



NATURAL CAPITAL | 



Through our approach to responsible investing, and as the first signatory in South Africa of the Just Transition to a low-carbon economy, we contribute to the reduction of greenhouse gas emissions. We also seek out opportunities to invest in renewable energy projects that will help create a low-carbon economy.

Jeanette Cilliers (Marais)
Deputy CEO of Momentum Metropolitan Holdings and CEO of Momentum Investments

Momentum Metropolitan not only has a responsibility to reduce its own impact on the environment and to encourage its employees to reduce their impact on the environment, it also has a responsibility as an investor to apply responsible investment practices across all its savings and investment products.

We are committed to investing responsibly. This includes being a signatory to the United Nations-supported Principles for Responsible Investing (UNPRI) and our membership of a number of international and South African codes and bodies which, together with our governance practices are explained on page 116 of social and relationship capital. Momentum Metropolitan's publicly available report to the UNPRI details our integration of environmental, social and governance (ESG) criteria into our

investment process. Our Responsible Investment team has a proactive approach to environmental issues with the aim of, where possible, managing and mitigating events before they escalate. They engage with the management of listed companies in which they are invested throughout the year to raise and, where possible, resolve any concerns they may have with regard to environmental matters.

During the year under review Momentum Metropolitan became the first South African company to sign the Just Transition Global Investor Statement, which commits us to ensuring that as we transition to a low carbon economy there is also a just transition for workers and communities. (see page 117 of social and relationship capital).

We are voluntary participants in the CDP Climate Change disclosure project.

The environmental data included in this section of the report covers the period 1 January to 31 December 2019 and does not cover the first six months during which the Covid-19 lockdown will have impacted our building usage and business travel.

We achieved a B score in the CDP Climate Change 2019.

Our approach to environmental governance

Momentum Metropolitan, which is classified as having a low environmental impact, recognises that responsible environmental management and use of scarce natural resources is key to the sustainability and wellness of our business, clients, employees and communities. Our environmental and sustainability policies govern our approach, and we are in the process of putting in place a sustainability framework to increase our focus on the sustainability of our business.

We have adopted a precautionary approach to environmental management and comply with all applicable environmental legislation and regulations.

Our response to climate change

UN SDG 13: Take urgent action to combat climate change and its impacts



This is one of the five SDGs to which we are able to make a meaningful contribution. There are three areas where we are able to make a contribution through our:

- efforts to reduce our carbon footprint
- commitment to responsible investing and the Just Transition Initiative (see page 117 of social and relationship capital)
- investment in renewable energy projects.

Our carbon footprint

The understanding we gained of the contributors to our carbon footprint through our participation in the CDP Climate Change has helped us take action to reduce it. Our carbon footprint is verified annually by an independent external emissions verification agency using the operational control approach.

We initially set ourselves a target of a 12% reduction in our carbon emissions from a 2014 baseline by 2020. We achieved this in a much shorter period of time (by December 2017). We then set ourselves a new target to achieve a 25% reduction by 2030. In 2019 we were able to achieve a reduction in our Scope 1 emissions (the direct greenhouse gas emissions (GHGs) we generate from our use of fuel, which

includes our use of diesel fuel to operate our generators).

The calculation of our Scope 2 emissions, which account for the indirect GHGs we incur from the purchase of, for example, electricity generated by Eskom using fossil fuels, was affected by the revised emission factor provided by Eskom to calculate electricity emissions. In 2018 Eskom used 0.95 tonnes CO₂e/MWh and in 2019 they increased it by 9.5% to 1.04 tonnes CO₂e/MWh. Using the same calculation for both years our Scope 2 emissions decreased by 5% year-on-year. There was a 34% increase in our business travel during 2019, which increased Scope 3 GHGs by 24%.

GHG emissions	% change year-on-year	2019 Tonnes CO ₂ e	2018 Tonnes CO ₂ e
Scope 1	(22.6)	2 134	2 757
Scope 2 (location- and market-based)	4.6	50 802	48 575
Total scopes 1 and 2	3.1	52 936	51 332
Category 1: Purchased goods and services (water and paper)	(8.8)	794	871
Category 3: Fuel and energy-related activities	9.5	5 033	4 595
Category 5: Waste generated in operations (landfilled)*	72.0	105.74	61.49
Category 6: Business travel (flights and car hire)	33.9	12 711	9 490
Scope 3	24.1	18 644	15 018
Total Scopes 1, 2 and 3	7.9	71 580	66 350
Outside of scopes – fugitive emissions (R-22 gas)	(58.4)	538	1 292

Our total emissions per employee were 3.33 tonnes CO₂e (2018: 3.03%)

* The increase in our waste was as a result of an incorrect estimate of waste at Cornubia in 2018.

