properties are held to earn rentals or for capital appreciation or both, and are not significantly occupied by the companies of the Group. Investment properties include property under development for future use as investment property.

<sup>5</sup> Not all 15 scope 3 categories are relevant to MMH's business activities.

## Reporting Exclusions:<sup>6</sup>

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

- Eris-owned and controlled property portfolio outside South Africa.
- Consumption for vacant space/unrecovered consumption for MMH-owned properties.
- Aircon gas top ups for MMH leased branches (usually under landlord control).
- Mauritius, Ghana and Mozambique offices (combined, these represent <1% of MMH global GLA).

It was not possible to accurately estimate the magnitude of these omitted emissions, but it's unlikely they would account for more than 3% of MMH's 2023 scope 1 and scope 2 GHG emissions. Based on this premise, these exclusions are considered not relevant, and MMH's 2023 scope 1 and scope 2 GHG reporting is deemed complete.

## MMH 2023 GHG STATEMENT

After correction of misstatements, the 2023 *GHG Statement* was finalized as set out below:

2023 Verified GHG Emissions	Tonnes CO <sub>2</sub> e
Scope 1	4 396
Scope 2 (location- & market-based) <sup>7</sup>	35 366
<b>Total Scopes 1 &amp; 2 (location-based)</b>	<b>39 762</b>
Scope 3 <sup>8</sup>	24 018
<b>Total Scopes 1, 2 &amp; 3 (location-based)</b>	<b>63 780</b>
Outside of Scopes – HCFC R-22 <sup>9</sup>	215
<b>Total Measured Emissions</b>	<b>63 995</b>

## ADDITIONAL VERIFIED INFORMATION

Percentage of 2023 GHG emissions verified					
Scope 1:	100%	Scope 2:	100%	Scope 3:	100%

Metric	
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 <sub>2</sub> e per m <sup>2</sup> GLA Scopes 1 & 2 tCO <sub>2</sub> e per employee
Total Electricity Consumed	36 853 MWh
- Purchased electricity	36 853 MWh
- % Renewable Energy <sup>10</sup>	0%
2023 Municipal Water Consumption:	115 212 kl

<sup>6</sup> MMH has no operational control over associates (shareholding below 50%).

<sup>7</sup> 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. Location-based and market-based scope 2 emissions are the same as no energy contractual instruments were purchased in 2023. Furthermore, no residual mix emission factor is available for South Africa, where most MMH facilities are located.

<sup>8</sup> Includes Category 1: 486 tCO<sub>2</sub>e ; Category 3: 14,464 tCO<sub>2</sub>e ; Category 5: 300 tCO<sub>2</sub>e ; Category 6: 8,768 tCO<sub>2</sub>e

<sup>9</sup> Fugitive GHG emissions from refrigerant gases not listed under the Kyoto Protocol.

<sup>10</sup> No sites within the reporting boundary generated on-site nor purchased on- or off-site renewable energy during 2023.

