



DISCOVERY
GOVERNANCE REPORT
2020

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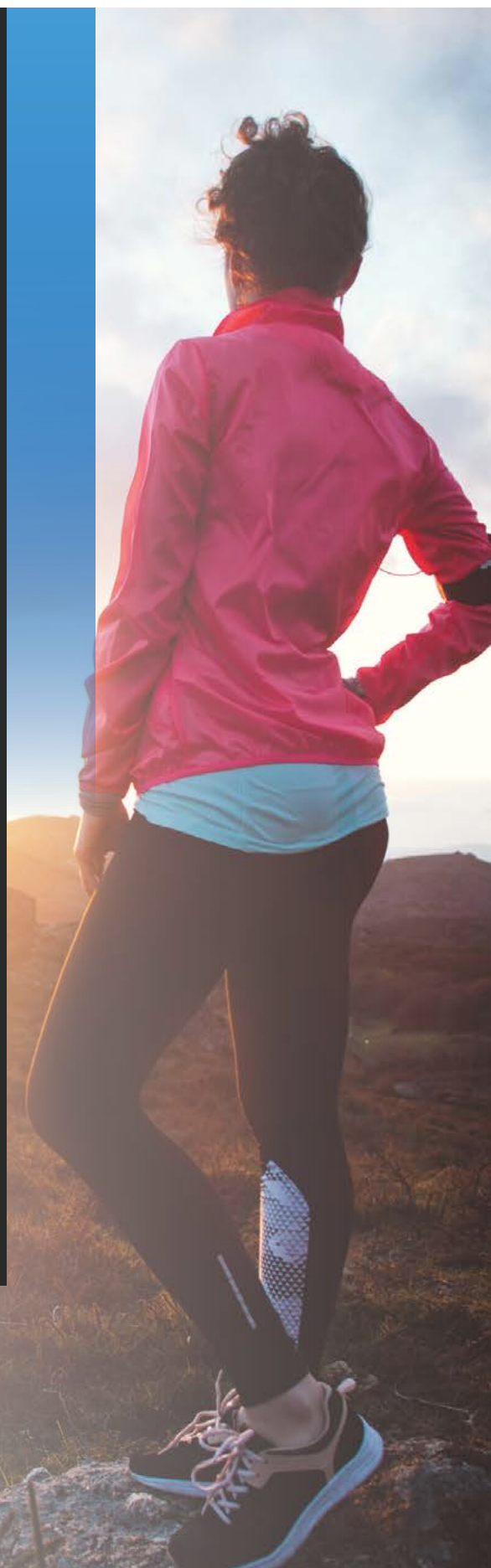
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01

About this report

Our reporting suite comprises five reports, providing our stakeholders with detailed information on the Group, its prospects and its performance.


- > **Our 2020 Integrated Annual Report** is our primary report to our shareholders, providers of financial capital and other stakeholders. It details our financial, economic and social performance.
- > **Our 2020 Governance Report** includes information on our governance philosophy, leadership and our compliance with King IV™.
- > **Our 2020 Sustainable Development Report**, as detailed on our website, provides details on how the Group delivered on its commitment to be a powerful force for social good for our clients, our business and our broader society.
- > **Our full 2020 Annual Financial Statements** include the consolidated financial results of Discovery Limited and its subsidiaries, the Embedded Value Statement and Five-year Review.
- > **Our 2020 Annual Financial Results Presentation** provides an overview of Discovery's financial performance to investors.


 All reports can be found on our website at www.discovery.co.za

In the preparation of this Governance Report, we were guided by:

- JSE Limited Listings Requirements
- King IV Report on Corporate Governance for South Africa, 2016 (King IV™)¹
- Companies Act, No 71 of 2008, as amended (Companies Act)

To navigate our reporting suite, we use the following icons:

 Refers the reader to other sections in this report

 Refers the reader to another report in our online reporting suite

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Our governance philosophy and framework

We see governance as a critical component of value creation, promoting strategic decision-making that balances short-, medium- and long-term outcomes to reconcile the interests of the Group, stakeholders and society.

Our approach to governance extends beyond compliance. We believe that good governance creates and protects value by ensuring responsible and ethical behaviour, as well as enhancing accountability, leadership, risk management, performance management and transparency.

Our Board of Directors (the Board) is the highest governing body of the Discovery Group and is committed to the principles of good corporate governance as set out in King IV™. The core purpose of Discovery is to make people healthier and to enhance and protect their lives. To enable the delivery of our purpose, the Board endeavours to preserve the Group's unique entrepreneurial spirit, with strong emphasis on innovation, while entrenching the principles of good governance and ethical leadership throughout the organisation.

The Group is committed to a values-based and ethical culture built on the principles of non-discrimination, fairness, integrity and transparency. Compliance with Discovery's values is monitored throughout the organisation.

 *The Board is committed to the principles of good corporate governance as set out in King IV™. Our application register is from page 37*

Achieving our governance outcomes
King IV™ forms the cornerstone of our approach to governance and, as such, we support its overarching goals:

 Ethical culture	 Good performance
 Effective control	 Legitimacy



03

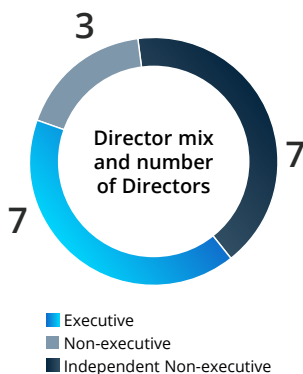
Our leadership

COMPOSITION OF THE BOARD

The Discovery Board is committed to leading the Group responsibly, ethically and with integrity – ensuring that it operates in the best interest of the business and all its stakeholders. The Group’s key stakeholders include providers of capital, clients, financial advisers, employees, business partners, healthcare providers, government and regulators, and the civil societies and communities in which we operate.

Our Board comprises 17 Directors – 10 Non-executive and seven Executive, with our Chairperson as an Independent Non-executive Director. Our Directors have diverse knowledge of the industry in which Discovery operates, as well as the requisite technical and academic qualifications, skills and experience necessary given the complexity of the Group’s businesses in our South African, United Kingdom (UK) and partner markets. While our Executive Directors consider the best interests of all our stakeholders, they also act as representatives of our subsidiaries. Given Discovery’s diverse operations, we believe this enhances discussion and, ultimately, enables more informed decision-making.

We believe that Board diversity encourages constructive debate among Directors and ensures that the Board considers all stakeholders in decision-making. The Board periodically considers its composition in terms of its mix of knowledge, skills, experience, diversity and independence to discharge its roles and responsibilities objectively and effectively.



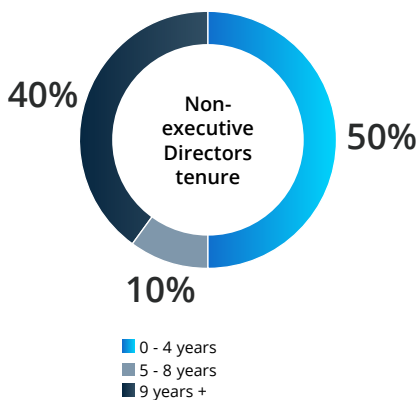
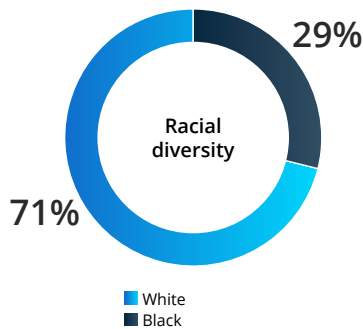
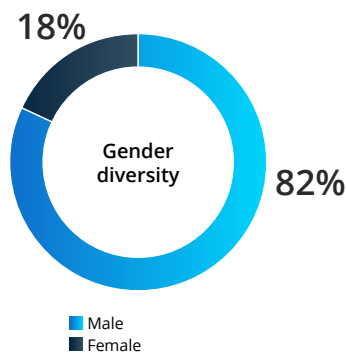
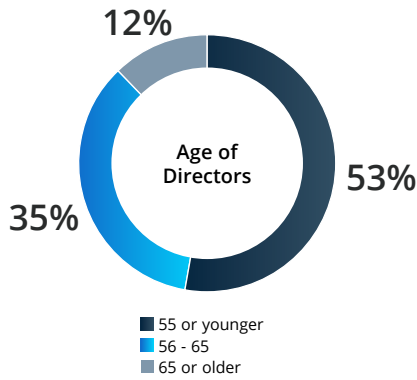
Primary skills and experience of the Discovery Board



BOARD DIVERSITY

Discovery is committed to promoting diversity at Board level – including business and industry knowledge, skills and experience, age, gender, race and culture – recognising that diversity of thought makes prudent business sense. Our approach is set out in our Board Diversity Policy, which is informed by corporate governance best practice and meets regulatory compliance. The policy also sets out Discovery’s voluntary minimum short- and long-term targets in terms of race and gender representation at Board level. The requirements of this Board Diversity Policy, along with the representation targets, will be considered by the Nominations Committee when identifying and recommending suitable candidates for appointment to the Board.

We have set voluntary minimum targets of 35% black and 25% female Board representation over the next three years. Currently, our Board comprises 29% black Directors and 18% female Directors. The Board, recognising that our current representation is below our voluntary minimum targets, has tasked the Nominations Committee with the responsibility of identifying suitable Board candidates. Moreover, in addition to improving the gender and racial composition of our Board, we aim to further strengthen the actuarial, data and technological knowledge capabilities of our Board.


Our Leadership *continued***DETERMINING INDEPENDENCE**

The categorisation of each non-executive Board member as independent, or not, is assessed against the criteria outlined in King IV™. An Independent Director is defined as a Board member who exercises objective judgement, and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence them unduly or cause bias in decision-making.

Every year, the Board conducts an assessment to ensure Directors' independence in fact and perception. The process includes an assessment of each Director's circumstances and performance to ensure that the Directors remain independent. We believe that the Independent Directors who serve on our Board are invaluable in facilitating robust debate and, as such, this assessment is viewed as critical.

Regarding all Directors, the Board is satisfied that there are no relationships or conflicts of interest that could prevent them from acting in the best interests of the Group, and with due care in discharging their duties. Furthermore, regarding Directors who have served longer than nine years, the Board has assessed each Director and is satisfied that the length of service does not adversely affect their independence or decision-making capabilities. The Board is comfortable that these Directors continue to be independent in character, behaviour, judgement and contribution towards Board decision-making, notwithstanding tenure.

While the Board is comfortable with the independence of the Directors, the Board is also aware that stakeholders require committed focus on increasing independence through the review of and potential addition of new members. The Board continues to review its composition and is committed to appointing new Directors in a mindful and considered manner, to protect stakeholder value, and to deliver robust governance and leadership.

 For more information on succession planning, as well as the appointment and rotation of Directors, refer to [page 22](#)



Our Leadership *continued*

KEY FOCUS AREAS OF OUR BOARD IN 2020

The impact of COVID-19 on the Group



The global outbreak of COVID-19 caused significant disruption within the countries in which we operate, affecting our communities, employees, financial advisers and other stakeholders. During the year, our Board spent significant time considering Discovery's strategy in response to COVID-19 to ensure that we evolve as the situation unfolds, while keeping our stakeholders informed of material impacts through trading statements and SENS announcements.

During this challenging time, our Board remained committed to protecting our people while ensuring business continuity, supporting and protecting our clients, supporting our country, and maintaining financial resilience. In doing this, we instituted a dedicated COVID-19 leadership team, a clinical response team, a COVID-19 compliance officer, and a COVID-19 relief programme for all of our clients across all of our businesses, as well as a fully mobilised risk management team headed by the Chief Risk Officer (CRO) and Head of Group Facilities. The Group Executive Committee, as well as the Executive Committees of South African operations, Discovery Health and Risk, were extensively involved in developing Discovery's response to the pandemic. We also ensured close coordination across our international operations.



Refer to our online *Integrated Annual Report* and *Sustainable Development Report* for more information on our response to COVID-19

Ensuring leading remuneration practices

The Board continues to consider Discovery's remuneration policies and practices to ensure that they are fair, responsible and transparent. We always endeavour to ensure that our Remuneration Policy reflects the expectations of our stakeholders, while ensuring that we liberate the potential of our people as we strive towards Ambition 2023.

At our 2019 Annual General Meeting (AGM), 88.66% of our shareholders voted in favour of replacing our cash-settled long-term incentive plan (LTIP) with an equity-settled LTIP. The introduction of an equity-settled LTIP will facilitate minimum shareholding, improve alignment with shareholders and eliminate the need for costly hedging structures.

Through the Remuneration Committee, Discovery's Board continues to ensure that our remuneration practices remain competitive to attract and retain the best talent in the markets where we operate. Furthermore, we believe that our pay practices drive a culture of ownership and greater alignment with shareholder expectations.



For our full *Remuneration Report*, refer to our online *Integrated Annual Report*

Strengthening diversity

The Board approved a Board Diversity Policy with specific race and gender targets.



For more information on Board diversity, refer to *page 4*

In addition to the Board's efforts in strengthening its diversity, the Board also oversaw the restructuring of the Group's Executive Committee to increase its diversity and ensure excellence. A number of steps have been taken to achieve this, including the appointment of three women, increasing female representation at Group Executive Committee level from 0% to 13%. The Board acknowledges that there is still substantial work to be done in transformation at senior management level. However, continued improvement in this area is expected, given the work already done to advance transformation through internal promotions and the implementation of development plans for certain roles.

Our purpose-driven strategic intent

Our Board continues to give significant attention to the relevance of our strategy in supporting the wellbeing of our clients and other stakeholders. The Board held its annual strategy session, which this year specifically focused on Discovery's COVID-19 response and how this would impact our Group strategy and target of scale. Among these considerations, the Board ensured that the Group is well positioned to support our established businesses' strategies to pursue growth, and to achieve scale with our emerging businesses and Discovery Bank.



Refer to our online *Integrated Annual Report* for more information on our strategy

Our Leadership *continued*

BOARD MEETINGS

In terms of its Charter, the Board formally meets four times a year to discuss and review a formal schedule of matters. At these meetings, the Directors discuss the development and implementation of the short-, medium- and long-term strategies of the Group, and engage with executive management about implementation of the strategies.

