



DISCOVERY

SUSTAINABILITY
REPORT 2021





Contents

INTRODUCTION

- Report overview *pg 02*
- A message from our CEO *pg 04*
- About this report *pg 06*
- About our business *pg 08*

ANNEXURES

- Annexure 1:** ESG index *pg 92*
- Annexure 2:** Full value-added statement *pg 115*
- Annexure 3:** Regulatory engagements by key stakeholder group *pg 116*

NAVIGATING OUR REPORT

This is an interactive report. Navigation tools at the top right of each page and within the report are indicated below.



In this report Back previous page Next page

Indicates that content on page is unpacking a part of the Sustainability Framework

Clickable points of interest

Indicates where further information can be found

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

Indicates where further information can be found in our Integrated Report

DISCOVERY'S SUSTAINABILITY FRAMEWORK

The Discovery Sustainability Report 2021 is structured against the Discovery Sustainability Framework (see page 09 for detail) and forms a navigation device throughout this report.

pg 13

OUR SUSTAINABILITY DIFFERENTIATORS

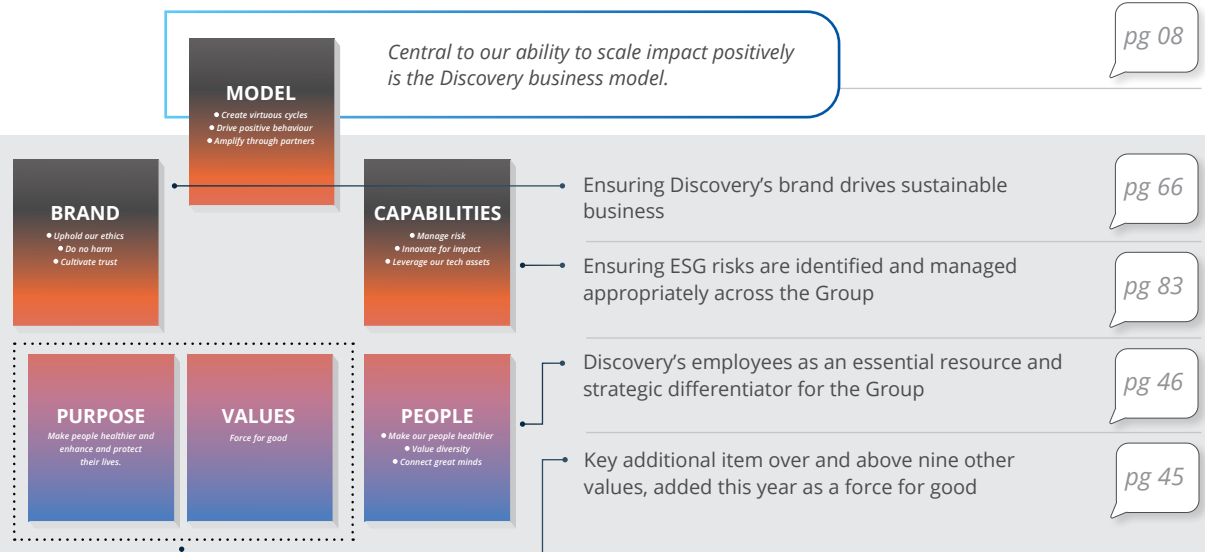
Discovery's social and environmental impact dimensions unique to our Shared-value Insurance model



pg 44

GOOD BUSINESS ENABLERS

Key ESG factors that enable sustainable and responsible business





Report overview

We welcome readers to the Discovery Sustainability Report 2021. It supports the information needs of stakeholders with an interest in our sustainability impact as well as analysts requiring detailed environmental, social and governance (ESG) disclosures. We invite you to explore this report to read more about Discovery's journey to realising our ambitions for the good of our clients, our business, our networks and society.

We have made strong progress in enhancing ESG disclosures in this reporting cycle across our suite of reports with the support of a dedicated ESG Working Group. This is extending the visibility of our ESG performance, which is deeply embedded through the concept of shared-value insurance at the heart of our business model.

By leveraging our Shared-value Insurance model, Vitality chassis and global partnerships, Discovery is extending our impact at scale. This forms the basis of our approach to sustainability – at the intersection of shared value and our strategic imperative to be a powerful force for good.

Introduced this year, our Sustainability Framework brings expression to the impact of our organisation on society (the third component of the virtuous cycle of shared value). This report provides detail on our progress across the four pillars that make up our key sustainability goal areas (see the

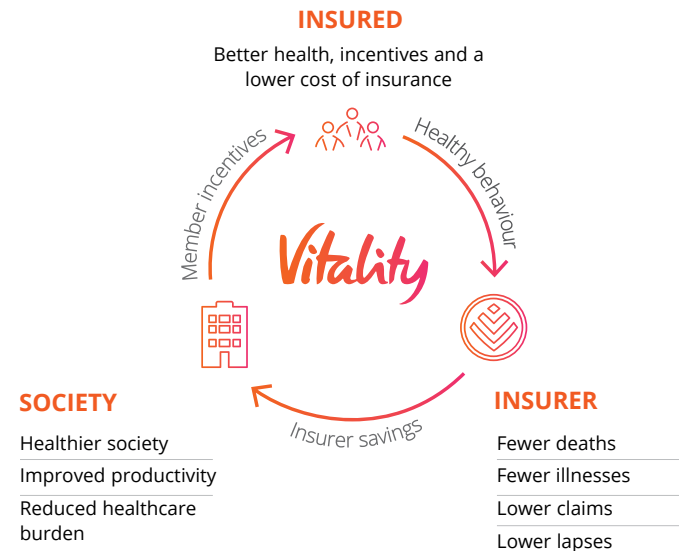
section *Sustainability differentiators*). These pillars are underpinned by Vitality, which is key to our ability to achieve impact at scale.

This report also provides detailed ESG disclosures in the section *Good business enablers*, which are the material ESG factors aligned to the foundation of our Group operating model. These are included in the Sustainability Framework as purpose and values, people (covering key themes such as diversity and inclusion), model, brand (covering areas such as ethics, responsible investment, and data security and customer privacy) and capabilities (including corruption, supply chain and financial inclusion).

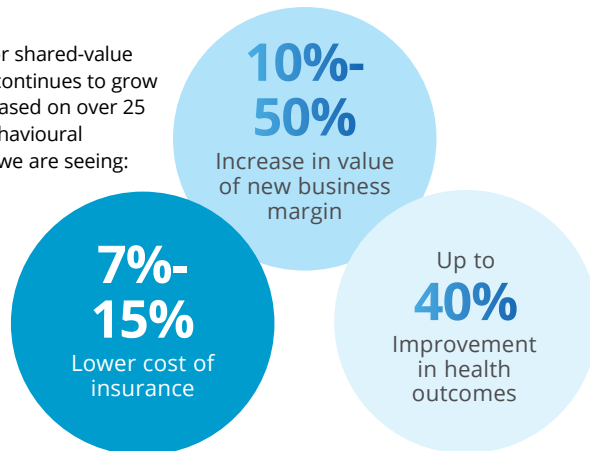
Given the increasing demand for ESG disclosures, we include an ESG index that cross-references ESG information across Discovery's reporting suite, including the Integrated Annual Report, Governance Report, TCFD Report and Annual Financial Statements.

The virtuous cycle of shared value

We leverage Vitality to guide and incentivise people to engage in healthier behaviours, and share the value of this behaviour change with clients and society. We call it Vitality Shared-value Insurance and it drives a virtuous cycle of shared value for the insured, insurer and society.



The case for shared-value insurance continues to grow stronger. Based on over 25 years in behavioural insurance, we are seeing:





KEY DEVELOPMENTS FOR THE YEAR



SUSTAINABILITY FRAMEWORK introduced



Released **THE GROUP CLIMATE CHANGE STRATEGY**

Introduces our goals for carbon neutral operations by 2025 and net zero operations by 2050 or earlier

Includes the strategic pillar of 'Impact through incentives and innovation' – with products and services in development to reduce greenhouse gas emissions and support adaptation



Launched **DISCOVERY CONNECTED CARE –**

an integrated healthcare ecosystem of benefits, services and connected digital capabilities



Launched **DISCOVERY PREPAID HEALTH –**

a digital platform where anyone can buy vouchers and redeem them for high quality, private, primary healthcare services



Provided **A PURPOSE-LED RESPONSE TO COVID-19**

We provided **26 924 pulse oximeters** to members (to June 2021) which has helped saved many lives

We have established **nine vaccination sites nationally**, requiring approximately

1 000 employees and spent **R42 million** in addressing **COVID-19**

Supporting our employees and clients, and playing a nation-building role in broader society through **active partnerships with public and private sector role-players**

In September 2021, we announced our decision to **move to a mandatory vaccination policy effective 1 January 2022** as a further commitment to creating safe workplaces for the socio-economic benefit of society as a whole



Launched our **ESG ENVIRO FUND** (index tracking funds) range in the United Kingdom



Together with **DIALDIRECT AND THE CITY OF JOBURG, DISCOVERY INSURE**

launched the **Pothole Patrol initiative** to help make roads safer for everyone by addressing the issue of potholes that can cause vehicle damage and accidents



Maintained our **LEVEL 1 CONTRIBUTOR STATUS**

in Broad-based Black Economic Empowerment



Developed a strategy to further our **COMMITMENT TO INCLUSIVITY**



Embarked on a **SUPPLIER MAPPING EXERCISE** and **POLICY REVIEW**

to maximise ESG considerations in our procurement process



A message from our CEO

Adrian Gore



Discovery is founded on a core purpose of making people healthier and enhancing and protecting their lives. Since inception we have understood that business is not detached from social and environmental issues but exists to help address these issues in a sustainable way. Simply put, business cannot thrive without improving the society and environment in which it operates."

In insurance this is even more pronounced, given the industry exists to buffer people from risk and loss. As a result, insurers' interests are completely aligned to those of their clients' – when people are healthier and safer, the insurer is more profitable, and the whole of society benefits. Discovery recognised this alignment early on, creating Vitality to guide and incentivise people to engage in healthier behaviours, and sharing the value of this behaviour change with clients and society. We call it Vitality Shared-value Insurance, and it is transforming the industry globally.

Sustainability is deeply embedded in our business model and strategy, rather than a tangential concern. It is integrated into the products and services we deliver, our interactions with stakeholders, and our metrics and results.

Discovery's Ambition 2023 is to be a leading financial services organisation globally, utilising an insurtech platform through the pioneering Vitality Shared-value Insurance model, positively influencing 100 million lives – with more than 10 million directly insured – and being a powerful force for good. Our Sustainability Framework sets out how we align the interests of our clients, our business and society to achieve this ambition. The Framework is structured around four sustainability differentiators – Make People Healthier (focused on physical health), Enhance and Protect Lives (holistic health), Strengthen Social Systems (collective health), and Restore the Environment (planetary health). These are areas where Discovery leverages its Shared-value Insurance model, global partnerships and Vitality chassis (which forms the underpin to the four pillars) and global partnerships to achieve scaled impact.

They are also areas where Discovery can be most impactful in contributing to the attainment of the United Nations Sustainable Development Goals (SDGs), by harnessing the power of behaviour change and global partnerships to achieve impact at scale.

These SDGs include



Ensure healthy lives and promote well-being for all at all ages



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



Take urgent action to combat climate change and its impacts



Strengthen the means of implementation and revitalise the global partnership for sustainable development

The four sustainability differentiators of our Framework are supported by the foundation components of our Ambition strategy (purpose, values, people, brand, model and capabilities) – which form the material ESG factors that enable sustainable business.

The past year has demonstrated our strategic focus on sustainability, with the following initiatives speaking to our sustainability differentiators and big goal areas.



PHYSICAL HEALTH

Besides the positive impact achieved through our Shared-value Insurance model (as discussed throughout this report), Discovery has played a nation-building role in our urgent and integrated response to COVID-19 through the following initiatives. Discovery has led several workstreams across the Business for South Africa vaccine programme and is working directly with the South African National Department of Health (NDoH) and National Treasury on a range of vaccine-related initiatives.

The Group has also supported mandatory vaccinations procurement and funding initiatives. Discovery's headquarters, 1 Discovery Place, is currently the largest national private sector site, contributing over 15% of all Gauteng vaccinations. There are nine active Discovery vaccination sites countrywide and we have the aspiration of vaccinating 40 000 individuals in total per day when all our sites are at full capacity.



For further detail on our efforts in supporting the national vaccination drive, see *Playing a nation-building role during COVID-19* on page 33.

In addition, we are using our actuarial and clinical expertise to advance vaccine-related research. Discovery Health Data Intelligence teams entered a data sharing partnership with the South African Medical Research Council, and the joint team has been able to demonstrate the unequivocal effectiveness of the Johnson & Johnson vaccine (91-95% protection against mortality in recipients exposed to the Delta variant).

Beyond our initiatives in COVID-19, part of our response to the trend of increasing digital health adoption has been leveraging technology to broaden healthcare access. This includes delivering remote care to clients by safely and securely linking patients and healthcare providers; and making healthcare available to non-Discovery members through our Prepaid Health offering, which allows anyone to buy vouchers and redeem them for high quality, private, primary healthcare services.

HOLISTIC HEALTH

As part of Discovery's broader view of wellbeing, we continue to leverage our actuarial data to understand the interdependence of healthier choices in a holistic approach to health. We incentivise and reward our members to improve their health and their driving behaviours, save for longer and practice responsible financial behaviours, to achieve greater wellbeing.

COLLECTIVE HEALTH

Over the period, we continued to partner to scale our impact, demonstrated by our pledge with our global insurance partners to make '100 million people 20% more active by 2025'. In line with this pledge, we launched global initiatives encouraging people to get physically active, including partnerships with cycling platform ZWIFT, and the re-launch of the Vitality Running World Cup, which partners with UNICEF to distribute life-saving polio vaccinations to children via people's physical activity.

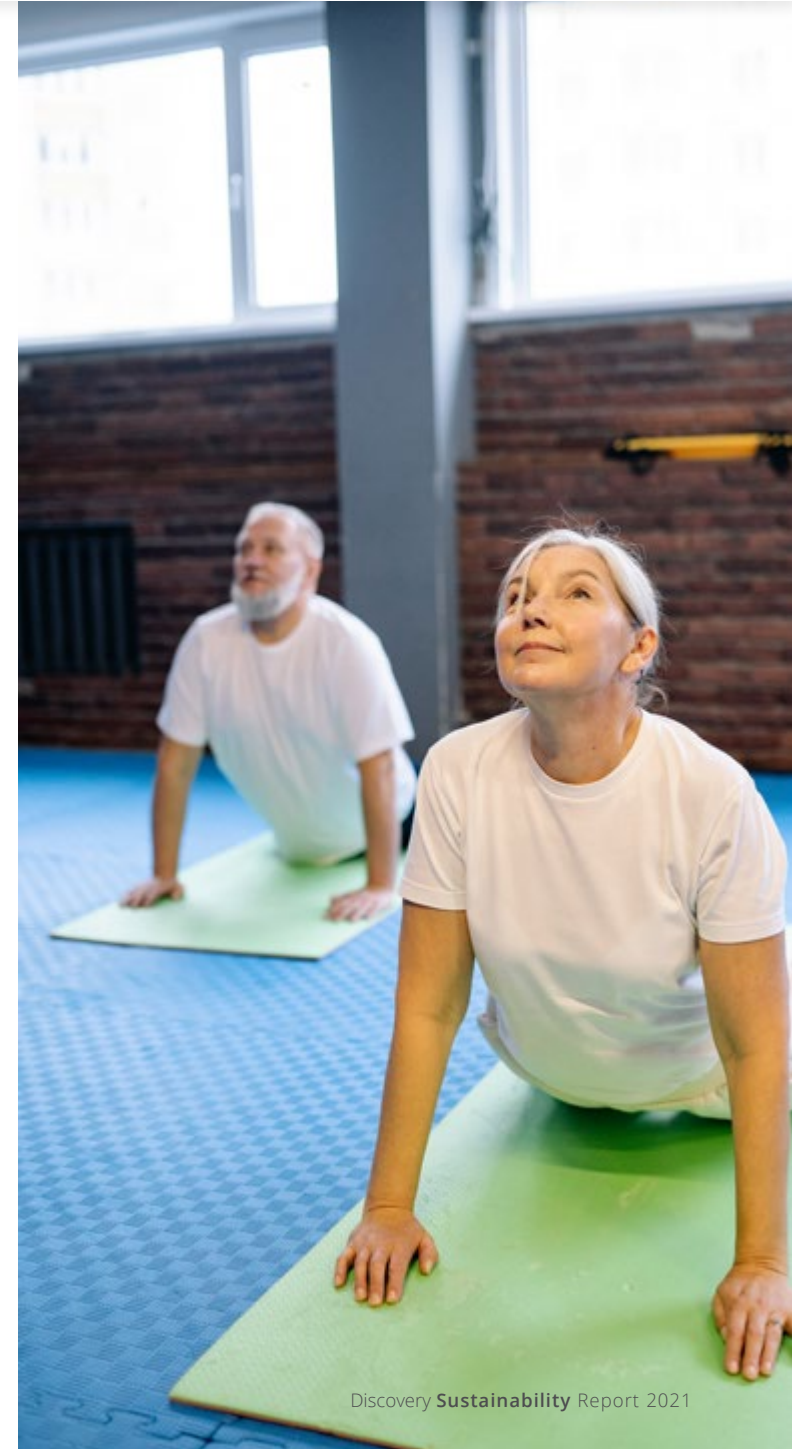
PLANETARY HEALTH

In the area of environment, we have been focusing on our internal goals as an organisation, and on product development to bring healthier environmental behaviour to clients. In the past year we published our Group Climate Change Strategy, which provides a framework for our approach to climate change from both a risk and opportunity perspective. We have also been working intensely on climate-related offerings in South Africa and the United Kingdom, focusing on applying our behaviour change and incentives expertise to the area of personal carbon emissions.

We believe we have an opportunity to contribute to climate change solutions by extending our business model into this space, as the next frontier of shared value that can positively impact both people and planet.

Finally, Discovery remains committed to global corporate responsibility and has been a signatory to the United Nations Global Compact (UNGC) for the past six years. We continue to uphold the Compact's principles on human rights, labour, anti-corruption, and environmental responsibility.

As a global financial-services organisation, Discovery recognises that its ability to do business is fundamentally linked to the sustainable wellbeing of the communities in which it operates. We are determined to continue to be an exceptional employer, excellent partner, and good corporate citizen. Our purpose and shared-value model demand this.





About this report

The Discovery 2021 Sustainability Report provides details on how Discovery has delivered on its commitment to be a force for good.

Boundary and scope

This report is focused on the environmental, social and economic impacts of our business against our strategic objective to be a powerful force for good. Disclosures and information are for the 2021 financial year ending 30 June 2021, unless specified otherwise. This report includes disclosures on governance as it relates to sustainability, but comprehensive information on our governance philosophy, leadership and our compliance with the King IV™ Report on Corporate Governance for South Africa, 2016 (King IV™) is included in the Discovery Governance Report 2021.

For more information, see our Governance Report.

Non-financial information and data included in this report relates primarily to our South Africa-based business units, which account for the majority of the Group's revenue and employees. We also include disclosures on specific initiatives in the United Kingdom through Vitality UK and some broader Group-wide initiatives, where relevant and specified.

