

FY2024 GHG EMISSIONS: VERIFICATION OPINION DECLARATION

To: The Intended Users and Stakeholders of Discovery Limited

- Organization:** Discovery Limited
- Address:** Group Head Office, 1 Discovery Place, Sandton, 2196, Gauteng
- 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 Protocol Corporate Standard*).
- GHG Consolidation Approach:** Operational Control
- GHG Inventory Period:** 01 July 2024 to 31 June 2024 (FY2024)
- GHG Statement:** Refer to: *Discovery_GHG Inventory_FY24_v7_VERIFIED_23 Aug2024.xlsx*

Discovery Limited (“Discovery”) is a global integrated financial services organization that provides healthcare, life assurance, short-term insurance, banking, savings/investment and wellness (Vitality) products. The Group operates through three business units: Discovery Limited South Africa (SA), Vitality UK (VUK) and Vitality Global (VG). The primary markets are South Africa and the UK, where Discovery owns and operates the financial services provider or insurer. Through a subsidiary in the USA, as well as partnerships with leading insurers globally, Discovery now also offers its Vitality corporate wellness and insurance products in approximately 40 countries.

Discovery engaged Verify CO₂ to conduct independent third-party verification of the Group’s greenhouse gas (GHG) emissions for the financial reporting period 01 July 2023 to 30 June 2024 (FY2024), as calculated and presented in the GCX Analytics online dashboard.

RESPONSIBLE PARTIES

Discovery nominated GCX, a third-party consultancy, 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 the FY2024 *GHG Statement* regarding:

1. Conformity to the principles and reporting requirements of the *GHG Protocol Corporate Standard*.
2. Completeness and accuracy of the activity data and GHG emissions quantification.
3. Achievement of Discovery’s annual rolling target to reduce global absolute scope 1 and scope 2 emissions.

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

LEVEL OF ASSURANCE

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

Reasonable assurance is a high level of assurance, but it 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 taken together, 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. This engagement provides a limited level of assurance for the *GHG Statement* below, with the application of a 5% materiality threshold per emission source.

GHG VERIFICATION ACTIVITIES

Evidence-gathering procedures carried out in performing the verification included but were not limited to:

- Risk assessment based on a high-level overview of the initial FY2024 GHG data and historical GHG reporting.
- Communication with Discovery and GCX 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, tracing and/or retracing of primary data and GHG information.
- Evaluation of the appropriateness of emission factors, estimation methodologies and assumptions.
- Evaluation of the accuracy and consistency of the GHG emissions calculations.
- Evaluation of conformity of the *GHG Statement* with the verification criteria referenced above.
- Liaison with Discovery and GCX regarding the verification findings and recommended corrective action.
- Site visits were not required as Discovery is a financial services provider with no complex GHG emitting activities.
- Owing to time constraints an independent review was not completed.

VERIFICATION SCOPE & EXCLUSIONS

Reporting Boundaries:

In accordance with the operational control approach for consolidating GHG emissions, the reporting boundary included GHG emissions for all operationally controlled facilities occupied by Discovery.

- Structural Change:** No significant structural changes took place during FY2024.
- Organic Change:** Office relocations, closures, new facilities and changes to space occupied were considered.
- Other Change:** The scope 3 boundary was extended to include off-site data storage (SA) and electric vehicles (UK).

Reporting Exclusions:

The following facilities were excluded based on insignificance:

- South Africa: Nanolabs¹ and Sasolmed facilities²

Verification Exclusions:

- Consistent with previous years, only scope 3 municipal water and waste emissions are verified.
- GHG intensity metrics were not included with the *GHG Statement*.

KEY VERIFICATION FINDINGS AND QUALIFICATIONS

Findings:

- GHG Quantification:**
 - The following GHGs are relevant to Discovery's business activities: CO₂, CH₄, N₂O, HFCs and HCFCs.
 - IPCC AR5 100-year GWPs were applied for all emissions factors.
 - Scope 1: Country-specific emissions factors were used for fuel consumption reported by SA facilities as this is deemed more accurate (previously UK factors were used).
 - In accordance with the above change, different CH₄ and N₂O emissions factors are applied for mobile and stationary fuel combustion, resulting in a higher emissions factor for mobile fuels.

¹ Discovery has a 52% in Nanolabs (3 facilities, 12m² each).

² Discovery administers Sasolmed which operates through 3 small offices (+/-250m² combined).

- Scope 2: For consistency, the Eskom FY2023 generation emissions factor was used to quantify scope 2 emissions rather than the national grid emissions factor for South Africa (recently published by the DFFE and based on 2021 data). The FY2023 Eskom factor was a 2.9% lower than that published for FY2022.

