

INDEPENDENT VERIFICATION STATEMENT

To the Board of Directors and Management of MMI Holdings Limited

Introduction

MMI Holdings Limited (MMI) commissioned GCX to perform an independent third-party verification of the Group's greenhouse gas (GHG) emissions inventory as calculated in-house for the period 01 January 2018 to 31 December 2018.

MMI operates in the Financials sector (sub-sector: Insurance) in South Africa, the UK, Gibraltar, Hong Kong, India and Mauritius, as well as in 11 other countries in Africa.

The GHG verification was carried out in accordance with the International Standard ISO14064-3 (2006) '*Specification with guidance for the validation and verification of greenhouse gas assertions*'.

Intended users of this information are all MMI stakeholders, including internal and external interested parties and the CDP.

Verification Objectives and Performance Criteria

The objectives of the verification exercise were, by review of objective evidence, to:

1. Confirm that the 2018 GHG assertion is: accurate, complete, consistent, transparent and free from material error or omission, in accordance with the criteria outlined below;
2. Improve the credibility of the GHG emissions disclosure in MMI's CDP 2019 submission.

The criteria against which the verification was undertaken were the principles and requirements of the WRI/WBCSD *GHG Protocol Corporate Accounting Standard*, 2nd Edition, 2004 (*GHG Protocol Corporate Standard*). Where relevant, the South African *National GHG Emission Reporting Regulations* (NGERs), DEA April 2017, were also considered.

Verification Scope

Consistent with previous GHG reporting, the organisational boundary was established using the operational control approach for MMI's global business activities. The operational boundary included all associated scope 1 and scope 2 GHG emissions sources, as well as those scope 3 GHG emissions sources that are measured. In an attempt to include all relevant GHG sources, MMI reported on additional scope 3 emissions sources for 2018.

In conformance with **ISO 14064-3 (2006)**, the verification process included an assessment of:

- The completeness of the reporting boundaries selected;
- The robustness of the company's systems and procedures for GHG data management;
- The appropriateness of the GHG quantification methodologies (including estimation methodologies), and emission factors applied;
- The completeness and integrity of the activity data used;
- The accuracy and consistency of the GHG emissions and intensity ratio calculations;
- GHG reporting to assess compliance with the requirements of the *GHG Protocol Corporate Standard*.

For CDP 2019 reporting purposes the following should be noted:

- **Question (C10.1a):** 100% of MMI's reported scope 1, scope 2 and scope 3 GHG emissions were verified.
- **Question (C10.2a):** The following additional data points were also verified:

- Year-on-year change in GHG emissions (Scope 1; Scope 2; Scope 1 and 2; Scope 3)
- Year-on-year emissions intensity figures

Level of Assurance and Materiality

- The level of assurance agreed was that of limited assurance, hence no site visits were conducted.
- A materiality threshold of 5% per emissions source was applied.

Roles and Responsibilities

MMI was responsible for the preparation and presentation of the GHG data to GCX.

GCX was tasked to form an independent opinion on MMI's 2018 GHG assertion regarding:

1. Conformance with the principles and reporting requirements of the *GHG Protocol Corporate Standard*;
2. Completeness and accuracy of the GHG emissions quantification.

GHG Assertion

After implementation of the necessary corrective action, MMI's 2018 GHG emissions assertion, consolidated using the **operational control** approach, was stated as:

2018 GHG Emissions	Tonnes CO ₂ e
Scope 1	2 757
Scope 2 (location- and market-based) ¹	45 745
Total Scopes 1 & 2	48 502
Category 1: Purchased Goods & Services (Water & Paper)	871
Category 3: Fuel & Energy-related activities	4 595
Category 5: Waste Generated in Operations (Landfilled)	61
Category 6: Business Travel (Flights & Car Hire)	9 490
Scope 3	15 018
Total Scopes 1, 2 & 3	63 520
Outside of Scopes – Fugitive Emissions (R-22 gas)	1 292

Specific Exclusions from Reporting Boundary

Exclusions:

Operations in Ghana, Malawi, Nigeria, Tanzania and Zambia (9 small offices) were excluded due to data availability. Together these 9 offices account for only 1.51% of MMI's global GLA.

Incomplete Data:

Reporting on the following emissions sources was incomplete due to data availability:

Scope 1:

- Kenya: Refrigerant gas losses (if relevant, 1 office only (1,221 m²)).

This omission was deemed immaterial and therefore not relevant relative to MMI's global scope 1 and 2 GHG emissions.

¹ MMI consumed a total of 49,451 MWh during 2018 (South Africa: 46,527 MWh; Non-SA: 2,924 MWh).

Contractual instruments are available in the UK, and since MMI has UK-based operations, dual scope 2 reporting is required. However, once again, no contractual instruments were used during 2018, and so the location-based and market-based scope 2 emissions totals were the same.

Scope 3:

- Landfilled Waste for most of the Group (systems are still being implemented to collect this data);
- Business Travel for some International offices (flights 3 countries and car rentals 5 countries);
- Municipal water consumption for 5 International countries (3,186 m²);
- Paper consumption for the office in Mauritius.

Inherent Limitations

There is an inherent limitation in providing verification of GHG data, as non-financial data is subject to greater inaccuracy than financial data, given both the nature and methods used to determine, calculate, sample and estimate such data.

The assurance engagement did not include an examination of the derivation of GWPs, default emission factors, conversion factors, or other derived third-party information.

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

Final Verifier Opinion and Qualifications

All material errors and non-conformances identified during the verification process were duly corrected.

On the basis of the **limited assurance** procedures followed in accordance with **ISO 14064-3 (2006)**, using the requirements of the *GHG Protocol Corporate Standard* as criteria, there is no evidence that MMI's 2018 GHG assertion:

- 1) Has not been quantified and reported in conformance with the principles and requirements of the *GHG Protocol Corporate Standard*; and
- 2) Is not materially correct and a fair, complete and accurate representation of MMI's GHG emissions data and information for the 2018 reporting period, with the following qualifications:

Scopes 2 and 3:

- Estimation was used where data was incomplete, which is subject to inherent inaccuracy.
- **Landfilled Waste:** These emissions were significantly under-reported as data was only available for 4 MMI facilities.



Signed: Kerry Evans
Lead GHG Verifier, GCX
Date: 29.05.2019



Signed: Ohad Shachar
Technical Director, GCX
Date: 29.05.2019