

2018

THE POWER OF SOCIAL GOOD

SUSTAINABLE DEVELOPMENT REPORT

Welcome to the 2018 Sustainable Development Report summary

THE POWER OF SOCIAL GOOD

In 2018, we took the step of moving our annual sustainable development reporting onto the web. Increasingly, most of our readers access the report via the web or mobile. Online sustainable development reporting better integrates with our products and services, our employees and our communities.

This short report provides a high level summary of our 2018 performance, and we would encourage you to visit [•••](#) to view our full 2018 report.



Indicates where further information can be found in this report



Indicates where further information can be found on our website, www.discovery.co.za



We are using shared value to create new and creative partnerships, products and customer experiences.

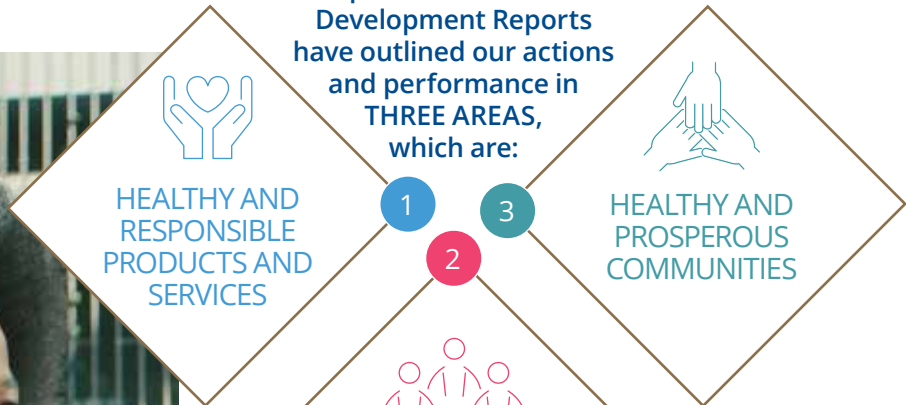
Discovery has always had a powerful core purpose: to make people healthier and enhance and protect their lives. Our purpose has manifested in a globally relevant Shared-Value Insurance model.

In 2013, Discovery set an ambition propelling the business to the next level. 'Ambition 2018' was about wanting to be the best insurer in the world and a powerful force for social good. The aspirational targets that emerged out of Ambition 2018 challenged Discovery to think in new ways about how to create shared value.

As its name suggests, Ambition 2018 matured this year and so our sustainable development reporting is an opportunity to assess our progress in becoming a force for social good, with a view to the future. The year also saw the launch of a new business, Discovery Bank, and progress in building successful businesses internationally. Our commitment to expanding and deepening shared value is demonstrated in a range of new and creative partnerships, products, and customer experiences - demonstrating the **power of social good**.



Our previous Sustainable Development Reports have outlined our actions and performance in THREE AREAS, which are:



This year we add a fourth area:



We invite you to read more about the power of social good. It is Discovery's journey to realising our ambitions for the good of clients, our business and society.



Healthy and
**RESPONSIBLE
PRODUCTS
AND SERVICES**

**OUR STRATEGIC
COMMITMENTS:**

We'll improve member health through active prevention and self-management

We'll increase access to more cost-effective and affordable healthcare

We'll create a nation of better drivers



INCREASING ACCESS TO QUALITY, AFFORDABLE HEALTHCARE

We are exploring ways to deepen and broaden access to healthcare coverage, taking into account the real challenge of affordability faced by many South Africans. Discovery Health, as the administrator of 18 medical schemes in South Africa, manages the administration of KeyCare Plans. These plans give medical scheme members access to quality private healthcare by basing contributions on monthly income. At June 2018 there were 430 771 KeyCare members, down slightly from 433 417 in June 2017.

Technology is also helping us to improve access to quality care. Using **DoctorConnect**, a digital platform available through the Discovery app or website, Discovery Health Medical Scheme members can either search a growing library of over five billion doctor-created answers to common medical questions or conduct a virtual consultation with a doctor in the network using voice, text or video.

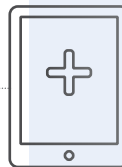


In 2018, DoctorConnect:



ENROLLED

326 543
patients



CONDUCTED

1 610
virtual consultations

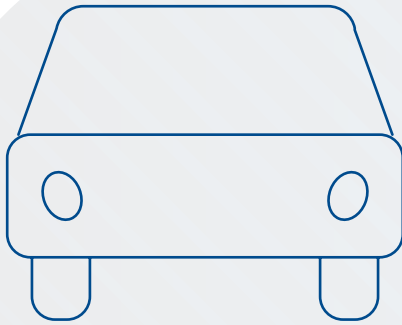
In line with Discovery's purpose, our products are designed to deliver shared value, by incentivising people to engage in behaviours that promote better health and wellbeing.