The Board also has the authority to convene additional meetings as and when required. Due to the outbreak of COVID-19 during the year, the Board convened two additional meetings to discuss the impact of the pandemic on the Group, as well as Discovery's response to it. From March 2020, all Board meetings were convened virtually to support Government's call to work from home.

The table below reflects the Board attendance at meetings during 2020:

Board member	Attendance*
NON-EXECUTIVE DIRECTORS	
M Tucker [#]	6/6
HL Bosman	6/6
Dr B Brink [#]	6/6
SE De Bruyn [#]	4/6
R Farber	5/6
F Khanyile [#]	6/6
D Macready [#] (appointed with effect from 3 February 2020)	4/4
Dr TV Maphai [#]	5/6
HP Mayers **	5/6
AL Owen [#] (retired with effect from 14 February 2020)	3/3
SV Zilwa [#]	6/6
EXECUTIVE DIRECTORS	
A Gore	6/6
HD Kallner	6/6
NS Koopowitz	6/6
Dr A Ntsaluba	6/6
A Pollard	3/6
B Swartzberg	6/6
D Viljoen	6/6

* An additional Board meeting was convened during the year to approve the appointment of David Macready as independent Non-executive Director to the Board and Chairperson of the Group Audit Committee. The attendance of this meeting is not included in the table above.

** Transitioned from an Executive Director to Non-executive Director effective 28 November 2019.

Independent.

Non-executive Directors may serve on the boards of other organisations. The Chairperson of the Discovery Board must be satisfied that the nature of the other organisation, its location and the expected time commitment will not affect the role and responsibility of the Non-executive Director to prioritise the affairs of the Discovery Group.



Our Leadership *continued*

OUR BOARD OF DIRECTORS


MARK TUCKER (62)

Designation	<i>Independent Non-executive Chairperson</i>
Nationality	British
Qualifications	BA (Hons), University of Leeds • ACA • ICAEW
Appointed	1 March 2019
Committee memberships	Nominations Committee
Experience	Mark is currently the Non-executive Group Chairperson of HSBC Holdings. Most recently, Mark served as Group Chief Executive and President of AIA Group Limited, where he spearheaded its world-record-breaking initial public offering in Hong Kong in 2010. Prior to AIA, he held various senior executive roles with Prudential, including Group Chief Executive of Prudential plc, and he was the founding CEO of Prudential Corporation Asia Limited. Mark was also an Independent Non-executive Director of the Goldman Sachs Group and served on the Court of the Bank of England as a Non-executive Director from 2009 to 2012.
Areas of expertise	Qualified Chartered Accountant with over 30 years' experience in the financial services industry (insurance, asset management and banking) in the UK, the US and Asia, including 25 years based in Hong Kong.
Other directorships	Non-executive Group Chairperson of HSBC Holdings plc, Chairperson of TheCityUK, Director of the Peterson Institute for International Economics, serves on the Asia Business Council and Advisory Board of the Asia Global Institute, Associate Professor at the Chinese University of Hong Kong, and member of the International Council of Advisers of the Hong Kong Academy of Finance.
Professional body memberships	Member of Asia Business Council and an Associate of the Institute of Chartered Accountants in England and Wales.


HERMAN BOSMAN (51)

Designation	<i>Non-executive Director</i>
Nationality	South African
Qualifications	BCom (cum laude) • LLB (cum laude) • LLM (cum laude) • CFA
Appointed	14 April 2014
Committee memberships	<ul style="list-style-type: none"> • Risk and Compliance Committee (Chairperson) • Remuneration Committee • Nominations Committee
Experience	Herman is the CEO of RMB Holdings and Rand Merchant Investment Holdings, having joined the companies in April 2014. Prior to this, he served as CEO of Deutsche Bank South Africa (2006 to 2013) and Head of Corporate Finance at Rand Merchant Bank (2000 to 2006). In these capacities, Herman has acted as professional adviser to Discovery on numerous occasions since 1999.
Areas of expertise	Strategy and corporate finance adviser, and financial analyst.
Other directorships	Serves on the boards of RMB Holdings, Rand Merchant Investment Holdings and Hastings. Chairperson of OUTsurance and Endeavor South Africa. Member of the University of Johannesburg Advancement Advisory board, and serves on the St Katharine's School board.

Our Leadership / Our Board of Directors *continued*



DR BRIAN BRINK (68)

Designation	<i>Independent Non-executive Director</i>
Nationality	South African
Qualifications	BSc (Med) • MBBCh • DMed (honorary)
Appointed	19 February 2004
Committee memberships	<ul style="list-style-type: none"> • Risk and Compliance Committee • Social and Ethics Committee • Treating Customers Fairly (TCF) Subcommittee
Experience	Brian retired as Chief Medical Officer of Anglo American plc at the end of 2014. He was awarded an honorary doctorate in medicine by the University of the Witwatersrand (Wits) in recognition of his contribution to the private-sector response to HIV and AIDS in South Africa. He served the board of The Global Fund to Fight AIDS, Tuberculosis and Malaria in various capacities from its inception in 2002 until 2019. Brian has extensive experience in the funding and delivery of healthcare, and remains actively engaged in discussions about universal health coverage, health systems strengthening and public-private partnerships in health.
Areas of expertise	Health insurance, health services delivery, workplace health, health and human rights, strengthening health systems in resource-poor settings, and thought leadership on the role of the private sector in improving health in developing countries.
Other directorships	Serves on the boards of several non-governmental organisations (NGOs) in the field of health and human rights, including Section27, Right to Care, the International Women's Health Coalition and GrassrootSoccer.
Professional body memberships	Health Professions Council of South Africa, General Medical Council (UK) and South African Medical Association.



SONJA DE BRUYN (48)

Designation	<i>Independent Non-executive Director</i>
Nationality	South African
Qualifications	LLB (Hons) • MA • SFA • Harvard Executive Programme
Appointed	8 December 2005
Committee memberships	<ul style="list-style-type: none"> • Remuneration Committee (Chairperson) • Audit Committee
Experience	Sonja is the Founder and Principal Partner of Identity Partners, an investment firm that makes equity investments, conducts advisory work and is growing into the private equity space through the Identity Fund Managers. Until August 2007, she was an Executive Director of WDB Investment Holdings, where she led the structuring of several of WDB's investment transactions. Before this, she was a Vice President in the investment banking division of Deutsche Bank, where she worked in mergers and acquisitions and Corporate Finance in South Africa and the UK.
Areas of expertise	Law, business and economics.
Other directorships	Serves on the boards of RMH Holdings Limited, RMI Holdings Limited, Dimension Data SA and Remgro Limited.
Professional body memberships	Association of Black Securities and Investment Professionals (ABSIP).

Our Leadership / Our Board of Directors *continued*



RICHARD FARBER (49)

Designation	<i>Non-executive Director</i>
Nationality	South African
Qualifications	BCom (Hons) • CA (SA) • FCMA • CA ANZ • MAICD
Appointed	1 April 2018
Committee memberships	<ul style="list-style-type: none"> • Risk and Compliance Committee • Actuarial Committee
Experience	Richard was a partner at Fisher Hoffman Sithole (PKF) from 1998 until 2001 before joining Investec Bank, where he was the Group Accountant until 2003. He joined Discovery as CFO in 2003 and was appointed as Financial Director on 1 July 2009. Richard relinquished these roles on 30 April 2017 and has since then remained a member of the Discovery Board.
Areas of expertise	Strategy and policy development, and financial management.
Professional body memberships	Member of the Financial Reporting Investigation Panel (FRIP) – previously the GAAP Monitoring Panel – from 2005 until 2014, and Fellow of the Chartered Institute of Management Accountants.



ADRIAN GORE (56)

Designation	<i>Founder, Executive Director and Group Chief Executive</i>
Nationality	South African
Qualifications	BSc (Hons) • FFA • ASA • MAAA • FASSA • Honorary DCom (Wits)
Appointed	Founder
Committee memberships	Nominations Committee
Experience	Adrian is the founder and Group Chief Executive of the Discovery Group. In 1998, he was recognised as South Africa's Best Entrepreneur by Ernst & Young and, in 2004, was chosen as South Africa's leading CEO in the annual Moneyweb CEO of the Year Awards. In 2008, he received the Investec Award for Considerable Contribution in a Career/Profession and, in 2010, he was named as the Sunday Times Business Leader of the Year. Alongside his commitments, he works with other leaders to stimulate entrepreneurship in South Africa. In 2017, Adrian received the Frost and Sullivan Visionary Innovation Leadership Award for Africa, and the Ernst & Young Global Life Time Achiever (Entrepreneurship) Award.
Areas of expertise	Strategy development and execution in leading change and building excellent financial services businesses, as well as strong innovation, entrepreneurship and leadership skills that make a significant contribution to national thought leadership and creating positive social change.
Other directorships	Past Chairperson of the Endeavor South Africa chapter, WEF Industry Council Agenda on Future Health, Columbia University Mailman School of Public Health, WHO Commission on Ending Childhood Obesity, Chairperson: SA SME Fund and Chairperson: King David School Foundation.
Professional body memberships	Fellow of the Actuarial Society of South Africa and of the Faculty of Actuaries (Edinburgh), Associate of the Society of Actuaries (Chicago), and member of the American Academy of Actuaries.

Our Leadership / Our Board of Directors *continued*



HYLTON KALLNER (45)

Designation	<i>Executive Director • CEO: Discovery South Africa operations</i>
Nationality	South African
Qualifications	BEconSc • FFA • FASSA
Appointed	3 June 2010
Committee memberships	<ul style="list-style-type: none"> • Actuarial Committee • Social and Ethics Committee
Experience	Hylton graduated from the University of the Witwatersrand with a BEconSc in Actuarial Science. He started his career at Liberty Life and joined Discovery in October 1996, holding various positions across the Group, covering marketing, research and development, actuarial and strategic projects. He served as the Group's Chief Marketing Officer from 2006 to 2015, Discovery Life Chief Executive Officer from 2016 to 2019 and is currently the CEO of Discovery's South African operations. Hylton was appointed to the boards of Discovery Health and Discovery Life in April 2010, and currently chairs the Discovery South Africa Executive Committee.
Areas of expertise	Marketing, actuarial, strategy development, execution, building businesses, leadership and innovation.
Professional body memberships	Fellow of the Faculty of Actuaries and of the Actuarial Society of South Africa.



FAITH KHANYILE (53)

Designation	<i>Independent Non-executive Director</i>
Nationality	South African
Qualifications	BA Econ • MBA (Finance) • HDIP Tax • Executive Leadership Programme (Columbia University)
Appointed	1 October 2015
Committee memberships	<ul style="list-style-type: none"> • Social and Ethics Committee • Nominations Committee • Remuneration Committee
Experience	Faith is a founding member and the CEO of WDB Investment Holdings. She has held various senior and executive roles with Standard Bank Corporate and Investment Banking (2001 to 2013). In her past role, she was the Head of Corporate Banking, where she was responsible for strategy development and execution, people leadership, key client relationship management and business development. She also served on Standard Bank's Executive and Credit committees. Before joining Standard Bank, Faith was with Brait Private Equity, and was seconded to start and manage WDB Investment Holdings (1995 to 2000). In May 2016, Faith was accorded Doctor of Law by Wheaton College. She is also a recipient of the 2017 Business Woman of the Year Award (Corporate category) from the Businesswomen's Association of South Africa (BWASA).
Areas of expertise	Financial services, corporate and investment banking, and strategy development.
Other directorships	Safari RSA Limited, Transcend Residential Limited, JSE Limited, Tsebo Solutions Group, Seed Academy (Proprietary) Limited and Primestars (Proprietary) Limited.
Professional body memberships	International Women's Forum (IWF) South Africa.

Our Leadership / Our Board of Directors *continued*

NEVILLE KOOWITZ (56)

Designation	<i>Executive Director • CEO: Vitality UK</i>
Nationality	South African
Qualifications	BCom
Appointed	19 September 1999
Experience	Neville joined Discovery as Marketing Director in 1996 and has played a key role in defining and building the Discovery identity, as well as in the development of Discovery's sales and distribution network. One of his particular focus areas has been the development of Vitality, serving as CEO since its inception in 1997. In this role, Neville oversaw the launch of Discovery Card. In 2005, he was appointed CEO of Discovery Health, holding this position until his move to the UK in 2010.
Areas of expertise	Corporate identity building, establishing new business and distribution channels, and business operations, strategy and management.
Professional body memberships	Association of British Health Insurers (member of the Health Committee).


DAVID MACREADY (61)

Designation	<i>Independent Non-executive Director</i>
Nationality	Dual South African / British
Qualifications	BCom (Hons) • CTA • CA (SA) • Harvard (SEP) • INSEAD (IDP)
Appointed	3 February 2020
Committee memberships	<ul style="list-style-type: none"> • Audit Committee (Chairperson) • Actuarial Committee • Risk and Compliance Committee
Experience	David was a partner in Deloitte & Touche initially in South Africa and then in London for a period of six years before entering financial services. He has subsequently held positions as MD of Syfrets Private Bank, MD of Nedbank Wealth, CEO of Old Mutual Investment Group and CEO of Old Mutual South Africa. Over a period of 21 years, he served on the Group Executive of three JSE-listed companies namely Nedcor Investment Bank, Nedbank Group Limited and Old Mutual Limited. David retired following the Old Mutual managed separation at the end of 2018.
Areas of expertise	Asset management, banking, insurance, wealth management.
Professional body memberships	South African Institute of Chartered Accountants.

Our Leadership / Our Board of Directors *continued*

DR VINCENT MAPHAI (68)

Designation	<i>Independent Non-executive Director</i>
Nationality	South African
Qualifications	BA • BA (Hons) • MPhil • DPhil • Advanced Management Programme (Harvard) and other senior management certificates and diplomas
Appointed	8 December 2005
Committee memberships	Nominations Committee
Experience	Vincent is the Non-executive Chairperson of Sibanye-Stillwater Limited. Previously, he was Director of Corporate Affairs and Transformation at South African Breweries and, prior to that, he was the Southern African Chairperson of BHP Billiton. He has accumulated 20 years of experience as a professional academic and 15 years of experience as a senior executive in the private sector. Vincent has served on the boards of various companies as Non-executive Chairperson, including the SABC and the Presidential Review Commission into the restructuring of the public sector. He also held a two-year academic position at Williams College in Massachusetts.
Areas of expertise	Transformation and restructuring, and political analysis.
Other directorships	Sibanye-Stillwater Limited (Chairperson), Discovery Foundation (Chairperson) and Batiki Game Director.
Professional body memberships	Academy of Science of South Africa and Institute of Directors (IoDSA) in Southern Africa.


