

**THE
POWER
OF
SOCIAL
GOOD**

2019

DISCOVERY
GROUP'S

**SUSTAINABLE
DEVELOPMENT
REPORT**



A MESSAGE FROM

Discovery Group CEO, Adrian Gore

Discovery's purpose is to make people healthier and enhance and protect their lives. The health and wellbeing of our members, stakeholders and other constituents is part of our DNA and inseparable from our business model. Since Discovery's inception in 1992, every product and service across the business has been built on the foundation of our Shared-Value business model, which has sustainable development at its core as it intersects with the needs of our clients, communities and nation.

Discovery's revised Group strategy, Ambition 2023, provides a stretch goal to achieve greater scale and impact at a global level, and key to this is being a powerful force for social good. Through the Vitality Shared-Value business model and platform, Discovery – along with its global partners – is changing the way consumers experience financial services. What was once a grudge purchase based on pre-existing risk is now a dynamic and rewarding partnership that encourages healthy behaviour. Vitality operates an economy of behavioural change, where the currency is healthy choice and the interests of client, insurer and society are aligned.

The Group continues to innovate as we expand into new and adjacent industries (most recently banking) and into new markets, extending the impact of shared value. Our purpose, values and model ensure that as we scale, our people remain focused on being a powerful force for social good. As part of this, in partnership with our Vitality network of insurers, we have made a bold public pledge to transform global health by making:

100 million people

20% more active by 2025



It is a commitment to a social cause that is bigger than any individual organisation – it encompasses partnerships across sectors and nations that make people healthier on a global scale. **It also stands as testament to a long-held belief – that if we take care of purpose, profits will follow.**

Discovery has been a signatory to the United Nations Global Compact since 2015 and continues to uphold these principles as part of being a responsible corporate citizen.



About this report



THE DISCOVERY 2019 SUSTAINABLE DEVELOPMENT REPORT PROVIDES DETAILS ON HOW DISCOVERY HAS DELIVERED ON ITS COMMITMENT TO BE A POWERFUL FORCE FOR SOCIAL GOOD FOR OUR CLIENTS, OUR BUSINESS AND SOCIETY.

Non-financial information and data included in our Sustainable Development Report relates primarily to South Africa-based business units, which account for the majority of our revenue and employees. We also include commentary on specific initiatives in the United Kingdom through Vitality UK.



This summary report is extracted from our full 2019 Sustainable Development Report, hosted online at www.discovery.co.za/corporate/our-welcome. We encourage stakeholders to access the online report for a full overview of our performance and progress in 2019.

Material matters have defined the content included in the 2019 Sustainable Development Report. These were determined through interviews with executives and specialist teams across the South African and United Kingdom businesses on stakeholder concerns, key risks and management focus for the 2019 financial year. The relevant material matters and issues are included for each of the four performance areas in this summary report, with a full listing available in the online report.

The online report also provides links to supporting information and related reports, including our:

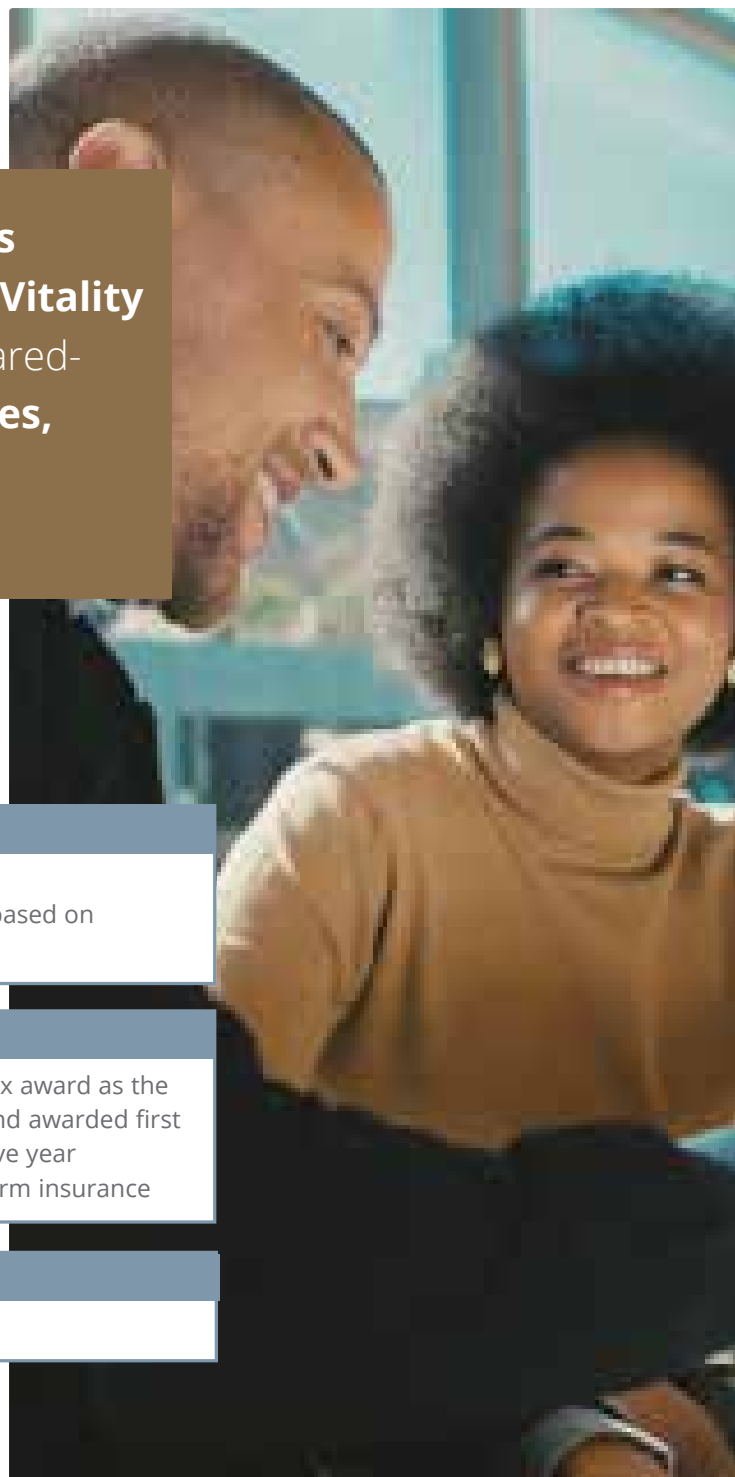
- **Value-added statement** – which provides a snapshot of revenue generated by the Group in 2019 and how this wealth was distributed among our stakeholders
- **Full B-BBEE certificate** – our audited verification certificate confirming our contributor and recognition level, along with our performance against the pillars
- And relevant links to the **2019 Integrated Annual Report**.

About our business

Discovery Limited is a **South African-founded financial services organisation** that operates in the healthcare, life assurance, short-term insurance, savings and investments, banking, and wellness markets.

Established in 1992, Discovery is guided by a clear purpose – to make people healthier and to enhance and protect their lives. Our core purpose has manifested in a globally relevant Shared-Value business model, with Vitality at the centre, which creates value for our businesses, clients and society.

Discovery impacts **25.7 million lives globally** and **11.2 million lives on Vitality** across all markets. We apply our Shared-Value business model in **20 countries**, leveraging the expertise of over **12 950 employees** globally.



RECOGNISING THE STRENGTH OF OUR BRAND

2019 BRAND FINANCE INSURANCE 100 RATING

- Discovery enters top 100 rating
- Listed as the world's second strongest insurance brand based on brand strength

20TH ANNUAL SUNDAY TIMES TOP BRANDS AWARDS

- Discovery Health Medical Scheme received the Grand Prix award as the 2018 Overall Favourite Brand in the Business category and awarded first place in the medical aid category for the ninth consecutive year
- Discovery Insure as favourite customer brand in short-term insurance

BRANDZ™ TOP 30 – SOUTH AFRICAN BRANDS 2018

- 9th most valuable brand in South Africa

Revising our approach to sustainability

Discovery's Sustainable Development team is revising the Group sustainability strategy to have a more direct link to the outcomes of Discovery's Shared-Value business model and Ambition 2023. The new sustainability strategy will be submitted to the Social and Ethics Committee of the Board for final approval towards the end of 2019 and we will report against this strategy in the 2020 sustainable development report.