For information about the Group's strategic and financial performance and prospects, refer to our Integrated Annual Report.

We specify the operational boundary for environmental and social data included in this report by geography, across South Africa, the United Kingdom and Global Markets.

For information about the Group's revenue by geography, see Our four strategic strands in our Integrated Annual Report.

Content for this report is framed by Discovery's Sustainability Framework, with an overview of the Framework provided on page 11. The Group's material matters are also used to delineate material content themes for the Integrated Annual Report and this Sustainability Report, through a joint process between the reporting teams. The material matters process is designed to ensure stakeholder inclusiveness, sustainability context, materiality and completeness in the material matters identified and reporting against these matters.

Our material matters

During the 2020 financial year, Discovery undertook a broader materiality determination exercise to identify the material matters that could impact Discovery's ability to create value in the short, medium and long term. It considered value creation in the context of Discovery's core purpose, which guides our business decisions.

The process to update the list of material topics is disclosed in the 2021 Integrated Annual Report.

For detail on material matters, refer to our Integrated Annual Report.

During the 2020 financial year, an ESG Working Group was established under the CEO and through his executive office. The Working Group comprises of key resources across the Investor Relations, Sustainable Development, Risk, Compliance, Group Facilities, United Kingdom businesses and CEO's Office. Supported by external ESG advisers, the Working Group is tasked with identifying external and internal reporting gaps and processes to improve Discovery's alignment with key reporting frameworks.

Frameworks and indices used to guide the Sustainability Report preparation:



Broad-based Black Economic Empowerment (B-BBEE) Codes of Good Practice: Level 1



Sustainability Accounting Standards Board (SASB)



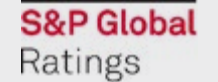
MSCI ESG Index: BBB rating for the 2020 reporting cycle



Ten Principles of the United Nations Global Compact



Task Force on Climate-related Financial Disclosures (TCFD)



S&P Global (Dow Jones Sustainability Index)



CDP (previously named the Carbon Disclosure Project): B for the 2020 reporting cycle (2019: C)

(Measured on a scale from A to D, a level B rating indicates management of climate related issues.)



Sustainalytics risk rating: Medium risk rating for 2020

Discovery remains a constituent of the FTSE4Good Index Series following a review in June 2021.

Note: Discovery does not currently report in accordance with the Global Reporting Initiative's (GRI) Sustainability Reporting Standards but uses them as a guide to inform disclosures and key indicators. Discovery continues to mature its sustainability data collection, reporting and assurance processes to align with stakeholder information requirements, with considerable progress made during the 2021 financial year.



Annexure 1, starting on page 92, includes a detailed ESG Index that references selected indicators across Discovery's suite of reports.



Additional charters, principles and initiatives

- Active Participant of the United Nations supported Principles for Responsible Investment
- Participant to the UNGC Target Gender Equality programme
- Support provided to the Public Health Enhancement Fund in South Africa since inception in 2012
- Through its membership of the Health Funders Association, Discovery supports and assists the South African government in establishing the mechanisms necessary to achieve a sustainable system of universal healthcare as outlined in the Presidential Health Compact
- We are active in collaborating with a wide number of regulatory bodies, such as the Health Professions Council of South Africa, South African Pharmacy Council and South African Nursing Council.

Restatements of information

There have been no restatements of information or indicators in this report.



For a list of associations, refer to page 77.

Ensuring transparent reporting to stakeholders

As in previous years, the 2021 Sustainability Report is focused on serving the information and disclosure needs of broader society, regulators and partners. However, as providers of financial capital (and especially large institutional investors and third-party analysts) require increasing transparency and disclosure on environmental, social and governance performance, the Sustainability Report includes key information for these stakeholders or directs them to applicable information across Discovery's suite of reports.

Reporting for Discovery's key stakeholder groups

Discovery recognises that the quality of our engagements with stakeholders is key to creating value over the long term. Therefore, we conduct regular assessments, using internal mechanisms, to ensure that we meet the expectations of our stakeholders.

We are constantly working to improve our reporting and the way in which we measure our impact and outcomes. We welcome stakeholder feedback on our Sustainability Framework, initiatives and reporting, which can be emailed to sustainability@discovery.co.za.

Our Stakeholder Engagement Framework sets out our strategic approach and seeks to align this approach, as well as the management of stakeholder engagement, to the applicable principles of King IV™.



For detail on our key stakeholder relationships, refer to our Integrated Annual Report.

DISCOVERY'S SUITE OF REPORTS



2021 INTEGRATED ANNUAL REPORT

Our primary report to our shareholders, providers of financial capital and other stakeholders. It details our financial, economic and social performance.



2021 GOVERNANCE REPORT

Includes information on our governance philosophy, leadership and our compliance with King IV™.



2021 SUSTAINABILITY REPORT AND ESG INDEX

This report provides details on how the Group delivered on its strategic ambition to be a powerful force for good for our clients, our business and our broader society. As part of this Sustainability Report, we have included a detailed ESG index that references selected indicators across Discovery's suite of reports. These are mapped against GRI, TCFD and SASB indicators.



FULL 2021 ANNUAL FINANCIAL STATEMENT

Includes the consolidated financial results of Discovery Limited and its subsidiaries, the Embedded Value Statement and Five-year Review.



2021 ANNUAL FINANCIAL RESULTS PRESENTATION

Provides an overview of Discovery's financial performance to investors.



2021 TCFD REPORT

Our TCFD Report provides specific disclosures to support the needs of analysts who focus on these disclosures as recommended by the Financial Stability Board. It provides details on Discovery's climate change response in terms of governance, strategy, risk management, and metrics and targets related to environmental impacts.



View last year's web-based 2020 Discovery Sustainable Development Report.



For the ESG Index, see Annexure 1 starting on page 92.

Board responsibilities

To ensure that our disclosure focuses on sustainability issues that are significant to Discovery's business and stakeholders, the Social and Ethics Committee approves the structure of this report, and reviews and provides input on its content prior to publication.

For detail on our governance structures as they relate to sustainability, refer to page 11.

The Social and Ethics Committee is satisfied that this 2021 Sustainability Report, read together with the 2021 Integrated Annual Report and 2021 Governance Report, provides a comprehensive and accurate view of Discovery's sustainability performance for the past financial year and an outlook for the year ahead.

The Sustainability Report content and indicators were gathered from interviews with key information owners, questionnaires provided to key operational teams (as mandated by each team's respective Chief Financial Officer) and internal information resources. The drafting of the

report was managed by Discovery's Sustainable Development team. Drafts were reviewed by specific senior resources at key stages of the process, prior to submission to the Social and Ethics Committee. Approval was provided following review by the Social and Ethics Committee, an assessment of content by Group Internal Audit, and the recommendation of the Discovery Audit Committee.

Independent assurance on selected indicators is provided to the Group Chief Financial Officer and Social and Ethics Committee by Nexia SAB&T in its Independent Assurance Report. Nexia SAB&T is contracted to Discovery to provide assurance services, and undertook an assessment to evaluate all relationships between itself and the Group to consider independence and objectivity relating to the audit. Nexia SAB&T concluded that "we are not aware of any relationships that may have a significant impact on our independence and the objectivity of the audit engagement team".



Access the 2021 Independent Assurance Report.

For detail on assurance of scope emissions, refer to the CDP Report for the 2021 reporting cycle.



About our business

Discovery is a global, integrated financial services organisation that uses a pioneering Shared-value Insurance model across businesses to achieve our core purpose of making people healthier and enhancing and protecting their lives.



Founded in South Africa, we operate in **28 COUNTRIES** and impact more than **41.3 MILLION LIVES** globally.



Headquartered in Sandton, Johannesburg, **SOUTH AFRICA**



12 650 PEOPLE employed permanently globally

To understand our business is to understand our **WHY, HOW and WHAT.**

WHY WE ARE IN BUSINESS

Our core purpose

To make people healthier and enhance and protect their lives.

WHAT WE DO

Our products and services

Health insurance, administration and managed care of medical schemes

Long-term savings and investments

Life insurance

Short-term and personal insurance

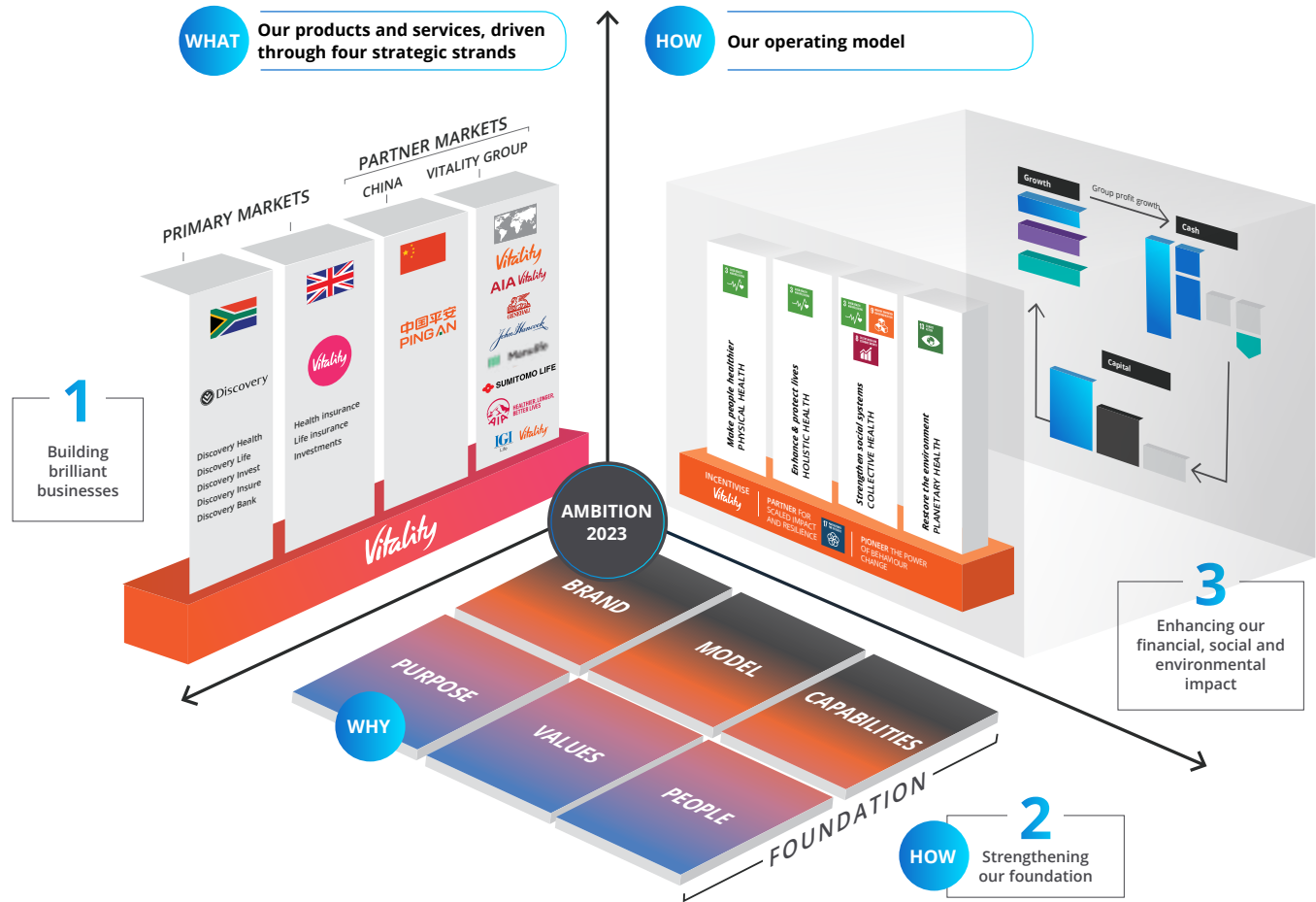
Banking

Behaviour-change programmes

HOW WE OPERATE

What sets us apart

Our core purpose manifests through our pioneering and bespoke Shared-value Insurance model across our four strategic business strands of South Africa, the United Kingdom, Ping An Health Insurance and Vitality Group – underpinned by our leading behaviour-change platform, Vitality, and supported by our unique foundation and operating model.



AMBITION 2023 OUR MEDIUM-TERM STRATEGIC FOCUS

Being a leading financial services organisation globally, utilising an insurtech platform through the pioneering Vitality Shared-value Insurance model, positively influencing 100 million lives – with more than 10 million directly insured – and being a powerful force for good.



For details on our operating model and the markets and geographies we serve, refer to our Integrated Annual Report.



The sustainability context

Underscored by our core purpose – to make people healthier and enhance and protect their lives – we build businesses at the intersection of three key global trends (which were accelerated by COVID-19), which emphasise the increasing relevance of our Shared-value Insurance model:

THE BEHAVIOURAL NATURE OF RISK

Health and wellness are of increasing importance in determining both non-communicable and communicable disease risk, and our Shared-value Insurance model allows us to capitalise on this trend through our understanding of the nature of risks and the incentives that drive improved behaviour.

TECHNOLOGY

There has been a rush to the online world due to lockdowns and physical distancing in response to the COVID-19 pandemic, also increasing digital adoption. Online consultations (telemedicine), for example, are proving to be an effective and sustainable patient-care solution going forward. We also continue to harness technology like wearable devices, telematics and mobile banking in our digitally enabled and customer centric proposition.

SOCIAL RESPONSIBILITY

Social and environmental movements, as well as COVID-19 (which has also increased economic and social inequalities), are amplifying corporate responsibility with heightened demand for purpose-based business models that will find profitable solutions to society's challenges.

This Sustainability Report is focused on social responsibility, and intends to meet increasing requirements for environmental, social and governance disclosures.



For detail on risk and technology, see our Integrated Annual Report.

Our Integrated Sustainability Framework

Through its Vitality platform, Discovery is a global leader in shared-value insurance, leveraging fintech, actuarial and behavioural science to make people healthier and enhance and protect their lives. Our purpose and Shared-value Insurance model situates a societal purpose at the core of our financial services businesses. Sustainability and shared value are integrated into the fabric of our organisation, in the products and services we deliver, and in our interactions with the stakeholders that impact and are impacted by our businesses.

As disclosed in 2020, the Sustainable Development team undertook a process of widespread consultation with internal and external stakeholders to revise the group's Integrated Sustainability Framework.

The Integrated Sustainability Framework provides alignment across the Group in our efforts to:

- Scale purpose-led innovation through our business model and across the value chain
- Support our intent to continue transforming the financial and insurance services sector through shared value
- Meet the expectations of investors and ESG raters
- Align with global initiatives and collaborate to achieve them.

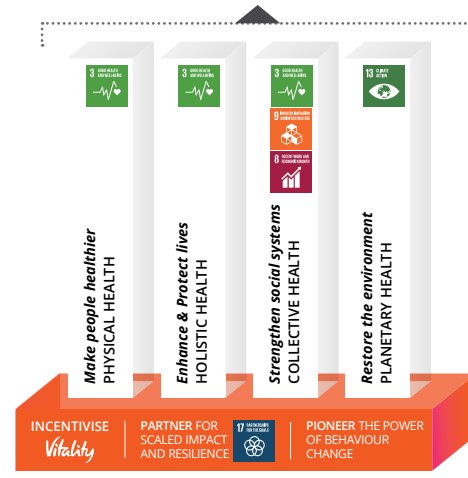
The Sustainable Development team is working at Group level and across the businesses to develop and set ambitious goals and science-based targets to drive and demonstrate our progress against the Framework. It will provide the basis for an integrated and active approach to working with stakeholders to address the myriad socio-environmental issues that face us all.

The Integrated Sustainability Framework will also drive reporting that moves away from a more qualitative narrative to a quantifiable set of metrics that allows for comparison over time, and consequently updating and enhancing the strategies and processes that drive social value across the Group.

WHY

Driven by our purpose to make people healthier and enhance and protect their lives

We are driven to support global efforts in achieving the SDGs. We have selected those where our Shared-value Insurance model and global partnerships can achieve sustained scaled impact, thus aligning our impact across the Group to make a meaningful contribution. This is over and above the good corporate citizenship we ascribe to in our day-to-day business operations.



HOW

The sustainability differentiators of our Framework

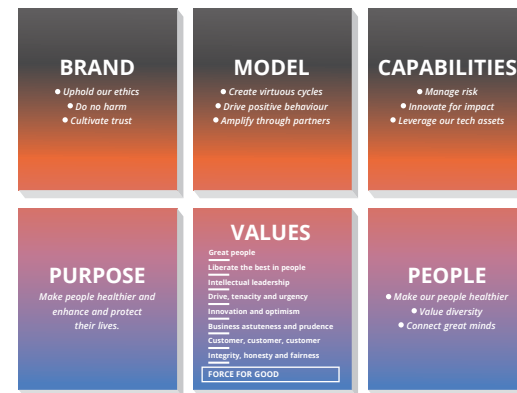
Our four main goal areas are the social and environmental impact dimensions that are unique to Discovery and our Shared-value Insurance model. This guides how we allocate resources to make the greatest impact, by leveraging Vitality and shared-value thinking to achieve scaled impact. Vitality thus runs as the underpin to our four main goal areas.

Our Framework considered the ecological model in its design to account for the range of impacts of our behavioural change model – from individual and collective, to environmental.

HOW












The good business enablers of our Framework

These are the material ESG factors that are strategic enablers for the Group to deliver on our sustainability differentiators and are aligned to the foundation of our operating model. These represent the risk and opportunity factors of ESG to our business and stakeholders.