HERSCHEL MAYERS (60)

Designation	<i>Non-executive Director</i>
Nationality	South African
Qualifications	BSc (Hons) • FIA • FASSA
Appointed	28 November 2019*
Committee memberships	Actuarial Committee
Experience	Herschel qualified as an actuary in 1986. He joined Liberty Life after qualifying and, as a member of the Executive Committee, served as the Head of Individual and Group Business, Underwriting, Systems, Technology, Product Development and Finance. Herschel joined Discovery in 2000 as the Managing Director of Discovery Life. In January 2006, Herschel was appointed as CEO of Discovery Life and Discovery Invest. He held this position until December 2015 and then served as CEO of VitalityLife and VitalityInvest in the UK until November 2019.
Areas of expertise	Product development, finance and strategy development.
Professional body memberships	Fellow of the Institute of Actuaries.

* Herschel Mayers transitioned from an Executive Director (appointed 11 March 2000) to Non-executive Director effective 28 November 2019.

Our Leadership / Our Board of Directors *continued*



DR AYANDA NTSALUBA (60)

Designation	<i>Executive Director</i>
Nationality	South African
Qualifications	MBChB • MSc (London) • FCOG (SA) • Executive MBA (SA)
Appointed	1 July 2011
Experience	Before joining Discovery in 2011, Ayanda served as Director-General of the Department of International Relations and Cooperation. Before this, he was Director-General of the Department of Health and chaired the Steering Committee of the South African AIDS Vaccine Initiative. A qualified obstetrician and gynaecologist, Ayanda completed further tertiary education in the fields of health policy planning, international relations and business at eminent universities, including the University of London, Moscow Institute of Social Sciences and the University of Cape Town Graduate School of Business. Ayanda plays an instrumental role in Discovery's overall strategic planning, particularly within the healthcare system, and in Discovery's international expansion strategy.
Areas of expertise	Health policy planning, international relations, stakeholder management and business.
Other directorships	Clinix Health Group, University of KwaZulu-Natal Council, Business Leadership South Africa and BRICS Business Council (South African Chapter).



ALAN POLLARD (51)

Designation	<i>Executive Director</i>
Nationality	South African
Qualifications	BSc (Hons) • FASSA
Appointed	30 August 2007
Experience	Alan obtained a BSc (Hons) from Wits and qualified as an actuary while working at Liberty Life. In 1994, he joined Discovery as Head of Research and Development, where he was responsible for the design and development of Discovery Health products. From 2005, he served as CEO of Discovery Vitality until relocating to the USA in 2012 to grow Vitality's presence in North America. Alan serves as President of Global Product and Innovation of Vitality Group, and is based in the USA.
Areas of expertise	Product design and behavioural economics.
Professional body memberships	Actuarial Society of South Africa.

Our Leadership / Our Board of Directors *continued*

BARRY SWARTZBERG (55)

Designation	<i>Executive Director • CEO: Vitality Group</i>
Nationality	South African
Qualifications	BSc • FFA • ASA • FASSA • CFP
Appointed	3 August 1999 (Co-founder)
Experience	Barry is the co-founder of Discovery. He was instrumental in establishing Discovery Health's marketing, distribution and operational functions as Chief Marketing Officer from 1992 to 1996 and Chief Operations Officer (COO) from 1997 to 1999. He then served as CEO from 2000 to 2005, launching the first low-income medical scheme plans and Discovery Health's administration services business for closed medical schemes. From 2005 to 2014, he served as Group Executive Director responsible for Discovery's strategy and new business development. In this role, he initiated Discovery's strategy to launch a retail bank, helped start Discovery Insure, secured the shareholding in Ping An Health, established the first insurance partnership with AIA, and established Vitality USA. Barry now serves as the CEO of Vitality Group, which is responsible for the expansion of Discovery's Shared-value Insurance model outside of South Africa and the UK. He also serves on the boards of Discovery Insure, Vitality Group in the USA and Ping An Health in China.
Areas of expertise	Infrastructure development, business diversification, strategy development and execution.
Other directorships	Director of Endeavor – a non-profit entity that assists scaling-up entrepreneurs – and Discovery Fund.
Professional body memberships	Fellow of the Faculty of Actuaries (Edinburgh) and of the Society of South African Actuaries, and Associate of the Society of Actuaries (Chicago).


DEON VILJOEN (55)

Designation	<i>Executive Director • Group Chief Financial Officer (CFO)</i>
Nationality	South African
Qualifications	BCom Accountancy (cum laude) • BCom (Hons) • CTA • CA (SA)
Appointed	1 May 2017
Committee memberships	<ul style="list-style-type: none"> • Risk and Compliance Committee • Social and Ethics Committee • Actuarial Committee
Experience	Deon joined the Discovery Group in May 2017 as Group CFO. He serves on the boards of various of the Group's subsidiaries and committees, including the Group Executive Committee. Before joining Discovery, he was with the Alexander Forbes Group, where he originally joined in 2003 as Finance Director of Investment Solutions. He later became Finance Director of the group's African operations and, in 2007, during a private equity transaction, Deon assumed the role of Group CFO. In this role, Deon served as Executive Director on the Board of Alexander Forbes Group Holdings Limited and the listed special purpose vehicle Alexander Forbes Preference Share Investments Limited, as well as various subsidiary boards and committees. Deon was instrumental in strategic repositioning during the private equity holding and the relisting in 2014. He also served as interim CEO in 2016. Deon was named CFO of the Year 2015 by CFO SA. Earlier in his career, he was a partner and director of PwC Johannesburg. As part of his specialisation in banking and financial services, he advised clients and presented on topics such as financial risk management. While in the accountancy profession, Deon was a member of the SAICA Banking Industry Group and he has chaired the Investment Management and the Collective Investment Schemes industry groups.
Areas of expertise	Financial services, including banking, and expertise in specialist topics such as financial risk management.
Professional body memberships	South African Institute of Chartered Accountants (SAICA).

Our Leadership / Our Board of Directors *continued*

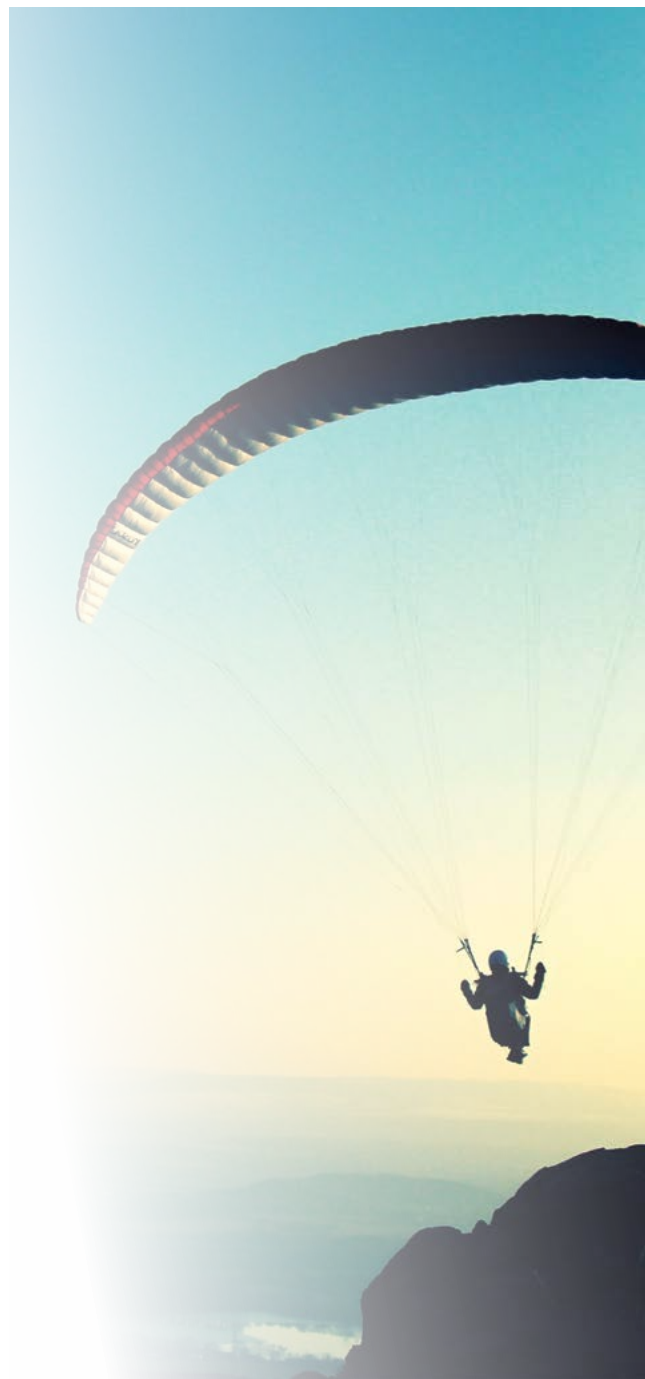


SINDI ZILWA (53)

Designation	<i>Independent Non-executive Director</i>
Nationality	South African
Qualifications	BCompt (Hons) • CTA • CA (SA) • CD (SA) • Advanced Taxation Certificate (SA) • Advanced Diploma in Financial Planning (UOFS) • Advanced Diploma in Banking (RAU)
Appointed	20 February 2003
Committee memberships	<ul style="list-style-type: none"> • Social and Ethics Committee (Chairperson) • Audit Committee • Risk and Compliance Committee • Treating Customers Fairly (TCF) Subcommittee
Experience	Sindi is classified as a Chartered Director (SA) by the Institute of Directors Southern Africa. She is a retired businesswoman, previously an entrepreneur and CEO of Nkonki, a firm she co-founded in 1993 and managed until she retired through a management buyout 23 years later on 31 October 2016. She received the Businesswoman of the Year Award from the Executive Women's Club in 1998 and, in 2008, the Woman of Substance Award from the African Women Chartered Accountants Forum. In 2014, she was named Overall Professional Woman of the Year in the South African Professional Services Awards (SAPSA) and, in 2016, she was acknowledged as an Outstanding CEO of a Black Audit Firm's Award. In 2013, she authored her first book, <i>The ACE Model: Winning Formula for Audit Committees</i> and also published <i>Creating Effective Boards and Committees in 2016</i> .
Areas of expertise	Accounting, auditing, compliance, governance, risk management and transformation.
Other directorships	Aspen, Metrofile, Mercedes Benz of South Africa Limited, Tourvest Limited, Gijima and Cell C Limited
Professional body memberships	South African Institute of Chartered Accountants (SAICA) and Institute of Directors in Southern Africa.

During the year, the following retirement was noted:

- Les Owen retired as Independent Non-executive Director and Chairman of the Audit Committee effective from 14 February 2020.



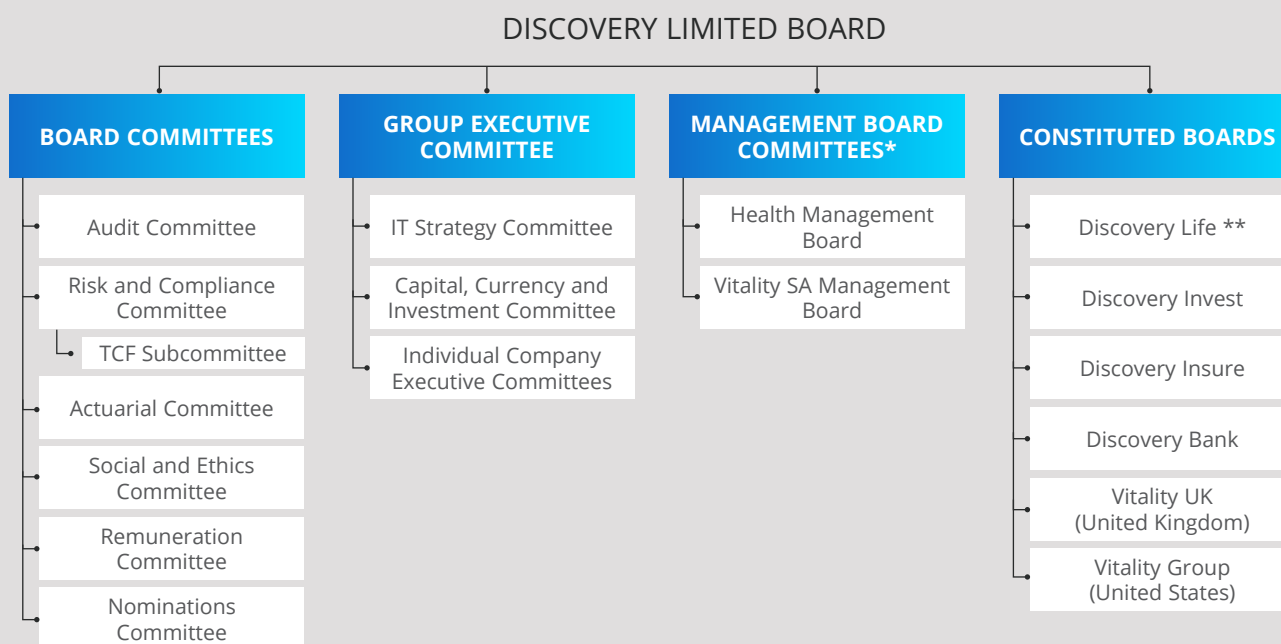
Our Leadership *continued*

OUR GOVERNANCE STRUCTURES

The governance structure of the Group is strengthened by the Board and management committees that support the Board in the performance of its responsibilities. The Board has oversight of the Board Committees, Group Executive Committee, Management Board Committees and Constituted Boards. Vitality UK, Vitality Group, Discovery Life, Discovery Insure, Discovery Invest and Discovery Bank, which has a Board and governance structure that operate independently from the Group.

Focus is placed on ensuring the strength of our Management and Constituted Boards to entrench strong governance throughout the Group. The Board is satisfied with the composition of these structures.

More information on our Board Committees can be found from page 29



* The Constituted Board for Vitality SA and Discovery Health is the same as that of the Group. To further support this structure, Management Board Committees were formed.

** The Discovery Life Management Board was restructured to a Constituted Board in February 2020 to further enhance Discovery's corporate governance.