By linking social outcomes to our core products and services, we scale social delivery – and ensure it keeps growing.



Read about expanding shared value into the banking sector with Discovery Bank in the review of our Chief Financial Officer on page 10 – link to the report is <https://www.discovery.co.za/marketing/integrated-annual-report-2018/?page=12>





CREATING A NATION OF BETTER DRIVERS



Discovery Insure's **SafeDrive** partnership with car rental company Avis was developed over the past financial year. Available to Avis car rental customers, the SafeDrive app uses Discovery Insure's Driver Quotient (DQ) telematics technology and its behavioural app-based solutions to improve driver behaviour and make South African roads safer. The partnership has plans to expand its efforts across South Africa and to enter the international market.



Discovery Insure's driver-behaviour solutions encourage safer and more cautious driving among our own clients. Better drivers mean fewer accidents and more safe journeys for our clients and others on South Africa's roads. We've found that the higher the driver's Vitalitydrive status, the lower their average car accident claim amount.





SAVING SOONER AND SAVING MORE

Our innovative products from Discovery Life and Discovery Invest are making our members healthier, and extending protection and security to their families at the same time.



We want to demonstrate how some of our innovative products from Discovery Life and Discovery Invest are making our members healthier, and extending protection and security to their families at the same time. By offering rewards that encourage clients to start saving earlier, to save more, and to draw less from their retirement savings, our products offer greater peace of mind about future milestones such as a child's education and having adequate funds in retirement.

In our 2017 report, Discovery committed to facilitate investments that will help our clients achieve peace of mind in retirement. The better a client's saving behaviours and the higher their Vitality status, the more benefits they enjoy through their investment. In support of this ongoing goal, our financial products encourage clients to start saving earlier, start saving more and draw down more responsibly in retirement.

Our **Smart Benefit** gives young professionals under the age of 30 ease of access to investing with lower minimum contributions to encourage saving. The product provides extra 'boosts' to clients' final retirement savings through Smart Boosts, which is based on their positive financial behaviour and healthy lifestyle choices.

Discovery Invest has seen significant behavioural change in clients since introducing products that reward them for making sound financial and health decisions. On average, clients are investing two years earlier, improving their Vitality status and in turn their health, and reducing their yearly retirement income drawdown rates by 2%. The impact of this positive behaviour change is substantial, resulting in clients receiving an extra 50% in boosts to their fund value in retirement.

Discovery launches its banking business The creation of Discovery Bank was announced during this financial year, and its official launch is keenly awaited. We will report on the Bank's new and innovative services and products, and their contribution to a healthier society, in our 2019 report.