We believe the revised strategy will enhance Discovery's approach to sustainable development and become the pressure test of the extent to which the core business strategy is driving measurable social value. It will represent an evolution to a more quantifiable, and business-driven strategy that reflects the interconnection between shared value and sustainability.

Our 2019 **Sustainable Development Report** represents a transition between the previous and revised strategy. In this report, we disclose our performance against the **four performance areas** included last year:



Healthy and responsible products and services

p 07



Healthy and productive workforces

p 14



Healthy and prosperous communities

p 18



Healthy and inclusive organisation

p 26

Our material matters

Discovery has defined material sustainability matters for this report as those matters that will substantively impact a stakeholder's evaluation of Discovery as a powerful force for social good.

The material matters were determined through interviews with executives and specialist teams across the South African and United Kingdom businesses on stakeholder concerns, key risks and management focus for the 2019 financial year. As a synthesis of the concerns of Discovery's leadership and those of key stakeholders, material matters inform and describe strategic decisions in relation to the needs and perspectives of key stakeholders.

The material matters have defined the content to be included in this report. We are committed to maturing the materiality determination process over time to provide a robust framework for our sustainability and annual integrated reporting.

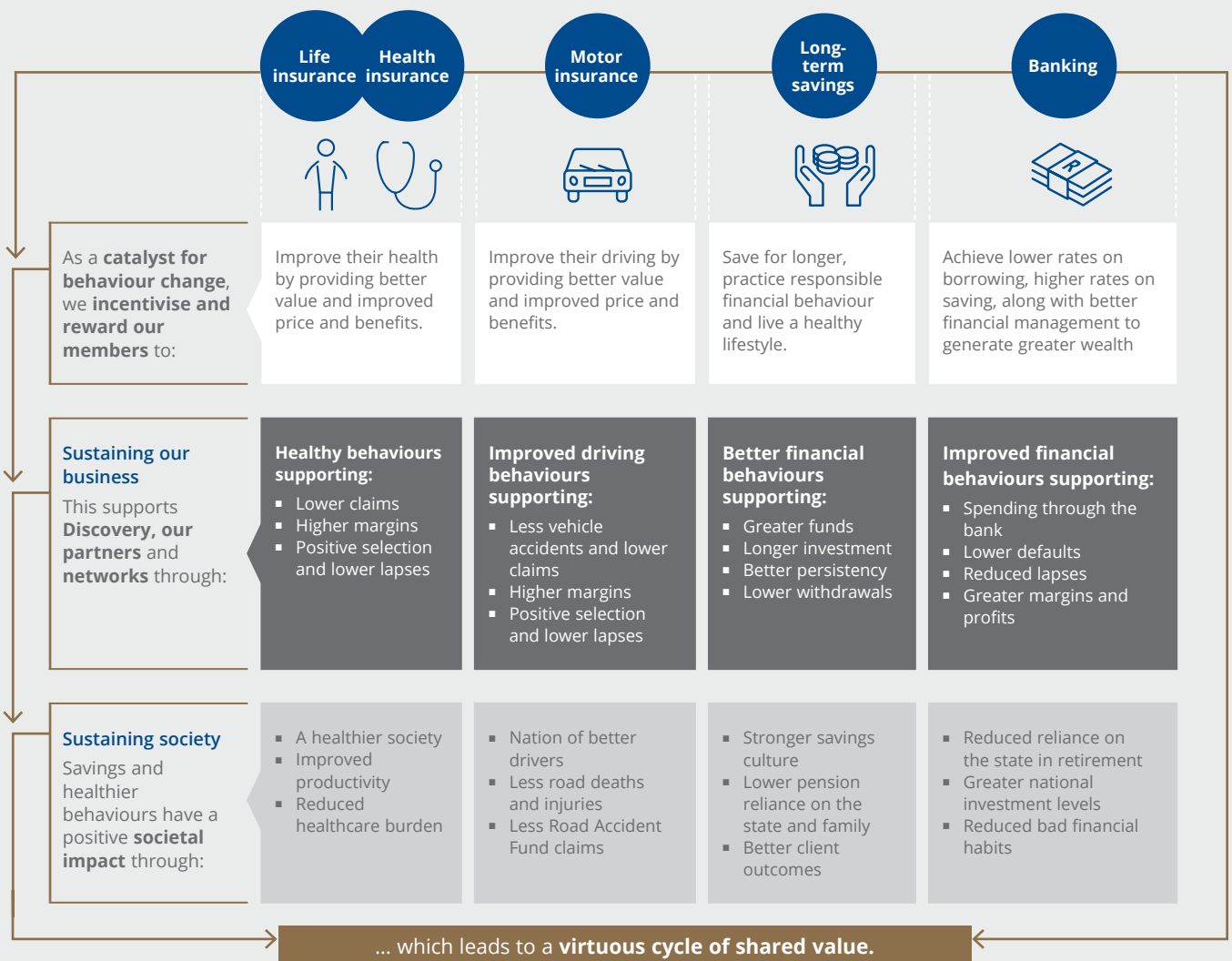
<p>1. Deepen the social impact of our products and services.</p>	<ul style="list-style-type: none"> ▪ Leverage product design and innovation to drive social good. <ul style="list-style-type: none"> - Increase access to healthcare coverage and financial services. - Harness technology to measure and reward healthy behaviours. - Drive healthy financial behaviours, increase resilience and reduce risk. - Enhance client partnerships through innovative guided engagement using technology. - Support healthier businesses that support healthier economies. ▪ Scale our businesses to achieve greater impact. <ul style="list-style-type: none"> - Harness partnerships to achieve the goals of Ambition 2023. - Product innovations and development to broaden reach, including to lower-income groups and small and medium sized enterprises (SMEs). - Focus on leadership and critical skills development. - Leverage technology as a platform for growth.
<p>2. Ensure our people management strategies address broader social concerns.</p>	<ul style="list-style-type: none"> ▪ Enhance systems that support diversity, equity and inclusivity. <ul style="list-style-type: none"> - Offer all employees a consistent and incredible experience. - Remove bias from the recruitment process. - Link management incentives to employment equity performance. - Provide leadership programmes that drive greater social awareness. - Educate the organisation on disability. ▪ Develop talent to support business growth. <ul style="list-style-type: none"> - Develop a pipeline of leaders and critical skills, guided by employment equity. - Change the leadership and learning framework to fast-track the development of required skills and support a culture of continuous learning. - Harness opportunities and managing risks inherent in the digital revolution. - Support the national YES initiative.
<p>3. Leverage our capacity to support resilient ecosystems.</p>	<ul style="list-style-type: none"> ▪ Support national objectives to enhance market sustainability. <ul style="list-style-type: none"> - Increase healthcare capability and skill to improve the healthcare system. - Support economic productivity through healthier workforces. - Target our procurement spend and enterprise and supplier development initiatives. - Maintain constructive and collaborative relationships with government and regulators. ▪ Reduce the cost of healthcare and the burden on public healthcare infrastructure. <ul style="list-style-type: none"> - Leverage the proven ability of behaviour-based incentives to increase health outcomes. - Remove fraud and waste from the healthcare system. - Protect the principle of social solidarity by balancing the needs of individuals and the collective in healthcare insurance risk pools. - Provide advocacy and education to key stakeholders on policy development and outcomes-based healthcare delivery models.
<p>4. Active corporate citizenship that aligns to our values.</p>	<ul style="list-style-type: none"> ▪ Operate an ethical and compliant business. <ul style="list-style-type: none"> - Expand the role of ethics management. - Focus on the ethical use of data. - Cooperate with regulators and ensure strong internal processes on compliance and Treating Customers Fairly outcomes. ▪ Leverage models, capabilities and skilled employees to support social innovation. <ul style="list-style-type: none"> - Targeted support for vulnerable communities. - Leverage the goodwill and skills of our employees through volunteering. - Document and leverage working models to ensure inclusivity and drive healthier communities. - Enhance CSI governance structures and improve strategic alignment between projects and business. ▪ Manage electricity and water consumption. <ul style="list-style-type: none"> - Implement efficient data monitoring systems for environmental reporting. - Raise environmental awareness among employees. - Focus on energy and water efficiency.