Group Executive Committee

The Group Executive Committee is responsible for implementing the strategies approved by the Discovery Board and for managing the affairs of the Group. It meets every week and is chaired by Adrian Gore, our Group Chief Executive. Furthermore, each business unit across our primary and partner markets have established Executive Committees that meet regularly, and who report to the South African Executive Committee, UK Executive Committee and Vitality Group Executive Committee, as relevant. Feedback on the activities of each business unit and composite is provided during the weekly meetings of the Group Executive Committee.

Management Board Committees

The Management Board Committees meet at least four times a year, and were established to assist the Board in overseeing the strategic outlook and objectives of the business, considering developments and proposals, as well as considering risks and product and actuarial issues.

Governance structure	Independent Non-executive Director	Non-executive Director	Executive Director	Prescribed Officer	Members of Management
Health Management Board	2	-	6	1	6
Vitality SA Management Board	1	-	8	1	7

Constituted Boards

The Discovery Life, Discovery Invest, Discovery Insure, Discovery Bank, Vitality UK and Vitality Group businesses all have Constituted Boards, which operate autonomously and independently of the Group Board, and include Independent Non-executive Directors. Minutes of these Constituted Board meetings are tabled at Group Board meetings to ensure that the Board monitors the extent to which these Boards deliver, and to ensure alignment to the overall Group strategic framework. While Adrian Gore, our Group Chief Executive, is also the Chairperson of Discovery Bank's Constituted Board, this arrangement is a special dispensation granted by the Prudential Authority during the start-up period of the business.

Our Group Board also serves as the Constituted Board for Vitality SA and Discovery Health.





04

Maintaining an ethical culture

The principles and recommendations contained in King IV™ are entrenched in our governance and risk-management structures, policies and procedures. This informs the way we do business, and forms the foundation from which we build an ethical culture throughout the Group. Above all, the Board leads ethically and effectively, thereby ensuring the sustainability of our business.

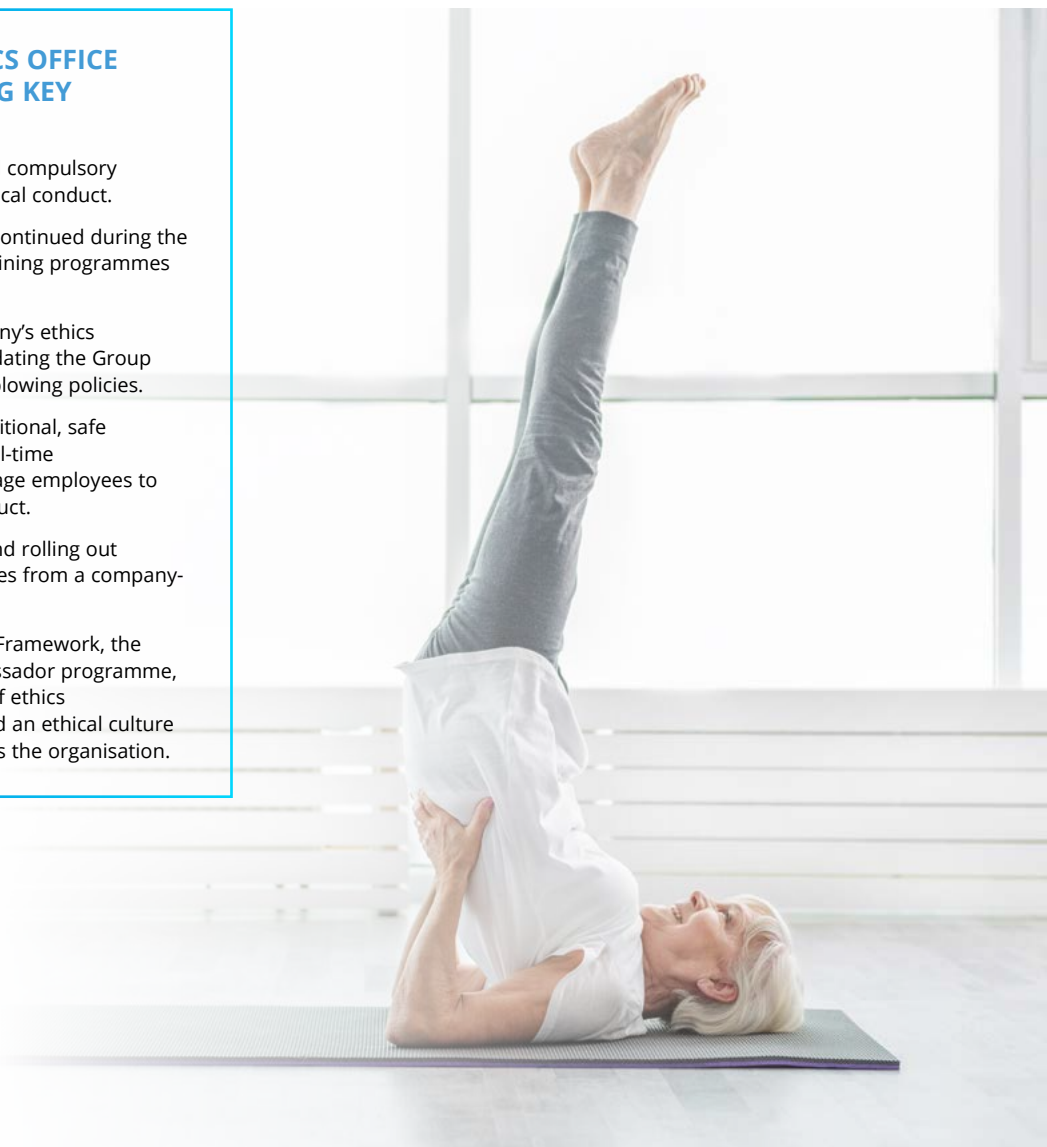
The Group has established a dedicated Ethics Office. The Board, assisted by the Social and Ethics Committee, mandates and oversees the Ethics Office which, in turn, manages and implements the ethics management strategy and plan throughout the Group. Furthermore, as a Group function, the Ethics Office supports the Board, executives, management and employees in cultivating and strengthening an ethical culture within the organisation.

 Refer to [page 34](#) for more information on our Social and Ethics Committee

 Refer to our online Sustainable Development Report for more information

DURING THE YEAR, THE ETHICS OFFICE FOCUSED ON THE FOLLOWING KEY ACTIVITIES:

- Integrating ethics through ongoing and compulsory company-wide training focused on ethical conduct.
- Training and awareness programmes continued during the COVID-19 lockdown, with in-person training programmes converted to online formats.
- Continued strengthening of the company's ethics standards, including reviewing and updating the Group Conflict of Interest and Group Whistleblowing policies.
- Rolling out The EthicsDefender, an additional, safe anonymous reporting channel with real-time communication capabilities, to encourage employees to report wrongdoing and unethical conduct.
- Assisting management in identifying and rolling out corrective action based on the outcomes from a company-wide ethics risk assessment.
- Strengthening the Ethics and Integrity Framework, the Ethics Office launched an Ethics Ambassador programme, with the aim of identifying a network of ethics ambassadors who promote and embed an ethical culture based on the shared core values across the organisation.



Maintaining an ethical culture *continued*



a Ethics risk assessment

The Ethics Office, together with Group Risk Management, ensures that all key risks to the Discovery Group are appropriately identified, assessed and managed. Group Risk Management also supports risk owners in reporting these risks, as well as ensuring that adequate frameworks and processes are in place to manage and mitigate ethical risks.

b Ethics strategy

At an operational level, the Ethics Office provides input into the development and maintenance of ethics-related policies, including conflicts of interest, whistleblowing, and corporate gifts and entertainment policies, as well as anti-corruption aspects of procurement, fraud management and the Fraud Risk Management policy.

The ethics strategy, informed by the outcomes of the ethics risk assessment, prioritises high ethics risks and opportunities. Promotion of an ethical culture across all areas, and among all employees, focuses on:

- Ensuring Discovery's leaders set an example through ethical leadership
- Reinforcing the organisation's core values
- Promoting "ethics talk" at all levels of the company
- Promoting ongoing communication, training and awareness of these matters

c Ethics integration and standards

Ethics standards promote a common understanding of acceptable conduct across all operations in every region where Discovery operates. Discovery's core values and Leadership Charter set standards for appropriate conduct within the organisation.

Employees are required to annually confirm their understanding of the Group's ethical standards on an internal learning platform, thereby ensuring that a values-based culture is maintained throughout the Group. Employees are also encouraged to report any unethical behaviour directly to the Ethics Office or to use the anonymous whistleblowing hotline. The Ethics Office oversees investigations that relate to reported unethical conduct, and reports material breaches and trends to the Social and Ethics Committee.

An ethics helpline is available for employees who need advice on ethics-related matters. Dedicated and qualified ethics officers provide guidance and support to all employees. Furthermore, employees and contractors can anonymously report matters of concern to a hotline, which is independently managed by Deloitte and, now in real-time, through the independently managed EthicsDefender application.

d Institutionalisation

The Ethics Office maintains a comprehensive training and awareness programme for all employees, which consists of induction, face-to-face and ongoing online training modules.

An annual Group-wide campaign supports the Ethics Office's efforts, including posters, desk drops, and electronic media aimed at ethics awareness. A dedicated website is maintained internally to keep employees informed about matters relating to ethics.

e Monitoring and reporting

The Ethics Office, together with Group Internal Audit, has developed a risk-based monitoring plan to ensure independent assessment and assurance of the efficiency of the Ethics Management Framework.



05

Delivering good performance

The Board appreciates that Discovery's core purpose, strategy, Shared-value Insurance model, performance, sustainable development, and risks and opportunities are inextricably linked. These elements are crucial to creating value for our stakeholders.

The Board meets at least annually with executive management, as well as the heads of control functions, to review the Group's strategy and proposals for any acquisitions, investments, disposals, products or

services, while considering the associated risks. The Board approves the strategy, key performance measures and targets of all executives, and oversees the implementation of the strategy plans. The Risk and Compliance Committee assists the Board with the governance of the operational and legislative risks, and monitors implementation.

 Refer to page 32 for more information on our Risk and Compliance Committee

The Board and executive management also perform an annual assessment of the Group's strategy, business model, performance and sustainable development as it applies to the core purpose. Regular reports are provided to the Board on the sustainability of Discovery's business and its impact on the environment, communities and other stakeholders through the implementation of Board-approved policies.

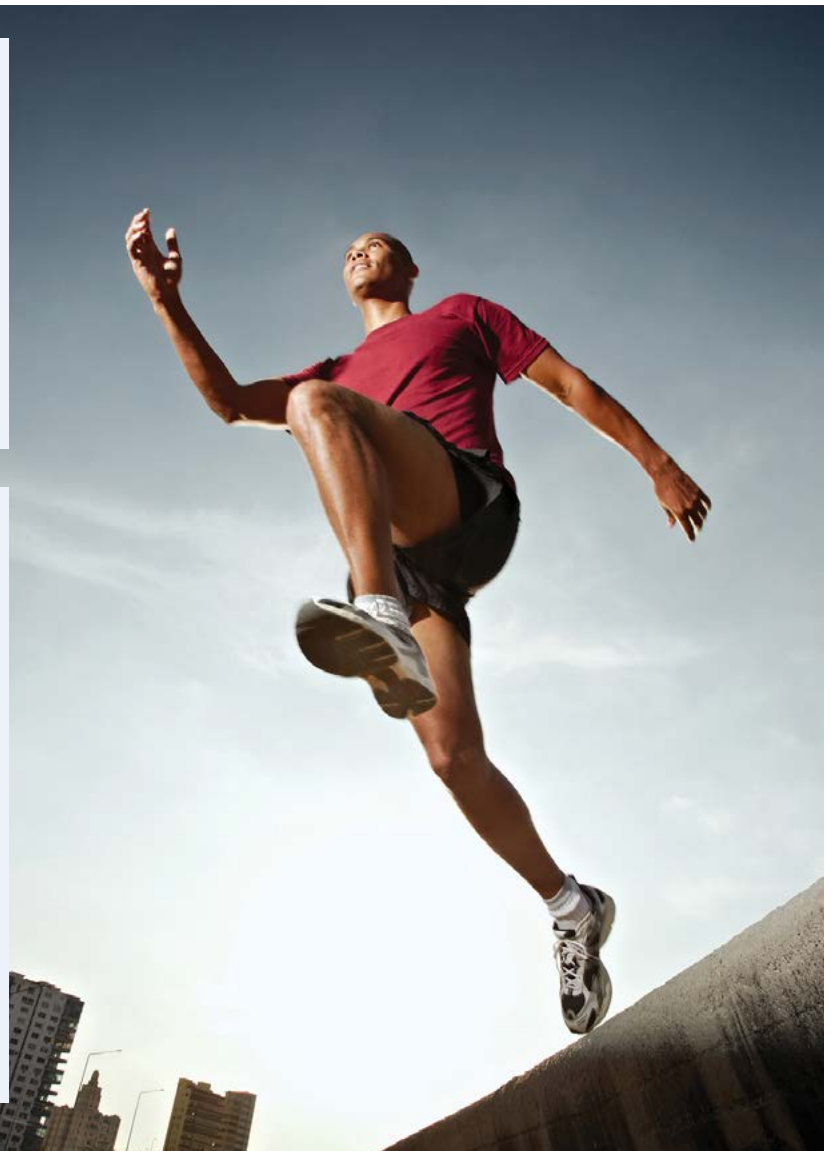
ONGOING TRAINING

On appointment, all Directors participate in a formal and comprehensive induction programme. Director training, covering financial, actuarial, economic and industry-related matters, is conducted to refresh Directors' skills and knowledge. Furthermore, Directors are required to attend professional development training and briefings to keep abreast of legal and regulatory risks, developments and changes that could impact the environment in which the Group and its subsidiaries operate.

ASSESSING OUR EFFECTIVENESS

We recognise that an effective Board safeguards the Group's sustainable success. Regular assessments of the Board's effectiveness are crucial in ensuring that the Board fulfils its role and responsibilities, supporting continuous improvement of its performance and effectiveness.

The Board assesses and evaluates its own performance annually, as well as that of its Chairperson, the Board Committees and the individual Committee members. The performance of Non-executive Directors is assessed annually by the Chairperson, based on each Director's contribution to the matters before the Board. The performance of Executive Directors is assessed annually by the Group Chief Executive, based on agreed performance targets.