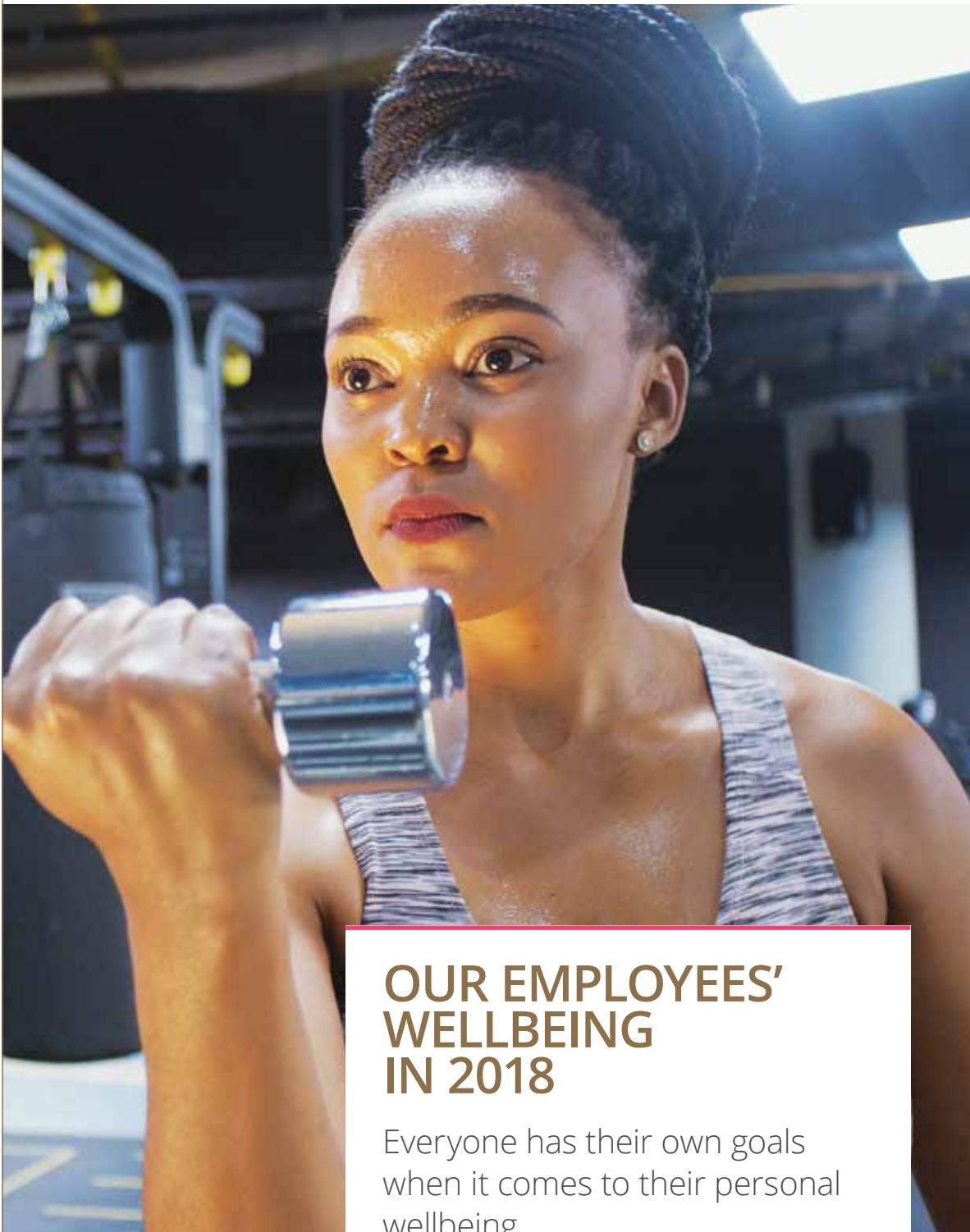
Healthy and **PRODUCTIVE WORKFORCES**

OUR STRATEGIC COMMITMENTS:

We'll prioritise our employees' health

We'll clarify the link between workplace health and productivity

A healthy and productive workforce is about people and their wellbeing. People spend most of their lives working and their physical, mental and financial health can directly impact the quality of their performance. Healthier workplaces not only help retain top talent, especially among the health-conscious millennial generation, but evidence points to greater productivity and better job performance.



OUR EMPLOYEES' WELLBEING IN 2018

Everyone has their own goals when it comes to their personal wellbeing.

For some, it is about healthier eating or getting in shape, for others it's about quitting smoking or managing their stress levels. In recognition of the very personal nature of wellness, our focus has shifted in 2018. We encourage each employee to select their own wellness goals, and then we support their personalised journey every step of the way, until they reach them.

Our approach to employee wellness is built on the same foundation as the rest of our business – the Vitality model. The more healthy a Vitality member, the higher their Vitality status, and the more rewards they receive. Ensuring that our employees are able to enjoy the same benefits our clients do by engaging in Vitality is a key part of our approach to workplace wellness.

Based on this approach, in our South African offices we have set three objectives for employee wellness:

1

We aim to get 80% of permanent Discovery employees on to Vitality. We will run a series of internal health-focused campaigns and increase the number of Discovery employees registered on Vitality

2

We aim to get 70% of Discovery employees to select a personal wellbeing goal via our BeWell platform, based on the five health factors contributing to Vitality Age

3

We aim to get 70% of Discovery employees to make use of a fitness device or download a fitness app and link it to their Vitality account