Scaling our social and environmental impact

 <p>WHY</p> <p>OUR CORE PURPOSE SUPPORTS THE ACHIEVEMENT OF THE GLOBAL SDGs</p>	 <p>HOW</p> <p>OVERARCHING GOALS</p>	 <p>WHAT</p> <p>DRIVING OUR TARGETS AND INITIATIVES THROUGH OUR BUSINESSES</p>		
	<p><i>Make people healthier</i> PHYSICAL HEALTH</p>	<ul style="list-style-type: none"> ■ Improve physical and mental wellness to drive the reduction of premature mortality from non-communicable and communicable diseases by incentivising healthier choices through exercise, healthy food, health screenings and tailored product offerings ■ Expand access to quality healthcare through innovative products such as the Discovery Connected Care, KeyCare and Discovery Prepaid Health ■ Together with our insurance partners, pursuing our collective pledge of making 100 million people 20% more active by 2025 		
	<p><i>Enhance and protect lives</i> HOLISTIC HEALTH</p>	<ul style="list-style-type: none"> ■ Reduce deaths and injuries from road traffic accidents by improving driving behaviour and road safety ■ Improve financial health by incentivising clients to manage and withdraw their money wisely 		
  	<p><i>Strengthening social systems</i> COLLECTIVE HEALTH</p>	<ul style="list-style-type: none"> ■ Strengthen social healthcare systems by supporting the development, training and retention of the healthcare workforce through the Discovery Foundation and the Discovery Fund ■ Support our communities through corporate social investment and public-private partnerships ■ Create employment through the Discovery Enterprise and Supplier Development programme to include more people in the formal economy, as well as Discovery's own value chain ■ Play a crucial role in nation-building as seen with Discovery's response to COVID-19 		
	<p><i>Restore the environment</i> PLANETARY HEALTH</p>	<table border="0"> <tr> <td data-bbox="775 1209 1211 1398"> <p>Short to medium term</p> <ul style="list-style-type: none"> ■ Achieve carbon neutrality by 2025 (scope 1 and 2 emissions) ■ Reduce waste to landfill to zero by 2023 ■ Responsible water consumption and improved efficiencies </td> <td data-bbox="1211 1209 1668 1398"> <p>Long term</p> <ul style="list-style-type: none"> ■ Achieve net zero by 2050 or earlier </td> </tr> </table>	<p>Short to medium term</p> <ul style="list-style-type: none"> ■ Achieve carbon neutrality by 2025 (scope 1 and 2 emissions) ■ Reduce waste to landfill to zero by 2023 ■ Responsible water consumption and improved efficiencies 	<p>Long term</p> <ul style="list-style-type: none"> ■ Achieve net zero by 2050 or earlier
<p>Short to medium term</p> <ul style="list-style-type: none"> ■ Achieve carbon neutrality by 2025 (scope 1 and 2 emissions) ■ Reduce waste to landfill to zero by 2023 ■ Responsible water consumption and improved efficiencies 	<p>Long term</p> <ul style="list-style-type: none"> ■ Achieve net zero by 2050 or earlier 			
 	<p><i>Supporting levers</i></p>	<ul style="list-style-type: none"> ■ Incentivise behaviour change through Vitality ■ Partner for scaled impact and resilience ■ Pioneer the power of behaviour change 		

GOVERNANCE COMMITMENTS

Our commitment to partner for planetary and social health is underpinned by the following governance commitments:

- Assigning responsibilities at Board and Executive level to deliver on our Integrated Sustainability Framework
- Assessing, managing and publicly disclosing ESG risks and opportunities across the Group
- Reviewing our capabilities, organisational structure and remuneration to deliver on our ESG ambitions and goals



Our Climate Change Strategy can be accessed on our website at <https://www.discovery.co.za/corporate/climate-change>



Refer to our online TCFD Report for more information on our response to climate change.



Governance and sustainability

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. 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 Employee Engagement Survey includes specific questions on the application of values across various operational and management areas.

The Board of Directors of Discovery (the Board) has delegated some of its responsibilities to appropriately constituted Board Committees to assist in the fulfilment of its responsibilities, established in line with the requirements of the Companies Act and King IV™. The Chairperson of each Board Committee, who is appointed by the Board, 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.



For details on corporate governance, including Board and committee responsibilities, see our Governance Report.

The stakeholder approach to corporate governance, with the support of our risk and compliance functions, ensures that the highest standards of risk management and compliance are embedded across the Group. The Discovery Board is committed to ensuring its



independence and diversity, and that both filter through into its committees.

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.

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 implementation of strategy related to sustainability cascades throughout the businesses and functional areas of the Group in the same way as other strategies, with defined reporting channels and independent reporting back to the Board through Group Internal Audit. Ultimately, the CEO is responsible and accountable to the Board for the implementation of economic, environmental and social topics identified by the Board or its Committees.

In May 2020, the Social and Ethics Committee engaged an expert to provide an independent

assessment of its effectiveness. The primary findings noted that the Committee is performing well, is driven by Non-executive Directors that hold executives accountable, and is characterised by robust debates and a conducive rapport.

Discovery's culture of learning applies to its Board and committees. Considering the pace of change in sustainability and relatedly, in ESG reporting, the Board and Social and Ethics Committee continue to increase skills in sustainability. Key teams in the business, including the CEO's Office, present and provide insights and education based on internal competencies, research and guidance from external experts.

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.



Details on roles, responsibilities and functions of the Social and Ethics Committee can be found in the 2021 Discovery Governance Report.

GOVERNANCE AND SUSTAINABILITY

Risk and compliance

The risk management approach at Discovery is designed to foster an environment where consideration of risk is embedded in the Group's culture, business planning, decision-making and day-to-day business activities. 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. At the core of this approach is strong governance and a robust risk and compliance framework.

This framework is supported by procedures and systems to ensure that we adhere to high levels of personal and professional integrity.

Discovery's well-established Enterprise Risk Management (ERM) framework details the appropriate principles and processes to manage risk within our business. ESG risks are included in our universe of risks, which span the short, medium and long term, to ensure related impacts are always considered within the risk management process. The framework defines how to manage, identify, measure, report and monitor any issues relating to business, credit, insurance, strategic, regulatory, operational, market and liquidity risks. The objective of ERM is to align business strategy, risk strategy, capital management, business processes, people and technology to evaluate and manage business opportunities, uncertainties and threats in a structured and disciplined manner.

The Group Risk and Compliance Committee oversee the implementation of the ERM framework and report regularly to the Board.



For details on risk and compliance, see our Governance Report.



For detail on our risk management approach, see our Integrated Annual Report.

Over the year, we have enhanced aspects of the ERM framework in respect of climate change risk and reporting.



For detail on climate change risk, see our TCFD Report.



REMAINING COMPLIANT WITH DYNAMIC COVID-19 REGULATIONS

On 15 March 2020, a National State of Disaster was declared in terms of the Disaster Management Act due to the COVID-19 outbreak.

After an initial hard lockdown on all non-essential activities and movement, the President announced the implementation of a risk-adjusted strategy comprising five levels with level five being the most restrictive. Each level comprises different regulations impacting all activities and operations, with only essential services being allowed to operate at level 5.

Regulatory updates on each level were communicated to Executives, employees and other affected stakeholders. Group Compliance provided guidance with advisory notes on aspects of regulations to aid understanding and business decisions. Monitoring reviews were conducted by Group Compliance to check adherence to level-appropriate regulatory requirements within Discovery Limited and its South African operations. Review outcomes were reported to the relevant Group Executives for priority actions where required.



Make people healthier

Enhance and protect lives

Strengthen social systems

Restore the environment

01

Sustainability differentiators

- 16 Make people healthier
- 24 Enhance and protect lives
- 30 Strengthen social systems
- 40 Restore the environment

Click the buttons to navigate to subsections 





Make people healthier

Enhance and protect lives

Strengthen social systems

Restore the environment



When building its offering, Discovery's key insight was to identify the link between lifestyle choices and insured risk, and to harness the principles of behavioural science to incentivise clients to make smarter choices. It thus reduced the risk for the insurers while improving the quality of life of its clients."

Adrian Gore, Discovery Group CEO

Through its Shared-value Insurance model and platform, Discovery – along with its global partners – is changing the way consumers experience financial services. What was once a grudge purchase based on pre-existing risk is now a dynamic and rewarding partnership that encourages healthy behaviour. Its foundation is Vitality, the world's leading behavioural change programme. Vitality operates in an economy of behavioural change, where the currency is healthy choice and the interests of client, insurer and society are aligned.

Based on these insights, our core markets of South Africa and the United Kingdom have led the way in deepening social value. In South Africa, we are using our unique approach to healthcare insurance and wellness to provide products that protect and enhance the lives of people, helping to make healthcare accessible

to a broader market and alleviating some of the burden on public healthcare systems. This approach extends into life assurance, short-term insurance, savings and investments, and banking, all underpinned by our Vitality rewards programme.

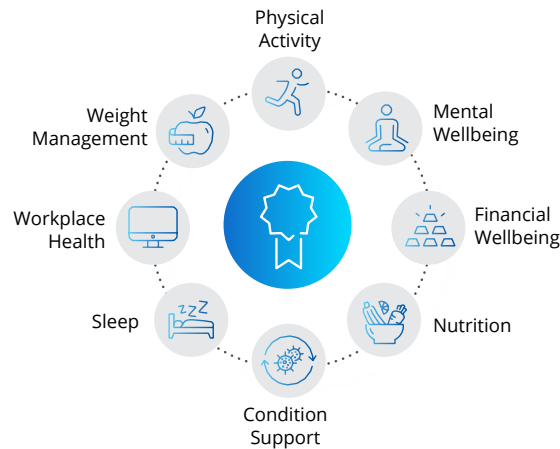
Leveraging our foundation in behavioural economics and our science-led approach, we extract insights and value from our vast dataset on health, driving and financial behaviours. This powers our ability to understand, at a granular level, the risk profile of each member and reward healthy behaviour accordingly.

For example, in Discovery Bank, we apply dynamic interest rates to savings and interest on credit based on a client's risk profile and their success in making smart financial choices. Rewards can be increased by linking to Vitality and integrating across Discovery's product universe.

BY UNDERSTANDING AN INDIVIDUAL, WE CAN PROVIDE PERSONALISED PATHWAYS BASED ON THEIR UNIQUE HEALTH RISK

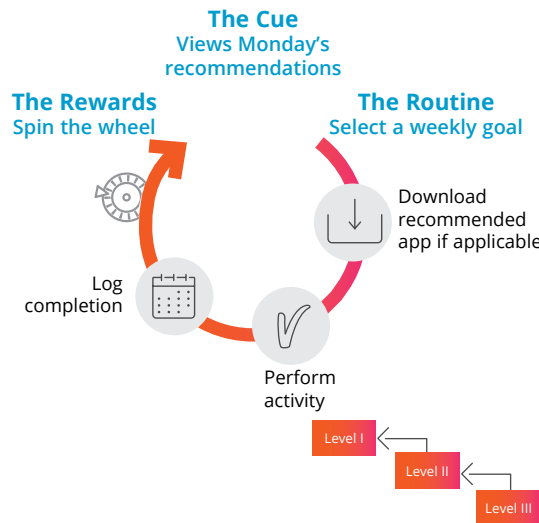
Expansion of active rewards

New wellness modules to incentives change across a board range of healthy behaviours



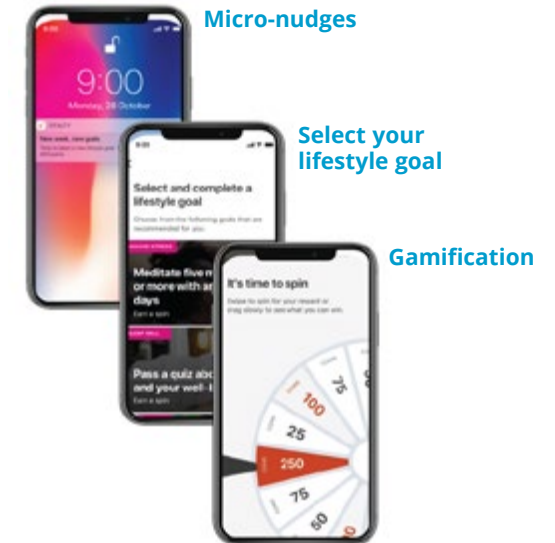
Built on behavioural science

Member journey follows a positive habit formation loop to drive ongoing engagement



Personalised approach

Individual risk profiles drive activity recommendations which progress over time with behaviour change



Content for select pathways reviewed by User experience testing





Make people healthier

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Restore the environment

MANAGING OUR IMPACT

Discovery's business model and strategy enable the delivery of our core purpose, which guides our decision making and actions as a business. Our core purpose, strategy, Shared-value Insurance model, performance, sustainable development, and risks and opportunities are inextricably linked, and crucial to creating value for our stakeholders.

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

The Board and executive management also perform an annual assessment of the Group's strategy, business model, performance, and sustainable development to ensure these areas are driven by and aligned with our core purpose. Regular reports are provided to the Board on the sustainability of the Group and its impact on the environment, communities and other stakeholders.



The group's business model, including its capital inputs, activities and outcomes, can be found in our Integrated Annual Report.



Details on corporate governance, including our approach to managing the group in accordance with the King IV™ principles of an ethical culture, good performance, effective control and legitimacy, can be found in our Governance Report.





- Make people healthier
- Enhance and protect lives
- Strengthen social systems
- Restore the environment

Make people healthier



Our business is completely aligned with the health and wellbeing of our clients: if they are healthier, our business is more profitable and sustainable, and we can share more value with our clients and partners. Ultimately, by being more competitive and effective in driving our Shared-value Insurance model, we are also driving social good. That's a perfect, shared-value cycle."

Adrian Gore,
Discovery Group CEO

As the first sustainability differentiator of our Sustainability Framework, physical health links directly to our purpose and stands as the core of our business. We apply a preventative lens to healthcare, to first understand health risks at an individualised level, and then incentivise healthy behaviours that are scientifically proven to reduce the risk.

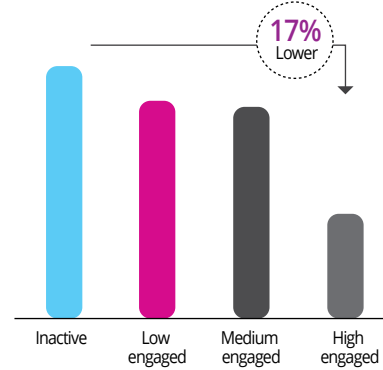


For detail on our new Discovery Prepaid Health offering, as well as the shift from KeyCare to Flexicare, see Financial inclusion on page 88.

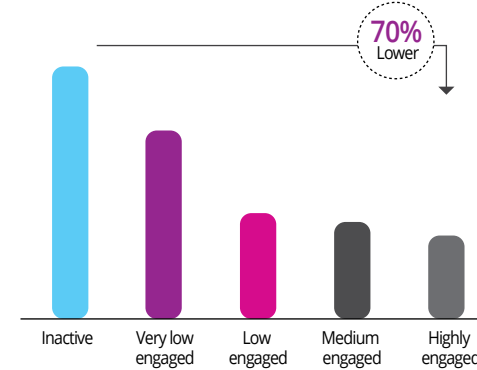


For detail on contribution relief for members and small, medium and micro enterprises (SMMEs) during COVID-19, see our Integrated Annual Report.

LEVEL OF ENGAGEMENT WITH VITALITY – IMPACT ON HEALTHCARE COSTS



VITALITY STATUS – IMPACT ON MORTALITY



In the reporting period, of the 1 058 878 Vitality members in South Africa:

58.3%
of members were physically active
(2020: 59% of members)

63.9%
members had a health screening
(2020: 62.2% of members)

52.6%
of member families purchased Healthy Food
(2020: 71.95% of member families)

PHYSICAL HEALTH

Link to our related material themes and matters



CLICK TO SEE ALL OF OUR MATERIAL THEMES AND MATTERS

Supporting the SDGs



Contribution underpinned by the Vitality chassis, which supports:





Make people healthier

Enhance and protect lives

Strengthen social systems

Restore the environment

PHYSICAL HEALTH

Discovery Health is the leading medical scheme administrator in South Africa, providing administration and managed care services to over 3.7 million beneficiaries. Its strategic objective is to become the lowest cost administrator, with ongoing investment in technologies to optimise operational efficiency and service levels. This not only supports better business and member satisfaction but lowers healthcare costs.

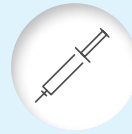
Discovery Health offers the broadest product range, with premiums lower than the cheapest competitor on a benefit-adjusted basis.

The weighted average contribution increase for Discovery Health in 2021 was 2.95% (2020: 9.5%).

In Discovery Health Medical Scheme (DHMS), members pay an average of 17.3% less than they would at the next eight largest open schemes.

Discovery Health announced a premium increase freeze at the end of 2020, with the annual increase only coming into effect from mid-year 2021. The 2021 contribution increase freeze reinforced Discovery Health's competitive position by offering members 2021 benefits at 2020 rates for six months. This created the lowest weighted average contribution increase for DHMS members across the open-scheme market for 2021.

The surge in chronic disease prevalence (in conditions like diabetes, hypertension and hypercholesterolaemia) in South Africa is significantly increasing costs and impacting outcomes for members across all medical schemes. We are implementing and expanding value-based contracting initiatives across the healthcare delivery ecosystem to help members and their doctors actively manage and navigate care for specific conditions, including:



DiabetesCare Programme

This supports members and their doctor to actively manage the condition against established clinical and lifestyle guidelines, utilising a suite of tools to monitor and manage treatment, and ensure members can access high-quality coordinated care to stay healthy over time. An annual consultation with a dietician and biokineticist also provides members with advice about diet and exercise tailored to their needs.



Discovery KidneyCare Programme

A dedicated Discovery Health team works with a patient's doctor to manage the condition and ensure joint participation by patients, doctors, and dialysis care providers to improve quality of care while reducing additional costs incurred through repeat hospital admissions and avoidable complications in care.

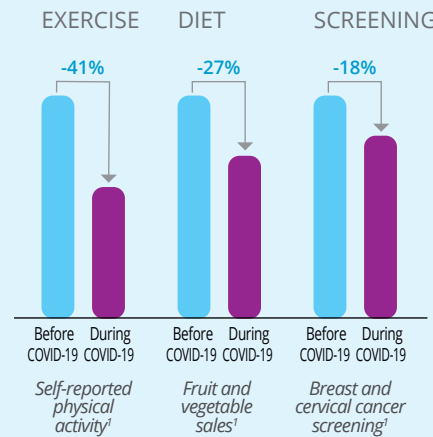


Cardio Care Programme

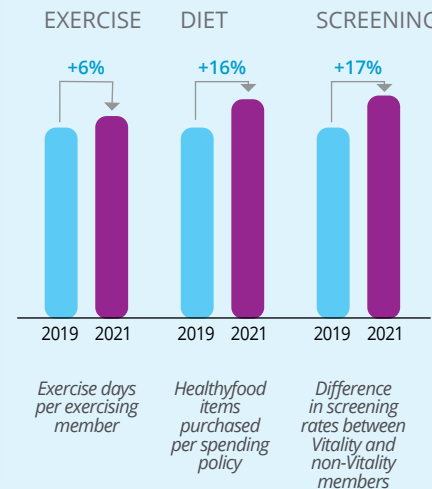
Designed to offer members optimal cover that ensures the best quality care and outcomes, this programme supports doctors in diagnosing and initiating appropriate treatment while managing a member's risk factors with the support of a high functioning multidisciplinary care team.

Vitality members continue to engage in healthy behaviours which improve mortality risk

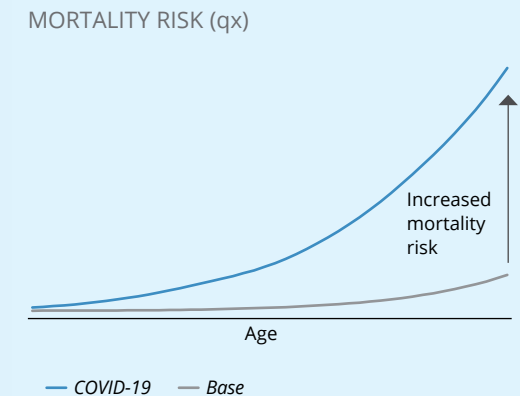
COVID-19's indirect health impacts observed globally...



...but Vitality members showed resilient healthy behaviours



A vaccinated member who engages in Vitality has lower than base mortality





Discovery Health also supports a number of interventions to improve the quality of care for its members, including:

Discovery's Patient Satisfaction Survey rates the quality of care received by participating medical scheme members at hospitals. This incentivises further improvement on the part of hospitals for the benefit of all patients, including Discovery members.

The Patient Satisfaction Survey has received



114 521
responses since inception
(October 2015)

Discovery Health is in the first group of healthcare companies integrating systems with CareConnect, administered by the South African Health Information Exchange (HIE). Discovery has played a leading role in the genesis and evolution of this HIE, which will allow seamless and secure sharing of medical records across the healthcare system. This increases efficiencies across the healthcare system by reducing duplicate tests, eliminating blind spots in care, and creating a unified platform for collaboration care.