06

Ensuring effective control

The Board of Directors is the focal point and custodian of corporate governance within Discovery. To this end, the Board ensures that corporate governance and good practice are inherent in the fulfilment of its responsibilities.

The Board Charter sets out the roles and responsibilities of the Board. The Board holds its Directors accountable for their integrity, competence, responsibility, fairness and transparency. Our Charter is reviewed annually to ensure that it is aligned with the principles and practices recommended by King IV™, in addition to other regulatory and legislative requirements.

The Board has oversight of the application of corporate governance principles, supported by specific statutory and other Board Committees. The provisions set out in the Companies Act, King IV™ and regulatory requirements have been applied to the delegation of authority of the Board Committees in assisting the Board with specific duties and functions.

SEPARATION OF ROLES AND RESPONSIBILITIES

The role of the Chairperson of the Board and the Group Chief Executive are independent and not held by the same person, as clearly defined in the Board Charter, to ensure that no individual has unrestricted decision-making power. Our Chairperson, Mark Tucker, is responsible for leading the Board while Adrian Gore, our Group Chief Executive, is responsible for the executive management of the Group.

Our Chairperson is responsible for:

- Providing overall leadership to the Board in respect of the proper and effective functioning of the Board as a collective.
- Presiding over Board meetings to ensure that material matters and issues are tabled and that adequate time is allocated for the thorough interrogation of matters.
- Representing the Board to shareholders and ensuring that good relations are maintained.
- Monitoring the Board dynamic and ensuring that roles and responsibilities of the Directors, the Board and its Committees are clearly outlined, as well as ensuring Board and Committee effectiveness, and that individual members act with the utmost integrity at all times.
- Formulating, together with the Group Chief Executive and Company Secretary, the annual work plan for the Board and setting the agenda for Board meetings.
- Ensuring and monitoring performance evaluations of the Board, Board Committees and individual Directors, which are conducted annually.
- Promoting a culture of openness and debate among Directors, senior management and heads of control functions, and acting as a link between the Board and management.
- Maintaining regular dialogue and accessibility to advise the Group Chief Executive and Executive Directors on all material matters affecting the Group.
- Assisting the Remuneration Committee in determining the performance objectives of the Group Chief Executive and Executive Directors, as well as their performance against these objectives.

Our Group Chief Executive is responsible for:

- Overall day-to-day management of the Group.
- Recommending to the Board the appointment of Executive Directors and CEOs of each business and ensuring proper succession planning and performance appraisals of members of the Group Executive Committee.
- Developing and recommending to the Board the long-term strategy and vision of Discovery and its quantified expression.
- Developing and recommending to the Board, Discovery's capital expenditure programme, annual business plans and budgets that support our long-term strategy and approach to sustainability.
- Ensuring that effective management teams and management structures are in place throughout the Group.
- Ensuring that appropriate policies are formulated and implemented.
- Ensuring that an effective Risk Management Framework, Compliance Framework and internal audit strategy are implemented.
- Monitoring performance against agreed performance and sustainability targets, and reporting to the Board accordingly.
- Establishing an organisational structure and operating model to ensure effective execution, monitoring and review of the strategy, sustainability, governance and control imperatives.
- Setting the tone in providing ethical leadership and creating an ethical environment.
- Ensuring adherence to relevant industry best practices standards.
- Serving as the chief spokesperson of the Discovery Group.

Ensuring effective control *continued*

SUCCESSION PLANNING

The composition and succession planning of the Board is reviewed regularly and, where necessary, recommendations are made.

APPOINTMENT AND ROTATION OF DIRECTORS

The Board is ultimately responsible for the appointment of new Directors, and the Board Charter provides a formal, transparent process in the evaluation, nomination, election and appointment of Board members. When the Board identifies the need to appoint a Director, these appointments are made with the assistance of the Nominations Committee, a newly constituted Committee set up to assist with the search for and vetting of potential Directors.

 Refer to **page 35** for more information on our Nominations Committee

Once suitable candidates are identified, the Nominations Committee shares the details and skills of these individuals with the Board. The duties of the Nominations Committee end here. Board members collectively deliberate on these recommendations before putting names forward. Thereafter, Directors are appointed through formal, transparent processes by ordinary resolution at any Shareholder Meeting or the AGM.

Non-executive Directors are appointed for a period not exceeding three years and are subject to re-election on a rotational basis. The re-appointment of Non-executive Directors is not automatic, and depends on the knowledge and skills required by the Board, the Director's suitability and the diversity targets determined by the Board.

COMPANY SECRETARY

Our Company Secretary, Thys Botha, is responsible for ensuring that sound governance procedures are followed and maintained. There is an independent relationship between the Board and the Company Secretary, and the objectivity of the Company Secretary is not prejudiced. In accordance with the JSE Listings Requirements, in August 2020 the Board evaluated the Company Secretary's competence, qualifications, skills, knowledge and experience. The Board is satisfied that the Company Secretary has fulfilled his responsibilities.

DELEGATION OF AUTHORITY

Delegation of authority to management is clearly defined to ensure effective exercise of authority and responsibilities. The Board has approved and implemented an appropriate Delegation of Authority Framework, which details the powers delegated to each Board Committee and clearly indicates the matters reserved for consideration by the Board and the Group Chief Executive. The Board determines the level of materiality of matters for its sole decision. Other matters are delegated to the Group Chief Executive, Board Committees and the Executive Committee. The delegations are reviewed on an annual basis. The Board is satisfied that the Delegation of Authority Framework allows for the effective discharge of its responsibilities, and ensures that no individual has unrestricted decision-making power.

CONFLICTS OF INTEREST

In line with best practice and regulatory provisions, policies and procedures have been implemented to manage the trading of shares. Directors are prohibited from dealing directly or indirectly in shares during closed periods.

In addition, Directors are required to disclose if they have a direct or indirect interest in any matter for consideration by the Board. The disclosure is recorded in a register by the Company Secretary. Moreover, the Board is required to declare any conflicts of interest and recuse themselves from any such discussions during Board or Committee meetings.

REMUNERATION

The Group reviews its remuneration philosophy annually to ensure that its employees and the Board are remunerated fairly, responsibly and transparently. Furthermore, the Board, assisted by the Remuneration Committee, ensures that all Directors, Executives and employees are remunerated fairly and responsibly in line with industry standards, with relevant approvals tabled for shareholder consideration. The remuneration philosophy is aligned with Discovery's strategy and linked to individual performance through appropriate objectives that are reviewed by the Remuneration Committee. Bi-annual assessments are conducted and reviewed against the strategy and business plan.

 Our full **Remuneration Report** is included in our online **Integrated Annual Report**

GOVERNANCE OF TECHNOLOGY AND INFORMATION

The governance of technology and information has been delegated to the Group Risk and Compliance Committee, supported by the Chief Information Officer (CIO) and CIO Forum, which is responsible for ensuring that the Group implements appropriate system security, data integrity and business continuity processes. Furthermore, the Committee is responsible for overseeing the implementation of all structures, processes and mechanisms in relation to the Information Technology (IT) Governance Framework to ensure appropriate management of cyber and data risks, as well as effective implementation of the IT risk management plan. Technology risks are included in the Group's risk management process and are reviewed at regular intervals. Changes to our systems are security tested before implementation and this is enforced by regular, comprehensive external testing.

Technology is governed by our Discovery IT Governance Charter, which guides the structure and mandate of technology within the company, and is aligned with the requirements of the Board Committees, King IV™, assurance providers and regulators. The Charter focuses specifically on cybersecurity, data governance, business continuity, financial management, technology architecture and operations. We have also introduced executive and Board oversight to monitor our compliance with the standards of the European General Data Protection Regulation (GDPR) and the Protection of Personal Information (POPI) Act 4 of 2013 in South Africa. Discovery uses the NIST Cybersecurity Framework and the ISO27001 Information Security Standard to classify technology risks.

The IT function has processes in place to monitor Discovery's networks for cyberattacks and other data-related incidents, including leaks of information, allowing for rapid response. The threat of cyber risk within Discovery is managed by the information security discipline, comprising people, processes and procedures, as well as associated technologies to protect against malicious and non-malicious threats. More sophisticated cybercrime, and the greater impact and likelihood of this risk, has necessitated a heightened focus.

In response to increased cyber threat, Discovery has been enhancing our cyber capability programme to embed and improve our overall cyber resilience capability. Efforts have focused on three elements:

- **Cyber Capability Assessment** – risk assessment of current cyber resilience capabilities.
- **Cybersecurity Strategy** – cyber risk appetite setting and framework development.
- **Cyber Risk Programme** – ongoing monitoring and oversight of the cyber programme.


Discovery is committed to ensuring the security and confidentiality of all personal information processed from internal and external stakeholders, including Discovery employees. Information shared with any local or international third parties is disclosed strictly in accordance with relevant data protection legislation.

Ensuring effective control *continued***DURING THE YEAR, OUR KEY FOCUS AREAS WERE:**

- Giving our employees who transitioned to working from home due to COVID-19 access to Discovery's systems and tools for collaboration.
- Extending our security, privacy and data loss perimeters without impacting on our ability to service our clients or providing support to our partners.
- Reviewing and updating the mandate of our CIO Forum to align it more closely with King IV™ and to emphasise the importance of data governance and privacy.
- Investing in systems and practices that enable robust assurance of data quality, consent, data lineage, data classification and anonymity.
- Investing in technology that is aligned with business requirements, and working with assurance providers to identify any risks or compliance-related issues and promptly addressing them.
- Through our data science platform, introducing our AI Quote capability and expanding the use of our Digital ID facial recognition function beyond Discovery Bank.
- Appointing an external party to audit our security policies, systems and processes.
- Intensifying data, privacy and cybersecurity awareness training for our financial advisers and employees, and extending specific modules, such as cyberbullying, to their families.
- Reviewing the Group's cybersecurity insurance cover, including the provision for remedial work by an insurer-approved team of experts in the event of a cybersecurity incident, which was found to be satisfactory.

OUR FUTURE FOCUS AREAS INCLUDE:

- Strengthening the IT capabilities across the Group and all of its functions, including the Risk and Compliance Committee.
- Extending our security and privacy awareness training to service providers.
- Ongoing investment in big data, machine learning (ML), automation and artificial intelligence (AI) to support our strong capabilities in the actuarial space and improve client experiences.
- Leveraging our expertise in data science to expand our digital channels.

 Refer to our online *Integrated Annual Report* for further information on technology as a strategic enabler

ASSURANCE

The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and the organisation's external reports. In this regard, and in adherence with regulatory requirements, the Group operates a three-lines-of-defence approach, and has established four key control functions, being the Internal Audit function, the Compliance function, the Actuarial function and the Risk function.

Discovery has adopted and implemented a Combined Assurance Model throughout the Group that complies with King IV™ principles and is designed to address all the significant strategic, sustainability, financial, operational and compliance-related risks. Furthermore, the model ensures that all assurance activities provided by management, as well as by internal and external assurance providers, adequately address material risks facing Discovery, and that suitable controls exist to mitigate these risks to an acceptable level.

The Combined Assurance Model:

- Links risk management activities with assurance activities.
- Provides the basis for identifying any areas of potential assurance gaps and duplication of resources.
- Informs the Board, the Audit Committee, and the Risk and Compliance Committee, and assists in providing a view regarding the combined assurance status.
- Provides an integrated assurance service and enhances accountability.
- Ensures an adequate and effective risk-control environment that enhances decision-making that is aligned with the risk appetite and the integrity of the risk-related reports for better decision-making.

In line with the Combined Assurance Model, Internal Audit, together with other assurance providers and functions, provides assurance of the organisation's significant risks and material matters. Appropriate policies and processes are in place to ensure the independence of the internal auditors.

The Combined Assurance Model is reviewed and approved annually, and oversight thereof has been delegated to the Audit Committee. Combined Assurance is formally administered through the Group Combined Assurance Forum, which is chaired by the Group CRO, who reports on all aspects of combined assurance directly to the Audit Committee. The Board is satisfied that the assurance results indicate an adequate and effective control environment and integrity of reports for better decision-making.

Ensuring effective control *continued*

MANAGING RISK TO ACHIEVE OUR STRATEGIC OBJECTIVES

The Board has ultimate responsibility for the governance of risk and approves the risk appetite on a regular basis. The Board acknowledges the importance of risk management as it is linked to the strategy, performance and sustainability of the Group. The Board is assisted by the Risk and Compliance Committee, which is delegated to manage the implementation processes to ensure business risks are identified and managed within acceptable parameters.

Discovery has a clearly defined risk management framework, which includes a risk-rating matrix that assesses the likelihood of certain risks and the magnitude of impact. A robust approach, coupled with established roles and responsibilities and a clear governance structure, ensures that regular assessments of the business risks and risk tolerance levels are conducted for each risk category, considering both current and emerging risks. The risk management framework is designed to address all the significant strategic, sustainability, financial, operational and compliance-related risks that could undermine the Group's ability to achieve its business objectives into the future. Discovery prepares an Own Risk and Solvency Assessment (ORSA), which provides a holistic view of the risk exposures in the Group and how these risks affect capital, solvency and the business strategy.

Enhancing our risk management capabilities across the Group is a key focus area for FY2021, and include:

- Our data analytics capabilities.
- Deepening the assessment of risks relating to environmental, social and governance (ESG), and climate change.
- Our scenario and stress testing (SST) capabilities and framework.
- Further work on the recovery and resolution planning (RRP) framework.
- Embedding of the contagion risk methodology and risk concentration policy.
- Executing on risk culture initiatives to further raise risk maturity across the Group.



Refer to **page 32** for more information on our Risk and Compliance Committee



Refer to our online **Integrated Annual Report** for detailed information on our material risks

Group Risk Management is an independent function from day-to-day management. Its primary responsibilities include:

- Assisting Discovery to identify, assess, monitor and manage its material risks and related opportunities, and promote a sound risk culture.
- Assisting the Discovery Board and senior management to develop and maintain Discovery's risk management system, including promptly informing the Discovery Board of any circumstances that may have an adverse material effect on the risk management system of Discovery.
- Integrating the view of risk and capital, and ensuring that sufficient capital is in place to operate sustainably within the risk appetite and in light of the prevailing risk profile.