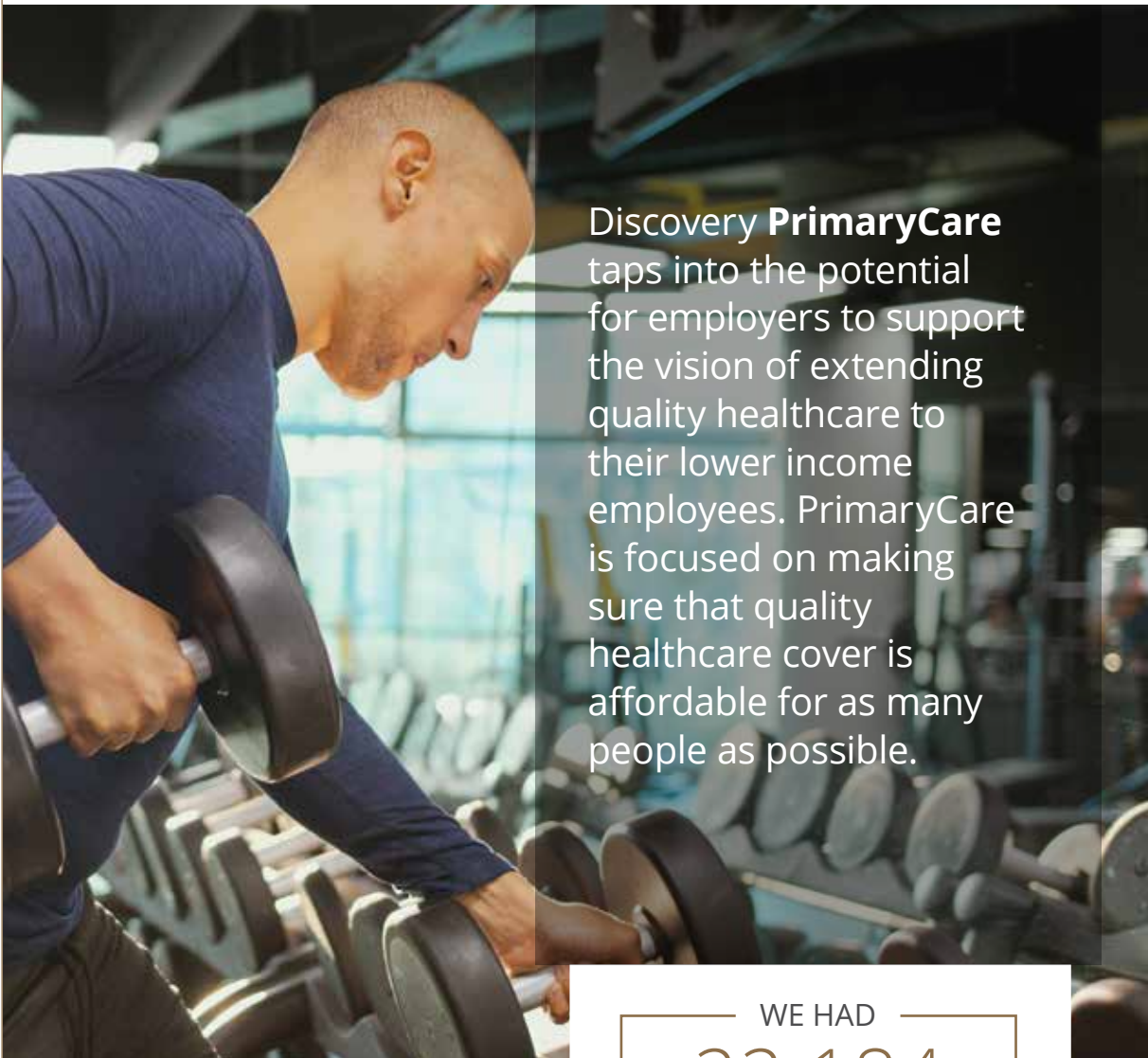
Discovery launched its **Healthy Company Care** offering in August 2018, our comprehensive employee assistance programme, to our own workforce. Using tailored solutions and data-driven insights, Healthy Company takes a proactive approach to managing each employee's personal risk profile with a view to organisational and individual impact.





A BUSINESS-LEVEL APPROACH TO EMPLOYEE HEALTH

Sharing the value of a healthier workplace isn't limited to Discovery – many employers are looking for ways to support their employees on their wellness journey. Working together, Discovery and the employer can develop targeted and effective health interventions for employees. Discovery launched its **Healthy Company Care** offering in 2018, a proactive corporate wellness programme aimed at employer groups that places strong emphasis on preventive measures.



Discovery **PrimaryCare** taps into the potential for employers to support the vision of extending quality healthcare to their lower income employees. PrimaryCare is focused on making sure that quality healthcare cover is affordable for as many people as possible.