Efforts to reduce our carbon footprint

During the year under review Momentum Metropolitan invested R300 million in upgrading its buildings in Centurion and Cape Town (Parc du Cap). The project is being carried out in two phases. The first phase, which has been completed, included the retrofitting of chillers and lighting technology at the Parc du Cap offices and only chillers in Centurion. The first phase achieved an overall energy consumption reduction and consequent emissions saving of 22% for the Parc du Cap building. The second phase, currently under way, which is focusing on improving energy efficiency at Centurion, will include lighting technology retrofits. These upgrades will align our buildings with the latest South African National Standards (SANS).

Saving on costs and GHG emissions

By installing 5 159kW solar photovoltaic units that will generate 7 537 549kWh of renewable energy at six of its shopping malls the Eris Property Group, a wholly owned subsidiary of the Group, is reducing its production of GHGs and its dependence on Eskom power. The cost of electricity generation using these plants will be lower than municipal or Eskom tariffs resulting in a saving over time once the initial investment in the units has been amortised.

Our commitment to responsible investing and the Just Transition Initiative

has already been covered in the introduction and in detail in social and relationship capital (pages 111 and 117)

Energy management

Our investment in renewable energy projects

In support of the South African Government's Integrated Resource Plan and the country's commitment to reducing carbon emissions, we have cumulatively invested over R1.6 billion from our shareholder portfolio in renewable energy projects, both onshore wind and solar photovoltaic. This investment will not only reduce South Africa's carbon emissions, it will also generate sufficient electricity to power around 700 000 South African households.

We are equity investors in the Umoya wind power independent power producer, which is the first renewable energy independent power producer to receive environmental authorisation in South Africa, and was also the first to prove radar compliance with the South African Air Force. It was an early participant in the interactions with the grid operator to prove grid code compliance and gain support for embedded renewable energy generation.



Water management

We have been able to achieve significant savings in our water usage at our main office buildings:

- Our head office in Centurion reduced its water consumption by 43% in the 2019 calendar year by installing water saving/reducing units on the taps in all the bathrooms, which changed the taps from free flow to mist. Watering of the gardens has been reduced to twice a week.
- Parc du Cap reduced its water consumption by 29% year-on-year in the 2019 calendar year by replacing water cooled chillers with air cooled chillers and renovating ice storage systems and combining them into one ice-on-coil system.
- Cornubia, which has a water consumption approximately 67% lower than national benchmarks, achieved a 15% reduction in water consumption year-on-year and gained a 4-star Green Star SA Office Design rating.

Waste management

Our management of waste, in line with the waste management hierarchy, ensures that landfill is considered to be the last option for our waste disposal. We monitor our waste management processes at our Centurion, Parc du Cap and Cornubia offices. At Cornubia there are centralised waste management stations and there are no personal bins. The aim of this arrangement is to encourage waste separation and recycling and reduce the overall generation of waste and landfilled waste. Cornubia recycles 21% of its waste, but only generates about 10 tonnes of waste. Our Centurion offices recycled 41% of its waste (46% in 2018 calendar year).

Paper saving and efficiencies

Overall our use of paper was reduced by 9% in the 2019 calendar year (3% in 2018). We have reduced our paper usage by 26% since 2014. To reduce paper usage and the wasting of paper we implemented a system that requires the use of an access card to activate a printer. The migration of our administration platforms to digital capturing have also reduced the use of paper as well as increased efficiencies.

The way ahead

No doubt our carbon footprint will be reduced during 2020 by the major shift to remote working. It has resulted in a significant reduction in the use of our buildings, and in response our facilities management team has reduced the use of lighting and air conditioning, which in turn will reduce costs and GHGs. It has also resulted in a dramatic drop in the amount of travel since March 2020. Measuring our carbon footprint going forward will no doubt present some major challenges in terms of addressing the impact of our employees using electricity to work at home and generating waste at home previously generated in our buildings. At the same time because most of our employees are no longer travelling to work, they are not generating the GHG emissions they previously created during their journey to and from work.

In other words, the Covid-19 pandemic has touched every aspect of our business and no doubt our natural capital reporting will look very different when we report on our natural capital performance in our 2021 integrated report.

