

Independent Verification Statement

To the Board of Directors and Management of Discovery Limited

Discovery Limited (“Discovery”) engaged Verify CO₂ to conduct an independent third-party verification of the Group’s greenhouse gas (GHG) emissions inventory for the financial reporting period 01 July 2019 to 30 June 2020 (FY2020), as calculated and presented in the *GCX Analytics* online dashboard.

Discovery is a global integrated financial services organization operating in the healthcare, life assurance, short-term insurance, savings and investment products and in wellness markets across +/- 23. The Group’s primary markets are South Africa and the United Kingdom where it owns and operates the financial services provider or insurer. In the USA Discovery offers corporate wellness products through Vitality USA, and in all other markets Discovery operates through partnerships with leading global insurers.

Following extensive office relocations and consolidation during FY2018 and the launch of Discovery Bank in FY2019, there were no significant structural changes in FY2020.

The verification was carried out in accordance with the International Standard **ISO 14064-3 (2006)**: ‘*Specification with guidance for the validation and verification of greenhouse gas assertions.*’

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

Verification Objectives and Performance Criteria

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

1. Confirm that the FY2020 GHG assertion met with the specified criteria, and as such is accurate, complete, consistent, transparent and free from material error or omission;
2. Improve the credibility of Discovery’s GHG emissions disclosures in the FY2020 Integrated Annual Report and CDP 2021 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*).

Verification Scope

Consistent with historical GHG reporting, the organisational boundary was defined based on **operational control** for Discovery’s global business activities.

The operational boundary included scope 1 and scope 2 GHG emissions globally, as well as the following scope 3 emissions for Discovery’s corporate office facilities in South Africa only:

- Category 1 emissions from water supply and treatment;
- Category 5 emissions from waste generation

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

- The completeness of the reporting boundaries selected, taking into consideration any structural/other significant changes since the previous reporting period;
- The appropriateness of the GHG quantification methodologies (including estimation methodologies), and emission factors applied;
- The completeness and integrity of the historical activity data used;
- The accuracy and consistency of the GHG emissions calculations;
- GHG reporting to ensure compliance with the requirements of the *GHG Protocol Corporate Standard*.

Level of Assurance and Materiality

- The verification activities provided **limited assurance** on the final GHG assertion. No site visits were done.
- A materiality threshold of 5% per emissions source was applied.

Roles and Responsibilities

Discovery was responsible for the preparation and presentation of the GHG data to Verify CO₂.

Verify CO₂ was tasked to form an independent opinion on Discovery's FY2020 GHG assertion regarding:

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

Specific Exclusions from Reporting Boundary

The following Discovery facilities were excluded from the reporting boundary:

- Vitality USA: New York office (81m²);
- Partner Markets: Singapore (20m² office); Australia (+/- 15m² home office)

Together, these exclusions would not exceed 5% of Discovery's global FY2020 scope 1 and scope 2 GHG emissions and were therefore deemed not relevant or material.

GHG Assertion

After implementation of the necessary corrective action, Discovery's FY2020 GHG emissions assertion, consolidated using the **operational control** approach, was stated as:

FY2020: 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	1 853	523	0	2 376*
Scope 2 (location-based)	32 712	479	226*	33 417
Scope 2 (market-based) ¹	32 712	515	225*	33 451
Total Scopes 1 & 2 (location-based)	34 565	1 003	226	35 794
Total Scopes 1 & 2 (market-based)	34 565	1 038	225	35 828
Scope 3: Category 1 - Water	125	N/R	N/R	125*
Scope 3: Category 5 - Waste	146	N/R	N/R	146*
Scope 3: Other Categories (not verified)	19 449	N/R	N/R	19 449
Total Scopes 1, 2 & 3 (location-based)	54 286	1 003	226	55 514
Total Scopes 1, 2 & 3 (market-based)	54 286	1 038	225	55 548
Outside of Scopes – HCFC R-22 ²	33	0	0	33

N/R = Not reported

* = See Qualification below

100% of Discovery's reported scope 1 and scope 2 GHG emissions were verified, as well as the scope 3 emissions associated with municipal water consumption and waste generated in operations.

¹ Contractual instruments are readily available in the UK and USA, but not in South Africa. From 01 January 2020, the 2 main UK offices switched to mostly 100% green energy (from a blend of sources including hydro, wind, solar, biomass and landfill gas) backed by UK REGOs or European GoOs which met with the GHG Protocol's *Scope 2 Quality Criteria*. The UK and USA together represented 7.24% of Discovery's total FY2020 electricity consumption (34 275 MWh).

² Fugitive GHG emissions of refrigerant gases not listed under the Kyoto Protocol are reported outside of the scopes.

Additional Data Points Verified:

Additional Data Points Verified for CDP 2021	SA	UK	USA	Discovery Ltd.
Purchased non-renewable electricity (MWh)	31 453.6	1 482.1	424.5	33 360
Purchased 100% renewable electricity (MWh)	0	574.6	0	575
Electricity generated & consumed on-site (MWh) (renewable)	340	0	0	340
Total electricity consumed (MWh)	31 793.6	2 056.7	424.5	34 275
Water Consumption (kl)	135 399	Not reported		135 399

Scope 3 - Category 5 Waste – SA only:

Waste Destination	Tonnes waste	Tonnes CO ₂ e
Landfill	106.29	137.82
Recycled	202.80	4.32
Incinerated	3.74	3.28
Composted	89.88	0.92
TOTAL	402.71	146.35

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. Verify CO₂ did not conduct any work outside of the agreed scope, and our opinion is 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**, using the requirements of the *GHG Protocol Corporate Standard* as criteria, there is no evidence that Discovery's FY2020 GHG assertion:

- Has not been quantified and reported in conformance with the principles and requirements of the *GHG Protocol Corporate Standard*; and
- Is not materially correct and a fair, complete and accurate representation of Discovery's GHG emissions data and information for the FY2020 reporting period, with the following qualification(s):
 - Scope 1:** Reporting on fugitive emissions from air-conditioning equipment may be incomplete as at the time of closing off the audit consumption data was still outstanding from the Bournemouth UK office.
 - Scope 2:** At the time of closing off the audit there was still no explanation for the significant decrease in electricity consumption by the Chicago office.
 - Scope 3:** GHG emissions from municipal water usage and waste generation were incomplete as data was not reported by Discovery's non-SA facilities. Furthermore, the emissions associated with recycled, composted and incinerated waste are only indicative, as local emission factors were not used.
 - GHG Reporting:** Aside from the FY2020 consumption data and GHG emissions calculations, no other information presented in the GCX Analytics dashboard was verified.



Signed: Kerry Evans

Lead GHG Verifier, Verify CO₂

Date: 09.10.2020