WE HAD

22 184

PrimaryCare members
in 2018

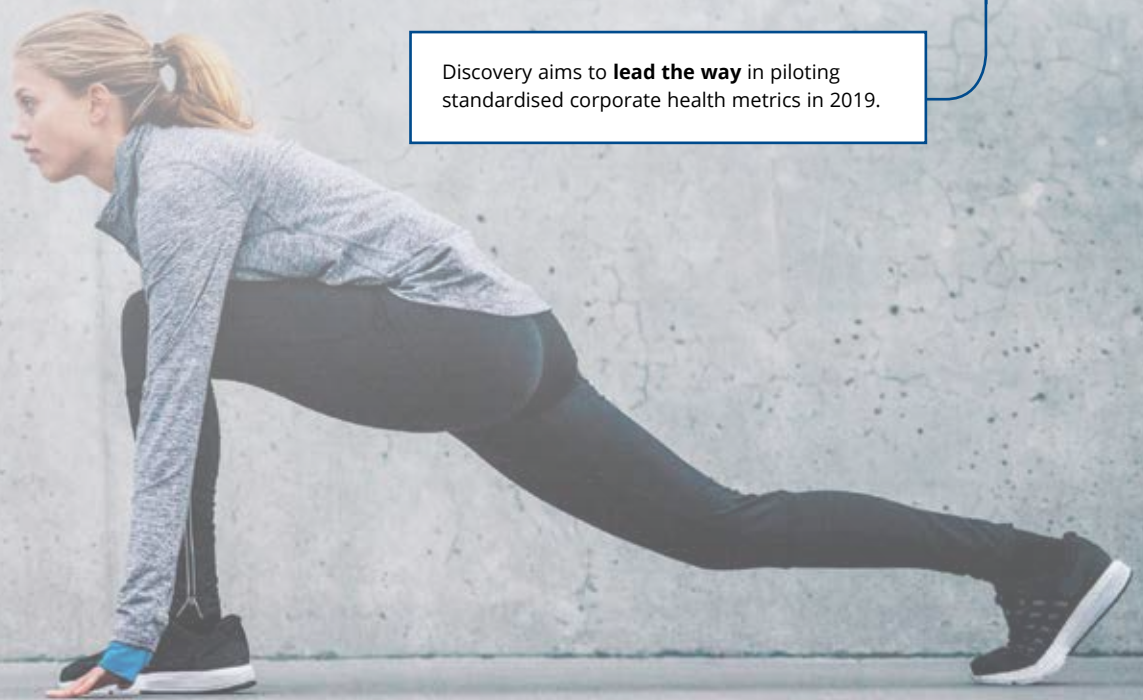


WALKING THE TALK WITH CORPORATE HEALTH METRICS

Discovery will be leading the way as the first company to pilot standardised corporate health metrics in 2019.

By measuring, monitoring and seeking to improve workforce health metrics, employers can enjoy a number of direct positive impacts, including reducing resignations and absenteeism, and increasing sustainable earnings. During 2018, Discovery continued to work closely with the South African Institute of Chartered Accountants (SAICA) to finalise objective health metrics that can guide reporting in South Africa. In our 2017 report, we committed to advocating for the inclusion of health metrics in global corporate reporting standards and these metrics are ready for piloting.

Discovery aims to **lead the way** in piloting standardised corporate health metrics in 2019.





Healthy and
**PROSPEROUS
COMMUNITIES**

**OUR STRATEGIC
COMMITMENTS:**

We'll help build a more resilient
healthcare system

We'll contribute to a more
inclusive health ecosystem

We'll improve health and safety
for target communities



Discovery's Shared-Value Insurance model gives expression to our belief that we are part of the communities that surround us – local, national and global. Community health and wellbeing are of primary importance to us.



EMPLOYEE VOLUNTEERING AND DISCOVERY'S ORANGE FARM PARTNERSHIP

Discovery's corporate social investment (CSI) flagship project provides a point of connection between employees and the community of Orange Farm.

By volunteering their time and expertise in a structured programme, Discovery employees help make a meaningful difference in the lives of Orange Farm's residents.