Shared value and sustainable development

Operationalised through Vitality, Discovery's Shared-Value business model not only creates a virtuous cycle of value-creation, it depends on it for its own sustainability. The value that is created is shared with our members, as well as shared more broadly beyond the insurance environment.

Our network of reward and retail partners is critical to the success of the model, and these partners share in value creation through increased revenue, improved customer loyalty and exposure to a broader customer base.

And our impact extends to communities, nations and society broadly, in linking our product lines to our purpose to make people healthier and enhance and protect their lives.



Discovery's social impact then increases with each life and its community that we add globally, which is sustainable shared value in action.



HEALTHY AND RESPONSIBLE PRODUCTS AND SERVICES

Encouraging behaviours that promote better health, safer driving and financial wellbeing

Related material matters and issues

1

Deepen the social impact of our products and services.

- Leverage product design and innovation to drive social good.
- Scale our businesses to achieve greater impact.

2

Ensure our people management strategies address broader social concerns.

- Enhance systems that support inclusivity
- Develop talent to support business growth.

3

Leverage our capacity to support resilient ecosystems.

- Support national objectives to enhance market sustainability.
- Reduce the cost of healthcare and the burden on public healthcare infrastructure.

4

Active corporate citizenship that aligns to our values.

- Operate an ethical and compliant business.
- Leverage models, capabilities and skilled employees to support social innovation.



Deepening the social value of our products

Our core markets of South Africa and the United Kingdom have led the way in deepening social value. In South Africa, we are using our unique approach to healthcare insurance to provide products that protect and enhance the lives of people across the socio-economic spectrum, including young people. This is helping to make healthcare accessible to a broader market and further alleviating the burden on public healthcare.

Discovery Health's strategic objective to become the lowest cost administrator, with ongoing investment in technologies to optimise operational efficiency and service levels. This not only supports better business and member satisfaction, but lowers costs.

3 483 468 total lives covered across open and closed schemes (at 28 June 2019)

In Discovery Health Medical Scheme (DHMS) members pay an average of **16.5% less** than they would at the next eight largest open schemes.

Discovery KeyCare, an affordable medical aid option, is combined with KeyFit to give access to wellness facilities, incentives and tools to encourage healthier behaviour.

17 315 KeyFit members

Vitality Move brings our leading Vitality programme to the mass market.

Discovery PrimaryCare is a unique healthcare product that enables employers to provide employees and their families with affordable quality private healthcare and wellness management at a cost that is acceptable to employees at all income levels.

46 772 PrimaryCare members (at 28 June 2019)

We announced Discovery Bank in November 2018 with a broad target market across all segments. Irrespective of income level, healthier financial behaviour will benefit clients through higher interest rates on savings and positive balances as well as lower rates on credit.

Through Vitality One, we are increasing the positive behavioural impacts of the Vitality programme globally. Our Vitality One platform is a globally unified systems architecture that markets can access, allowing rapid and economical deployment to our partners.



R13 million

Donated by members to various causes since the launch of MoveToGive in 2015

MoveToGive crowd-sourcing kindness

In a world where obesity and chronic lifestyle diseases are becoming increasingly prevalent, we're developing creative and mutually beneficial ways to promote good health.

The Vitality Active Rewards programme incentivises members to stay active every day. And through it, Discovery is now linking healthy behaviour with philanthropy to raise significant funds for various charities. This is enabled by Active Rewards, where members can choose to donate their rewards to a specific cause through MoveToGive campaigns.

Over **400 000**

people positively impacted in South Africa and neighbouring countries



Promoting better health

The world's largest, verified physical activity study on incentives and physical activity

The Vitality Group commissioned an independent large-scale population study that tracked 422 643 Vitality members from 2015 to 2018 in South Africa, the United Kingdom and the United States. It compared the activity levels of member on Active Rewards with members on Active Rewards with the Apple Watch benefit (introduced in 2016) to understand if the added benefit enhances physical activity. And importantly, it examined whether these associations persist over time.

The results were conclusive. The uptake of the loss-framed Vitality Active rewards with apple watch benefit saw an **average 34% increase** of tracked activity days per month, leading to an additional 4.8 activity days per month. Along with the overall increase in activity levels was an increase in more intense exercise events.

The study found higher levels of intensive activity, persisting over time (measured over the 24 months repayment period of the Apple Watch). This means that these members should enjoy health benefits such as greater cardiorespiratory fitness, improvements in blood pressure and cholesterol, and reduced healthcare costs.



"This landmark study contributes to a deeper understanding of how people can be incentivised to live fitter and healthier lives. The significance for individuals, the insurance industry and wider society is profound."

Adrian Gore, Discovery Group CEO

Extending the possibilities of rewards

The launch of the new **Vitality Active Rewards** platform in November 2018 continues to enable Discovery's ability to engage regularly with our members, and has increased Vitality's reward offerings, including new partners, various reward levels for MoveToGive, and the extension of the Vitality programme to the South African public through Vitality Open.

The Vitality Open was a 10-week campaign that was available to all South Africans with a smartphone to heighten awareness about the benefits of physical activity and safer driving.

Over
550 000
South Africans participated

34%
increase in physical activity across new participants and 29% of new participants improved their driving behaviour substantially

Over
50 million
Vitality Reward Points paid out through the Vitality Open

Considering that exercise for three days a week or more is linked to a 33% reduction in mortality, Vitality Open demonstrated shared-value in action. The Vitality Open generated great excitement with our partners and strong media interest, extending awareness on the benefits of healthy behaviours.



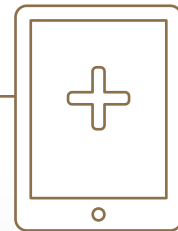
Promoting better health continued



Turning the tide against non-communicable diseases

Validity's emphasis on moving more and eating healthily is part of a journey to involve as many South Africans as possible in combatting non-communicable diseases. Validity Move, launched in 2017, provides affordable access to Validity rewards and discounts with selected partners, and we continue to refine the offering to drive engagement and improved health outcomes for our clients. Part of this is in reducing all activation fees, including at gyms to increase access.

We performed over 350 000 Validity Health Checks in our 2019 financial year through accredited Validity Wellness Centres, pharmacies in the Validity Wellness Network, at Discovery Wellness Days or at Discovery Stores. We are working to reduce the costs and scale up the number of Health Checks, with an aim of achieving one million Validity Health checks per year by 2020.



Leveraging technology in healthcare

Technology is a key enabler for us to broaden access and provide more cost-effective and affordable healthcare. In the world of our members, our focus on innovation and technology provides more seamless interaction with key healthcare touchpoints and information sources for a more empowered healthcare consumer.



- **Discovery mobile app** enhanced with the 'find a healthcare provider' function – which allows Discovery members to find general practitioners, medical specialists, hospitals or pharmacies, along with tips, details on cover through Discovery, and address and contact details.
- **Validity** introduced in-app health management for at-risk members – with personalised nutrition, preventative screening, weight management and the medicine tracker.
- Available through the Discovery app or website, **DrConnect** gives participating medical scheme members access to a growing library of over five billion doctor-created answers to common medical questions. Members can also conduct a virtual consultation with a doctor in the network using voice, text or video.
- Using **Discovery HealthID**, patients can share important information with their healthcare professionals to give a more complete view of their health history and test results. This improves patient care and reduces the likelihood of serious medical errors, and duplicate or unnecessary pathology tests.