07

Maintaining legitimacy

OUR STAKEHOLDERS

Balancing the best interests of the company and the interests and expectations of stakeholders is paramount to the Board. Stakeholder relationships form an important part of Discovery's business and we recognise the significance of regular engagement with stakeholders through our various platforms. Our Social and Ethics Committee is tasked with ensuring an inclusive approach to stakeholder engagement, and assists the Board with monitoring our relationships with our stakeholders as a standing agenda item.


Our stakeholder engagement framework sets out Discovery's strategic approach to stakeholder engagement, and includes key principles that guide our engagement approach, steps for conduct and a matrix to guide levels of engagement. Furthermore, the framework is aligned with the applicable principles of King IV™, and supports the Group's businesses and internal departments to identify, assess, manage and evaluate stakeholder engagement activities.

Reports issued by Discovery are aimed at enabling stakeholders to make informed decisions about the Group's performance, as well as its short-, medium- and long-term prospects. Discovery's interim and annual results, as well as its reports, are reviewed and approved by the Board with the assistance of the Audit Committee, as well as internal and external auditors. The Board Committees oversee that reports are compliant with regulatory obligations and meet the legitimate needs of stakeholders.

 Refer to our online *Integrated Annual Report* or our *Sustainable Development Report* for more information on stakeholders

RESPONSIBLE CORPORATE CITIZENSHIP

Discovery prides itself on measurable corporate programmes that reflect the importance of stakeholders' interests and the Group's core purpose to make people healthier, and enhance and protect their lives. The Board has delegated the responsibility of ensuring that the Group is a responsible corporate citizen to the Social and Ethics Committee. Discovery is an active corporate citizen in communities where it operates and positively contributes to the economy, society and environment.


 Refer to our online *Sustainable Development Report* for more information on our relationships with broader society

In ensuring Discovery is a responsible corporate citizen, the duties of the Social and Ethics Committee will, among others, include:

- Reviewing and approving the strategy adopted by the Group to promote equality and to prevent unfair discrimination and corruption, as well as the Group's Corporate Social Investment (CSI) Strategy, and recommending this to the Board for approval.
- Reviewing and approving the strategy proposed by the Group for corporate sponsorships and donations, as well as the processes that are in place to identify initiatives that would receive sponsorships and donations from the Group.
- Reviewing and approving any flagship projects and initiatives aimed at contributing to the development of communities identified by the Group from time to time.

- Monitoring, on an ongoing basis, progress in the implementation of community development initiatives and material sponsorships.
- Evaluating whether or not the objectives of community development initiatives are being realised.

We are also a signatory to the United Nations Global Compact (UNGC) and subscribe to the UN's Sustainable Development Goals (SDGs).

 For more information on our future focus areas with regard to corporate citizenship, refer to *page 34* detailing activities of our Social and Ethics Committee

RESPONSIBLE INVESTMENT

Discovery aims to build a sustainable business that benefits future generations by delivering on our core purpose. The Board recognises that Responsible Investment requires the recognition, evaluation and incorporation of material environmental, social and governance (ESG) issues into investment analysis and decision-making processes, as well as integrating ESG opportunities and issues through active ownership policies and practices.

As institutional investors, it is our duty to act in the best long-term interests of our beneficiaries. To this end, the Group is now a signatory to the Principles for Responsible Investment (PRI), committing to the PRI's six principles. We have formalised a Group Responsible Investment Policy that sets the direction on how responsible investing should be approached and conducted by Discovery, as well as our approach where investment activities and decisions are delegated to a service provider by mandate.

 Refer to our online *Sustainable Development Report* for more information on Discovery's approach to Responsible Investment

RESPONSIBLE AND TRANSPARENT APPROACH TO TAX

Discovery is committed to complying with all statutory tax obligations of the regions in which we operate. While tax responsibility ultimately resides with our Board, our Audit Committee has the task of overseeing the Group's Tax function. Our focus also extends beyond basic compliance to ensure that our approach to tax management creates value for our stakeholders. We achieve this by:


- Embedding a Group Tax policy, which addresses tax management principles, as well as a tax risk management framework.
- Responsibly arranging our tax affairs, structuring commercial activities in such a way as to sustainably maximise value for shareholders and other stakeholders.
- Constructively engaging with tax authorities to protect and enhance our reputation and good standing with tax authorities.
- Accurately reporting on tax reporting procedures.
- Ensuring that we have the appropriate skills in place to monitor and keep abreast of developments in tax legislation.
- Effectively managing our tax risk, seeking external advice as and when appropriate.

Maintaining legitimacy *continued*


CLIMATE CHANGE

As a provider of financial services, the physical and transitional impacts of climate change are strategically important to our business, and we are taking a phased approach to identifying and managing both the risks and the opportunities for our organisation, as well as the impact thereof. We are in the process of formulating a long-term climate change strategy to better account for present and future climate-related risks, to be proactive in the face of rising stakeholder action, and support our goal of being a force for social good.

We closely monitor climate change developments, including best practice initiatives among global financial institutions, with the aim of embedding these principles across our primary markets. To this end, we support the objectives of the Sustainable Development Goals, and have also set out to adopt and implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). All of these actions will further strengthen our disclosure of climate-related risks and opportunities in a tangible way, and provide clear and reliable information to our stakeholders.




 Refer to our online *Integrated Annual Report* for more information on climate change as a key risk to the business

The Group has several governance structures in place to manage our response to climate-related risks. Our Social and Ethics Committee is responsible for reviewing overall climate-related and general sustainability matters, including updating of the environmental strategy and approval of the climate change strategy, and making recommendations to the Board as needed. The Risk and Compliance Committee provides oversight of the management of climate-related risks and opportunities and relevant disclosures.

 Refer to our online *Sustainable Development Report* for more information on our approach to climate change

GROUP COMPLIANCE

Discovery considers compliance with applicable laws, industry regulations, codes, and its own ethical standards and internal policies as integral to conducting business in line with our commitment to being a good corporate citizen. The Board is committed to developing and maintaining the Group's strong compliance-management capabilities and culture while providing appropriate protection to policyholders, clients and stakeholders. We achieve this by:




-  **Fostering an environment in which regulatory compliance is embedded in the Group's culture, business planning, decision-making and business activities.**
-  **Actively communicating the effectiveness and business benefits of compliance management to all stakeholders.**
-  **Considering the impact of the regulatory requirements in all strategic and operational business decisions as well as the processes and control environments within the Group.**
-  **Continually developing and enhancing the Group's compliance-management capability.**
-  **Providing independent assurance to the Group's senior management and Board.**

The role of the Group's compliance function

The Group's level of compliance with applicable legislation, rules, standards and codes is monitored by an independent Group compliance function. This function supports the Board, executives, management and employees to embed compliance into the Group's culture, business principles, operational and management processes. It extends to any agreements with clients, service providers and other third parties. The function is responsible for designing an effective compliance management and control system, and for monitoring and reporting on the operational effectiveness of the system.

The Group's compliance function is independent, operating as part of the second line of defence, and reports directly to the Board.

Discovery has invested in skilled and experienced compliance resources to:

-  **Maintain all legislative, regulatory, industry and best practice requirements and standards impacting the operations of the Group.**
-  **Support management with the implementation of the regulatory frameworks impacting the activities and operations of the Group.**
-  **Develop a risk-based compliance monitoring plan to assess the effectiveness of the controls implemented to manage and mitigate regulatory risks to the business.**

Our approach to compliance

Given our broad geographic footprint and the requirement to adhere to various local and international laws, rules, codes and standards, compliance is built into our corporate governance structures and frameworks.

Overarching Board-level policies ensure compliance across the Group with all applicable laws, codes, best practice and standards, and encourage ethical behaviour. The Internal Audit function incorporates applicable legislation in its reviews. The Board regularly reviews compliance matters, including procedures and policies, presenting a holistic view of compliance management across the Group.

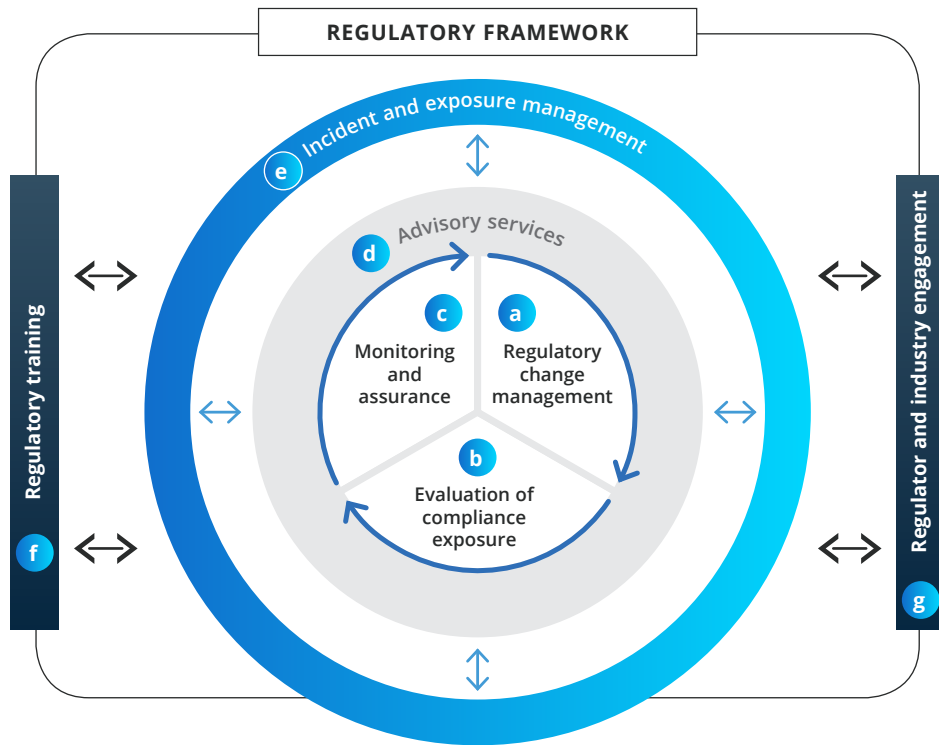
Discovery's South African business operations are supported by experienced compliance officers within a centralised compliance team, with the exception of Discovery Bank, which has its own compliance team.

Our international business areas are supported by dedicated compliance teams in their respective jurisdictions. The work of these teams is closely aligned with the standards and guidelines of the Group Compliance Function in South Africa.



Maintaining legitimacy *continued*

High-level overview of compliance processes across the Group



a Regulatory change management

Our regulatory change management activities are aimed at:

- Identifying and analysing legislative, regulatory and supervisory developments that impact the Group.
- Facilitating participation in legislative consultation processes.
- Assisting and advising management, once the enactment of legislation is imminent, with regard to implementing appropriate controls to address the requirements.

b Evaluation of compliance exposure

We have implemented a risk-based evaluation process across the Group to assess the level of compliance exposure. We also assist the Group Risk Management function with the evaluation of regulatory risk within the Group.

c Monitoring and assurance

We develop an annual risk-based monitoring plan for independent assessment of the appropriateness and efficiency of the Control Framework. We do so by ensuring compliance with regulatory requirements and the evaluation of progress towards implementation of corrective actions.

d Advisory services

Our experienced compliance officers provide general guidance and support to the business to assist with the effective implementation of the Control Framework and regulatory requirements. They also support the Group with all campaigns, external communication, marketing material and general client communication.

e Incident and exposure management

We assist the Group with the identification of regulatory incidents and exposures, advising them on the necessary corrective actions and monitoring of progress towards implementation.

f Regulatory training

Our regulatory training team provides a robust training programme for all employees to embed a culture of compliance across the Group. The programme provides for three levels of training: for new employees joining the Group to ensure knowledge of regulations affecting particular roles, continual annual training to assist in embedding compliance awareness and practices, and specific proactive project-based training aimed at preparing the Group for impending regulatory changes.

g Engaging with regulators and industry associations

Discovery works with various regulators and authorities in each of the jurisdictions in which we operate. We maintain open and active dialogue with all our regulators to respond proactively and pragmatically to emerging issues and questions. We also participate in industry discussions on matters of mutual interest.

Maintaining legitimacy *continued***Our compliance function
focus areas****Repositioning the Group
compliance function in response
to the evolving regulatory
landscape**

As the Twin Peaks regulation model continues to embed outcomes-based legislation, as well as more intensive supervision, our Group compliance function is repositioned to ensure that we remain agile and able to anticipate future risks. We are also strengthening our partnerships with businesses across the Group to drive and embed regulatory change, explain regulatory responsibilities, frame regulatory compliance policies and act as a guide to help prevent regulatory breaches.

**Gearing up for supervision in
terms of the Insurance Act 18 of
2017**

Discovery has been designated as an insurance group in terms of the Insurance Act 18 of 2017, which raises an additional layer of legislative requirements we need to comply with. We are therefore closely guiding and monitoring the implementation of these requirements, while also refining our Group governance and financial soundness frameworks and policies to ensure alignment with the Act.

**Enhancing local and international
data privacy**

We continue to guide and monitor our local and international businesses' compliance with data protection requirements. In South Africa, the Protection of Personal Information Act 4 of 2013 came into effect on 1 July 2020, as did the one-year transitional period, which has prompted a review of the measures already implemented by Discovery to ensure full compliance with the Act's requirements by 30 June 2021.

**Enabling and embracing
digitalisation**

We continue to support the Group's innovation and transformation in the move towards digitalisation, while ensuring that we do not lose sight of the importance of cybersecurity and privacy, data ownership and integrity.



08

Our Board Committees

Discovery's Board of Directors acknowledges its responsibility to effectively discharge its duties, ensuring that the delegation of powers within our governance and business structures promotes independent judgement. The Board is ultimately responsible and accountable for the governance, performance and strategy of the Group.

The Board has delegated some of its responsibilities to appropriately constituted Board Committees. Six Board Committees have been established in line with the requirements of the Companies Act and King IV™ to assist the Board in the fulfilment of its responsibilities. A clear balance of power ensures that no individual, directly or indirectly, has undue decision-making powers.