OUR EMPLOYEES VOLUNTEERED OVER

10 000

hours of their time,
worth over R1.8 million
in 2018

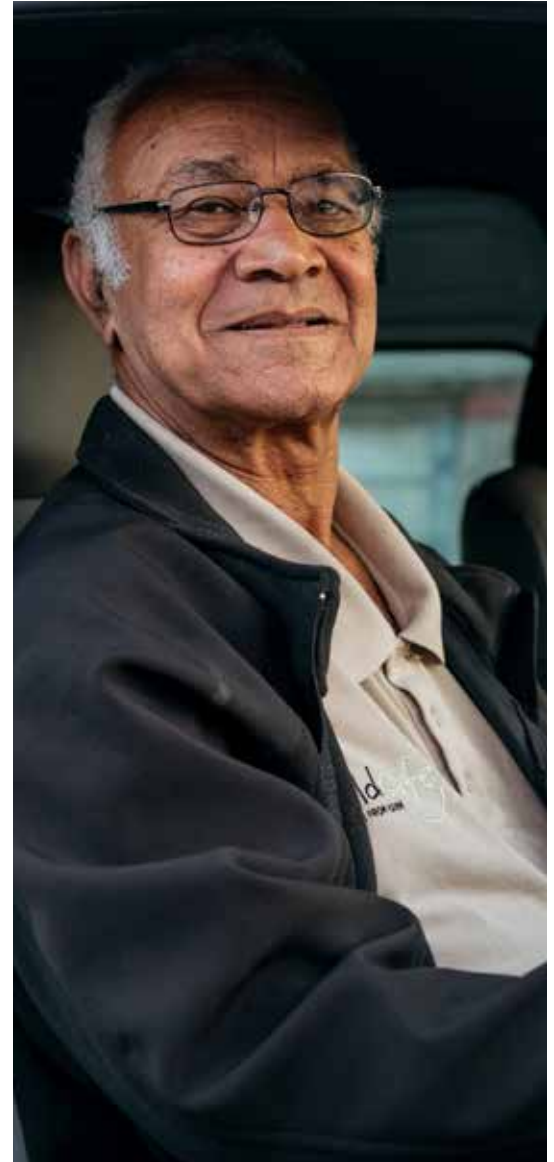
In our 2017 Sustainable Development Report we committed to **engage 60% of our staff in volunteer activities**, encouraging them to invest their time and utilise their expertise to contribute towards building healthy communities. We are proud to announce that we have met and exceeded our target, with 76% of Discovery volunteers engaged since 2014 to date.



46 PROJECTS
RECEIVED SUPPORT
WORTH
R31.8
million
from the Discovery Fund
in 2018

THE DISCOVERY FUND

Discovery Insure's Safe Travel to School programme, implemented together with the Discovery Fund and our partner Childsafe, currently transports approximately **9 120 children to school every day, an increase of more than 54%** since its inception in 2014.



We intend to involve at least **1 000 drivers and transport 15 000 children a day** by the end of 2018.



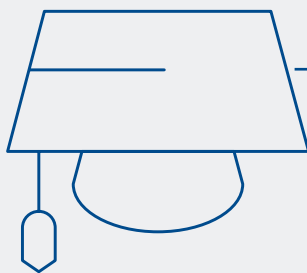
THE FOUNDATION – BUILDING A NETWORK OF HEALTH ALUMNI

By drawing on the Foundation's alumni, Discovery is able to harness the power of this emerging network of leaders as a force for social good.

As the Foundation moves into its second decade of existence, the ranks of our alumni continue to grow, comprising doctors and researchers who have benefitted from the grants, scholarships and support from the Foundation. By integrating these alumni into the strategy and planning processes of the Foundation, Discovery can harness the power of this emerging network of leaders as a force for social good.

In 2018, the Foundation spent in excess of **R21 million**, with **R16 million** spent on providing **52 doctors** with specialist training. Approximately **R5 million** was awarded to a total of **13 institutions**.

The Foundation has committed to ensuring that at least 75% of its beneficiaries will be black, and at least 75% of its total financial support will go to black people. In the 2018 financial year,



100%
of the recipients for the Academic, Sub-Specialist and Massachusetts General Hospital Awards were black, and 82% of the recipients of the Foundation's Rural Fellowships and Excellence Awards were black



SUPPORTING THE GOVERNMENT OF SOUTH AFRICA TO IMPROVE HEALTHCARE DELIVERY

Being a force for social good means recognising and actively contributing to the health of the South African community as a whole. Discovery is committed to supporting efforts to improve the healthcare delivery system by focusing on access, equity, efficiency, quality and sustainability. Wherever Discovery is able to collaborate, it will share its expertise, insights, technology and – where appropriate – data to support evidence-based decision making for the benefit of the broader healthcare system.

The National Health Insurance (NHI) Bill, published in late June 2018, proposes the establishment of the NHI Fund which will initially prioritise projects for vulnerable groups where the need is the greatest. Based on our initial review of the NHI Bill and the Medical Schemes Amendment Bill, which was published at the same time, we are supportive of the general approach taken, including the fact that medical schemes will continue to operate alongside the NHI. We do however have some significant concerns about the Medical Schemes Amendment Bill and some elements of the NHI Bill and have provided our comments on these matters. We will continue to provide constructive feedback and input into the development of the NHI and its supporting legal and regulatory framework, both as Discovery and jointly with other industry stakeholders

The Health Market Inquiry sets out a number of positive recommendations to build South Africa's healthcare system.