Discovery is also a founding member of the Health Information Exchange initiative, called **CareConnect**. This initiative aims to securely provide health information sharing services to enhance healthcare consumer engagement and experience, as well as lower healthcare costs for all South Africans.



Promoting better health continued

Engaging with healthcare partners to develop a sustainable ecosystem

Discovery Health's updated vision statement is "to be a powerful force for social good by partnering with health professionals and all other healthcare providers to provide universal coverage within a sustainable public and private healthcare system."

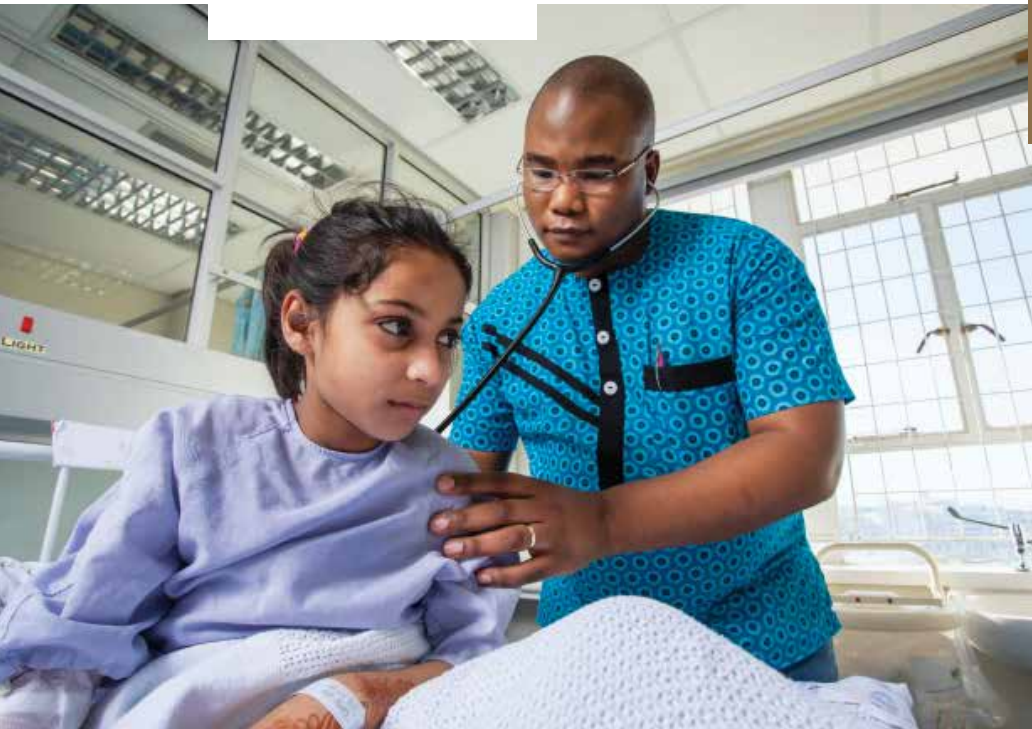
We continue to identify healthcare providers who are delivering exceptional care and rewarding them with positive recognition through the **Patient Survey Score (PaSS)**. This incentivises further improvement on the part of hospitals for the benefit of all patients, including Discovery members.

77 962

Cumulative views since PaSS was launched in 2015

To enhance clinical quality (through lower risk of hospital-acquired infections) and decrease healthcare costs, Discovery Health is driving greater use of day theatres for certain procedures, which is consistent with international trends. We continue to work in partnership with key stakeholders to balance healthcare costs, quality and patient care.

We provide specialised programmes to help members and their physicians to actively manage and navigate care for specific conditions, including cancers, HIV, kidney disease, cardiovascular disease and depression. These programmes support the coordination of care across all stakeholders in a complex healthcare delivery chain, ultimately providing more cost-effective care.



Increasing support for mental health

In conjunction with increasing awareness in the UK on mental health issues and backlogs in treatment in the National Health Service (NHS), VitalityHealth is contributing to both a deeper understanding of the issue and providing new treatment pathways for its members. A new pillar in the Vitality Wellness programme called Healthy Mind, launched in August 2018, includes interventions such as mindfulness and mediation, which are tracked through mobile apps. We continue to promote physical activity as part of a set of interventions that can support good mental health.

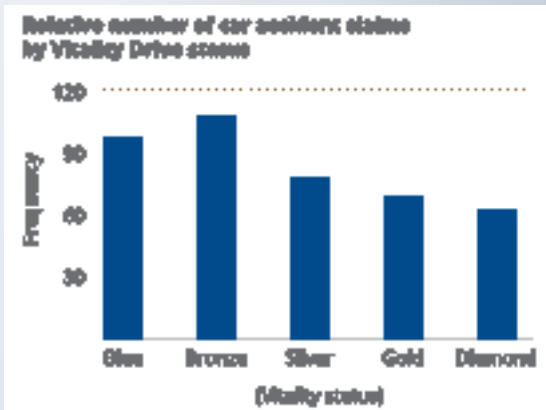
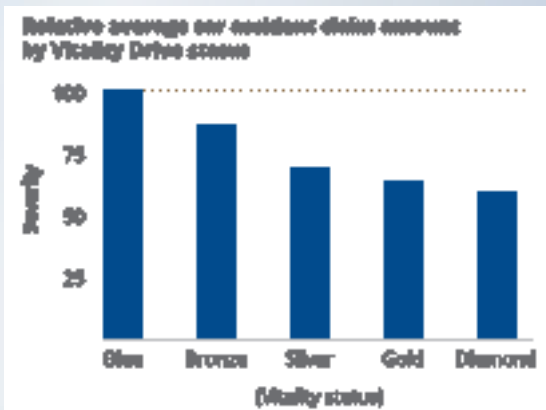
We are assessing our global approach to mental health, including mental health assessments, expanded or dedicated mental health products, and a greater focus on assessing and promoting the complementary benefits of physical health and mental health in overall wellbeing.



Incentivising safer driving

Better drivers mean fewer accidents and safer journeys for our clients and others on South Africa’s roads. Discovery’s commitment to “reduce harm on our roads through improved driving behaviour” is driven by monitoring and incentivising adherence to good driving behaviour.

We continue to see positive impacts with the frequency and seriousness of accident claims being lower for those with a higher Vitality Drive status.



The technology and data also supports other safety features, like alerting you when we detect that it's not you driving the car and detecting if you've had a collision to proactively send emergency services.

Taking benefits into commercial operations

Discovery Insure’s commercial business, **Discovery Business Insure**, is extending our insights on incentivising good driving behaviour into commercial operations. We monitor driver behaviour to help these clients reduce accidents and claims, and manage their fleets.

In updating our objectives for **Ambition 2023**, Discovery Insure aims to create a nation of great drivers and build better businesses. We directly support South Africa’s National Development Plan by focusing on key road safety initiatives – Safe Travel to School (discussed in the section: Healthy and prosperous communities) and SEE ME (a campaign launched in February 2019 to make school children more visible on our roads using reflective gear).



Healthier businesses for healthier economies

Businesses today face a range of constantly evolving, complex and often intangible risks driven by the pace of technological change.

Discovery Business Insurance is focused on building better and healthier businesses. We offer clients unique benefits across property, accident, motor and other business liability claims, built on the premise that businesses with good financial performance and successful operations have a lower insurance risk. We provide powerful incentives and benefits to businesses to help them grow, reduce their insurance costs and manage their risks.

Healthier businesses also benefit South Africa as a whole as they contribute to higher economic growth and employment. Discovery Business Insurance caters for small and medium enterprises (SMEs). Our product innovations are focused on delivering shared value to this vital segment of the market, which is key to supporting economic growth and activity in South Africa.