Discovery Health's integration with **CareConnect is now complete** and went live on 3 September 2021.

COORDINATING CARE

Discovery Health launched a specialised clinical management organisation in 2020 to take over administration of a cohort of diabetic patients from the Centre for Diabetes and Endocrinology. The Discovery Care Maintenance Organisation (CMO) is working to significantly improve chronic disease clinical outcomes and healthcare costs, and is founded on a fully integrated and unique approach to managing chronic disease.

This includes multi-disciplinary care teams, disease-specific condition management and coaching, and a unique shared-value model to align providers with evidence-based clinical protocols and desired patient outcomes.

The CMO is commencing risk-sharing with participating healthcare providers and schemes. While it has not expanded its offering to more programmes, it has expanded the diabetes management programme to new members in Remedi and LA Health medical schemes. The CMO now coordinates and manages delivery of diabetes and cardiometabolic care for over

48 000
members 





PHYSICAL HEALTH

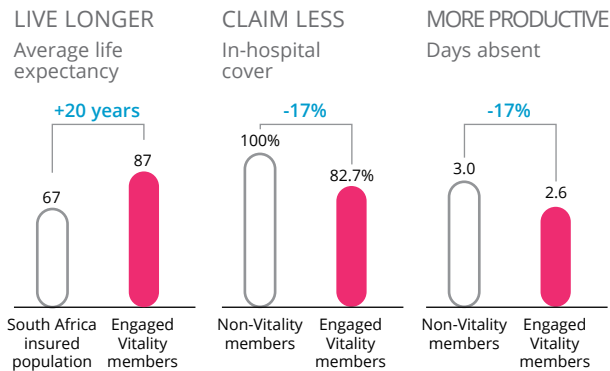
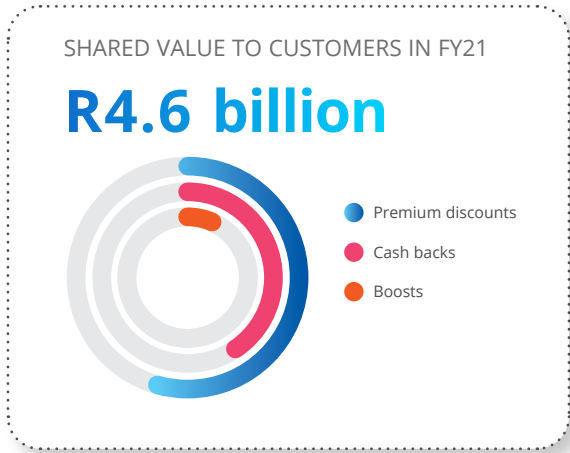


Vitality Health screenings

With the onset of COVID-19 and the need to drive increased awareness of health and wellness, Vitality launched a virtual Vitality Health Check-in. This enables members to manage and screen for health risks through a telephonic consultation with a wellness specialist, and also get advice around medication, weight management and chronic conditions. On average, Vitality Health Check-in's completed in 2021 had a higher proportion of healthier members.

The positive behavioural change incentivised through Vitality has a broader social impact by reducing hospital claims. It represents shared value in action: lower hospital claims means that members are living healthier lives; their medical scheme is insuring less risk; the insurer is more profitable and able to maintain capital adequacy, increase investments in innovation and preserve employment; and there is less burden on healthcare systems.

We are also leveraging technology, specifically the Internet of Things, to improve wearable device integration and provide increasingly sophisticated Vitality Health Checks.



The Vitality platform has seen positive growth and engagement globally through our insurance partners

41 million lives impacted

12 billion steps averaged per day

3.5 million workouts logged per day

4 000 new devices registered per day

20 000 health assessments per day

600 000 goals achieved per day



In the United Kingdom, recent Vitality product developments that aim to broaden the market appeal and expand the remit of financial products and their value include:

VITALITY PROGRAMME

The Vitality at Home/Winter Pack is helping members remain active at home during the pandemic with added benefits including health checks at home, Peloton discounts, Coffee at Home, free Headspace access (to support mental health) and additional discounts on wearable devices.

VITALITY HEALTH

We added the Covid Cashback to provide in-hospital payments for those affected by COVID-19.

New products in development include Apple Watch for Life -

to provide a gateway into life insurance by appealing to a younger and technologically savvy market - and Vitality Marketplace, with enhancements to offer members more choice in ways to get healthy and to simplify the customer experience through better use of aggregator apps.

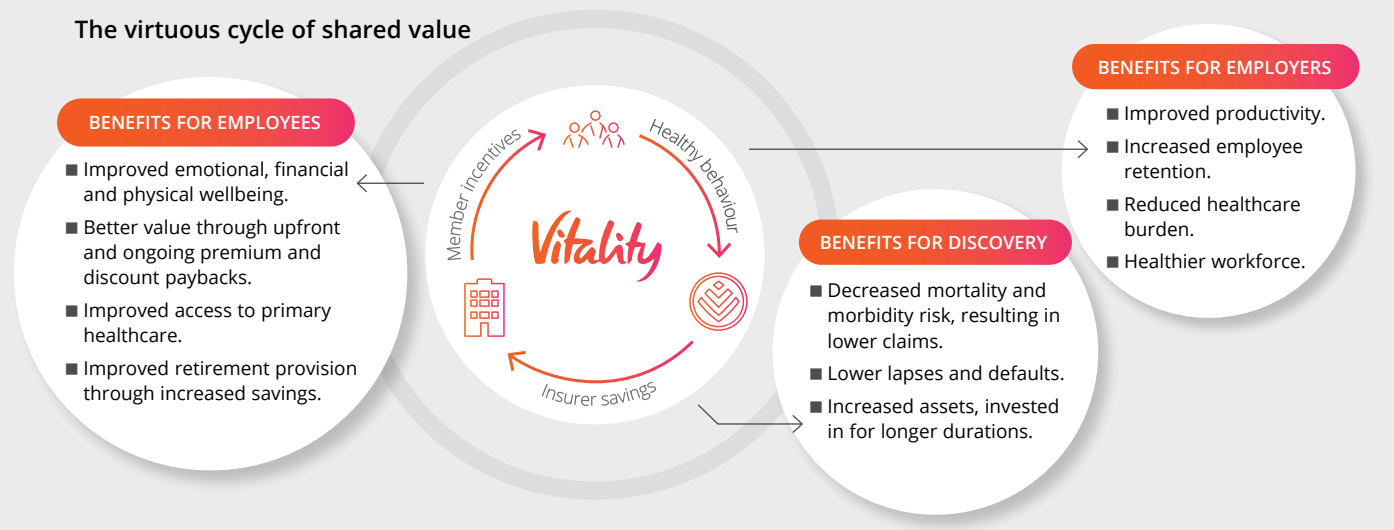


Corporate healthcare

Through Discovery's Shared-value Insurance model, corporates and their employees can benefit from products that encourage healthy behaviours. As healthy lifestyles improve their overall health, it in turn leads to lower claims for the insurer through decreased mortality and morbidity risk, lower lapses, and longer investment periods.

The decrease in claims creates a surplus that is used to fund additional benefits for the employees, further encouraging and rewarding positive behaviour change. The result is a structural transformation of insurance – additional economic value is unlocked, creating benefits for the employee, the employer, and the insurer. Also, society benefits from reduced healthcare costs and enhanced economic performance. It is this virtuous cycle of shared value that makes the case for employers to invest in the health of their staff so compelling.

The virtuous cycle of shared value



Healthy Company, Discovery's digital employee assistance programme and wellness solution, proactively identifies and supports both at-risk employees and those that are well, throughout their work and life journey. Since its launch in 2018, Healthy Company has provided 62 902 employees with comprehensive employee assistance and enhanced wellness support.

Through the Healthy Company app and website, the employees of our clients can access market-leading digital tools offering a personalised dashboard, educational content, risk assessments, an artificial intelligence (AI) Mood Capture tool and live chat functionality to access support for physical, emotional and financial wellbeing, and legal support. This can be facilitated by Healthy Company Coaches, who are multi-skilled, registered professionals including clinical psychologists, medical professionals and social workers with extensive experience.

Employer clients are provided with comprehensive support tools to assist them to understand key employee risks, improve employee health and access workshops and training to drive continuous improvement.

Discovery's deliberate engagement with its clients through Healthy Company has achieved utilisation at 26%.


Over the 2020 calendar year, Healthy Company provided over 40 workshops to address gender-based violence to its clients and internally for Discovery employees (as part of our internal employee wellness initiatives). This included understanding the signs of and who is affected by gender-based violence, the forms of abuse, and how individuals and Healthy Company can assist. Almost 70 hours of workshop time was delivered.

#DISCOVERYOURVOICE

Through #DiscoverYourVoice, Discovery supports its medical scheme members who experience gender-based violence and other traumatic crime.

Those who experience gender-based violence are encouraged to reach out for help and can access immediate and confidential trauma support and scheme benefits.

People who use the service connect directly with a dedicated specialist who will take the individual through a high-touch journey. Support is confidential and comes at no cost to the individual seeking help.

Access the service by calling **0860 999 911**  24 (the Discovery 911 Emergency Line operated by Netcare 911), 24 hours a day, seven days a week. (Press 5 for trauma related to gender-based violence to reach our dedicated line and support).

In 2020, we introduced Healthy Company Core as a new offering that leverages the best of our Healthy Company digital assets to support employees across the four pillars of physical, emotional and financial wellbeing, as well as legal services. Data-driven insights are provided to employers to support optimal management of their workforce.

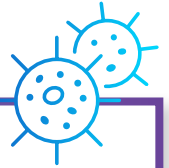
In the United Kingdom, Vitality Health provides products for the broader employee population of its business clients. Vitality at Work offers benefits including full cover for physiotherapy, cognitive behavioural therapy or counselling, and access to primary care services through a Vitality general practitioner.

Given the challenges facing public healthcare, we believe that Vitality is more relevant than ever in promoting positive behavioural change that has a measurable impact on health outcomes. As a preventative approach, Vitality represents a shift from healthcare that is focused on illness to healthcare focused on wellbeing, incentivised through the right behaviours to achieve the greatest impact.



CORPORATE HEALTHCARE

PLAYING A PIVOTAL ROLE DURING COVID-19



From the outset, our response was geared towards addressing the pressing needs of our employees and all stakeholders in a way that reflected our core purpose and Group values.

In doing so, we worked closely with business units across the Group to actively manage stakeholder needs by repositioning certain products, introducing new benefits, and implementing steps to mitigate the business and societal impacts of COVID-19.

Targeted support for clients

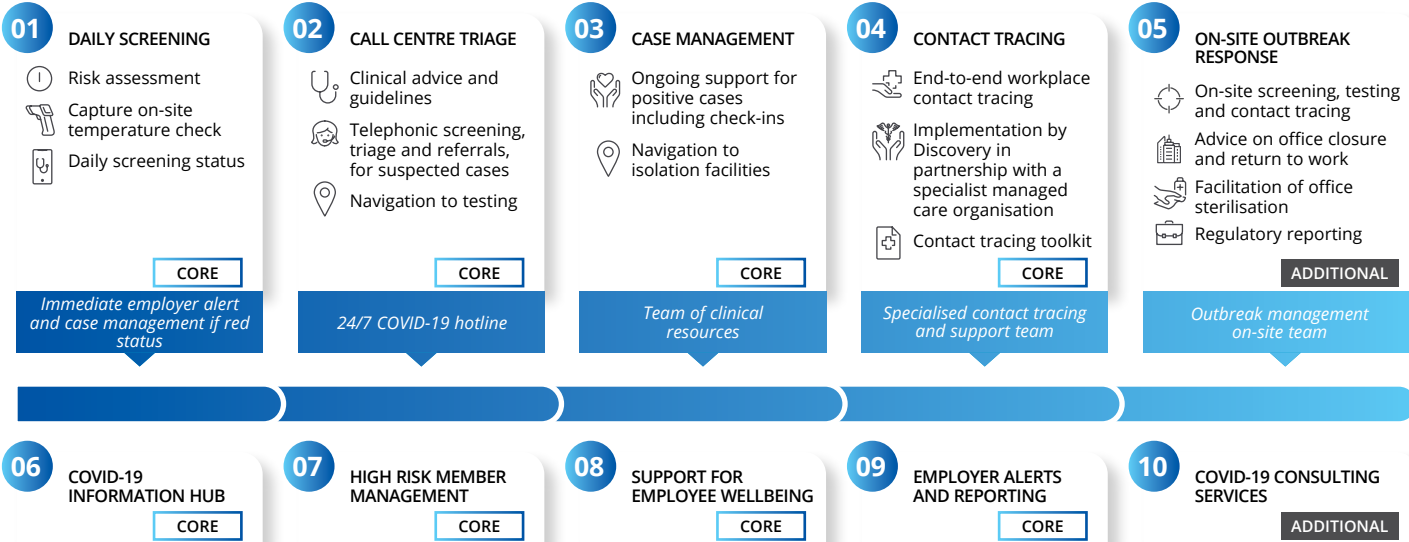
At 26 July 2021, 725 634 members had registered on the Discovery Health Vaccine portal and 542 800 members (12% of adult scheme lives) had received at least one dose of the vaccine. The Discovery Vaccination Portal also enables bookings, providing members with greater flexibility in scheduling and site selection.

As vaccinations are critical to curbing infection rates and reopening economies, Discovery is also driving vaccination through initiatives like corporate vaccination days, vaccination outreach (to homes and nursing homes), and by providing defined vaccine benefits and service support for our clients.

Our data was also used to drive the Holiday hotspot campaign, which alerted members when they were in COVID-19 hotspot areas. Alerts included information on how to stay safe during the December holidays.

Our Discovery Connected Care digital platform connects members to a range of home-based healthcare services for an end-to-end healthcare journey. It includes diagnostic point-of-care technology, e-scripting and medicine ordering from home. We expanded monitoring and care benefits to include members who contracted COVID-19, with a high-touch team assisting members in navigating applicable benefits. A pulse oximeter benefit made pulse oximeters available to members with a higher risk of adverse clinical outcomes. As of June 2021, 26 924 members had received pulse oximeters.

Our COVID-19 Business Support Services, which assist our client employer groups and their management teams in formulating and executing an effective response to COVID-19, have assisted over 4 200 member cases, including over 2 821 COVID-19 positive cases, between January to June 2021.

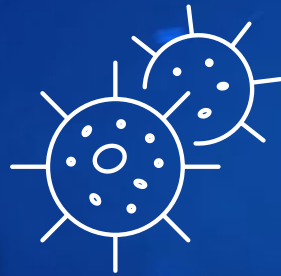


Building on the COVID-19 business support offering for employers, Discovery Health launched an employer vaccinations product in July 2021 to leverage our vaccination assets to support an effective vaccination roll-out for employers. The product provides a seamless employer registration, scheduling and administration journey tracked through integrated employer reporting and supported by employee incentives to encourage vaccination take-up.

For detail on our COVID-19 support for doctors, financial advisers and South Africa, see Strengthen social systems on page 30.



CORPORATE HEALTHCARE



DISCOVERY'S COVID-19 RESILIENCE INDEX

From the early stages of the COVID-19 pandemic, Discovery's Risk Intelligence team found a clear pattern emerging – people who exercised more had a much lower risk of serious COVID-19 infection.

This finding supported insights that have been the core of Vitality's proposition since inception, that exercise reduces the incidence of cancer and lifestyle disease and also reduces premature mortality. But the difference seen during the pandemic is that this effect is not only true for non-communicable disease, but communicable disease as well. This was also supported by one of Discovery's actuarial teams who reached the same result when looking at influenza.

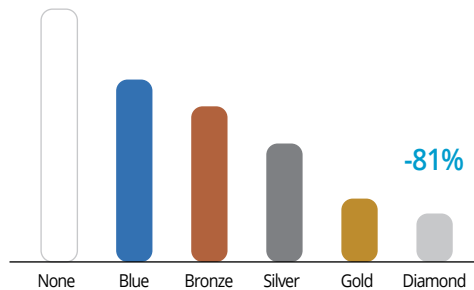
These breakthrough findings around an individual's relative risk of being hospitalised should they be diagnosed with COVID-19 formed the basis of Discovery's COVID-19 Resilience Index. As the difference between Vitality Age and current age is a strong indicator of COVID-19 hospital admission risk, the Index was used to help identify members at risk and, where a member was identified, to offer specific interventions like targeted communication or providing a pulse oximeter for ongoing monitoring of their condition.

For an overview of key initiatives relating to COVID-19, as well as the impact on the Group, see our Integrated Annual Report.

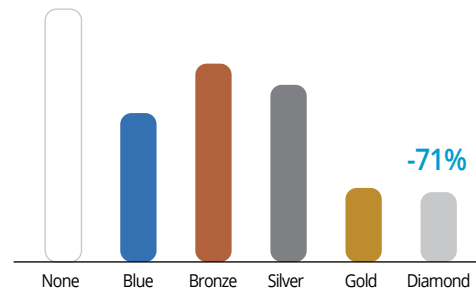


Discovery members saw a **37%** reduction in COVID-19 mortality risk when engaging in Vitality.

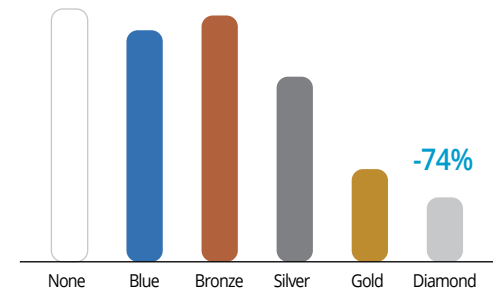
LIFE COVID-19 RELATIVE MORTALITY RATE BY VITALITY STATUS



ONLY CLIENTS WITH AT LEAST ONE COMORBIDITY



ONLY CLIENTS OVER AGE 60



Vitality engagement reduces mortality risk regardless of age or comorbidities.



Scaling our impact

Vitality's success in incentivising positive behavioural change that drives healthier lives, and that benefits economies and helps prevent non-communicable diseases, is well researched. In addition to a healthy lifestyle being more enjoyable, it has been proven that Vitality Health members live longer and are less likely to develop lifestyle-related diseases.

Vitality underpins the insurance products of leading insurers worldwide, with more than 20 million members in 30 markets. It is activated through our Vitality1 platform, a globally unified systems architecture that allows rapid and economical deployment to our partners. Through Vitality1, we are partnering globally to achieve scaled impact and societal resilience by increasing the positive behavioural impacts of the Vitality programme. This is achieved by:

Driving improved health and insurance outcomes scaling through our global insurance partners.

Enabling more frequent engagement between our global insurance partners and their customers. (This includes a schedule of health-related communications covering a range of topics across nutrition, mental health, physical activity, and disease prevention.)

Leveraging increasing quantities of data gathered from insurers across different countries to improve and develop new models.

Providing our partners with access to increasingly accurate insights on what behaviours and incentives achieve the best outcomes and greater social impact.

The positive behavioural change incentivised through Vitality has a broader social impact by reducing hospital claims. It represents shared value in action: lower hospital claims means that members are living healthier lives; their medical scheme is insuring less risk; the insurer is more profitable and able to maintain capital adequacy, increase investments in innovation and preserve employment; and there is less burden on healthcare systems.