Discovery has also been actively involved in the Competition Commission's **Market Inquiry into the Private Healthcare Sector**. Originally initiated in November 2013, the Inquiry has proven to be a complex multi-stakeholder process, and Discovery has made a number of submissions to the Inquiry, which are publicly available. The Health Market Inquiry (HMI) has identified the need for improved competition in all sectors of the private healthcare market. It has made wide ranging recommendations encompassing a variety of factors and stakeholders, and we welcome the opportunity to contribute positively to this process.





BUILDING AND BROADENING OUR SUPPLY CHAIN



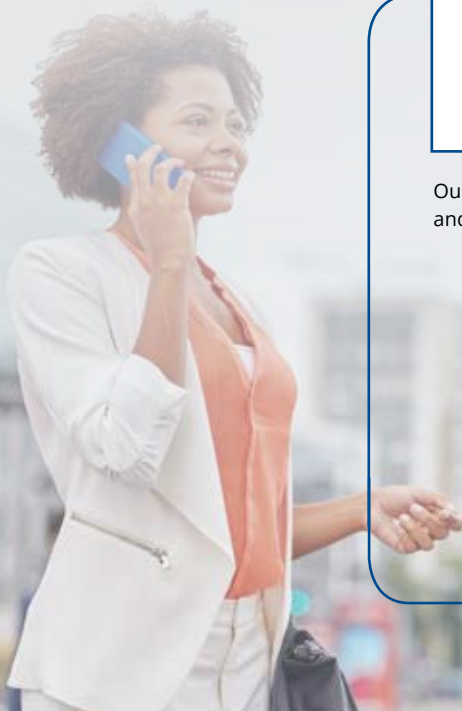
Nurturing new businesses takes years and decades rather than weeks or months, and Discovery is committed to this journey.

Transforming Discovery's supply chain is a long-term project in shared value that demands patience and foresight. In 2017, we reported comprehensively on our approach to building and broadening our supply chain to benefit more black, young and female South Africans. **We are proud to have directly supported 38 independent entrepreneurs in 2018, and R966 million of our procurement spend went to black-owned businesses.**

R357 million of this was on black women-owned enterprises. Discovery also provides financial support, in the form of loans and grants, and non-financial support, in the form of training and mentorship opportunities, to selected enterprise and supplier development (ESD) beneficiaries.

Our current ESD loan book is sitting at over **R101 million**, and **R5 million worth of grants** were provided in 2018.

We are proud to have directly supported **38 independent entrepreneurs** in 2018, and spend went to **R966 million** on procurement black-owned businesses.





Healthy and **INCLUSIVE ORGANISATION**

OUR STRATEGIC COMMITMENTS:

We'll be more equitable

We'll be accountable

Building a strong and healthy organisation is a vital part of Discovery's ambition to be a force for social good.

Healthy companies are a combination of their philosophy, strategy, systems and culture. While these are often more abstract concepts and goals than personal wellbeing, we believe they are no less critical and require conscious investment. We are working to build a culture that is inclusive and accountable, where our people are valued and developed, and where ethics inform decision making.