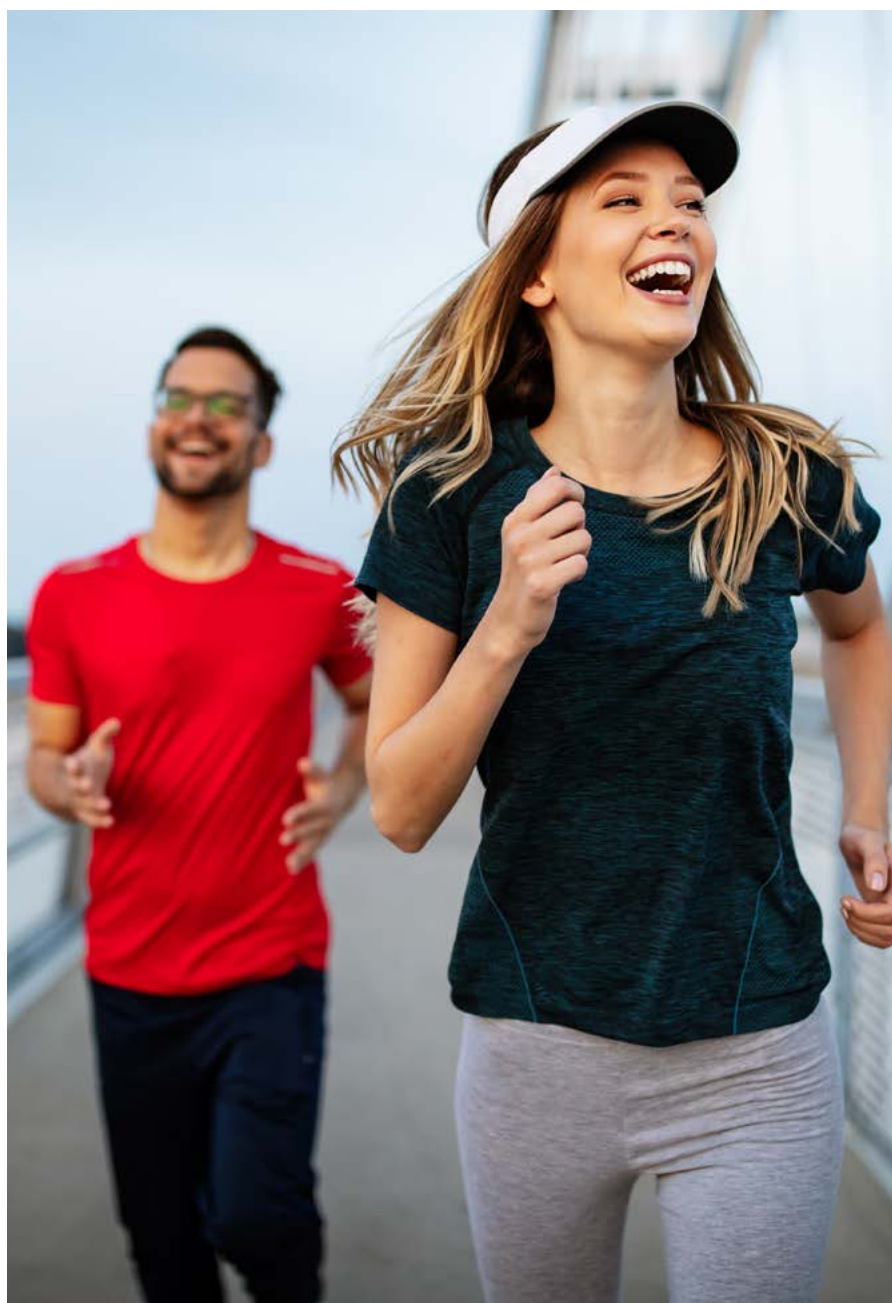
Board Committees act within the bounds of approved Terms of Reference, which clearly define the responsibilities and duties delegated by the Board. The Terms of Reference are reviewed annually and submitted to the Board for approval.

The Terms of Reference prescribe the minimum number of members for each Committee, as well as the proportion of independent directors to ensure that independence is exercised. Each Board Committee is required to have at least three members with sufficient capability and capacity to function effectively, and members are evaluated to ensure an appropriate balance of skills, qualifications and experience to perform their duties. Members of the Board may attend any Committee meeting, as an invitee or observer, but may not take part in any decisions made by the appointed members of the Committee.

The Chairperson of each Board Committee is appointed by the Board and reports directly to the Group Board after each meeting, allowing the Board to monitor performance and ensure that the committees are acting in line with the delegations provided.



The curricula vitae (CVs) of the Directors of our Board Committees, which detail their qualifications and relevant experience, can be found from [page 8](#)



Our Board Committees *continued*

AUDIT COMMITTEE

Purpose

The Audit Committee provides independent oversight of the integrity of the Group's Annual Financial Statements and the effectiveness of the Group's internal audit, external audit and finance function.

The Audit Committee is chaired by an Independent Non-executive Director and comprises at least three highly skilled and experienced Independent Non-executive Directors, who are appointed annually by the Board and subsequently approved by the shareholders at the AGM. During 2020, external audit and Group Internal Audit, as well as the Group CFO, CIO, CRO, Chief Compliance Officer (CCO) and other relevant invitees attended meetings by invitation to provide pertinent information and insight into their areas of responsibility.

The Audit Committee met six times during the year and comprised the following members as at 30 June 2020:

Name	Board status	Appointment to Committee	Number of meetings attended
D Macready (Chairperson) ¹	Independent Non-executive Director	February 2020	3/3
SE De Bruyn	Independent Non-executive Director	November 2005	5/6
AL Owen (former Chairperson)	Independent Non-executive Director	August 2008	4/4
SV Zilwa	Independent Non-executive Director	August 2003	6/6

¹ David Macready was appointed as Chairperson of the Audit Committee in February 2020, following a controlled handover from Les Owen prior to his retirement.

Key focus areas in FY2020

- Reviewing and approving Internal Audit's Charter and Audit Plan, ensuring that it provides objective and relevant independent assurance.
- Reviewing the expertise, skills, resources and experience of the Internal Audit and Finance functions, which were found to be satisfactory.
- Reviewing the results of the annual internal effectiveness evaluation of the Internal Audit function, which was found to be both independent and effective in its responsibilities.
- Assisting the Board to evaluate the effectiveness of the Group's internal financial controls, which were found to be adequately designed and effectively implemented with no concerns raised.
- Reviewing the effectiveness of the governance structures and assessing the appropriateness of reliance thereon for all international businesses where Discovery has management control.
- Reviewing the Group's capital adequacy by considering the work of the Actuarial Committee.
- Reviewing the results of the Solvency and Liquidity Test conducted, prior to consideration of dividend declaration.
- Reviewing the performance of the Group CFO and the performance and independence of the Chief Audit Executive (CAE), all of which were confirmed to be satisfactory.
- Confirming the appointment of PwC as Discovery's external auditors, and ensuring that the individual registered external audit partner was rotated upon completion of the five year term.
- Satisfying itself that PwC has, at all times, acted with unimpaired independence, after considering:
 - Representations made by the external auditors to the Audit Committee;
 - Independence criteria specified by the Independent Regulatory Board for Auditors (IRBA) and international regulatory bodies, as well as criteria for internal governance processes within audit firms;
 - Auditor suitability assessment in terms of paragraph 3.84(g) (iii) and section 22.15(h) of the JSE Listings Requirements; and
 - The extent of other work undertaken by the auditors for the Group.
- Considering, approving and overseeing the development of the external audit plan.
- Overseeing the Group's Tax function, including the tax strategy and policy, material tax decisions, tax affairs, tax reform proposals, qualified resources and skills, and all material issues raised by the tax authority.
- Reviewing and recommending to the Board the approval of the Interim and Annual Financial Statements and related disclosures, including the draft announcement of the financial results.
- Considering the impact of any financial, fraud, IT and other risks on the integrity of Discovery's financial results.
- Considering significant audit-related matters regarding COVID-19, including the impact thereof on the Group's systems, control environment, finance function, internal and external audit, and reporting implications.
- Monitoring management's implementation of recommendations made by internal and external audit.
- Reviewing the Integrated Annual Report and considering the accuracy and completeness thereof.

Planned focus areas in FY2021

- Monitoring implementation of IFRS 17 while ensuring application through proper accounting policies.
- Evaluating, on an ongoing basis, the Group's internal financial controls to ensure the adequacy and effectiveness thereof in meeting the changing business needs.
- Overseeing Discovery's compliance with IRBA's Mandatory Audit Firm Rotation rule, and ensuring that appropriate processes are in place.

The Audit Committee is satisfied that it fulfilled its responsibilities in accordance with its Terms of Reference for FY2020.

A detailed Audit Committee report is included in our Annual Financial Statements, which can be accessed on our website

Our Board Committees *continued*

REMUNERATION COMMITTEE

Purpose

The Remuneration Committee assists the Board in ensuring that the organisation remunerates fairly, responsibly and transparently. Furthermore, it oversees the implementation of the remuneration philosophy for Directors and makes recommendations to the Board regarding the remuneration structure and base fees for Non-executive Directors for approval by shareholders.

The Remuneration Committee is chaired by an Independent Non-executive Director and comprises at least three Non-executive Directors. In executing its functions, the Committee is supported by an Internal Remuneration Committee, which includes Executive Directors, heads of control functions of the Group and external remuneration experts.

The Remuneration Committee met two times during the year, and comprised the following members as at 30 June 2020:

Name	Board status	Appointment to Committee	Number of meetings attended
SE De Bruyn (Chairperson)	Independent Non-executive Director	August 2016	2/2
HL Bosman	Non-executive Director	July 2014	2/2
F Khanyile	Independent Non-executive Director	November 2019	1/1

Key focus areas in FY2020

- Reviewing Discovery's remuneration philosophy and ensuring that it is fair and equitable and, after approval thereof, tabling it along with the Remuneration Report at the AGM for a non-binding advisory vote by shareholders.
- Recommending Non-executive Directors' remuneration structure and base fees to the Board for approval by Discovery's shareholders.
- Reviewing and approving the framework, performance targets and measures used to assess the performance of Executive Directors and their related remuneration awarded.
- Overseeing the replacement of the cash-settled phantom share scheme with an equity-settled LTIP.
- Approving the three components of the 2019 Remuneration Report and establishing that the report complies with the provisions of the Companies Act and King IV™.
- Introducing a policy and process for the forfeiture of unvested awards or unpaid short-term incentives (malus) and the clawback of vested awards or paid short-term incentives as part of managing conduct and risk through remuneration.
- Introducing a policy on minimum shareholding requirements for senior executives.
- Considering advice and input from external advisers on improved remuneration policies, salary and incentive benchmarking, and good remuneration governance practices.
- Providing relevant training and information sessions for Committee members to inform compliance with legislation and best practice.
- Considering improvements to Discovery's fair and responsible pay policy through the formulation of a fair and ethical pay framework that sets out various principles that will guide the Committee in determining and setting remuneration and subsequent monitoring of practices.
- Considering the appropriateness of short-term incentive payments to the participants in management incentive schemes, including Executive Directors, taking into account the impact of COVID-19 on performance to ensure that remuneration decisions strike a fair balance between sentiment and performance.
- Supporting a zero percent increase on salaries for Executive Directors, and inflation-linked increases for other employees due to a slowdown in economic activity as a result of COVID-19.

Planned focus areas in FY2021

- Identifying specific actions to be taken following the fair and responsible pay analysis undertaken.
- Ensuring that our remuneration structures post-COVID-19 remain suitable and competitive.
- Ensuring that a strategy to recover the retention position for key talent is in place, following a decrease in share price during the second half of the year, as well as the impact on the LTIP vesting conditions.
- Ensuring that our remuneration practices continue to be competitive and lead to attracting and retaining the best talent in the markets where we operate.
- Driving a culture of ownership and increased alignment with shareholders.

The Remuneration Committee is satisfied that it fulfilled its responsibilities in accordance with its Terms of Reference for FY2020.



Refer to our full *Remuneration Report* in our online *Integrated Annual Report* for more information on our Remuneration Committee and its activities

Our Board Committees *continued*

RISK AND COMPLIANCE COMMITTEE

Purpose

The Risk and Compliance Committee is responsible for ensuring that material risks, which could affect the Group, are identified, evaluated and effectively managed and reported. In addition, the Committee is tasked with ensuring that the Group's policies and processes are adequate to ensure compliance with the required legislative and regulatory requirements.

The Risk and Compliance Committee comprises at least eight members, including Executive and Non-executive Directors, the CRO and Chief Actuary (Group), CCO and the CIO. Of these members, the majority must be Non-executive Directors.

The Risk and Compliance Committee met five times during the year, and comprised the following members as at 30 June 2020:

Name	Board status	Appointment to Committee	Number of meetings attended
HL Bosman (Chairperson)	Non-executive Director	April 2015	5/5
Dr B Brink	Independent Non-executive Director	April 2015	5/5
R Farber	Non-executive Director	April 2015	5/5
J Ferreira	Group Chief Compliance Officer	June 2019	5/5
HD Kallner	Executive Director	December 2015	5/5
D Macready	Independent Non-executive Director	February 2020	3/3
A Rayner	Chief Risk Officer and Chief Actuary (Group)	April 2015	5/5
D Viljoen	Executive Director and Group CFO	May 2017	5/5
D Wilcocks	Group Chief Information Officer	August 2018	5/5
SV Zilwa	Independent Non-executive Director	April 2015	3/5

Key focus areas in FY2020

- Overseeing the operations of the Group's independent Risk Management function to ensure the adequacy and effectiveness thereof.
- Reviewing the Group's risk management plans, risk-related policies and frameworks, and confirming that they are appropriate and have been implemented satisfactorily.
- Considering detailed risk reports from the CRO, the residual risk profile of the Group, as well as key risk trends, including key top-of-mind topics such as the impact of COVID-19 at various risk exposures.
- Considering risk reports of the relevant risk committees of other Group regulated entities, including Discovery Bank, Vitality UK insurance entities, and Vitality Group.
- Reviewing the annual refresh of the risk appetite statements and metrics.
- Reviewing the Group ORSA and Discovery Life ORSA reports, challenging findings where required.
- Overseeing the Group's Compliance function, and monitoring the compliance landscape, ensuring that Discovery complies with applicable laws, regulatory rules, codes and standards, and assessing the impact of new laws and regulations on the Group to keep the Board up to date on any material developments.
- Reviewing the Group Compliance plans, policies and frameworks and related approvals.
- Considering comprehensive reports from the CCO that detail regulatory changes, regulatory exposures and breaches, as well as any material findings in monitoring reviews.
- Providing oversight of Discovery's IT strategy, and considering the adequacy and effectiveness of the Control Framework and governance structures within the IT environment.
- Reviewing and considering the cybersecurity posture, as well as associated risks and controls.
- Overseeing the implementation of anti-fraud programmes and controls, as well as fraud-related policies and reports from the Forensics function on Discovery's fraud risk profile.
- Considering feedback from the Group TCF Subcommittee.
 - Refer to [page 36](#) for more information on our TCF Subcommittee
- Reviewing and approving the risk- and compliance-related content of the Integrated Annual Report.