Discovery and Endeavor South Africa (a non-profit organisation with 20 years of global experience in supporting high-impact entrepreneurs) have co-developed a diagnostic tool for clients to assess the health of their business. It is based on a global benchmark of key indicators for business success, and provides actionable insights and recommendations for SMEs. We support positive change by providing preferential rates from a collection of world-class service providers, such as cybersecurity solutions and talent and skills development programmes.

Supporting financial wellbeing

To close the retirement funding gap and help our members achieve financial independence, Discovery Invest rewards healthy financial behaviour by encouraging our members to save more, save earlier, retire later and drawdown as little as possible during retirement. Integrated across other products, we give our members bonuses on their investments if they live healthier and drive better, and through Vitality Money, manage their finances better. Essentially, we help our members earn additional returns, beyond market performance, just by living well.

In 2018, we rolled out an Umbrella Fund product line to corporates, extending shared-value investment impact to corporate clients and their employees.

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 more than 2%. The impact of this positive behaviour change is substantial, resulting in clients receiving approximately 50% more in their fund value in retirement.

Rewarding a healthy lifestyle

Discovery Life has shifted the focus of life insurance to reward clients for living a healthy lifestyle, rather than just paying out in the case of a life-changing event.

We understand that insurance products can be complicated and clients can be left wondering what they need to disclose and what their policies actually cover. As a result, Discovery Life has simplified our application form to be very clear about our cover and benefits, and what exactly needs to be disclosed to ensure the benefits are realised in the event of a claim.

Discovery Life's innovative Global Education Protector is not only protecting members' children at every stage of their education, but also funding up to 100% of their tertiary education, even if no claim is made by simply leading a healthy lifestyle. This way, Discovery Life makes access to higher education possible, even if there is a life-changing event for a family. The product was recognised globally for its innovations and received the runner-up prize in the disruptive product or service category at the EYma-Accenture Innovation in Insurance awards 2018.



HEALTHY AND PRODUCTIVE WORKFORCES

Employee wellbeing as the bedrock of better business

Related material matters and issues

1

Deepen the social impact of our products and services.

- Leverage product design and innovation to drive social good.
- Scale our businesses to achieve greater impact.

2

Ensure our people management strategies address broader social concerns.

- Enhance systems that support inclusivity
- Develop talent to support business growth.

3

Leverage our capacity to support resilient ecosystems.

- Support national objectives to enhance market sustainability.
- Reduce the cost of healthcare and the burden on public healthcare infrastructure.

4

Active corporate citizenship that aligns to our values.

- Operate an ethical and compliant business.
- Leverage models, capabilities and skilled employees to support social innovation.



Assisting our clients to broaden access to healthcare and wellbeing

Discovery launched **Healthy Company** in August 2018 to provide employers with a proactive corporate wellness programme to support their employees on their wellness journey. With a strong emphasis on preventive measures, early health and wellness screenings give employees information on their wellness status and help employers understand the overall health profile of their workforce.

We also launched the **Healthy Company app** to leverage our cutting-edge technology platform to provide employees with easy access to all the tools, assessments, educational content and guidance they may need when navigating life's challenges.

Discovery PrimaryCare is a unique healthcare product that enables employers to provide their employees and their families with affordable quality private healthcare and wellness management. Considering the strong interest shown by employers and the rapid growth to just over 45 000 lives in three years, it is evident that Discovery PrimaryCare is meeting an important business and social need.





Assisting our clients to broaden access to healthcare and wellbeing continued

In the United Kingdom, VitalityHealth partnered with Nuffield Health in September 2017 to launch a new proposition that provides large employers with a stand-alone health and engagement solution for their entire workforce. The Vitality Healthy Workplace offering takes a holistic approach to employee health, providing a range of tools to help employers understand the physical and mental wellbeing needs of their employees to drive improvement.

“Enabling workers at all levels in an organisation to be healthy, both mentally and physically, and to have a sense of wellbeing, is essential to achieving employee engagement and increased productivity. Vitality Healthy Workplace has the potential to benefit the employee and their family, the employer, and the community.”

Professor Dame Carol Black, Chair of Vitality Healthy Workplace and an expert in workplace health

In addition, VitalityHealth has recently launched **Vitality Essentials**, which extends the Vitality Wellness programme on a stand-alone basis to medically uninsured employees in companies that have insured their management team with VitalityHealth. Providing cost-effective solutions is key to overcome the barrier to entry for SMEs to participate in wellness initiatives.

Our Vitality Health at Work team assists our clients to drive greater awareness and participation in health and wellbeing initiatives with employees. They have introduced the **Champions programme**, where staff volunteer to become champions and receive training.

We currently have 76 Champions participating, who are key to extending the network of health and wellbeing interventions. Our Performance Champs initiative targets senior and executive management clients, and coaches them on the links between lifestyle, physiology and work performance.





Embedding health and wellness into our place of work

Our employees' wellbeing is vital to our success as a company, and we believe this also contributes to healthier and happier families and communities beyond the office.

In August 2018, Discovery rolled out **Healthy Company** to our own workforce. We take a proactive approach to managing each employee's personal risk profile with a view to achieve organisational and individual impact, led by data-driven insights that drive refinements to our programmes internally and with our clients.

All employees in all regions have access to Healthy

Company benefit and an on-site doctor. We have introduced member-based research ratings to ensure that employees continue to receive world class services at our onsite clinics.

In strengthening our focus on holistic employee wellbeing, we have expanded our employee wellness strategy, with Healthy Company services available to employees, their immediate families and those who are financially dependent on them.



Britain's Healthiest Workplace study Understanding employee health and productivity

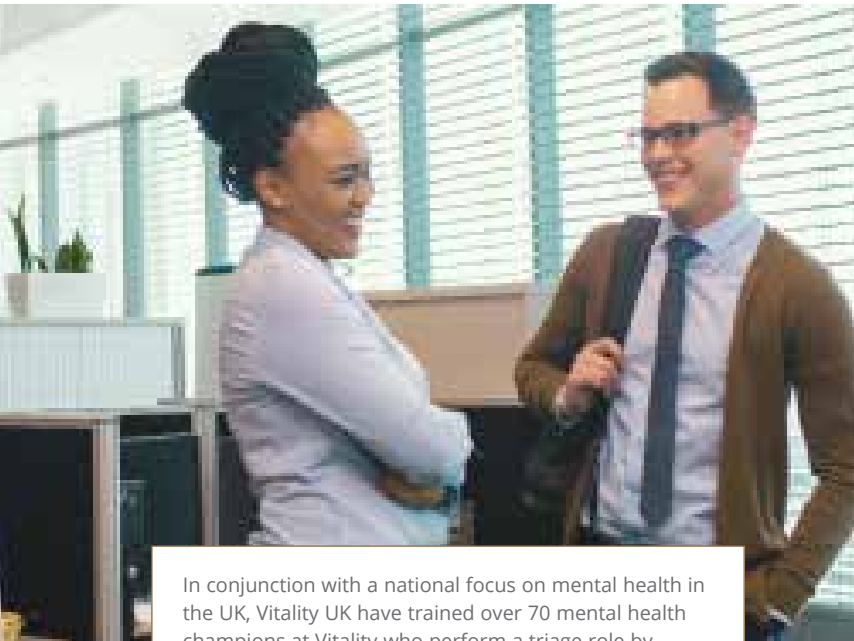
Britain's Healthiest Workplace is an annual study funded and developed by VitalityHealth and delivered in partnership with the University of Cambridge, RAND Europe and Mercer, with the Financial Times as our media partner. In its sixth year, it looked at a number of lifestyle, mental wellbeing, clinical risk and productivity factors among 26 432 employees, together with a broad view of leadership and cultural dimensions and organisational policies, practices and facilities that could directly impact on employee health, across 129 companies.