VITALITY RUNNING WORLD CUP

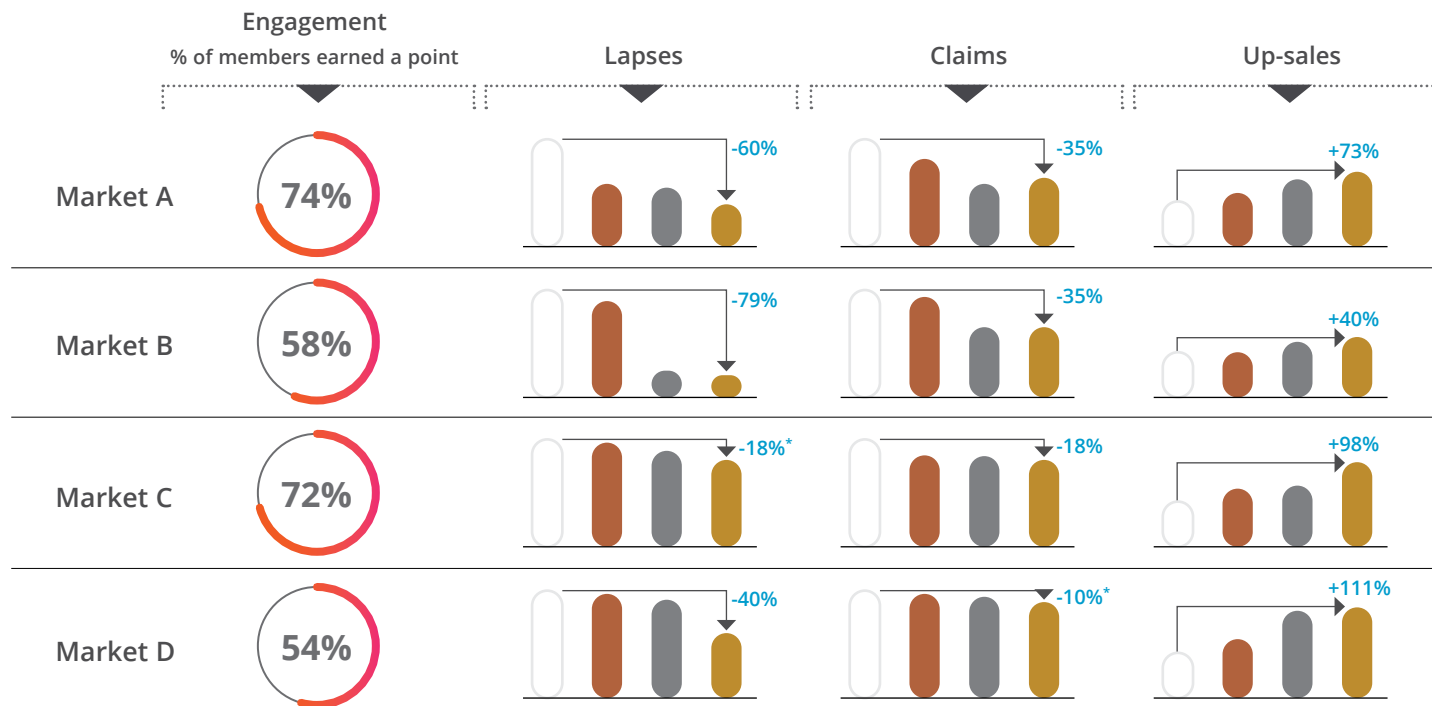
In 2019, together with Rand Europe, Discovery published a study highlighting the relationship between global economic growth and physical activity, including the significant economic and life expectancy benefits should global physical activity levels increase.

In an effort to increase awareness of these benefits, we launched the Vitality Running World Cup in March 2020. As the latest Vitality Move More initiative, this global campaign included several international brand ambassadors and aimed to build brand awareness, linking directly to our global commitment to make 100 million people 20% more active by 2025.

Due to COVID-19, the majority of brand-building activities across all channels were either paused or cancelled. Despite this, in 2020 the global participants ran more than 2.2 million kilometres as part of the initial campaign, which resulted in more than 18 million impressions on social media channels.

The 2021 Vitality Running World Cup commenced qualifiers in September 2021 and the finals in October 2021.

Deepened adoption of our Shared-value Insurance model has been transformational for our global partner



* Pricing assumption in lieu of credible experience.

○ Non-Vitality ● Bronze ● Silver ● Gold



HOLISTIC HEALTH

Enhance and protect lives

As the second sustainability differentiator of our Framework, holistic health also links directly to our purpose and incorporates Discovery's broader view of wellbeing, beyond healthcare.

We know that the various states of health are interdependent; individuals and families that manage life and health risk, reduce accident and retirement risk, and manage their money well experience greater wellbeing. As a catalyst for behaviour change, we leverage Vitality to incentivise and reward our members to improve their health and their driving behaviours, save for longer and practice responsible financial behaviours, to generate greater wellbeing. This supports Discovery, our partners and networks through more business and less risk, and society through healthier and wealthier citizens.

The durational impact of shared value

Discovery Life has shifted the focus of life insurance to reward clients for living a healthy lifestyle rather than just paying out in the case of a life-changing event. Applying the Shared-value Insurance model enables clients to actively derive value from their life insurance policy through incentivised, smarter choices.

Within Discovery Life's operating model, shared value refers to the actuarial surplus that is created when the actual experience is better than the underlying assumptions used to price our insurance policies due to the positive behaviour of our policyholders.

The surplus generated by clients manifests in a range of unique benefits and financial rewards including Discovery Life's PayBack Benefit, which provides clients with a percentage of their premiums back.



Discovery Life is continuing the revolution of life insurance by moving away from an inflexible, one-size-fits-all approach to one that is personalised, dynamic and empowers its clients to derive value from life insurance. We capture the durational impact of shared value, adding a new dimension to the tangible value in each client's insurance policy.

Historically, we have driven these positive experience variances by encouraging policyholders to improve their underlying mortality and morbidity risk by engaging with Vitality, and through significant rewards on their Discovery Life Plan like the PayBack benefit. An element of the model that is equally as valuable, but which is less well known, is that the quantum of the shared value created is enhanced when the time over which it is returned is extended.

This is because Discovery Life realises the mortality, morbidity and lapse saving over a greater duration, and hence the overall value derived is higher.

Discovery Life policyholders can extend PayBack payment periods and thereby access the additional value accrued over time through the Double PayBack option. In receiving their PayBacks later in the duration of the policy, we are able to significantly increase the value that can be returned to them through the PayBack Benefit.

Globally, insurers are dedicating substantial effort to designing new products and services to meet the needs of an ageing population. Not only is the trend of an ageing population present within Discovery Life's client base, but this trend is accelerating given the positive impact that Vitality is having on the life expectancies of our policyholders. This means that we need to make sure our product remains valuable and sustainable given the increased duration which clients are now keeping their policies.

To enhance value and sustainability for our clients in retirement, they can now control the future sustainability of their premiums through active health and wellness management. We have refocused our Shared-value Insurance model mechanism through the Vitality Premium Leveller and Longevity Vitality Rating benefits, in addition to extending the maximum ages for Integration.

Clients can earn significant premium discounts during their retirement years by maintaining engagement with the Vitality programme pre-retirement, with premiums progressively reduced after retiring.

In the United Kingdom, Vitality Life is more likely to pay out than any other insurer (independently verified by Defaqto). We have also added Dementia Frailcare Cover which is a condition traditionally underserved by life insurance.



Link to our related material themes and matters



Supporting the SDGs



Contribution underpinned by the Vitality chassis, which supports:



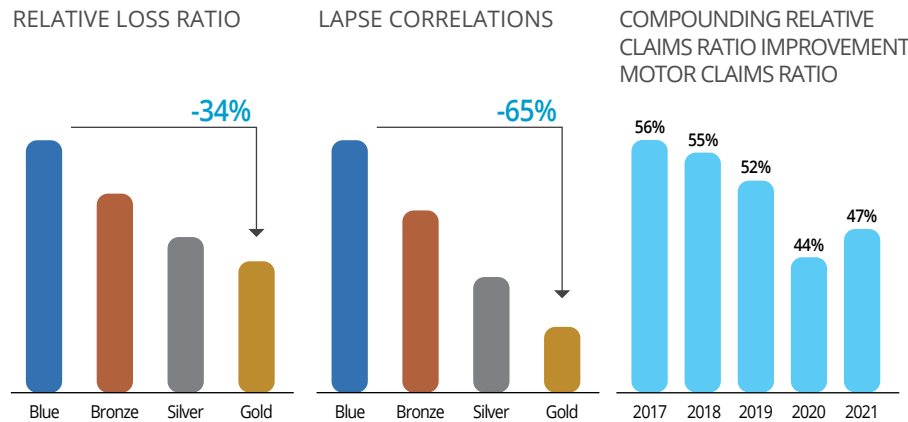
CLICK TO SEE ALL OF OUR MATERIAL THEMES AND MATTERS



Incentivising good driving

Discovery Insure is the fastest-growing short-term insurer in the country. It has collected 14 billion kilometres of driving data that enables unique and sophisticated data analysis to drive continuous product innovation. Examples of this include Impact Alert (to detect accidents), Driver DNA (to identify a change in driver), Crowd Search (to aid in the recovery of stolen vehicles) and Drive View (for in-cabin vehicle monitoring).

Most importantly, by applying our Shared-value Insurance model, Discovery Insure is incentivising good driving that has prevented numerous accidents, deaths, and injuries – making a material difference to the health and safety of our clients and broader society. The fatality rate of Discovery Insure clients is 40% lower than the overall fatality rate of South Africa, and there have been no deaths among our Gold and Diamond status drivers.



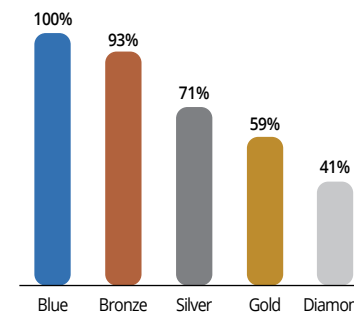
Now in our 10th year of operation, we continue to work to create a nation of great drivers.

As part of Ambition 2023, Discovery Insure has defined commitments in terms of its social impact, including contributing to reducing road fatalities in South Africa, and relatedly, impacting at least one million non-Discovery Insure lives to make them safer. In May 2019, Discovery Insure announced a commitment to improve the lives of one million people (over and above those of its clients) through improved road safety by 2023. Discovery called for a constructive behavioural approach to solutions to road safety to mark the 5th United Nations Global Road Safety week, joining global leaders in the campaign to #SpeakUp and Save Lives.

Our Shared-value Insurance model helps reduce harm on our roads by monitoring driving behaviour and incentivising drivers to improve their driving by adhering to proven safe-driving principles: avoiding speeding, harsh acceleration and cornering, and being more alert while driving by not using cell phones and observing a safe following distance. Better drivers mean fewer accidents and safer journeys for our clients and others on South Africa's roads.

There are over 220 000 primary drivers on the Vitality Drive programme in South Africa. This represents 12% growth in the number of Vitality Drive drivers from the previous financial year.

CLAIM FREQUENCY BY VITALITY DRIVE STATUS



The correlation between driver points and claim frequency is still very clear, which supports our aim to reduce road accidents.

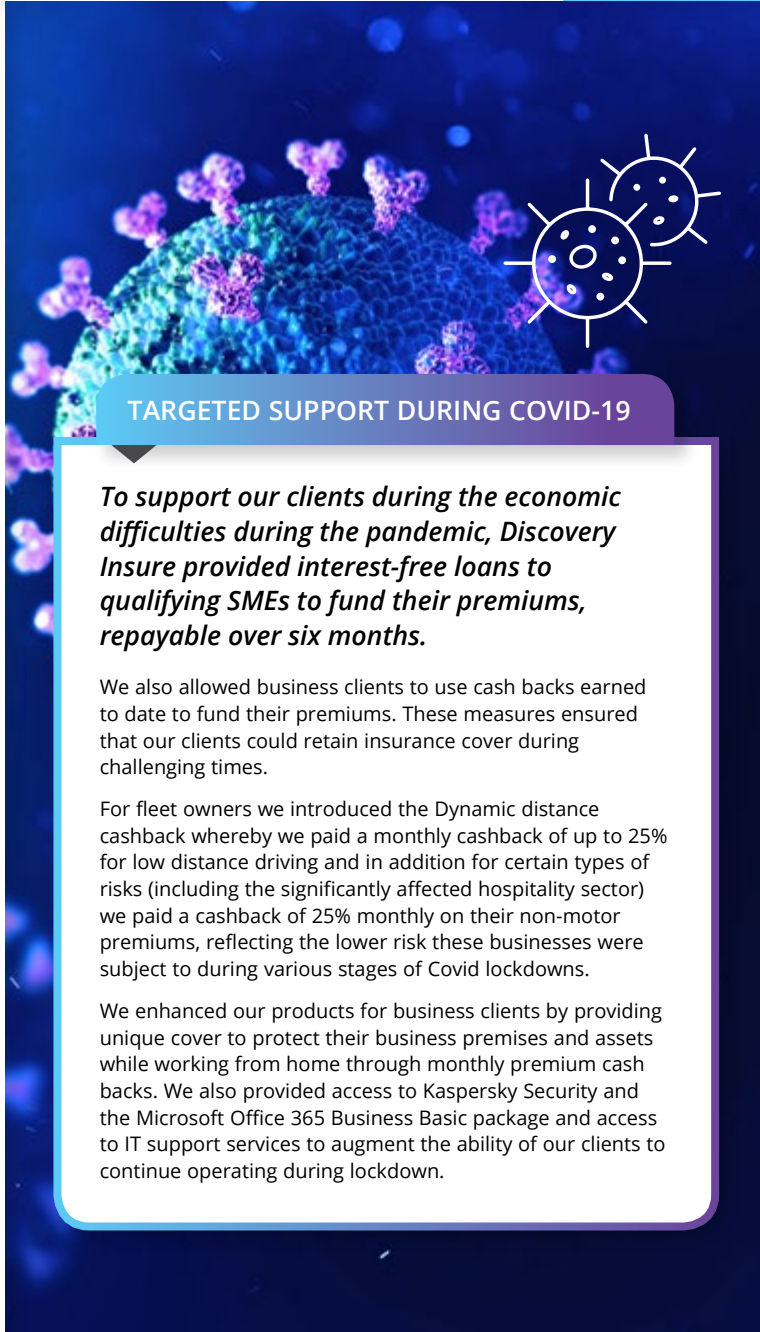
Protecting businesses

As part of Ambition 2023, Discovery Insure has also defined commitments in terms of the social impact for small businesses, including impacting 10 000 businesses through the SME Marketplace, providing programmes to develop 100 small and medium-sized enterprises (SMEs) and create 1 000 jobs by channelling procurement spend, and supporting the creation of 300 additional jobs by 2023.

Business growth is a national priority, and the private sector contributes significantly to economic growth and reducing unemployment. Discovery Business Insurance believes that businesses that take proactive steps to grow have lower insurance risks, providing an opportunity for shared value where clients, Discovery and society as a whole can benefit.

Through the driver behaviour programme Vitality Drive for Business, businesses use telematics technology and incentive-based insurance principles to encourage and reward good driving behaviour. Drivers in a business can also be rewarded in their personal capacity through Driver Active Rewards, earning rewards from one of our partners.

Through our partnership with Endeavor, a global leader in supporting high-impact businesses, business clients of all sizes in South Africa have access to a diagnostic tool, the business health check, that helps them identify key areas of risk and development to grow their business. We also offer access to a tailored network of partners to provide entrepreneurial support, cyber security, web services, brand and communication support, and more.



TARGETED SUPPORT DURING COVID-19

To support our clients during the economic difficulties during the pandemic, Discovery Insure provided interest-free loans to qualifying SMEs to fund their premiums, repayable over six months.

We also allowed business clients to use cash backs earned to date to fund their premiums. These measures ensured that our clients could retain insurance cover during challenging times.

For fleet owners we introduced the Dynamic distance cashback whereby we paid a monthly cashback of up to 25% for low distance driving and in addition for certain types of risks (including the significantly affected hospitality sector) we paid a cashback of 25% monthly on their non-motor premiums, reflecting the lower risk these businesses were subject to during various stages of Covid lockdowns.

We enhanced our products for business clients by providing unique cover to protect their business premises and assets while working from home through monthly premium cash backs. We also provided access to Kaspersky Security and the Microsoft Office 365 Business Basic package and access to IT support services to augment the ability of our clients to continue operating during lockdown.

Helping members achieve financial independence

The low savings and retirement funding gap in South Africa means that only 6% of South Africans have adequate retirement funding. Without it, people are either dependant on the state, their children or grandchildren, or on debt; none of which are sustainable options. Also, the impact of market turbulence is having a dramatic effect on investors, pension funds and people trying to build up their retirement savings, especially considering the impact of the COVID-19 pandemic.

In 2007, Discovery Invest revolutionised the South African investment space and built a business using the same insight that has made Discovery a success: by incentivising

healthy behaviour, we can tackle the South African savings crisis head-on and change the financial landscape for the better. Discovery Invest rewards heathy financial behaviour by incentivising our members to save more, save earlier, retire later and drawdown as little as possible during retirement. Integrated across other Discovery products, we give our members bonuses on their investments if they live healthier, drive better and manage their finances better. Essentially, we help our members achieve financial independence by earning additional returns, beyond market performance, simply by living well.

Discovery Invest's success in driving smarter choices

R9 billion value accrued to clients* (2020: R7 878 million)

17.31 years average policy term on pre-retirement products (how many years until retirement from when a policy starts) (2020: 17.04 years)

6.44% lower drawdowns (2020: 6.88%) Improving preservation of savings

This shows shared value in action; by rewarding smarter choices, members receive more value and invest more with Discovery for longer, which enhances the sustainability of our business and allows us to continue innovating and rewarding smarter choices that have a positive societal impact by closing the retirement gap.

In the United Kingdom, the Vitality programme is embedded into Vitality Invest's products, at no cost to its members. This positions Vitality Invest as the only investment provider in the United Kingdom that gives a product charge discount that rewards healthy behaviours. Our range of over 500 third-party funds now includes specific ESG over 30 funds which incorporate ESG considerations.

For detail on our approach to managing investments, see Responsible investment on page 71.

* The cumulative amount of rewards for exhibiting the three behavioural changes of saving earlier, withdrawing less and staying healthy. These are rewarded through boosts to investment amounts or through fee reductions.

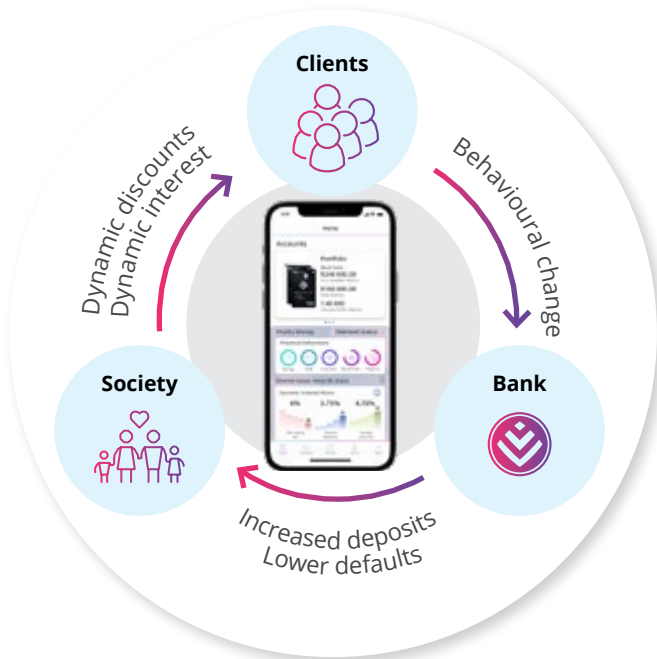


Shared-value Banking model

By and large, South Africans are big borrowers and poor savers. A combination of habits like reliance on credit and a disinclination for saving leaves people significantly exposed to financial crises in both the short and long term, putting us in a position that's financially precarious, both individually and as a society.