□ Scope 1 Activity Data

Generator Fuel:

- Diesel consumption halved compared to FY2023 due to less load shedding in the latter part of FY2024, but it was still significantly higher than that in preceding years.
- To ensure uninterrupted power supply to the data centre during load shedding, 'bulk' fuel is pre-ordered and stored, allowing for quick replenishment. Reconciliation of all bulk orders over the past 24 months against quantities delivered and fuel remaining indicated that several deliveries were omitted from Discovery's FY2023 reporting. To properly assess year-on-year target achievement, FY2023 emissions were restated accordingly.

□ Scope 2 Activity Data

- Despite a 1% overall increase in FY2024 electricity consumption, scope 2 emissions decreased almost 3% due to increased consumption of on-site renewable electricity together with the lower Eskom emissions factor for FY23.
- The incorrect interpretation of utility reports in some instances led to over-reported consumption.
- Heating consumed at multi-tenanted leased premises (UK and USA) and electricity used to charge electric company-owned vehicles (UK) are included in the Group's scope 2 emissions.

Renewable Energy:

- Discovery's purchase of the solar PV plant installed at 1 Discovery Place was concluded at the end of June 2023.
- For both the Cape Town and Gqeberha offices some consumption was directly supplied from landlord-owned on-site solar PV installations. Since it was confirmed, in both cases, that for FY2024 Discovery was the only party to benefit from the environmental attributes of the renewable energy consumed, this consumption was accounted for at zero tCO₂e for both the location- and market-based calculations.

□ Scope 3 Activity Data

Municipal Water:

- FY2024 municipal water usage decreased by 6% overall compared to FY2023. This decrease is over-stated as some FY2023 reporting errors were found during the FY2024 audit. However, the GHG impact of this is negligible.
- Rainwater harvesting and grey water recycling were introduced at 1 Discovery Place in FY2024 which provided the site with an additional 20,000 kl of recycled water.

Waste:

- Discovery's 5 large offices in SA, including several Discovery-managed off-site clinics, actively manage all medical and general waste, using various waste diversion initiatives to minimize waste sent to landfill.
- During FY2024 these sites generated 474 tonnes of waste (447 tonnes in FY2023), equivalent to 43 tCO₂e. Of this, 4.4% was landfilled (5% in FY2023), accounting for more than half of FY2024 waste emissions.

Qualifications:

The following qualifications pertain to the unmodified verification opinion:

- Estimation was used where data were not available (mostly only for June 2024).
- Diesel purchases and/or quantities delivered were used as a proxy for consumption.
- *GHG Protocol Corporate Standard* Compliance: A breakdown of GHGs in metric tonnes per gas was not included with the *GHG Statement*.

GHG STATEMENT

After correction of misstatements identified, the FY2024 *GHG Statement* below was finalized:

FY2024 GHG Emissions	South Africa Tonnes CO ₂ e	UK Tonnes CO ₂ e	USA Tonnes CO ₂ e	TOTAL Tonnes CO ₂ e
Scope 1	1 894	307	0	2 200
Scope 2 (location-based)	25 727	545	80	26 352
Scope 2 (market-based) ³	25 727	206	82	26 015
Total Scopes 1 & 2 (location-based)	27 621	851	80	28 553
Total Scopes 1 & 2 (market-based)	27 621	513	82	28 216
Category 1 – Municipal Water	83	N/R	N/R	83
Category 5 – Waste	43	N/R	N/R	43
Category 13 – Leased Assets ⁴	939	N/R	N/R	939
Category 14 – Franchises ⁵	586	N/R	N/R	586
Scope 3: Verified⁶	1 650	0	0	1 650
Outside of Scopes – HCFCs (R-22) ⁷	11	0	0	11

N/R = not reported

CDP: Additional FY2024 Verified Information	SA	UK	USA	Discovery Ltd.
Non-renewable electricity purchased (MWh)	25 473	109	93	25 675
100% renewable electricity purchased (MWh)	0	1 732	0	1 732
100% renewable electricity generated on-site (MWh)	1 150	0	0	1 150
Total electricity consumed (MWh) ⁸	26 623	1 841	93	28 557
Municipal water supply (kl) ⁹	88 603	Not reported		88 603
Year-on-Year Change in emissions	Scope 1; Scope 2; Scope 1 & 2; Scope 3 (Water & Waste)			

FUTURE RECOMMENDATIONS

GHG Protocol Corporate Standard Compliance:

- A breakdown of GHGs in metric tonnes per gas, as well as a base year GHG emissions profile should be included with the *GHG Statement*.
- For Cape Town and Gqeberha offices, Discovery is advised to formalize the supply of renewable energy from landlord-owned on-site solar PV installations with a contract (PPA), stating that the allocated energy supply is bundled with the corresponding zero carbon environmental attributes.