In linking modifiable health risks and short-term productivity, Britain's Healthiest Workplace is helping develop a common understanding of what employee health and wellbeing means, and establishing a common set of standards that can be applied in all industries.

The results show that the average UK employee loses 35.6 days of productive time each year, up from 27.5 days in 2017, including a rise in presenteeism.

Employees with increased financial concerns were also shown to be losing more than twice as much productivity.

The findings demonstrate that employee health is an issue which cannot be ignored, especially as health-related lost productivity is costing the UK economy an estimated £81 billion per year.



In conjunction with a national focus on mental health in the UK, Vitality UK have trained over 70 mental health champions at Vitality who perform a triage role by recognising the signs of mental health distress and facilitating access to formal interventions offered by mental health professionals. We are also providing mental health awareness training to all managers.

We have partnered with Salary Finance, an organisation that has won global awards for its socially responsible approach to debt consolidation and management, to support employees experiencing financial difficulties.



HEALTHY AND PROSPEROUS COMMUNITIES

Acting as a force for good in the networks that surround our business

Related material matters and issues

1

Deepen the social impact of our products and services.

- Scale our businesses to achieve greater impact.

2

Ensure our people management strategies address broader social concerns.

- Enhance systems that support inclusivity
- Develop talent to support business growth.

3

Leverage our capacity to support resilient ecosystems.

- Support national objectives to enhance market sustainability.

4

Active corporate citizenship that aligns to our values.

- Operate an ethical and compliant business.
- Leverage models, capabilities and skilled employees to support social innovation.



Supporting South Africa's transformation

Being a powerful force for social good finds expression through our Shared-Value business model in the products and services we provide globally. But it also situates Discovery locally, in each community and network where we operate. The sustainability of our business requires real engagement with the challenges that face South Africa.

"Core to our history, values and success to date has been pride in our country and a commitment to playing a nation-building role. Central to this optimism is embracing transformation at all levels, which is vital to the country's progress, and to creating an economically inclusive future for all. We see transformation as an ongoing journey – and it remains a critical and relentless focus for us."

Adrian Gore, Discovery Group CEO

With the structural and socio-economic imbalances that continue to characterise South African society, progress on transformation remains a moral imperative for Discovery. Our progress in transformation and contribution to employment growth has real impact, given our continued growth in South Africa and globally.

We are currently
level 2
as measured against the broad-based black economic empowerment (B-BBEE) scorecard.*

A road map is being developed to achieve this ambitious target, overseen by the Group Head of Organisational Development and Transformation with final approval by Social and Ethics Committee.

* The difference of the B-BBEE level on the 2019 Integrated Annual Report (IAR), is due to the B-BBEE certificate being re-issued as a B-BBEEE level 2 post the IAR being published and printed.





Building and broadening our supply chain

To support the growth of black-owned businesses in South Africa, Discovery 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.

Just over
R115 million
Current ESD loan book

R12 million
Grants provided in 2019, supporting
23 independent entrepreneurs

Target achieved
For enterprise and supplier development
(as set by the Financial Sector Code)



We work with enterprises where we see the potential for them to become successful businesses with a sustainable market, with business development support provided beyond funding where required. We also coordinate closely with the procurement team to identify and ensure that we are supporting suppliers that are strategic to Discovery's business.



Driving preferential procurement to support emerging businesses

Our objective to support black youth-owned business is about much more than the B-BBEE scorecard, it is about nation building and leveraging our success to improve the ecosystems where we have influence. Support includes identifying suitable companies and facilitating access within Discovery's federated model to give them greater exposure and broaden their networks across the organisation. We also engage closely with existing suppliers to improve their B-BBEE ratings.


Amendments to the B-BBEE Codes of Good Practice in 2018 have had an adverse impact on the levels of some of our suppliers. Discovery is a strategic partner in establishing Mohau Equity Partners, a strategic long-term investor and 100% black women-owned business supported by funding from Discovery. Our objective is for Mohau to identify entrenched and strategic suppliers within Discovery that require support in improving their B-BBEE profile.



Over R1.37 billion
Procurement spend on black-owned businesses

24.3%
Proportion of our total procurement spend on black-owned businesses

Over R535 million
Procurement spend on black women-owned enterprises.



Discovery is a proud shareholder of the R1.4 billion SA SME Fund, a private sector led initiative born out of the CEO Initiative to stimulate the economy and create jobs. The Fund focuses on building entrepreneurs and SMEs, and on investing in and growing the venture capital industry in South Africa. This support is critical for stimulating the dynamism and innovation of our economy.

R20 million
Discovery committed an initial investment to the SA SME Fund.



Supporting and developing community networks

Our CSI philosophy is embedded in the overall business philosophy of being a pioneering and leading global business that implicitly transforms financial services. We are focused on ensuring that the social development models used in our initiatives and by our partners are measurable, replicable, scalable and inclusive.



Harnessing the power of an emerging network of leaders as a force for social good

The Discovery Foundation disburses grants to address the shortage of healthcare resources through training medical specialists, developing academic medicine and research centres, and increasing the number of sub-specialists to adequately meet the country's healthcare needs.

In the 2019 financial year, 92% of academic and sub-specialists awards were awarded to black beneficiaries in terms of the B-BBEE definition.

Through the Discovery Foundation, we have supported training of

321 healthcare specialists

to the value of

R230 million

since inception in 2006

In excess of

R19 million

2019 Discovery Foundation spend on the awards programme (2018: over 21 million)

Over

R27 million

Spent directly on providing **42 doctors** with specialist training (2018: 16.3 million spent on 52 doctors)

Approximately

R11.1 million

Grants awarded to **14 institutions** (2018: 7.7 million grants awarded to 11 institutions)

Supporting our employees in their quest to volunteer for good

Discovery's employee volunteer programme demonstrates that our purpose lives in the actions of our people. Given the wide range of skills across Discovery, we work with communities to understand their real needs and match these to the skills and resources volunteered by Discovery's people.

For example, in our flagship Orange Farm partnership, our leadership development team provided a leadership programme for school principals. A key requirement for our interventions is that they are identified and requested by the relevant stakeholders in these communities.

We have set a **70%** employee engagement target for 2019 to 2023

As a cumulative target, we are already showing good progress, with **27%** up to the end of June 2019

Discovery|CoJ Business Centre launched its business hub serving Orange Farm. Through its incubator programme, we continue to provide business support, training and mentorship to entrepreneurs from the area.

The long-term goal is to provide a benchmark and documented model for the City to replicate in other similar programmes.

Also in Orange Farm, the Discovery CoJ Technical Skills Centre continues to provide technical training, and where possible, internships or job placements for young people.



Supporting and developing community networks continued

Funding programmes to improve the lives of vulnerable communities

The **Discovery Fund** strengthens and improves health systems by developing human capital and skills, as well as primary healthcare service delivery. It also provides support to health policy, advocacy and infrastructure programmes. Focus areas include maternal and child health, HIV and AIDS, and tuberculosis.

The **Discovery Fund** is funding and actively involved in key programmes, including:

Discovery Insure's Safe Travel to School programme. Implemented by the Discovery Fund and our partner Childsafe, it currently transports approximately 18 000 children to school every day using over 800 drivers on the programme

Hlokomela, an innovative HIV and Aids educational and treatment programme that supports farmworker communities across almost 100 farms in Limpopo and Mpumalanga.

Discovery has funded a research project through HE²RO (the health economics and epidemiology research unit at the University of the Witwatersrand) to investigate funding and partnership models to extend Hlokomela's services into primary healthcare and extend this model to other farms

Umthombo Youth Development Foundation.

It identifies, trains and supports rural youth to become qualified health care professionals to address the human resource shortages at rural hospitals. Given their success, Umthombo is scaling and diversifying its model to include education by attracting skilled science and maths teachers to underserved rural areas.



We are applying the Social Impact Accelerator Programme to provide a high-engagement mechanism to better support the Fund's high-impact, long-term and flagship programme partners to scale the impact of their interventions.