## GHG VERIFICATION FINDINGS AND QUALIFICATIONS

### Findings:

- **GHG Data Management:** There was a notable improvement in the 2023 GHG data quality and completeness.
- **GHG Reporting:** The base year was revised from FY2014 to 2019 (pre-Covid).
- **GHG Quantification:** The following GHGs apply to MMH business activities: CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs and HCFCs.
  - For consistency, IPCC AR4 and AR6 GWPs were revised to AR5 100-year GWPs for all conversion factors.
  - The source of fuel emissions factors was revised from UK BEIS/DEFRA factors to South Africa-specific factors.
  - For consistency in scope 2 reporting, the Eskom FY2023 generation emissions factor was used to quantify scope 2 emissions and not the DFFE's newly available 2021 national grid emissions factor for South Africa.
  - The emissions factor for landfilled waste was updated to the most recent factor published by the Australian Government, as this is more climatically appropriate and excludes methane capture.
  - Aside from MMH's large corporate facilities located in city centers, MMH operates through a widespread network of close to 200 small, leased branches, representing 29% of overall GLA. To reduce the reporting burden, from 2022 consumption for these small branches was estimated using the historical 3-year average consumption rate for these sites. This estimation accounted for 21% of reported electricity consumption.
- **GHG Boundaries:**
  - Consumption and GLA inaccuracies were found, mostly due to updates to lease agreements.
  - Eris: Consumption for 1 leased and 2 owner-occupied premises was initially omitted.
  - Momentum Health: The 7 walk-in-clinics (2,196 m<sup>2</sup> aggregated) were initially omitted.
  - UK: GLAs were reported in square feet rather than square meters as indicated.
  - Lesotho & Botswana: Previous GLA inaccuracies were rectified.
  - **Scope 1 – Generator Fuel:** Fuel quantities ordered/delivered were used as a proxy for consumption. A significant increase in usage was anticipated due to unprecedented load shedding during 2023. Data for MMH's South African facilities were audited to a reasonable level of assurance for the 2024 NGERs mandatory GHG reporting submission, and consumption for non-SA facilities is relatively insignificant.
  - **Scope 1 – Refrigerants:** Several anomalies were found in the data, resulting in a 71% increase in emissions.
  - **Scope 2:** The 12.5% decrease in emissions compared to 2022 is mainly attributed to an 8.3% reduction in consumption from reduced office space (6% decrease in GLA), improved energy efficiency and more load shedding in 2023. Furthermore, Eskom's FY2023 CO<sub>2</sub> emissions factor is 2.9% lower than that for 2022.
    - Branches: Consumption for small branches was initially under-reported as the 3-year rolling average was used to estimate consumption instead of the fixed average which was based on actual data.
    - Centurion Head Office: Consumption decreased by 13%, despite this site not being impacted by loadshedding. This decrease was attributed to the implementation of energy-saving initiatives.
    - Africa: Emissions were initially over-reported as some sites reported expenditure as consumption.
  - **Scope 3.1 – Municipal Water:**
    - Consumption for small branches was initially under-reported as a rolling rather than a fixed 3-year consumption average was applied. However, final consumption may be over-reported as the rate of 0.85 kl/m<sup>2</sup> GLA used to estimate consumption for branches includes historical anomalies caused by leaks as well as estimated council readings.
    - Centurion and Umhlanga Offices: Since online metering could not be relied upon for these facilities, municipal bills were used as the primary data source. The significant increase in 2023 consumption for these 2 sites indicates that the online metering issue identified may date back as far as 2021. Various measures have since been implemented to improve the reliability of 2024 consumption data.
    - Africa: Emissions were initially over-reported as some sites reported expenditure as consumption.

- **Scope 3.1 – Office Paper & Paper Materials:** After correcting calculation errors and emissions factors, GHG emissions were aligned with those reported in 2022.
- **Scope 3.6 - Business Travel:** Although still below pre-Covid levels, there was an increase in business travel activity and emissions increased by 67% compared to 2022. The increase in Defra 2023 emissions factors also contributed to this increase.

### Qualifications:

The following qualification is to be noted in relation to the unmodified verification opinion:

- Purchased Electricity and Water:** Estimation was used where electricity and water consumption data were incomplete and for the MMH small branches. Estimation is subject to inherent inaccuracy.