Discovery Bank stands as the world's first behavioural bank. We know that incentivising people to make better financial decisions generates higher savings levels, lower risk and increased wealth for society as a whole. Through Vitality Money, Discovery is helping clients understand and practice five key financial behaviours:

- SPEND LESS THAN YOU EARN
- INSURE FOR ADVERSE EVENTS
- SAVE REGULARLY
- PAY OFF YOUR PROPERTY
- INVEST FOR THE LONG TERM



Discovery Bank offers one of the best risk-adjusted savings interest rates in the world among countries that are considered to have the lowest banking risk. This is our Shared-value Banking model in action – through effective interest rates and rewards incentivising good behaviour, clients manage their money well, and we share the value back with them.

Discovery Bank clients have access to a range of tools to help them manage their money better and become financially stronger. These include a retirement planner, a financial education video series and access to discounted advanced education courses, debt tools and personalised goals – all of which help our clients make smarter financial choices. We will be introducing a spend manager to help our clients budget smarter and manage monthly spend.

We apply dynamic interest rates to savings and interest on credit based on a client's risk profile and their success in making smart financial choices. Rewards can be increased by linking to Vitality and integrating across Discovery's product universe.

With 649 000 accounts and 362 000 Discovery Bank clients with retail deposits of R8.2 billion since its launch in November 2018, the shared value of behavioural banking is already becoming evident.

Driving healthy banking behaviours

Discovery data shows that **positive behavioural change** is seen within just two months after joining Discovery Bank.

Clients that are more than 3 instalments in arrears are at

4.75%

(2020: 5.4%)

arrears rate which remains considerably below the market average of 15%*

R8.2 billion

retail deposits
(2020: R3.7 billion)

This represents growth of 167% from July 2020 to June 2021, versus 7% for the market

Clients on Gold and Diamond Vitality Money status:

- 94% less likely to be in arrears on debt
- 9 times higher deposits than average clients
- Keep funds an average of 50% longer
- Save at three times the rate of clients on Blue Vitality Money status

* Based on TransUnion statistics.

With Discovery Bank being the Group's latest start-up business, we aim to entrench the Discovery brand as an innovative leader in the retail banking sector. Leveraging the Vitality behaviour-change platform as the global leader in creating shared value, Vitality Money, Discovery Bank's behaviour-change programme, is a key mechanism in achieving positive financial outcomes.

We can already clearly demonstrate the value of responsible banking and how this differentiates Discovery Bank from its competitors. Leveraging the Discovery brand equity, we focus on increasing new business and client spend while driving deposits and, ultimately, rewarding responsible banking and managing money well.

SHARED-VALUE BANKING

EMERGING RISKS AND RESEARCH

Due to the nature of our Shared-value Insurance model, Discovery tracks and responds to a number of ESG-related risks in the ordinary course of its business. These include risks associated with trends linked to health issues like obesity and tracking the effects of an ageing population.

This chapter considers specific risks related to health and insurance; other risks relating to climate, data privacy, governance and broader social risks are discussed in related sections across the report.



For detailed risk disclosures, see our Integrated Annual Report.

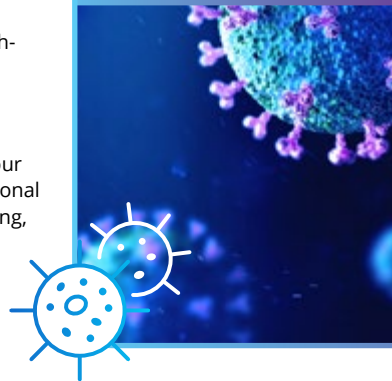
At the heart of our business is incentivising healthy behaviour. Consequently, the Vitality programme has a direct effect on mitigating these risks by encouraging healthy behaviour and delivering tailored programmes to mitigate risk for our business and for our clients, with a concomitant positive impact on society. For example, Discovery's vast dataset on health and related behaviours allow us to assess and respond to local geographic health-related trends, such as differing levels of diabetes in our different markets.

Mitigation measures also extend into the operational aspects of delivering our insurance products in the more traditional actuarial measures such as underwriting, pricing and repricing risk, reinsurance and reserving.

Risks are dynamic and require agile responses. For example:

The long-term impact of COVID-19 includes emerging evidence of the impact of so-called "long COVID" on the health of Discovery's members, mental health issues in the general population following extended lockdown restrictions, as well as the risk of healthcare workers leaving the healthcare system, which is already experiencing a shortage of skills.

Also, COVID-19 demonstrated the problematic nature of vaccine diplomacy, where developed economies secured earlier access to vaccines.



Potential impacts are being investigated by both Discovery Health and Discovery Life, including those of "long COVID". Also, mental health is a key element of the Vitality programme, with specific initiatives rolled out to improve mental health, supported by ongoing Vitality incentives to increase physical activity (which has a direct link to improved mental health). Discovery People has implemented more flexibility in work hours for Discovery's people to provide support during the pandemic and in the work-from-home environment for the majority of staff.

Discovery executives are playing a pivotal leadership role in various aspects of South Africa's COVID-19 vaccine programme. They are leading several workstreams across the **Business for South Africa** vaccine programme and are working directly with the NDoH and National Treasury on a range of vaccine-related initiatives.

We continue to consider related longer-term risks, including:

■ **Future pandemics and their potential impact on the healthcare system and the life companies within Discovery**

In addition to the potential increase in claims for the life companies, this includes the ability of national health systems to withstand increased hospitalisations and general access to medical care. As seen with COVID-19, the impact of a pandemic is not confined to health concerns, but includes the broad economic and social impact on countries, business sustainability and the income and job security of individuals. Discovery's ability to respond and adapt in the face of a pandemic was tested during COVID-19. The agility of our operations meant that we continued operating and delivering services that directly supported healthy outcomes while maintaining the trust of our stakeholders and our information assets.

■ **The impact of urbanisation on public infrastructure**

For example, loss or prolonged constraints of electricity and water supply, or water quality issues and degrading road networks. This could impact access to healthcare, as well as increase the potential for accidents and fatalities, leading to increased claims. Discovery continues to monitor this to determine if concerning trends are observed and design appropriate responses.

Some emerging risk themes have attendant opportunities that are linked to existing or potential products that benefit members, our continued market relevance and society. For example, Discovery is supporting technological advances in healthcare, such as delivering remote care to clients through the newly launched Connected Care platform that safely and securely links patients and providers. We also actively engage with all stakeholders in the healthcare ecosystem to assess and support (where these deliver safe, effective, and cost-effective care) technological advancements in treatments and advances in medical treatment options.



For details on the Discovery Connected Care offering, see www.discovery.co.za/medical-aid/connected-care

National Health Insurance (NHI) in South Africa is included as a risk area related to healthcare access and need. It stands as both a risk and an opportunity – a risk in its potential impact on the sustainability of medical schemes; on the other hand, an opportunity in addressing the levels of inequality in healthcare access and limited basic healthcare provision. With almost three decades of experience in healthcare insurance, Discovery has a wealth of experience in healthcare funding and administration, and its Shared-value Insurance model has demonstrable social value in South Africa and globally, as seen in the success of Vitality's growth internationally.



For developments on NHI and other regulations, see Key regulatory developments on page 85.



SHARED-VALUE BANKING

EMERGING RISKS AND RESEARCH

OPPORTUNITIES ARISING FROM ESG RISKS

Risks related to emerging health issues like obesity and the impact of environmental changes, urbanisation trends, and an ageing population, present opportunities for our business. As mentioned, increasing volumes of evidence link engagement levels with Vitality to increased wellness, and other product enhancements related to emerging trends stand to deliver shared value across members, Discovery and society.

Discovery Health, Discovery Life, Vitality and the United Kingdom businesses track these risks as part of their business-as-usual processes in terms of experience monitoring. As clear trends emerge in the data, these risks move from a more macro level to defined risks with clear opportunities for mitigation and/or product development or enhancement. For example, research conducted at business unit level on ageing populations highlighted the need for a value-enhancing product for our members to help address the trend and drive behaviour through product development or enhancements. This resulted in the Vitality 65+ programme, specifically supporting the needs of older members.

RESEARCH ON ESG RISKS

Discovery's rich evidence base covers topics ranging from behavioural science, preventive medicine, nutrition, and workplace health. From 2005, we have published almost 50 papers in academic journals in conjunction with leading researchers, universities and institutions.

This is besides internal research – mostly white papers developed internally and released, where applicable, as Discoverers for our broker partners. Also, internal research continues on an ongoing basis to support evidence-based decision-making, such as a draft currently in development called the Science of Vitality which will include findings on the effectiveness of Vitality.

Discovery has conducted or commissioned research on health and emerging trends, including:

Obesity: Vitality ObeCity Index 2017

The study analysed data from Vitality members living in six cities across South Africa to identify trends related to weight and food purchasing behaviour.

See https://www.discovery.co.za/discovery_coza/web/linked_content/pdfs/vitality/obesity_index_2017.pdf

Road safety: The Road to a Healthier South Africa 2018

The study analysed data from Vitality members living in six cities across South Africa and focused on behaviours linked to physical activity and driving.

See <https://www.brandsouthafrica.com/wp-content/uploads/2018/09/the-road-to-a-healthier-sa.pdf>

Physical activity: Incentives and Physical Activity:

An Assessment of the Association Between Vitality's Active Rewards with Apple Watch Benefit and Sustained Physical Activity Improvements (published in 2018 as an independent study commissioned by Discovery and conducted by RAND Europe) assessed whether the Vitality Active Rewards with Apple Watch benefit is associated with increased physical activity levels, and if these associations persist over time.

See <https://www.discovery.co.za/corporate/corporate-sustainability-physical-activity-study>

Aging and demographic change: Discovery Diamond Zones White Paper

The paper considers the benefits of being on Diamond status and living for longer.

For an excerpt, see <https://www.discovery.co.za/corporate/smart-money-benefit-of-a-rewarding-retirement>

Environmental changes:

No studies have been published externally, but this represents an emerging opportunity for Discovery.

For detail on Vitality Green, see Restore the environment on page 40.



In South Africa, Discovery spend on research is approximately **R50 million** per year

This is calculated as an allocation of costs in the following teams, based on an estimate of the percentage of work output dedicated to insurance, health and demographic risk:

Team	% allocation	Research value
Risk Intelligence	100%	R35.91 million
Data Science Hub	50%	R3.48 million
Health Actuarial	25%	R2.25 million
Health Research & Development	25%	R8.36 million

During the pandemic, Discovery has been analysing our vast datasets to support national efforts to understand the impact of and combat COVID-19. For example, the COVID-19 Resilience Index provides an indicator of an individual's relative risk of being hospitalised, should they be diagnosed with COVID-19. Also, we published COVID-19: Pandemic Progression Insights, which provided specific insights into the health and behavioural impact of COVID-19.

A selection of recent research and scientific studies published publicly can be found at <https://vitality.international/our-insights/scientific-studies.html>

Additional insights and white papers can be accessed at <https://www.vitalitygroup.com/insights/>



Strengthen social systems

As an active corporate citizen, Discovery works to strengthen broader social systems. This helps drive greater resilience across the networks on which we rely, with a corresponding benefit for society by perpetuating shared-value thinking in the way we interact with our stakeholders.

Our efforts include capacity development and training to support the wider healthcare ecosystem, broader social initiatives, and focused programmes on economic prosperity and inclusion. In the section below, we also discuss the nation-building role we played during COVID-19, as well as include examples of support provided to key stakeholders during the pandemic.

RISK AND EMERGING TRENDS

Discovery includes the economic and socio-political aspects of the macroeconomic environment in its risk register.

The global economy experienced historic levels of instability and uncertainty due to COVID-19. In South Africa, the unemployment rate is at

record highs and continues to deteriorate, resulting in a decrease in disposable income. This is further exacerbating pre-existing socioeconomic inequalities and political instability, which was evident in the heightened risk of social unrest and insurgency.

We continue to engage actively with the government and communities to support initiatives to address economic challenges. We remain focused on developing world-class businesses that can compete regardless of economic conditions, supporting continued employment for our people, and extending the value that we add through taxes, dividends and contributions to strengthening social infrastructure, especially healthcare.



For detail on the impact of this risk and the response of our businesses, see our Integrated Annual Report.



COLLECTIVE HEALTH

Link to our related material themes and matters



Supporting the SDGs



Contribution underpinned by the Vitality chassis, which supports:



CLICK TO SEE ALL OF OUR MATERIAL THEMES AND MATTERS



Make people healthier

Enhance and protect lives

Strengthen social systems

Restore the environment

Healthcare systems support and development



The philosophy of the Discovery Foundation is to invest in the academic strength of the training grounds of South Africa's healthcare system, culminating in our alumni serving as Deans of medical faculties and heads of various societies. Throughout the pandemic we reached out to Discovery Foundation doctors, ensuring that they were supported and protected, making Vitality Active Rewards for Doctors available to them and providing them with Healthy Company for Doctors. Additionally, their contributions to our webinar series have been highly valuable."

Dr Maurice Goodman,
Chief Medical Officer at
Discovery Health

Set up in 2006 as one element of Discovery Limited's Black Economic Empowerment transaction, the Discovery Foundation is an independent trust that invests in the education and training of healthcare specialists. South Africa is experiencing a critical shortage of healthcare resources. The grants disbursed by the Discovery Foundation Awards aim to address this challenge by retaining doctors in public healthcare, training specialists for rural areas, developing academic medicine and research centres, and increasing the number of sub-specialists in the country to adequately meet the country's healthcare needs. These initiatives align with our core purpose and key healthcare insurance offering.

The Foundation has set a target to train



600
medical specialists

by 2026 with 402 individuals supported to date.

A number of interventions are in place to achieve the Foundation's mandate of ensuring 75% of financial support reaches black people. This includes our focus on targeting historically disadvantaged institutions and underserved and rural areas. In the 2021 financial year, 93% of rural individual, academic and sub-specialist awardees (2020: 91%) in terms of award value met the B-BBEE criteria set by the Discovery Foundation. In terms of headcount, 78% (2020: 80%) of awardees met the B-BBEE criteria.

The COVID-19 pandemic has demonstrated the need for more healthcare specialists in South Africa to meet health challenges. The Discovery Foundation has made a significant contribution to training this much-needed group of healthcare workers.

The Medical Student Loan Guarantee Fund was set up in 2016 as an innovative funding partnership with a capital injection of R20 million by the Discovery Foundation. It aims to help mitigate the financial challenges

faced by current and future medical students. The fund aims to support 800 students by 2030. Discovery's role in this partnership programme is to provide surety for students who would otherwise not have access to loan funding to support their studies. The collaboration is with Standard Bank and the Universities of Pretoria and Witwatersrand. To date, 372 students have received support. Of these students, 118 have completed their studies, with 28 loans closed or paid off and 81 currently being repaid. To date, there have only been five defaulters who did not complete studies.

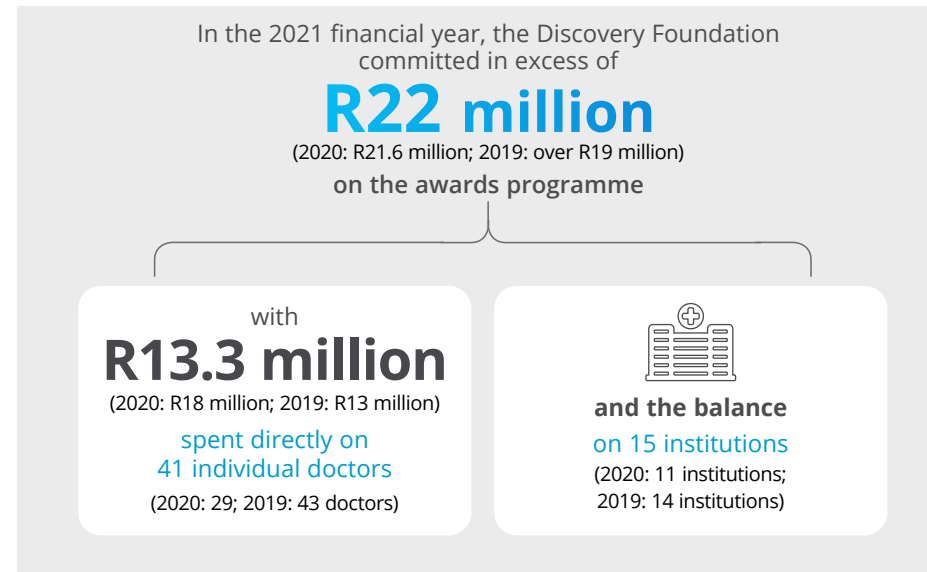


More details can be found on the Discovery Foundation website.

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



More details can be found on the Public Health Enhancement Fund website.





HEALTHCARE SYSTEMS SUPPORT AND DEVELOPMENT



SUPPORTING DOCTORS ON THE FRONT LINES OF COVID-19 EFFORTS

Ensuring that they have ongoing access to personal protective equipment is only one of many concerns facing South Africa's doctors during the pandemic.

As a pillar of healthcare generally and as the frontline of the national response to COVID-19, Discovery invested significantly in understanding and responding to the evolving needs of healthcare workers, right from the onset of the crisis. Our support for South Africa's doctors covered three broad areas: physical, mental and financial wellbeing. Emotional wellbeing support is provided by qualified clinical resources, with financial and legal support services provided by affiliated industry experts. We also funded the flu vaccine for all healthcare professionals who are members of the DHMS and provided them with a COVID-19 screening and testing benefit.

This holistic support was provided to **16 994** doctors during the COVID-19 pandemic.

Also, by connecting doctors and their patients virtually through Connected Care, we not only protected their health, but helped sustain their livelihoods.

To keep healthcare professionals on top of developments during the pandemic, we

identified healthcare professionals, based locally and globally, at the leading edge of emergent clinical information on COVID-19. We secured their participation as speakers in live webinars made available to healthcare professionals at no cost and earning continuous professional development points for doctors.

We delivered the Henley Future-proof Your Healthcare Practice course to empower healthcare professionals with the resilience, strategies and skill set to pivot their practices and thrive in a post-pandemic healthcare ecosystem. The course launched on 10 March 2021, with 65 delegates attending, including key opinion leaders in the doctor community. This stands to contribute to accelerating health system transformation and fast tracking the emergence of shared-value healthcare for the benefit of all in South Africa.

