

ABOUT THIS REPORT

This report has been prepared in line with the guidelines of the International Integrated Reporting Council. Building on our reporting in previous years, we have aimed to make this document more concise, presenting our readers with a complete picture of our shared-value insurance model and strategy, but remaining focused on the issues that are material to the business and stakeholders.

This integrated annual report is supplemented by a separate Sustainable Development Report and website, in which we provide additional detail about our contribution to achieving global and local sustainable development objectives. Our Sustainable Development Report is prepared in accordance with the G4 guidelines of the Global Reporting Initiative (GRI) at a core level and is also our first Communication of Progress to the United Nations Global Compact (UNGC). Discovery became a UNGC signatory in June 2015.

Scope and boundary

In this report, we cover the operations of Discovery Limited, including Discovery Health, Discovery Vitality, Discovery Life, Discovery Invest, and Discovery Insure in South Africa, VitalityHealth and VitalityLife in the UK, as well as our other international operations, under Discovery Partner Markets. These include Ping An Health, The Vitality Group (including the John Hancock and ManuLife partnerships), AIA Vitality and Generali Vitality.

Non-financial data is included for all South African-based operations.

Material issues for reporting

We identified six issues which we believe represent some of the most material challenges for the business today and which have driven our selection of content for this report. The issues were identified following extensive management discussions and workshops, as well as a review of key risks identified by the organisation, and issues highlighted in commentary from external stakeholders.

We discuss material issues throughout our report and include a summary on page 30.

Discovery and King III

During the year under review, Discovery complied with the mandatory principles of governance, as contained in the JSE Listings Requirements, as well as with the principles of King III. In assessing adherence to King III principles, a compliance programme is in place whereby the level of compliance of the Group is monitored at regular intervals. Read our report on King III at www.discovery.co.za/info/Governance.

Approval by the Discovery Board of Directors

The Discovery Limited Board of Directors approved the Discovery Integrated Annual Report on 6 October 2016, based on the recommendation of Discovery's Audit Committee.

Signed by the Chairperson of the Discovery Limited Board of Directors.

Monty Hilkowitz

Preparation of Discovery's Annual Financial Statements

for the year ended 30 June 2016:

- Annual Financial Statements
 - L Capon CA(SA) (prepared)
 - L van Jaarsveldt CA(SA) (prepared)
 - R Farber CA(SA) FCMA (supervised)
- Embedded Value Statement
 - M Curtis FASSA, FIA (prepared)
 - A Rayner FASSA, FIA (supervised)

Statement from Discovery Group Internal Audit

Discovery Group Internal Audit performed a limited review of the statements and quantitative data contained in the Discovery 2016 Integrated Annual Report, with the exception of the Annual Financial Statements.

Set out below is a summary of the procedures performed pertaining to the financial and non-financial information as contained in the Integrated Report, as well as for the Key Performance Indicators (KPIs) and the Global Reporting Initiative (GRI) indicators in the People and Sustainable Development Report for the year ending 30 June 2016, which were included in the scope of the limited assurance engagement.

- Discovery Group Internal Audit obtained an understanding of:
 - The Stakeholder engagement process;
 - The selection and application of Integrated and Sustainability Reporting Policies;
 - How Management has applied the principle of materiality in preparing the Integrated Annual Report and the specified KPIs and GRIs in the People and Sustainability Development Report.
- Discovery Group Internal Audit made enquiries of Management, Employees and those responsible for the preparation of the Integrated Report and the specified KPIs and the GRIs, as considered necessary.
- Discovery Group Internal Audit inspected relevant supporting documentation and obtained such external confirmations and Management representations as considered necessary for the purposes of the audit engagement.
- Discovery Group Internal Audit performed analytical procedures and limited tests of detail responsive to the risk assessment and the level of assurance required, including a comparison of judgementally selected information to the underlying source documentation from which the information has been derived.

Based on the evidence obtained in completing this limited assurance engagement, Discovery Group Internal Audit believes that the information (quantitative and qualitative), disclosed in the Integrated Annual Report, sufficiently and appropriately represents the Group's performance for the year ended 30 June 2016.

Comments

We value feedback and comments from our stakeholders on our integrated annual report, as well as our other publications. Please send your comments to askthecfo@discovery.co.za

Contact us

Mr Richard Farber, Discovery Chief Financial Officer
+27 11 529 1855

How we report to our stakeholders

Together with our integrated annual report, there are other reports and publications we make available to stakeholders. These reports provide detailed information on Discovery and our economic, financial, and social performance during the financial year, as well as our prospects.

Integrated Annual Report

Our integrated annual report provides an analysis of our financial, economic, and social performance in relation to our business strategy going forward.



[www.discovery.co.za/
info/2016integratedreport](http://www.discovery.co.za/info/2016integratedreport)

Annual Financial Results Presentation

A presentation of Discovery's annual financial results to investors.



[www.discovery.co.za/
info/2016annualresults](http://www.discovery.co.za/info/2016annualresults)

Full Annual Financial Statements

This presents the full financial statements and administration requirements (AGM notice, proxy form).



[www.discovery.co.za/
info/2016financials](http://www.discovery.co.za/info/2016financials)

Sustainable Development Report and associated website

These chart Discovery's relationship with the broader society and describes how we work with social and business partners to achieve common sustainable development goals.



[www.discovery.co.za/
info/2016SDReport](http://www.discovery.co.za/info/2016SDReport)

King III Register

The King III Register provides a complete view of how Discovery addresses the principles of King III.



www.discovery.co.za/info/2016King3

Governance

This year we include a summarised governance section focusing on governance, compliance and regulation. Detailed reports can be found on the website.



www.discovery.co.za/info/governance