³ UK offices used mostly 100% green energy backed by certificates that complied with the GHG Protocol's *Scope 2 Quality Criteria*. No renewable energy was purchased for the SA and USA offices. SA consumed 1,150 MWh renewable energy generated onsite. Since a residual mix emissions factor is not available for SA, location- and market-based scope 2 emissions are the same.

⁴ Includes electricity consumption for sublet space at 1 Discovery Place.

⁵ Includes electricity and water usage for DCS franchises which Discovery does not operationally control.

⁶ FY2024 total scope 3 emissions: 31,685 tCO₂e. Only 5% of scope 3 emissions were verified.

⁷ Fugitive GHG emissions of refrigerant gases not listed under the Kyoto Protocol are reported outside of the scopes.

⁸ Includes 1,150 MWh direct supply solar energy. Excludes DCS franchise electricity consumption.

⁹ Excludes +/- 20,000 kl recycled greywater and harvested rainwater. Includes DCS franchise water consumption.

□ **GHG Data Management:**

With limited time available to complete the annual GHG inventory, the risk of error and omission is higher. To mitigate this risk, the following is recommended:

- **Bulk Diesel:** The service provider should be requested to submit a monthly reconciliation of deliveries made against bulk diesel orders, together with an internal reconciliation.
- **Utilities:** Owing to the time lag for obtaining monthly utility invoices, consumption should be reported based on the landlord invoice date (rather than the actual month during which consumption occurred).¹⁰ This will also reduce the need for last minute estimation.
- **Data Integrity:** Data capturers require training to ensure utility management reports are accurately interpreted.

□ **GHG Quantification:**

- **FY2024 Water:** Further investigation is recommended into why municipal water consumption at 1 Discovery Place decreased by only 6% despite the availability of an additional 20,000 kl recycled water.
- **FY2023 Water:** Consumption errors picked up during the FY2024 audit should be corrected (DFC consumption over-estimated and 2 sites over-reported).
- **Data Storage:** Data for both Discovery off-site service providers should be reported in scope 3 category 1.
- **Electric Vehicles:** Further consideration to be given to including emissions from off-site charging of company vehicles in scope 2 rather than scope 3.
- **DFC/DCS:** Since consumption is estimated using an average area-based consumption rate, site GLAs should be rechecked for each reporting period.
- **Group:** Where consumption for June was estimated, this should be updated with actual data once available.

□ **GHG Reporting – Scope 3:**

- For completeness, the UK and USA operations should also report scope 3 emissions.
- The reporting boundary should be extended to include all category 1 purchased goods and services, category 2 capital goods and category 15 investments. These will all be material emissions sources for Discovery.

□ **GHG Verification:**

- In accordance with international best practice, at least 70% of a company's annual scope 3 emissions should be verified.

CONCLUSION AND FINAL VERIFIER OPINION - UNMODIFIED

Based on the evidence obtained in conducting the **limited assurance** procedures in accordance with ISO 14064-3 and with the application of the stated criteria, misstatements were identified and duly rectified.

Notwithstanding the above qualifications, it is our opinion that Discovery 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. Does not conform to the principles and reporting requirements of the *GHG Protocol Corporate Standard*; and
2. Does not provide a true and fair representation of Discovery's GHG emissions data and information for the stated inventory period and boundaries; and

¹⁰ For example: Growthpoint's June invoice can be used to report 1DP June instead of May consumption; RPA's June invoice can be used to report for Sable Park June instead of April consumption.

3. Does not confirm the achievement of Discovery's target to reduce global absolute FY2024 scope 1 and scope 2 emissions against FY2023 target emissions (3.67% decrease in scope 1 and scope 2 market-based emissions achieved).

This *Verification Opinion Declaration* provides assurance only for Discovery's FY2024 *GHG Statement* above. The information presented in the GCX Analytics dashboard cannot be verified, as the verifier has no control over changes that may be made on this platform after the verification has been completed.

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 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.

No member of the verification team has a business relationship with Discovery beyond that required of this assignment.

ATTESTATION:



Signed: Kerry Evans
Lead GHG Verifier
Verify CO₂
Date: 31.08.2024