Discovery's support to healthcare professionals was packaged into a holistic Doctor Resilience Suite, which includes Vitality Active Rewards for Doctors, Healthy Company for Doctors, and the Young Doctor Mental Health Helpline. Given the stress and pressure on doctors, both in the normal course of their work but especially during the pandemic, mental health support is crucial. In 2017, we partnered with the South African Depression and Anxiety Group to launch the 24/7 mental health helpline for young doctors and medical students.





Playing a nation-building role during COVID-19

Leveraging the trust established in the Discovery brand, we introduced an information hub that continues to provide expert-led content on developments around COVID-19. The COVID-19 Information Hub has seen 3 million unique visitors, with 7.6 million unique views of COVID-19 content and 1.5 million unique views to the COVID-19 vaccination web page.



We realised that the public needed a reliable source of factual, contextual information, and not the misinformation that was being spread around. That was why we formed our COVID-19 Information Hub. The site was hugely valuable for Discovery members, employees and clients alike. It was also widely accessed by South Africans in general, as the need for accurate and reliable information became critical."

Dr Ryan Noach,
CEO: Discovery Health



Our partnership with Vodacom to deliver a free virtual healthcare platform to all South Africans continued to provide a safe avenue for doctors to continue consultations with their patients.

4 214 doctors are consulting via DrConnect (now Discovery Connected Care) from 1 April to 20 June 2021.

over **33 500** COVID consults were conducted on this platform from 1 July 2020 to 31 March 2021 alone.

over **8 340** virtual consult bookings made by members on Connected Care from 1 April to 30 June 2021.

With Vodacom, Discovery has made 100 000 COVID-19 virtual doctor consultations available to all South Africans free of charge.

At the request of the Minister of Health, Discovery CEO Adrian Gore led a task team in the early stages of South Africa's COVID-19 national vaccination programme to provide support to the NDoH on the financing of COVID-19 vaccines for South Africa. The task team included officials from the NDoH and the National Treasury. He also worked to engage suppliers globally regarding the acquisition of COVID-19 vaccines.

Dr Ayanda Ntsaluba, Chairperson of Discovery Health, is part of the vaccine supply-working group comprising representatives of both Government and Business for South Africa. The vaccine supply working group includes senior officials from the NDoH and National Treasury.



Dr Ntsaluba was appointed to the Board of the Solidarity Fund and Chairs its Disbursement Committee.

As disclosed last year, Discovery collaborated with the NDoH to build and roll out South Africa's unique Bluetooth-enabled contact tracing app – COVID Alert SA.

To support national vaccination efforts, Discovery launched 1 Discovery Place (the Group's head office in Sandton, Johannesburg) as a vaccination site on 17 May 2021. This was closely followed by opening eight additional sites nationwide. By 26 July 2021, over 540 000 vaccines had been administered by Discovery, translating to approximately

10.7%
of total national vaccinations



We expect to spend another R200 million on the vaccination campaign, with

R42 million
spent in the financial year

We continue to leverage our vast dataset of health and behavioural information to support national efforts with vaccination data analytics and reporting. The period also marked the launch of the Discovery Health Insights website where we are publishing ground-breaking insights on an ongoing basis, starting with COVID-19 focused insights.



Leveraging corporate social investment to build capacity


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

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

Safe Travel to School – which uses Discovery Insure’s intellectual property to promote good driver behaviour among scholar transporters in the Western Cape.

Hlokomela – which supports quality healthcare delivery for farmworker communities across almost 100 farms in Limpopo and Mpumalanga.

Umtombo Youth Development Foundation – which provides scholarships and mentorship to youth from rural areas to pursue qualifications in the health sciences, helping address the human resource shortages at rural hospitals.

 For details on our corporate social investment initiatives, see our sustainability website.

As a large corporate, Discovery is uniquely placed to play a facilitating role among the various small businesses and non-profit organisations (NPOs) in its broader ecosystem.

For the 2021 financial year, the Discovery Fund contributed

R19.7 million

to various NPOs

that provide essential healthcare services in poor and rural communities.

All contributions are provided on pro-bono basis.

LINKING HEALTHY BEHAVIOUR AND PHILANTHROPY

Discovery’s MoveToGive initiative is enabled by Active Rewards, where members can choose to donate their rewards to a specific cause through MoveToGive campaigns.

Since its launch in 2015, over

R13 million

has been donated to various causes, positively impacting over 345 000 lives.

During the period, over 1.4 million was donated to worthy causes, including:

South Africa’s COVID-19 Solidarity Fund, with the Discovery Fund matching the total contribution

FoodForward South Africa, providing food to the most vulnerable communities impacted by COVID-19

Cotlands, to provide children with access to play-based opportunities to support early-childhood development

Dis-Chem Foundation’s Million Comforts campaign providing sanitary products to young girls in need

The Afrika Tikkun survival food back initiative

Partnering with **SHOUT4MASKS** to donate surgical and N95 masks for protection against COVID-19 to healthcare and frontline workers

Johannesburg Parent & Child Counselling Centre who provided counselling sessions for children in need through their campaign

The **Character Company**, who provided boys with mentorship workbooks, access to mentors and character-building activities.

We believe that this kind of crowdsourced philanthropy aligns strongly with our Vitality Shared-value Insurance model, which seeks to benefit all stakeholders – members, through better health; insurers and investors, through reduced risk; and society as a whole, through healthier citizens and charitable initiatives.



STATEMENT OF PRINCIPLES FOR CORPORATE SOCIAL INVESTMENT GRANTS

- Independent public benefit organisation trusts, governed by trustees
- Grant making aligned with Trust objectives as specified in the Trust Deed
- Strategic alignment of Trusts with public health priorities, National Development Plan and community needs
- Both multi-year and once-off grants, aligned to partner’s goals
- Minimum 75% black beneficiaries
- Support of programmes with scalable, replicable models of development
- Support of programmes with demonstrable impact and effective monitoring and evaluation systems
- Increase in impact through collaboration opportunities and partnerships
- Alignment to business priorities.



TARGETED SUPPORT

Each of our businesses has programmes in place to strengthen social systems in their sphere of influence. For example, the following initiatives are run through Discovery Insure.

Discovery Insure supports South Africa's National Development Plan by focusing on key road safety initiatives including Safe Travel to School, a programme that uses Discovery Insure's intellectual property of improving driving behaviour for clients to improve the driving behaviour of scholar transport drivers. Through this programme, 956 drivers are providing safe transport to around 19 140 school children daily in the Western Cape with plans to expand to Gauteng.

We have a partnership with Community Active Protection (CAP), a non-profit, community-based security organisation, to support crime reduction in Gauteng. CAP Security is using our state-of-the-art telematics technology to track and recover stolen vehicles. Discovery is also a core sponsor of CAP Security's debriefing team, which helps bolster their crime intelligence capability.

Discovery Insure, together with Dialdirect and The City of Joburg, has launched the Pothole Patrol initiative. It aims to help make roads safer for everyone by addressing the issue of potholes that can damage vehicles, and worse, lead to accidents for road users.

Discovery Insure is leveraging its extensive telematics dataset to identify potholes, which will also be applied to prioritise which potholes to fix first. In addition, we are building a mobile app for all Johannesburg residents to report potholes. This project stands to improve road use for all its users through its aim to repair several thousand potholes every month.

These initiatives see our unique business model and capabilities being applied to community upliftment and nation-building - aligned to our values of innovation and optimism, and being a force for good.

Volunteering for good

Discovery ForGood, our employee volunteer programme, demonstrates that Discovery's purpose lives in the actions of its people.

The objective of the volunteer programme is to leverage the capabilities of our staff in building healthier communities. Given the wide range of skills across Discovery, we work with communities to understand their real needs and match these to the skills and resources volunteered by Discovery's people.

Discovery ForGood has set an annual target of 40% of staff volunteering levels over the year, with 20% achieved in the 2021 financial year despite interruptions to the scheduled volunteer programme due to COVID-19. We have set a 70% engagement target for 2019 to 2023; as a cumulative target, we are already showing good progress, with 61% achieved up to the end of June 2021.

1 956

employees volunteered during the year

(2020: 3 000 employees)

19 787

hours in volunteering activities, worth almost

(2020: over 20 712 hours)

R4.6 million

for the reporting period.

(2020: over R3.4 million)

This year, more senior Discovery employees, including executives, participated in initiatives.





Supporting financial advisers with information and education

Discovery has compiled a comprehensive library of documents covering the workings and legal considerations for buy-and-sell, key-person and contingent liability policies. This includes a business assurance encyclopaedia, explanatory videos and marketing support.

Through the Discovery Institute of Training portal, the Invest International Training Hub provides targeted support to financial advisers to assist their clients in setting up efficient and well-structured international investment portfolios. The Hub includes the advice of industry experts, and marketing and digital

support to keep clients informed and support their efforts in building savings and investments.

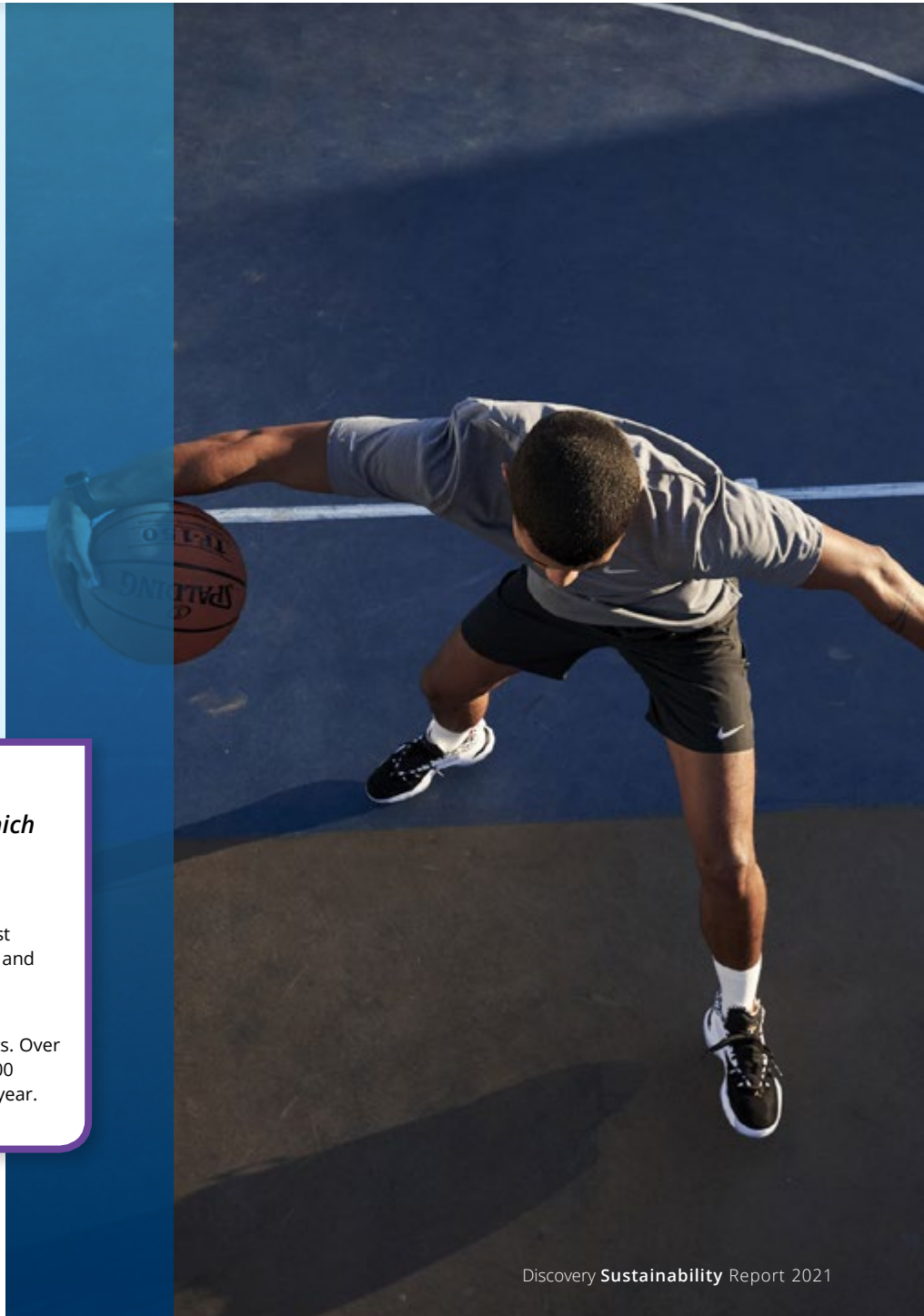
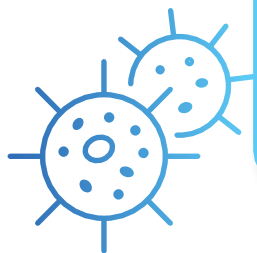
Through AI Quote, Discovery Invest provides tech-driven portfolio optimisation and quoting, delivered in a matter of minutes to assist our broker partners to see what a client's investment would look like with Discovery in an optimised mix of funds with our unique boosts. This technology enhances the efficiency of the quoting process, and also addresses many of the legal challenges faced, through a streamlined digital process to optimise the client journey.

SUPPORT DURING COVID-19

We provided daily electronic communications to our financial adviser to help ease the uncertainties around the pandemic, which outlined product benefits, details on the premium relief option, updates on new processes and general COVID-19 information.

Building from that, we created a toolkit, Navigating Virtual Financial Advice, to assist advisers on how to engage with clients and build rapport in a virtual environment, and included presentations that they could use immediately.

We encouraged advisers to use time during lockdown to do online continuous professional development training to build their skills base, with remarkable results. Over the first six months of the pandemic, our adviser network completed at least 32 000 online courses, which is more than double what we see in the course of a normal year.





Broad-based Black Economic Empowerment



Core to our history, values and success to date has been pride in our country and a commitment to playing a nation-building role. Central to this optimism is embracing transformation at all levels, which is vital to the country's progress, and to creating an economically inclusive future for all."

Adrian Gore,
Discovery Group Chief Executive

Since promulgation in April 2004, the Broad-based Black Economic Empowerment Act has formed the basis of the South African Government's regulation of Black Economic Empowerment. Discovery embraced this as we recognise the importance of transformation in our society for a growing and healthy economy.

Discovery Limited achieved
Level 1
contributor status



in its annual B-BBEE audit (on 30 September 2021, and valid to 29 September 2022).



View our full B-BBEE Certificate at <https://www.discovery.co.za/assets/discoverycoza/corporate/investor-relations/discovery-limited-bee-certificate-2021.pdf>

Enterprise and supplier development

Discovery has a significant impact on the South African economy through a wide network of suppliers that support our business. Our Enterprise Development and Supplier Development initiatives provide targeted interventions that maximise our contribution to economic inclusion. We work to actively transform the economic landscape, with not only more black participants, but more black participants with entrepreneurial drive that leads to innovation, new commercial frontiers, job creation and a broadened asset base.

Discovery targets qualifying Enterprise and Supplier Development (ESD) beneficiaries as defined in Code 400, which are enterprises with more than 51% black ownership and a turnover of less than R50 million. Preferential selection is provided to black women-owned enterprises. Beyond achieving scorecard targets for Enterprise Development and Supplier Development, we believe in promoting the growth and sustainability of businesses that will extend our positive impact.



For an example of support provided to an ESD beneficiary, see our sustainability website.

We provide financial support, in the form of loans and grants, and non-financial support, in the form of business development support, training and mentorship opportunities, to selected beneficiaries. We achieved the target of 4.34% of net profit after tax (2020: 5.16%) for Supplier Development and exceeded the target of 0.2 of net profit after tax for Enterprise Development by spending 1.90% of net profit after tax (2020: 3.36%).

The total value of ESD loans on our books is R76.8 million with 37 SMMEs supported over 2021 (against a target of 20).



For detail on the support provided to beneficiaries during COVID-19, see our sustainability website.

ESD loans are spread across various sectors to meet the different requirements of business units in our South African operations, including:

Establishing new medical facilities to support the reduction of the cost of care

Partner empowerment and job creation

Supplier development

Increasing product uptake.

We constantly monitor the progress of our ESD support initiatives. Our Finance team monitors compliance and adherence to the terms of loans, and our beneficiaries provide quarterly reports that are monitored by the ESD team.



A PROUD SHAREHOLDER OF THE SA SME FUND

The SME Fund is a private sector led initiative born out of the CEO Initiative, a partnership between the South African Government and the CEOs of a number of companies to stimulate the economy and create jobs.

The R1.4 billion Fund focuses on building entrepreneurs and SMEs. The SA SME Fund launched the CEO Circle in March 2019 as an initiative that aims to accelerate the growth of high-growth black businesses within the SA SME Fund's shareholders' supply chains. This support is critical for stimulating the dynamism and innovation of our economy.

The SA SME Fund has concluded its commitment process, allocating capital to 13 funds that cover debt, equity and venture capital. It has invested 50% of the investable capital of R1.24 billion and aims to complete the investment programme over the next two years. It is also focused on using its

collective experience and capacity to raise a new debt fund and a fund of venture capital funds.

As its chairperson, Discovery CEO Adrian Gore provides the SA SME Fund with ongoing strategic resources on a pro bono basis. This support has been key to the Fund's ability to retain its catalytic role in the SME ecosystem. In recognition of his contribution, Fareed Chothia (Discovery Head of Corporate Services) has been appointed as an Interim Director of the Fund and its Audit Committee member. Discovery's finance department also assists the SA SME Fund with its treasury and finance function on a pro bono basis.

Discovery committed an initial investment to the SA SME Fund of



R20 million



Mid-sized companies are an important engine of economic growth. We will leverage the enormous power of the SA SME Fund's (being the top 50 corporates) and fund managers to help grow these businesses into significant players in the South African economy."

Adrian Gore,
Discovery Group CEO and
Chairman of the SA SME Fund



For detail on its investments and the CEO Circle, see the SA SME Fund website.

Preferential procurement

To support the Group's transformation imperative and grow emerging businesses, the Procurement team has taken a strategic decision to increase procurement spend with designated groups, with a focus on black youth-owned businesses.

Support includes identifying suitable companies and facilitating access within Discovery's federated model to give them greater exposure and broaden their networks across the organisation.

We also engage closely with existing suppliers to improve their B-BBEE ratings. While our primary objective is to optimise value for money, we maintain minimum requirements for awarding contracts. In instances where a supplier with a sub-optimal B-BBEE level is awarded a contract on the basis of a value proposition, we often agree predefined milestones with the supplier that must be achieved over the term of the contract. Also, we have a tiered points scoring

system in place to ensure that suppliers who are part of designated groups can compete fairly against well established businesses.

A key objective for procurement is to maintain fairness and integrity in the process of awarding and managing contracts. We work closely with internal teams to ensure clarity in defining the scope of work and transparency in the criteria we use in evaluating bidder proposals.

Discovery is a strategic partner in establishing Mohau Equity Partners, a strategic long-term investor and 100% black women-owned business supported by funding from Discovery. Our objective is for Mohau to identify entrenched and strategic suppliers within Discovery that require support in improving their B-BBEE profile. Mohau has already made a number of strategic investments to support the transformation of our supply chain.

In the 2021 financial year, we spent over

R1.62 billion

as part of our procurement on black-owned businesses

(2020: R1.57 billion; 2019: R1.37 billion)

R1.66 billion

of actual spend on SMEs

(2020: R1.1 billion; 2019: R535 million)

R864 million

of actual spend on 30% black women-owned enterprises

(2020: R947 million; 2019: R535 million)



R7.24 billion
total procurement spend
(2020: R5.7 billion;
2019: R5.28 billion)

To help achieve B-BBEE procurement targets, Discovery endeavours to do business with suppliers who have a minimum of a level 4 contribution.

