

Our natural capital includes all the renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of our organisation. The focus of this section of our report is on climate change, emissions and our management of scarce resources, such as water and the recycling of waste.

⁴ OUR APPROACH TO ENVIRONMENTAL MANAGEMENT

Momentum Metropolitan's approach to environmental sustainability is governed by our environmental and sustainability policies. We recognise that responsible management of the environment and use of scarce natural resources is key to the sustainability and wellness of our business, clients, employees and communities. We have adopted a precautionary approach to environmental management and comply with all applicable environmental legislation and regulations.

OUR RESPONSE TO CLIMATE CHANGE

While Momentum Metropolitan is classified as having a low environmental impact, we are aware of the risks posed by global climate change and recognise that we have a role to play in

safeguarding our environment and in particular reducing our carbon footprint. Our voluntary participation in the Carbon Disclosure Project (CDP) since 2014 has helped us better understand our carbon footprint. We initially set ourselves a target of 12% reduction in our carbon emissions from our F2014 baseline by 2020. By December 2017 we had already achieved this target, at which time we set ourselves a new target of achieving a 25% reduction in our carbon emissions by 2030. Each year our carbon footprint is verified by an independent external emissions verifications agency. Our 2018 GHG emissions, which have been consolidated using the operational control approach, are set out below.

Green house gas (GHG) Emissions	2018 Tonnes CO ₂ e	2017 Tonnes CO ₂ e
Scope 1	2 757	1 591
Scope 2 (location- and market-based)	45 745	47 068
Total scopes 1 & 2	48 502	48 659
Category 1: Purchased goods and services (water & paper)	871	159
Category 3: Fuel and energy-related activities	4 595	735
Category 5: Waste generated in operations (landfilled)	61	8 464
Category 6: Business travel (flights and car hire)	9 490	4 264
Scope 3	15 018	13 623
Total Scopes 1, 2 and 3	63 520	62 282
Outside of scopes - fugitive emissions (R-22 gas)	1 292	735

Our climate-related risks are identified and assessed by the Group Sustainability team under the two main categories recommended by the Task Force on Climate-related Financial Disclosures, which are transition risk, which could expose the Group to increased operational costs and reputational damage should we fail to behave as a responsible corporate citizen, and physical risk, which through damage to its assets could expose the Group to increased expenditure. To this end, we ensure that climate change and the mitigation of its impacts are part of our group-wide risk identification and business plan process.

RESPONSIBLE CORPORATE CITIZENSHIP

Momentum Metropolitan is a member of the National Business Initiative (NBI), a voluntary coalition of South African and multinational companies working towards sustainable growth and development in South Africa and the shaping of a sustainable future through responsible business action. In terms of our responsible investment policy the environmental, social and governance (ESG) aspects of investments are taken into consideration when our investment teams make investment decisions. As part of our empowerment finance programme (see page 97 of the social and relationship capital section of this report) we have invested in a number of renewable energy projects. The replacement of electricity from fossil fuel power stations will reduce South Africa's carbon emissions by over two million tonnes annually.

THE IMPACT OF CARBON TAX

The impact of the Carbon Tax Bill for Momentum Metropolitan in the cost of carbon tax on scope 1 emissions is estimated to be R126 000 in 2019. This is based on year-end 2018 emissions levels, annualised, escalating annually thereafter. National Treasury has stated that carbon tax incurred by Eskom will not be passed onto the consumer in Phase 1 (until December 2022). Assuming that tax on Eskom emissions is taxed at the full rate and passed on to the consumer from 2023, the annual cost (based on 2018 emissions) would be R2.12 million.

ENERGY MANAGEMENT

An energy audit was undertaken of the Group's main offices. Based on the outcome of this audit, we have retrofitted the lights in two of our offices. We stipulate that energy and emission reduction initiatives are incorporated into new or refurbished offices as well as any major equipment

Energy and water efficient

The Marc, a new development constructed in Sandton by our subsidiary Eris, in collaboration with our Group Facilities Management team, was designed and constructed to be environmentally sustainable. It has a 5-star Green Rating from the Green Building Council SA for the environmental sustainability of the design, construction and management of the building. Our multiple offices in Johannesburg will be relocating to The Marc, which will help to further reduce our carbon footprint.



replacements such as chillers (aircon equipment) and uninterruptable power supply (UPS) systems.

WATER MANAGEMENT

Increases in climate variability and climatic extremes in South Africa are impacting both water quality and availability through changes in rainfall patterns, with more intense storms, floods and droughts. We are thus reducing the potable water consumption by improving water use efficiency in our offices.

At our Parc du Cap offices, the following reduction in average monthly consumption year-on-year and against a 2016 baseline have been recorded:

- 2017 – 3.2% reduction vs baseline
- 2018 – 36.8% reduction vs baseline and 34.7% reduction vs 2017
- 2019 – 46% reduction vs baseline and 14.6% reduction vs 2018.

The Western Cape faced a severe water shortage in 2018 and was declared a national disaster area. As a result of the mitigation project we implemented, our offices in Parc du Cap are now water wise. This project included the following initiatives:

- Changed the water-cooled systems with air-cooled chiller plant in the identified buildings
- Fire system modification – created our own mechanism to keep water pressure at levels suitable for operation of the fire system
- Sanitation system modification
- Borehole installations.

At our Centurion office, we have yet to establish a baseline, however we have fitted water-efficient taps in the bathrooms and water-efficient sprinklers for irrigation purposes.

WASTE MANAGEMENT

Momentum Metropolitan monitors the volumes of waste it generates and recycles at its two main offices: Parc du Cap and Centurion. The amount of waste recycled at our Centurion office has increased from 26% to 45% year-on-year, which in turn has led to a decrease in our waste to landfill.

As part of Momentum Metropolitan's efforts to reduce our impact on the environment our Executive Committee has banned the purchase of bottled water in plastic bottles in our offices and would encourage employees to also make use of glass bottles.

