

ISO 14064-3 GHG Emissions Verification

Limited Assurance Statement

Schneider Electric (“Schneider”) has been contracted by Humana Inc. (“Humana”) for independent third-party verification of Scope 1, Scope 2, and Scope 3 Greenhouse Gas (GHG) emissions verification for their North American operation’s fiscal year 2021 GHG emissions inventory to a limited assurance level. The verification was performed in accordance with the *ISO 14064-3: Greenhouse Gases – Specification with Guidance for Validation and Verification of Greenhouse Gas Assertions (2006)* standard. The Humana GHG Inventory was prepared using, and verified against, the *WRI/WBCSD Greenhouse Gas (GHG) Protocol – A Corporate Accounting and Reporting Standard (Revised 2013)*, including the *GHG Protocol Scope 2 Guidance (2015)* amendment.

Responsibilities

Humana has sole responsibility for its GHG Inventory. The preparation of the GHG Inventory, as well as its contents, is the responsibility of Humana. Humana is also responsible for defining, adapting, and maintaining the management and internal control systems from which the information is obtained.

Schneider Electric is responsible to issue an independent report based on the procedures used during our review. While Humana has also contracted with Schneider Electric to support the preparation of their GHG Inventory, those involved in the verification work are part of different operational teams with different management oversight. All verification work and all related communication has been performed with transparency so that Humana can trust in the independence of the verification.

Scope of Verification

The organizational boundary was established following the operational control approach. The scope of this engagement covered GHG Emissions sources for all of Humana’s operations, which are all located within North America. The verification included verification of Scope 1, Scope 2, and Scope 3 data along with water consumption, as follows:

- **Scope 1:** Natural Gas, Diesel, Propane, #2 Fuel Oil, Aviation Gasoline, Gasoline (Petrol) Mobile, Diesel, Ethanol blends, Refrigerants, and onsite Renewable power.
- **Scope 2:** Purchased electricity
- **Scope 3:** Purchased goods & services, Fuel & energy related activities, Waste, Employee commuting, Employee telecommuting, Investments, downstream leased assets, and Business travel. *Note: Upstream Transportation was not verified as part of FY2021 verification.*
- **Water Consumption**

Level of Assurance

Schneider’s verification of Humana’s CY2021 was constructed to provide a limited level of assurance with a 5% materiality level.

Objectives

The objectives of this limited assurance verification exercise were:

- Determine if there is any evidence that GHG Emissions, as declared, were not accurate, complete, consistent, transparent, and free of material error or omission
- Review of the methodology for collecting data and preparing Humana's CY2021 GHG Inventory as stated within the Inventory Management Plan

GHG Verification Methodology:

- Interviews with relevant personnel at Humana and/or consultants assisting with preparation of the CY2021 GHG Inventory
- Review of documentary evidence produced by Humana
- Review of Humana's data and information systems and methodology for collection, aggregation, analysis and review of information used to determine GHG emissions
- Strategic audit of sites contributing significantly to consumption and/or emissions and random sampling of remaining operations data and calculation used to determine GHG emissions.

Recommendations to consider

While the recommendations below might allow for a more accurate GHG Inventory, none of them are material in nature for FY2021.

- Identify sites participating in the deregulated electric power market within the United States and utilize either the applicable eGrid factor or the electric power supplier emission factor rather than the distribution utility emission factor.
- Utility parent company emission factors were utilized in some situations, usually where utility entity level data was not available, even when a parent company may own utilities in different states and different geographic regions of the United States. (ex. PPL Utilities owns utilities in PA and in KY). If across different eGrid regions, and no specific renewable purchases have been voluntarily made, it would be more accurate to utilize the standard eGrid region instead of the utility parent company emission factor.
- Update Scope 3 recycling emissions using v.19.
- Provide documentation within Humana's emission factor library for manually entered values.
- Initial verification review indicated potential quality issues with water consumption data collection. While corrective actions were taken during the verification time period, it is recommended that Humana implement tighter consumption variance review to ensure that irrigation volumes are captured.
- For natural gas and electric power, Human's IMP gap fill/estimation logic was not correctly followed; primarily skipping the first logic step of using data from the same month, previous year. This was largely due to the switch in official system of record in FY2020. Potential impact was minimal when compared to the method used. Gap fill/estimation logic should be followed consistently or updated to align with actual processes.
- Due to the earlier preparation of the FY2021 GHG Inventory, most data sources were incomplete for November 2021 and/or December 2021. However, no gap fill/estimation logic was utilized for missing data for Solid Waste and Business Travel. Impact of this exclusion was immaterial. However, it is recommended that gap fill/estimation logic be established and used.
- Upstream transportation was not included in the GHG Verification. Recommend adding.