Discovery Fund is also funding important initiatives in attracting skills and training in healthcare, including:

- Africa Health Placements
- The Breast Health Foundation's training platform, Phakamisa.

36 projects received support worth more than **R20 million** from the Discovery Fund in 2019.



Supporting improved healthcare delivery in South Africa

Being a force for social good means recognising and actively contributing to the health of South Africans. Discovery supports efforts to improve healthcare delivery by focusing on access, equity, efficiency, quality and sustainability. Given our data-led approach to driving improvements in health, Discovery shares its expertise and insights to support evidence-based decision making that benefits the healthcare system.

Discovery has stated its commitment to work with government to support the implementation of National Health Insurance (NHI) to achieve universal health coverage. We believe that cooperation across all sectors in public and private healthcare are needed to confront the immense challenges facing South Africa, and indeed the world at large. As a result, we are active stakeholders in providing submissions on legislation and engaging with regulators to ensure the sustainability of our business, the industry and the broader healthcare ecosystem.

Discovery has made comprehensive submissions in response to other major regulatory and policy developments in 2019 and we continue to engage through various forums, including Business Unity South Africa (BUSA) and the Health Funders Association. It is crucial that we are active participants in representing the interests of our members and promoting a workable framework for effective healthcare delivery.

Within our value-based care division, we are applying our expertise, data and extensive partnerships with healthcare specialists, medical societies and providers to support the delivery of quality cost-effective healthcare. We are supporting the South African Society of Obstetricians and Gynaecologists and their members with a customised record in HealthID for documenting the care provided during the prenatal and delivery stage. It is supporting their intention to better understand and improve outcomes for the benefit of mothers and children. The division is also spearheading initiatives focused on areas like arthroplasty and bundled fee arrangements for specific procedures to ensure cost-effective care. Sharing our understanding, research and insights is a critical contribution we make in improving healthcare access and delivery.

Discovery has supported the Public Health Enhancement Fund (PHEF) since its inception in 2012. As a forum for the private health sector to engage with and strategically support the Minister of Health, the PHEF aims to address challenges facing the health sector for the collective benefit of all South Africans.



R5 million

Contribution to the PHEF in 2019 financial year, with **R34.9 million** since 2013

R40 million

Contribution as part of our corporate social investment into public health through the Discovery Fund and Discovery Foundation in the 2019 financial year



Curbing fraud, waste and abuse in the healthcare system

In 2019, Discovery Health's efforts to curb fraud, waste and abuse in the healthcare system resulted in a substantial R529 million recovered on behalf of client schemes. These efforts also prevent additional fraud, waste and abuse, which is key in reducing costs in healthcare delivery.

Our fraud investigation processes are objective, impartial and fact-based. They comply fully with applicable legislation and have been tested and approved in courts of law. The entire forensic investigation process was also audited and tested by an independent legal firm in 2018 to ensure full compliance.

"We have a contractual and ethical duty to ensure that members' funds are disbursed to pay for valid claims only. Without this rigorous approach, fraud, waste and abuse depletes the available pool of funds needed for healthcare treatment for members and drives up premiums."

Dr Jonathan Broomberg, CEO of Discovery Health



HEALTHY AND INCLUSIVE ORGANISATION

Driving an ethical and inclusive culture

Related material matters and issues

1

Deepen the social impact of our products and services.

- Leverage product design and innovation to drive social good.
- Scale our businesses to achieve greater impact.

2

Ensure our people management strategies address broader social concerns.

- Enhance systems that support inclusivity
- Develop talent to support business growth.

3

Leverage our capacity to support resilient ecosystems.

- Support national objectives to enhance market sustainability.
- Reduce the cost of healthcare and the burden on public healthcare infrastructure.

4

Active corporate citizenship that aligns to our values.

- Operate an ethical and compliant business.
- Leverage models, capabilities and skilled employees to support social innovation.



Building a highly ethical workplace culture

Healthy companies are a combination of their people, purpose, culture, strategy and systems. We are working to build a culture that is inclusive and accountable, where our people are valued and developed, and where ethics consciously informs decision making.



“Ethics is at the heart of sustainability, as the conscience of an organisation.”

Tswelo Kodisang,
Discovery's
Chief People Officer

757

Number of employees attended ethics training

7 597

Number of successful online ethics courses completed

9

Incidents reported to the ethics hotline

Ethical issues often extend beyond what is legal or compliant, although there is often overlap. For example, Discovery has strong governance processes to monitor conduct risk and adherence to Treating Customers Fairly (TCF) regulations. Where internal teams may be satisfied that a change to a product or a new product meets TCF regulations from a financial, legal and business perspective, the Ethics Office is increasingly performing an important function in advising on the ethical implications beyond compliance, so ensuring that ethics is deeply embedded in product design.

The Ethics Office's mandate extends to international operations where Discovery has management control. In Vitality Group markets where we do not have management control, we are still able to provide input on ethics, on issues from human rights and child labour policies, to environmental issues.

We've also partnered with the Gordon Institute of Business Science (GIBS) to launch the GIBS Ethics Barometer for South African business. It will provide a benchmark against participating organisations in measuring ethical conduct in relation to all our stakeholders, and so provide insight into opportunities to extend ethical business practice to enhance the sustainability of our organisation.



THERE WERE **13 COMPLAINTS** REGARDING BREACHES OF CUSTOMER PRIVACY AND LOSSES OF CUSTOMER DATA DURING THE YEAR



Ethical data use and data protection

With rapid advances in technology and big data, we are revising our approach to data management and the ethical use of data. Through the Ethics Office, we have set a challenge to test that we are always ahead of what is merely legal and compliant - we must be in step with what is ethical and in the best interest of the collective.

To protect client information, we have robust processes controlling access to specific systems and databases.

The Ethics Office will also provide an advisory role on megatrends that may impact the Group, including the ethical implications of artificial intelligence, machine learning and robotics. With the increasing pace of advancement in these fields, a more proactive approach to ethics is crucial in protecting the interests of our clients and remaining true to our values.



Developing talent to support our strategy

Our Learning and Leadership team shapes leadership and capability development across Discovery, which ultimately impacts performance and organisational culture over time.

We are evolving Discovery's learning capability and developing a strategy to enhance the Learning and Leadership capability into the future by revising our business skills curriculum in direct response to the challenges of the new world of work. This requires deep development expertise as well as a good understanding of Discovery's context, and we are collaborating with experts to bring an external perspective.

Attracting the top actuarial talent to Discovery

The Adrian Gore Fellowship, our actuarial recruitment programme, selects the top 30 to 40 actuarial students nominated by universities across South Africa. These candidates complete a programme at Discovery, after which we offer permanent roles to the best performers. The programme started in 2013 and we still have 47 fellows working at Discovery.

Introduced in 2018, our mentorship programme was designed to support and accelerate

the development of designated high potential talent at senior levels in the organisation. From the lessons learnt about key success factors of mentorship from this programme, we are now evolving the approach to focus on designated talent across all levels in the organisation and allowing us to build fluency in development planning.

Inspired by our ambition to be a force for social good, Discovery extends skills programmes beyond employees to include their relatives and dependents in Grades 10 to 12 as well as students studying at South African tertiary education institutions. This is building a pipeline of talented individuals who can contribute to South Africa more broadly in the future. In 2018 we introduced a bursary scheme to support the education of employees' identified dependents in specific income levels, including the so-called 'missing middle' income group. To date, 90 employees have made use of the newly launched scheme to the value of R2.4 million.

>R82 million

External learning and development spend

Just over R304 million

Total B-BEE training spend, amounting to 74.6% of total training spend



Developing leadership depth and managing diverse teams

Our leadership development and executive development programmes include specific themes on leading and managing in a fast-changing and complex world. Guided by Discovery's strategic focus on being a powerful force for social good, Learning and Leadership is embedding social relevance into each of the programmes in our leadership curriculum. We believe that leaders naturally operate across all four levels in delivering against Discovery's purpose.