AT PRESENT

49%

of senior management
and **15%** of the Discovery
Board **are women.**

THE DEEP WORK OF TRANSFORMATION

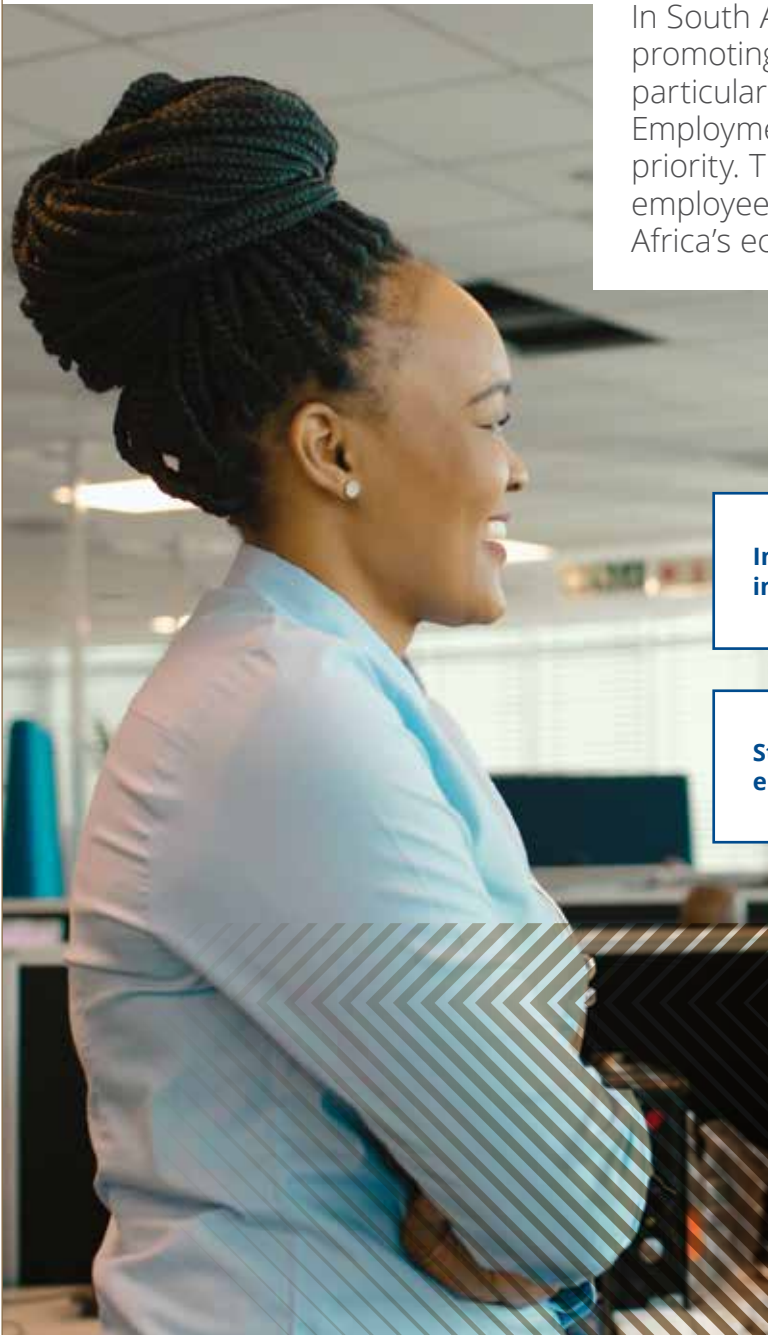
In South Africa, hiring, retaining and promoting black South Africans and particularly people defined in the Employment Equity Act as 'African' is a priority. This is to ensure that our employee profile better reflects South Africa's economically active population.

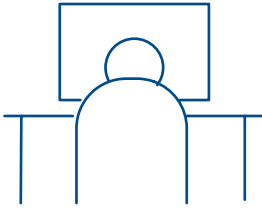
A number of initiatives have been implemented to improve our recruitment and retention of black African talent:

Improvements in recruitment and internal promotion practices

Strategic utilisation of existing employee networks

Discovery also recognises the urgency in achieving a more accurate gender balance in our workplace, particularly in senior leadership positions across all our businesses. At present 49% of senior management and 15% of the Discovery Board are women.





BUILDING A HIGHLY ETHICAL WORKPLACE CULTURE

We will undertake a formal and rigorous ethics risk assessment across the business

In our 2017 report, we highlighted the importance of ethics and compliance, and the unique challenges that we face in our insurance business, for example in relation to billing abuse, which imposes a financial and reputational toll on clients and providers alike. In 2018 alone, we made total savings and recoveries in fraud of R605 million.

Ethical behaviour is essential for a healthy organisational culture. To be a force for social good we need to set our bar higher than simply doing what is required for legal compliance. Discovery's Ethics and Integrity Framework, together with our Leadership Charter and core company values, guide our expectations for decision making and help us consider what is right and ethical to do as well as what is legally compliant.

The Ethics Office is mandated to focus on the culture of Discovery. The office is structurally independent, reporting to the Chairperson of the board's Social and Ethics Committee, an independent director. The mandate of the Ethics Office covers the full spectrum of Discovery's business activities, requiring ethical considerations to be incorporated from the product design stage to implementation and right through to customer feedback.



Discovery has a **whistleblowing hotline**, managed independently by Deloitte, which is always available for employees to report ethical violations.

Discovery's Ethics Office will undertake a formal company-wide ethics risk assessment partnering with specialist third parties in the coming year. The detailed assessment will assist in identifying the spectrum of ethics-related risks and opportunities for the organisation, which will inform our ethics management strategy for the next three years.