Emissions Data Verified:

• Emissions

| Scope | Source | Primary (MB) mtons CO2e | Secondary (LB) mtons CO2e | Biogenic mtons CO2e |
|-------|------------------------------------|-------------------------|---------------------------|---------------------|
| 1 | Natural Gas | 10,504 | 10,504 | - |
| 1 | Aviation Gasoline | 2,486 | 2,486 | - |
| 1 | Diesel - Mobile | 4 | 4 | - |
| 1 | Diesel - Stationary | 228 | 228 | - |
| 1 | Gasoline (Petrol) - Mobile | 1,599 | 1,599 | - |
| 1 | Ethanol Blend (E10) | 43 | 43 | 3 |
| 1 | HFC-134A | 1 | 1 | - |
| 1 | HFC-404A | 66 | 66 | - |
| 1 | HFC-410A | 693 | 693 | - |
| 1 | HFC-407C | 103 | 103 | - |
| 1 | Propane | - | - | - |
| 2 | Electric Power | 100,587 | 77,767 | - |
| 3 | Fuel & Energy Related Activities | 2,363 | 2,363 | - |
| 3 | Business Travel - Car | 2,791 | 2,791 | - |
| 3 | Business Travel - Rental Car | 1,107 | 1,107 | - |
| 3 | Employee Commuting | 4,047 | 4,047 | - |
| 3 | Employee Commuting - Teleworking | 147,911 | 147,911 | - |
| 3 | Electric Power - Upstream T&D Loss | 134 | 134 | - |
| 3 | Air Travel - Long Haul | 1,387 | 1,387 | - |
| 3 | Air Travel - Medium Haul | 805 | 805 | - |
| 3 | Air Travel - Short Haul | 126 | 126 | - |
| 3 | Recycling - Organic Waste | 4 | 4 | - |
| 3 | Solid Waste - Landfill | 1,633 | 1,633 | - |
| 3 | Recycling | 368 | 368 | - |
| 3 | Recycling - E Waste | 3 | 3 | - |
| 3 | Purchased Goods and Services | 1,106,067 | 1,106,067 | - |
| 3 | Business Travel - Hotel Stays | 361 | 361 | - |
| 3 | Business Travel - Rail | 0 | 0 | - |
| 3 | Investments | 493 | 493 | - |
| | TOTAL | 1,385,914 | 1,363,095 | - |

| Scope | Primary (MB) mtons CO2e | Secondary (LB) mtons CO2e |
|--------------|-------------------------|---------------------------|
| Scope 1 | 15,727 | 15,727 |
| Scope 2 | 100,587 | 77,767 |
| Scope 3 | 1,269,600 | 1,269,600 |
| Biogenic | 3 | 3 |
| Total | 1,385,914 | 1,363,095 |

- **Water Consumption**

| Scope | Sum of Volume (gallons) |
|--------------------|-------------------------|
| Waste Water | 70,917,541 |
| Water - Irrigation | 14,769,148 |
| Water | 163,382,314 |
| TOTAL | 249,069,003 |

Conclusion and Verification Opinion

Schneider conducted verification activities in alignment with ISO 14064-3:2006(E) specifications.

Based on Schneider's verification activities and after voluntary corrective actions, Schneider has found no reason to believe that material errors, omissions, or misstatements exist in Humana's CY2021 GHG Inventory. Schneider also found that Humana's GHG accounting and calculation methodologies, processes, and systems for this inventory conform to WRI/WBCSD GHG Protocol.



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