### FUTURE RECOMMENDATIONS

- GHG Data Management:**
  - Variances between municipal and smart meter readings at some sites should be further investigated.
  - Eris Buildings list to include a column indicating the country in which each site is physically located.
- GHG Reporting:**
  - For full conformity to the *GHG Protocol*, the following information should be included in the GHG Report: Breakdown of GHGs in metric tonnes per GHG gas type; the base year emissions profile.
  - The 2019 base year requires recalculation to include the additional scope 3 emissions sources now reported.
- GHG Boundaries:** For completeness, scope 3 reporting can be extended to include:
  - Category 13 tenant consumption data for owned 3rd-party occupied sites (managed by Eris).
  - Consumption data for Eris’ non-SA and managed-only sites.
  - Additional relevant categories, particularly Purchased Goods/Services and Investments.
  - Lesotho & Botswana: Previously inaccurate GLAs should updated in the base year inventory.
- Scope 1 – Generator Fuel:** In reviewing diesel invoices, the high (mostly fixed) cost associated with delivery was noted. It is recommended that MMH investigate ways to reduce this cost through supplier negotiation, increased stockholding capacity and/or delivery consolidation.
- Scope 2:** The notable decrease in Centurion Head Office consumption should be further investigated to ensure the smart meters are correctly calibrated.
- Scope 3:** The significant increase in overall emissions is attributed to extending the boundary to include electricity well-to-tank emissions in category 3 as well as increased business travel activity.
  - **Scope 3.1 – Purchased Water:** The significant increase in 2023 consumption for Centurion and Umhlanga head office facilities indicates that both 2022 and 2021 may be under-reported. Municipal bills for these 2 sites should be sourced and checked against the online metering data used.
  - **Scope 3.1 – Printed Materials:** Engagement with Point Printing is recommended to address ongoing anomalies in their reporting.
  - **Scope 3.6 – Air Travel:** Engagement with Travelit is recommended to amend the treatment of credits in their reporting.
  - **Scope 3.6 – Car Hire:** To simplify reporting, vehicle manufacturer emissions intensities can be used (as per the service provider reports) with an uplift factor to bring them closer to ‘real-world’ driver/vehicle performance.

## 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 qualification, it is our opinion that MMH has established appropriate systems for the collection, aggregation and quantification of GHG emissions for the stated boundaries. There is no evidence that the 2023 *GHG Statement* set out above:

1. has not been prepared in accordance with the principles and requirements of the GHG Protocol; and
2. is not materially correct, and is not a fair, complete and accurate representation of MMH’s GHG emissions data and information for the 2023 reporting period.

Verify CO<sub>2</sub> 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 CO<sub>2</sub> has 14 years’ experience in corporate GHG verification across various sectors. We conducted this verification independently and, to our knowledge, there has been no conflict of interest and no member of the verification team has a business relationship with MMH beyond that required of this engagement.

### Attestation:



**Signed:** Kerry Evans  
Lead GHG Verifier  
**Verify CO<sub>2</sub>**  
**Date: 28.06.2024**



**Signed:** Cate Steenkamp  
Independent Reviewer  
**Carbon Calculated**  
**Date: 28.06.2024**

<b>Independent Review:</b>	<b>Reviewer Findings:</b>
<b>Evaluation Criteria</b>	<b>MMH 2023 GHG Statement</b>
Appropriateness of team competencies	Verification team competencies are appropriate
Whether the verification was designed appropriately	The verification was designed appropriately in accordance with ISO14064-3
Whether all verification activities have been completed	All required activities have been completed
Significant decisions made during the verification	All decisions made during the verification are aligned with the applied standards
Whether sufficient and appropriate evidence was collected to support the opinion	The evidence collected was appropriate and sufficient to support the opinion of the verification team
Whether the evidence collected supports the opinion proposed by the verification team	The collected evidence supports the opinion
Evaluation of the GHG statement and (draft) verification opinion	The GHG Statement and verification opinion was prepared in accordance with the applicable standards. There were no material omissions from the statement
Whether the verification was performed according to the ISO 14064-3:2019 standard in the following respects:	Complies. See below
1) the risk assessment, verification plan and evidence-gathering plan address the objectives, scope and level of assurance	The implemented risk assessment, verification plan and evidence gathering plan were sufficient to adequately address the objectives, scope and level of assurance provided
2) the evidence-gathering activities address the risks identified	The identified and implemented evidence gathering adequately addresses the risks identified as part of the risk assessment
3) a data trail has been established for material emissions.	Emission sources have an established data trail
4) verification team decisions are supported by sufficient and appropriate evidence	All decisions made by the verification team are supported by appropriate and sufficient evidence
5) any restatements have been adequately assessed	No restatements were conducted or assessed in this period
6) the GHG statement is in accordance with the criteria	The provided GHG statement complies with all criteria required by the ISO14064-3 standard
7) significant issues have been identified, resolved and documented	All significant issues have been identified and adequately documented with a resolution and/or recommendation for further action
Additional Independent Reviewer comments:	Verifier has responded to questions raised in independent review process.
	See separate notes on the review.

**SIGNED:**

**Name: Cate Steenkamp**

**Company: Carbon Calculated**



**Issuance date: 27.06.24**