649

of our employees completed a leadership development course during the year and, on average, each of our employees received 34.56 hours of training.



Enhancing systems that support diversity equity and inclusivity

Achieving our transformation goals requires practical strategies to build an inclusive and nurturing workplace culture. Data and analytics are providing insights that support evidence-led interventions and more equitable decisions by helping us remove bias from the recruitment system, providing a basis for fair and equitable remuneration and promotions, and providing data to enhance approaches in enterprise development.

We have made strong progress in attracting and retaining the best black talent as measured against the employment equity component of our 2016 transformation strategy. We are developing a new employment equity calculator and setting ambitious targets, with progress measured monthly through our people dashboard and linked directly to the executive scorecard.

We have included specific training in our leadership development programmes to raise awareness of the risks of unconscious bias and the opportunities in promoting diversity and inclusion across increasingly diverse teams. This is a key theme in the newly developed foundational leadership programme, **Leading the Discovery Way**.



Job creation is the greatest lever in Broad-Based Black Economic Empowerment. With strong employment growth at Discovery (with just over 8 000 employees added from 2016 to 2019), we are able to have a meaningful impact on transformation, with **approximately 55% of new jobs** going to African candidates. This supports our efforts to better reflect South Africa's economically active population.

2 564

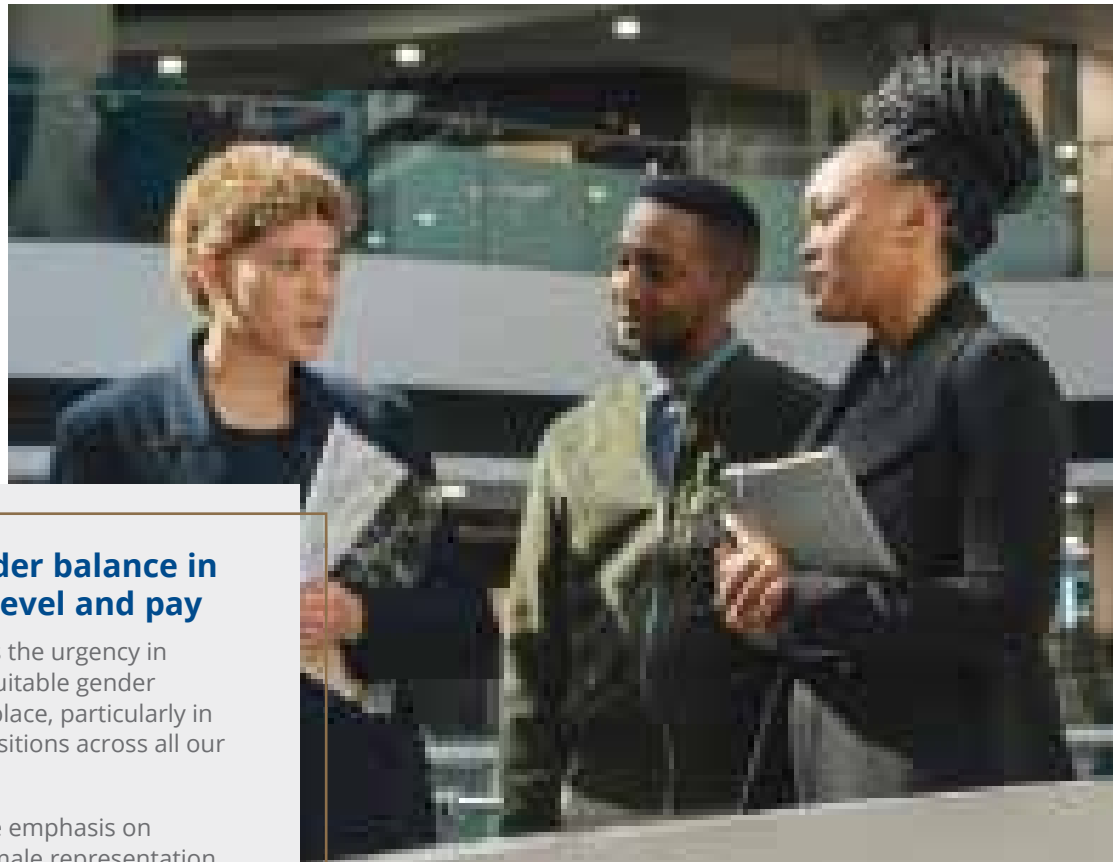
New employees added in 2019 (representing a new hire rate of 24.7%)

17.47%

Employee turnover (2018: 14.28%)

As a measure across our **South Africa operations**, turnover includes Discovery's large call centre operations as part of Discovery Health, and shifting business priorities.

In recognising the urgent challenge of youth unemployment in South Africa, Discovery is participating in the Youth Employment Service (YES) initiative which was officially launched by President Cyril Ramaphosa in March 2018. Between October 2018 and June 2019, 517 jobs have been created in support of the YES campaign, with 12 within Discovery and 505 with our partners. To support the success of these new entrants to the world of work, Learning and Leadership is working with the CSI team to develop an informal mentorship programme.



Achieving gender balance in management level and pay

Discovery recognises the urgency in achieving a more equitable gender balance in our workplace, particularly in senior leadership positions across all our businesses.

We continue to place emphasis on achieving greater female representation in our succession planning process. Over the coming year we will conduct detailed analysis into income differentials which will guide us towards an organisational response.

At present **49%** of senior management (2018: 49%)

and **18%** of the Discovery Board (2018: 15%) are women.

In the United Kingdom, we completed an in-depth analysis on pay which confirmed that we have slight equal pay for equal work issues; any differences are accounted for by factors like experience and qualifications. Our challenge is also under-representation of women in executive and senior management positions. To narrow this gap, we have set an ambitious target to increase the percentage of senior management roles filled by women.

Training in diversity, equity and inclusion is compulsory for all employees, and has been supplemented by additional learning and development on unconscious bias for managers.



Managing our direct environmental impact

Discovery is committed to responsibly managing its environmental impact and minimising the use of natural resources in our business.

Our three key environmental objectives are to:

- Reduce and monitor our direct environmental footprint

1
- Drive behaviour change by creating awareness and educating our employees

2
- Understand the impact of climate change on our business.

3

We are implementing an efficient digital platform for data monitoring in South Africa, supporting accurate tracking, monitoring and reporting across all emission sources.

As significant consumers of power and water, we have designed our data centres to be as efficient as possible and use energy and water efficient air-based chillers to augment cooling. We are also decreasing energy consumption by switching off all non-essential lights at 8pm each week day and keeping them off over weekends, where possible.

Alongside our environmental awareness campaigns, employees also contribute ideas on the responsible management of resources.

We also provide home recycling stations for our employees to bring in and dispose of their household waste. This includes standard recycling and extends to e-waste and hazardous waste (such as light bulbs, fluorescent tubes and batteries).

**APPROXIMATELY
46% OF THE WASTE
GENERATED ON
OUR CAMPUSES IS
RECYCLED**



**34 703
MWh**

Total energy consumption*
(2018: 44 550 MWh)



**503.39
tonnes**

Total weight of waste by type and disposal method (South Africa)
(2018: 751 tonnes)



**60 437
tonnes CO₂**

Greenhouse gas emissions (South Africa)
(2018: 66 905 tonnes CO₂)**



**1 284
tonnes CO₂**

Greenhouse gas emissions (United Kingdom and United States of America)
(2018: 1 302 tonnes CO₂)**



**140 232
kl**

Total water withdrawal from municipal water supplies in South Africa
(2018: 127 452.10kl)

Environmental initiatives delivered during the year included recycling, Earth Hour, World Water Week, World Environment Day and Arbor Day.

* The slight decline in energy consumption is due to the new digital platform employed to monitor this consumption.

** Includes scope 1, 2 and 3 emissions.