Planned focus areas in FY2021

- Continuing focus on the core activities of the Risk and Compliance Committee as outlined in its Terms of Reference and as described above.
- Further consideration of the risks relating to COVID-19.
- Further analysis of the risks due to climate change.
- Reviewing of the work conducted by the Risk function on recovery and resolution planning, contagion risk and key risk concentrations across the Group.

The Risk and Compliance Committee performed an internally managed effectiveness review during the reporting period and is satisfied that it fulfilled its responsibilities in accordance with its Terms of Reference for FY2020.

Our Board Committees *continued*

ACTUARIAL COMMITTEE

Purpose

The Actuarial Committee provides assurance to the Board on all matters of an actuarial nature, including the identification, review and management of actuarial risks and the appropriateness of the assumptions underlying the product terms, liabilities and capital of the Group.

The Actuarial Committee is a non-statutory committee of the Board, and comprises at least eight members. The Committee is chaired by an independent expert actuary who is not a member of Discovery's Board, and includes Non-executive Directors and Executive Directors of relevant companies within the Group, including the Group CFO, the Group Head of Actuarial function, and members of executive management.

The Actuarial Committee met eight times during the year, and comprised the following members as at 30 June 2020:

Name	Board status	Number of meetings attended
P Tripe (Chairperson)	Independent expert actuary	8/8
R Farber	Non-executive Director	6/8
HD Kallner	Executive Director	8/8*
R Lee	Independent expert actuary	8/8
HP Mayers	Non-executive Director	8/8*
D Macready	Independent Non-executive Director	3/3
KS Rabson	Group Executive	8/8
A Rayner	Chief Risk Officer and Chief Actuary (Group)	8/8
D Viljoen	Executive Director and Group CFO	8/8
R Williams	Independent expert actuary	8/8

* Attended in person or by proxy.

Key focus areas in FY2020

- Reviewing the basis, methodology and results of the solvency calculations for each business and the Group, including the appropriateness of the iterative method of calculating the risk margin for Discovery Life.
- Reviewing the results, analysis and external disclosures of the financial soundness valuation and the embedded value results for the Group, as well as IFRS reporting for Discovery Life.
- Identifying and analysing all relevant actuarial risks across the Group, including the actuarial aspects of the ORSA for various entities, and ensuring that relevant management strategies are in place to manage risks. Reviewing reports from management and external advisers on actuarial risks to Discovery, and considering any other reports of a technical actuarial nature.
- Confirming that, from an actuarial perspective, Discovery complied with all applicable legislation, regulatory requirements, notices and codes, and that Discovery adheres to international best practice.
- Monitoring progress towards the implementation of IFRS 17: Insurance Contracts, which will come into effect in 2023.
- Considering the financial soundness and actuarial risks associated with new products, as well as revisions of existing products and the actuarial risks associated with new business initiatives.
- Considering the asset and liability matching profile of the Group.
- Reviewing the Actuarial Control function, including the charter, plan and skills.
- Considering the Head of the Actuarial Control function's review of the reinsurance arrangements for all regulated entities, and reviewing the appropriateness and adequacy thereof.
- Reviewing the minutes of Discovery Insure, Vitality Group, VitalityLife and VitalityHealth's subsidiary Actuarial Committees in order to consider relevant actuarial issues, their management and the impact on the Group's actuarial risks.

Planned focus areas in FY2021

- The Actuarial Committee will continue to focus on areas as outlined in its Terms of Reference in the year ahead and as described above.
- There will be additional focus on the Group's preparedness for the implementation of IFRS17.
- Further work to understand the impact of COVID-19 on the actuarial components of the reserving and reporting bases.

The Actuarial Committee performed an internally managed effectiveness review during the reporting period and is satisfied that it fulfilled its responsibilities in accordance with its Terms of Reference for FY2020.

Our Board Committees *continued*

SOCIAL AND ETHICS COMMITTEE

Purpose

The Social and Ethics Committee assists the Board in implementing and monitoring strategies that facilitate sustainable social and economic development, and in integrating ethics and transformation across Discovery. The Committee also makes recommendations to the Board on good corporate citizenship, climate change strategy, environmental health and safety, stakeholder relations, and an inclusive economy.

The Social and Ethics Committee is chaired by an Independent Non-executive Director, and comprises at least five members of which three are Independent Non-executive Directors and two are Executive Directors.

The Social and Ethics Committee met five times during the year, and comprised the following members as at 30 June 2020:

Name	Board status	Appointment to Committee*	Number of meetings attended
SV Zilwa (Chairperson)	Independent Non-executive Director	May 2018	5/5
Dr B Brink	Independent Non-executive Director	May 2018	5/5
HD Kallner	Executive Director	May 2018	4/5
F Khanyile	Independent Non-executive Director	May 2018	5/5
D Viljoen	Executive Director and Group CFO	May 2018	5/5

* The Social and Ethics Committee was reconstituted in May 2018 with members officially confirmed.

Key focus areas in FY2020

- Overseeing Discovery's ethical standards and values, as well as the monitoring thereof to ensure an ethical culture is deeply rooted across the Group.
- Considering the impact of COVID-19 on skills development, enterprise and supplier development, preferential procurement and sustainable development.
- Monitoring Discovery's compliance to the Disaster Management Act, during 2020, in relation to workplace occupational health and safety regulations.
- Ensuring compliance with the UN Global Compact Principles, the recommendations of the Organisation for Economic Co-operation and Development (OECD) regarding corruption, as well as applicable legislative and regulatory requirements that impact social and economic development.
- Overseeing the Group's sustainable development framework and dashboard as well as consideration, approval and monitoring of the key sustainable development performance indicators.
- Reviewing the Group's enterprise development and preferential procurement policies and implementation thereof while ensuring alignment with the transformation objective of the Group.
- Monitoring Discovery's corporate citizenship approach, as well as objectives that promote equality, prevent unfair discrimination and corruption, and support CSI, corporate sponsorships and donations.
- Overseeing the Group's environmental and health and safety strategies and objectives, including analysis of its carbon footprint and remediation to improve its status.
- Monitoring the Group's stakeholder engagement, advertising and public relations strategies and objectives, and approving a Stakeholder Engagement Policy and Framework.
- Overseeing the Group's labour-related policies and frameworks in addition to its employment equity plan and skills development strategy.
- Ensuring that appropriate frameworks and methodologies are in place to monitor conflicts of interest.
- Monitoring the Group's target level of compliance with the Broad-based Black Economic Empowerment (B-BBEE) Codes of Good Practice and its progress in terms of transformation targets against actual metrics, with specific regard to our B-BBEE scorecard, employment equity plan, skills development and CSI dashboards.
- Approving the Discovery Group Climate Change Strategy.
- Reviewing the 2019 Sustainable Development Report, as well as the assurance processes supporting key data included therein, and recommending this to the Board for approval.

Planned focus areas in FY2021

- Discovery is currently at level 1, as measured against the B-BBEE scorecard, and has a strategic intent to maintain the score.
- Reviewing and approving Discovery's Sustainable Development Strategy.
- Monitoring and overseeing the implementation of the Group's Climate Change Strategy.

The Social and Ethics Committee performed an independent effectiveness review during the reporting period and is satisfied that it fulfilled its responsibilities in accordance with its Terms of Reference for FY2020.

More information on how we maintain an ethical culture can be found from **page 18**

Refer to our online **Sustainable Development Report** for more information on the Social and Ethics Committee's activities

Our Board Committees *continued*

NOMINATIONS COMMITTEE

Purpose

The Nominations Committee assists the Board in identifying potential candidates for the Board, and will make recommendations on the appointment of Executive or Non-executive Directors to the Board. The Board, in turn, presents the approved candidates to the shareholders for consideration at the AGM.

The Nominations Committee, comprising at least three members, is chaired by the Chairperson of Discovery's Board. Discovery's Group Chief Executive is also a member of the Committee, along with a representative of the major shareholder. Other Directors may be required to serve on the Committee as required.

The newly constituted Nominations Committee formally met for the first time after year-end, due to the Board's focus on addressing COVID-19-related matters. All relevant matters during FY2020 were dealt with by an ad hoc Nominations Subcommittee.

The Nominations Committee comprised the following members as at 30 June 2020:

Name	Board status	Appointment to Committee
M Tucker (Chairperson)	Independent Non-executive Director	November 2019
HL Bosman	Non-executive Director	November 2019
A Gore	Executive Director and Group Chief Executive	November 2019
F Khanyile	Independent Non-executive Director	February 2020
Dr TV Maphai	Independent Non-executive Director	February 2020

Key focus areas in FY2020

- Recruitment, short-listing and recommending the appointment of David Macready as an Independent Non-Executive Director of the Board.
- Considering the strategy for Board succession.
- Approving a Board Diversity Policy and related voluntary minimum race and gender targets.
- Ensuring that an adequate induction process for new Directors is in place and that new Directors undergo this process.
- Overseeing the ongoing development of Directors through training interventions.

Planned focus areas in FY2021

- Improving the diversity of the Board, including gender and race.
- Addressing the actuarial, data and technology skills gaps of the Board.
- Succession planning for the Board and Board Committees.

The Nominations Committee, as a newly established committee, has not yet performed an internally managed effectiveness review.



Our Board Committees *continued*

TREATING CUSTOMERS FAIRLY SUBCOMMITTEE

Purpose

The Treating Customers Fairly (TCF) Subcommittee is tasked with assisting the Risk and Compliance Committee in ensuring the fair treatment of customers by the Group. The TCF Subcommittee functions as the independent governance forum overseeing the TCF Framework, ensuring that an appropriate culture encouraging the fair treatment of customers is established and that management implements suitable processes to ensure that customers are treated fairly by Discovery. In addition, the TCF Subcommittee assists the Social and Ethics Committee from time to time to discharge its obligations for the fair treatment of customers.

The TCF Subcommittee, comprises at least five members, of which three are independent Non-executive Directors of Discovery constituted boards and one is a member of the Social and Ethics Committee. The Chairperson is appointed by the Risk and Compliance Committee, in consultation with the Chairperson of the Discovery Board. Each business entity over which the TCF Subcommittee has direct oversight is represented by a member of its executive management team or by a member of senior management nominated by the executive management team. The TCF Subcommittee meets a minimum of four times in a year.

The TCF Subcommittee met four times during the year, and comprised the following members as at 30 June 2020:

Name	Board status	Appointment to Committee	Number of meetings attended
J Awbrey (Chairperson)	Independent Non-Executive Director (Discovery Life and Discovery Insure)	January 2017	4/4
S Zilwa	Independent Non-Executive Director (Group)	January 2017	4/4
Dr B Brink	Independent Non-Executive Director (Group)	January 2017	4/4
J Ferreira	Group Chief Compliance Officer	November 2018	4/4
A Rayner	Chief Risk Officer and Chief Actuary (Group)	January 2017	4/4

Key focus areas in FY2020

- Reviewing all frameworks dealing with the fair treatment of customers including the complaints management process.
- Ensuring that appropriate steps were taken to embed the frameworks within the business entities.
- Reviewing the results of assessments undertaken to evaluate the level of adherence to the framework.

Planned focus areas in FY2021

- Improving customer communication in respect of integrated product development.
- Reviewing of internal system integration within the Group.

The TCF Subcommittee performed an internally managed effectiveness review during the reporting period and is satisfied that it fulfilled its responsibilities in accordance with its Terms of Reference for FY2020.


09

2020 King IV™ application register

Discovery's Board of Directors recognises the importance of being a responsible corporate citizen, and is committed to ethical and effective leadership towards achieving the King IV™ outcomes. The Board has primary accountability for the governance and performance of Discovery. The application of the King IV™ principles is referenced below.


LEADERSHIP

Principle 1: The governing body should lead ethically and effectively.

 Refer to page 3 and 20 of our Governance Report


ORGANISATIONAL ETHICS

Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

 Refer to page 18 of our Governance Report


RESPONSIBLE CORPORATE CITIZENSHIP


Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

 Refer to page 25 of our Governance Report

STRATEGY AND PERFORMANCE


Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

 Refer to page 20 of our Governance Report

 Refer to page 35 of our online Integrated Annual Report


REPORTING

Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.

 Refer to page 25 and 30 of our Governance Report


PRIMARY ROLE AND RESPONSIBILITIES

Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.

 Refer to page 21 of our Governance Report

COMPOSITION

Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

 Refer to page 4 and 22 of our Governance Report


COMMITTEES

Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

 Refer to page 29 of our Governance Report


EVALUATION OF PERFORMANCE


Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.

 Refer to page 20 and 22 of our Governance Report

APPOINTMENT AND DELEGATION TO MANAGEMENT


Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.


 Refer to page 22 of our Governance Report

 Refer to page 112 of our online Integrated Annual Report

RISK GOVERNANCE


Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.


 Refer to page 24 of our Governance Report

 Refer to page 29 of our online Integrated Annual Report

2020 King IV™ application register *continued***TECHNOLOGY AND INFORMATION GOVERNANCE**


Principle 12: The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.

 Refer to **page 22** of our Governance Report

 Refer to **page 65** of our online Integrated Annual Report


COMPLIANCE GOVERNANCE

Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

 Refer to **page 26** of our Governance Report

REMUNERATION GOVERNANCE

Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

 Refer to **page 22 and 31** of our Governance Report


ASSURANCE


Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

 Refer to **page 23** of our Governance Report

STAKEHOLDERS


Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

 Refer to **page 25** of our Governance Report

 Refer to **page 24** of our online Integrated Annual Report

RESPONSIBILITIES OF INSTITUTIONAL INVESTORS

Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote the good governance and the creation of value by the companies in which it invests.

 Refer to **page 25** of our Governance Report

 Refer to our online Sustainable Development Report