B-BBEE Scorecard indicators	Recognised spend			Target		
	%	Amount	Points	%	Amount	Points
Spend on all B-BBEE empowering suppliers	78.66%	R6.074 billion	3.93	80.00%	R6.177 billion	4
Spend on QSE empowering suppliers	8.45%	R652 million	0.94	18.00%	R1.390 billion	2
Spend on EME empowering suppliers	15.25%	R1.178 billion	2.00	12.00%	R926.58 million	2
Spend on empowering suppliers that are at least 51% black-owned	27.01%	R2.086 billion	4.50	30.00%	R2.316 billion	5
Spend on empowering suppliers that are at least 30% black female-owned	13.2%	R1.019 billion	2.00	10.00%	R772.15 million	2
Bonus indicators						
Spend on black stockbrokers and black fund managers	25.77%	R313.83 billion	2.00	5.00%	R386 million	2
Spend on designated group suppliers with at least 51% black ownership	2.18%	R168.64 billion	2.18	2.00%	R154.43 billion	2

LEVERAGING ALL AREAS OF THE BUSINESS TO REDUCE THE IMPACT OF COVID-19

The devastating effects of the pandemic required a complete business response.

“*That’s what made our response so effective – we looked at it not only from a corporate social investment point of view, but also from a procurement point of view. That meant, for example, unlocking the speedy payment of SMEs in the Group’s supply chain, so that they knew they would be paid quickly. Cashflow uncertainty – especially during the hard lockdown – was an urgent concern for many small businesses.*”

Ruth Lewin,
Discovery’s Head of Corporate Sustainability



PLANETARY HEALTH

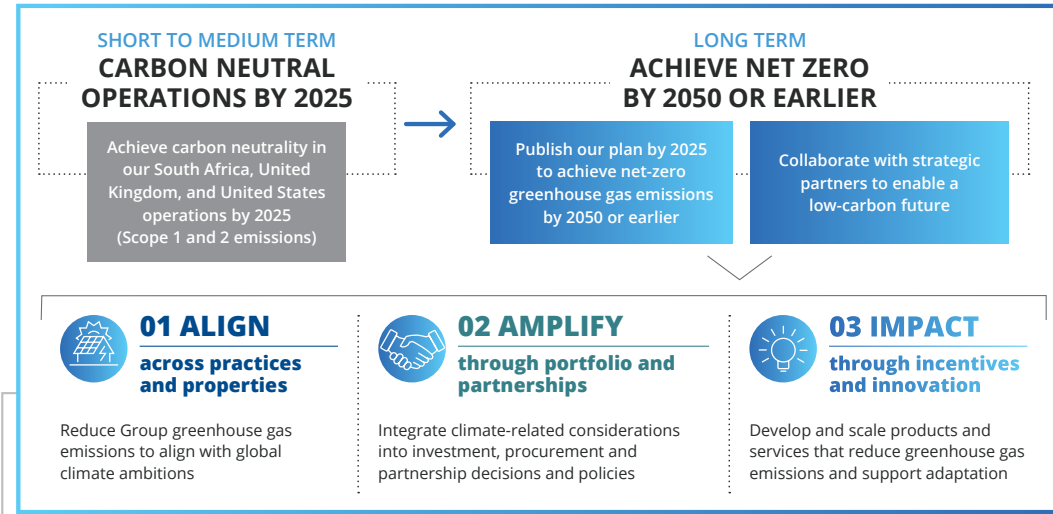
Restore the environment

The fourth sustainability differentiator of our Sustainability Framework, and a new area of focus for the Group, is planetary health.

This pillar links our purpose to our goal of maintaining an environment that enables and sustains good health. In addition, through the Shared-value Insurance model, Discovery plays a significant role in influencing clients' health and financial behaviour and sharing the value of this behaviour change with our clients and society.

We have an opportunity to become part of the climate-change solution by extending the Shared-value model into this space, while minimising any negative impacts we have on the climate. Since its genesis, Discovery has seen the power of aligning its interests to those of its clients and society - applying its business model to help address climate change is the next evolution in this shared-value thinking.

As outlined in our Board-approved Climate Change Strategy, Discovery's response to climate change is measured against two overarching goals supported by strategic pillars and underpinned by defined governance commitments:



GOVERNANCE COMMITMENTS

The above strategic pillars are underpinned by the following Governance commitments:

- Assign responsibilities at Board and Executive level for delivering on our Climate Change Strategy
- Assess, manage, and publicly disclose climate-related risks and opportunities across the Group
- Review our capabilities, organisational structure and remuneration to deliver on our climate ambitions and goals

For detail, see Discovery's Climate Change Strategy.

Against the third pillar (impact), product development is underway in both South Africa and the United Kingdom on a green Vitality proposition consisting of a carbon footprint calculator and programme of incentives and rewards for changing lifestyles to more climate-friendly behaviours, with a goal to launch by 2023. A number of interventions and rewards will be introduced that incentivise low-carbon behaviours, driving a reduction in carbon emissions across Discovery's client base. The solution will therefore extend Discovery's Shared-value Insurance model into the area of climate change for positive impact.

Discovery estimates it could amplify its direct operational emissions savings by many multiples by driving large-scale reduction of CO₂e emissions through its client base.

Link to our related material themes and matters



Supporting the SDGs



Contribution underpinned by the Vitality chassis, which supports:



CLICK TO SEE ALL OF OUR MATERIAL THEMES AND MATTERS



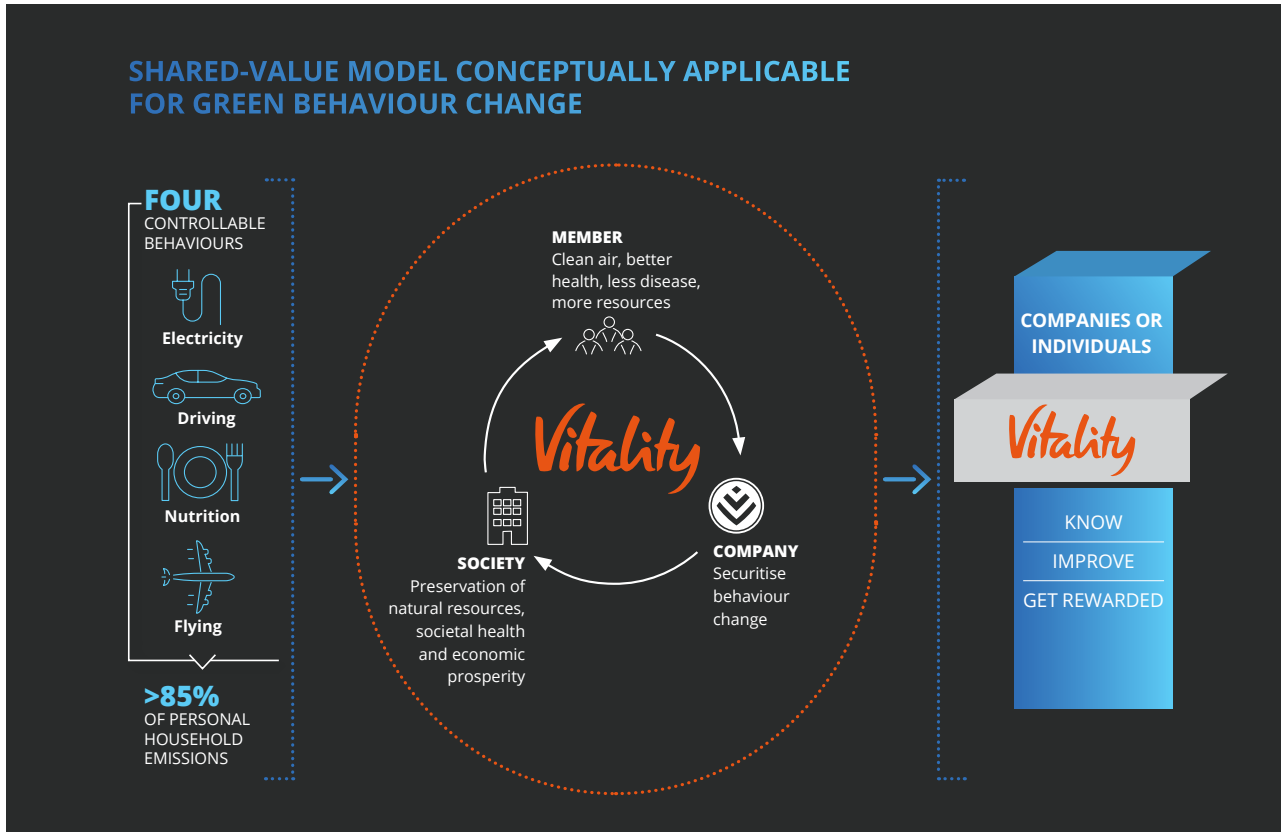
Make people healthier

Enhance and protect lives

Strengthen social systems

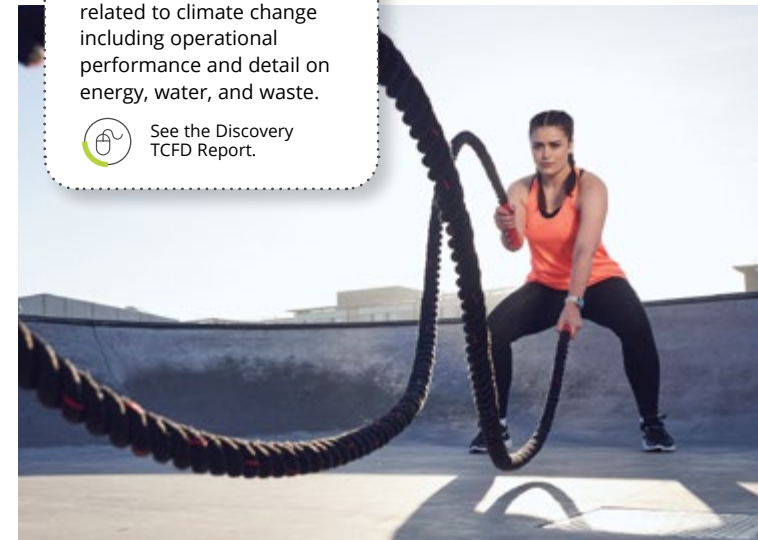
Restore the environment

PLANETARY HEALTH



Our TCFD Report provides detail on our governance approach, risk management, strategy and performance related to climate change including operational performance and detail on energy, water, and waste.

See the Discovery TCFD Report.



Discovery participates in the Advisory Committee on Environment and Society, a quarterly forum run by the National Business Initiative, of which we are a member. The Advisory Committee on Environment and Society's key mandate is to advance environmental programmes between government and the private sector that focus on climate change, energy and water, as well as the implementation of South Africa's National

Development Plan. We also participate in the UNGC Climate Ambition Accelerator programme.

In the United Kingdom, Vitality has already innovated with its product line by introducing a carbon offset offering as part of its Good Driving Programme to help clients reduce their carbon emissions. When clients drive well (measured against acceleration, braking,

cornering, distracted driving and speeding), they receive points that are used in Quality Assurance Standard certified carbon offset providers, for projects including planting trees in the United Kingdom and protecting the Amazon, cleaner cooking stoves in Darfur, and wind farm investments in Thailand. Our clients also receive points for car-free days.



For details on our six Green Star head office, 1 Discovery Place, see our sustainability website.



Make people healthier

Enhance and protect lives

Strengthen social systems

Restore the environment



CDP

Discovery provides annual public disclosures on climate change to the CDP (previously named the Carbon Disclosure Project), scoring B for the 2020 reporting cycle (2019: C). Measured on a scale from A to D, a level B rating indicates management of climate related issues.

See our CDP Report.

Carbon emissions reporting intensities

Discovery measures its greenhouse gas emissions in its South African, United States and United Kingdom operations. Our greenhouse gas emissions are generated primarily through electricity consumption, fugitive emissions and stationary fuels (diesel), and includes emissions generated by our employees' travel into work each day.

Assurance is provided for Discovery Limited's emissions through independent third-party verification of the greenhouse gas emissions inventory carried out in accordance with the International Standard ISO 14064-3 (2006): Specification with guidance for the validation and verification of greenhouse gas assertions.

For details, see the independent verification statement.

Our Scope emissions and carbon emissions intensities are included in the Discovery TCFD Report.

See our TCFD Report.

Climate change

Discovery recognises that climate change is one of the key risks facing business and society, with sustained temperature increases leading to a growing number of extreme weather events as well as other impacts. Discovery is following the recommendations of the TCFD and is reporting on its progress against its climate change strategy. This includes governance, strategy, risk management, and metrics and targets.

See our TCFD Report.

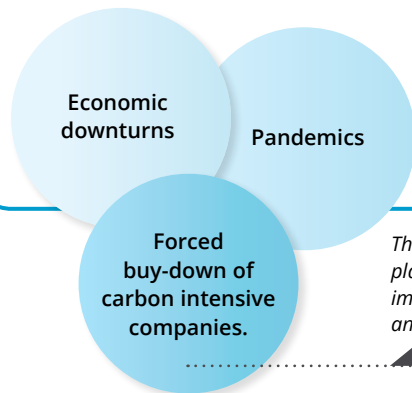
RISK AND EMERGING TRENDS

As detailed in Discovery's TCFD Report, the Group Risk Management function has done extensive work to assess climate related risk for Discovery over the past year.

Some components of climate change are classed as short-term risks (being transitional risk components across policy, legal, technology and market risks), with some as medium- to long-term risks (being physical risk components of acute and physical risks). While climate change risk is rated within appetite, with identified actions in place, there is uncertainty around the long-term impact of this risk. As a result, climate change remains an area that we will continue to assess as an understanding of this topic and its potential impact develops.

Relatedly, the Group Risk Management function includes major ESG catastrophic events as part of our stress testing processes. This considers one in 25-year stresses for mortality, morbidity and lapses for Discovery Life and Discovery Invest entities (including shock mortality), as well as loss ratios and lapses for the non-life entities (Discovery Health, Discovery Insure, Discovery Bank and Vitality). We also test related market stresses, including one in 200-year events.

For Discovery Life and Discovery Invest, we include scenario testing in our Own Risk and Solvency Assessment (ORSA) reports and consider scenarios such as:



The last example is linked to climate change scenario planning. Although this risk is assessed to have a limited impact on our solvency and earnings, we continue to develop and incorporate climate change into risk assessments.

For stress and scenario testing for Discovery Insure, economic downturn, severe earthquakes and climate change are stresses that are being calibrated due to their potential impact on both attritional and large tail claims. We continue to develop our articulation of these exposures according to the Intergovernmental Panel on Climate Change defined Representative Concentration Pathways (IPCC RCP) and impact on main exposure areas (such as potential for increased hail and flood events in the Gauteng region). We have active engagements with the Actuarial Society of South Africa, the Institute of Risk Management South Africa and our reinsurers to continue refining these models.

The United Kingdom business carries out similar stress and scenario testing. These are also communicated in their ORSA report, as well as in the consolidated ORSA report for the Group.

Our stress test scenarios include specific response plans and management actions to be taken if an event occurs. Depending on the event, plans include consideration of capital, liquidity and operational impacts, and appropriate actions and responses for effective mitigation.



Environmental commitments

Premised on our value of being a force for good, we are determined to be an exceptional employer, excellent partner and a good corporate citizen. We are also deeply committed to nation building and protecting our planet. Our core purpose and Shared-value Insurance model demand this.

As outlined in our Environmental Strategy, Discovery is committed to reducing its environmental impact and to continually improving its environmental performance as an integral part of its business strategy. At Discovery, we recognise that environmental risks and opportunities have an impact on the key strategic competencies that create and deliver value to our business model.

We endeavour to:

- Comply with all relevant regulatory requirements and other compliance obligations
- Disclose our progress, performance and plans in line with the recommendations of the Task Force on Climate-related Financial Disclosures
- Continually monitor and reduce our direct environmental impact, including greenhouse gas emissions by improving our energy use efficiencies, water usage, and waste management
- Reducing waste going to landfill to zero by 2023
- Monitor and reduce our indirect impacts associated with our supply chain
- Understand and be responsive to environmental risks and opportunities and how they impact our business
- Incorporate environmental factors into business decisions
- Increase employee awareness and training
- Through our policies and our actions, seek to protect and build our reputation across all aspects of our business.

Environmental performance

Details on our energy consumption, water withdrawal and waste generated and recycled are included in the detailed TCFD Report.

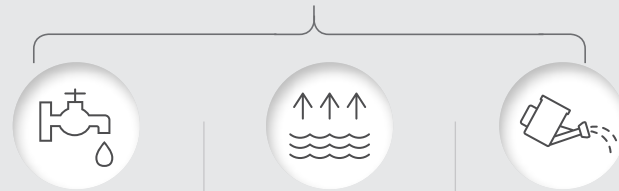


See our TCFD Report. Please link to: <https://www.discovery.co.za/assets/discoverycoza/corporate/corporate-sustainability/2021/tcdf-report.pdf>

Managing water as a shared resource

For Discovery's South African office campuses, water is predominantly supplied by the local municipality, with an additional water source of grey water (which is a combination of underground water, wastewater from showers and rainfall discharged from the roof into the storm water pipes). Overflow from rainfall is directed to the municipal storm water system.

Water usage is predominantly:



Potable water that is safe for consumption is withdrawn from the potable holding tank to all taps or drinking outlets

Potable water is also used in the heating, ventilation and air conditioning systems for the cooling towers and to wash filters (with discharge directed to grey water holding tanks)

Grey water withdrawn for water sources is directed to the water closets, urinals and garden irrigation.

Any water wastage that is not due to overflow from rainfall is investigated and closed out.

Any significant water impacts are recorded as incidents and reported on with the corrective action taken, as required by the ISO 14000 standard. We track and report water usage as part of Scope 3 carbon emissions, with detailed metrics included in the TCFD Report.

The Group Facilities team is continuously assessing opportunities to reduce water consumption through projects like:

- Recycling water from the carwash and only topping up with potable water when required
- Using water reducers and sensors on taps
- Ensuring the output from our grey water plant is maximised through ongoing monitoring and regular maintenance to avoid failures
- Maintaining reporting platforms so that any incidents of water wastage can be reported and corrected timeously.

RELATED POLICIES AND FRAMEWORKS

Environmental Policy*

Discovery is committed to reducing environmental impacts and to continually improve environmental performance as an integral part of business strategy. Discovery's environmental performance refers to the measurable outcome of Discovery's ability to meet environmental objectives and targets. Discovery recognises that environmental risks and opportunities may have an impact on the key strategic competencies that create and deliver value to Discovery's business model. Last review: November 2020.

Stakeholder Engagement Framework

Discovery's continued growth and success is intrinsically linked to understanding our stakeholders' concerns, needs and insights. Interaction with our stakeholders and business conduct are key aspects of Discovery's long-term sustainability strategy. Last review: May 2020.

* Available online at www.discovery.co.za/corporate/legal.




02

Good business enablers

- 45 Our purpose and values
- 46 Our people
- 66 Our brand
- 83 Our capabilities

Click the buttons to navigate to subsections






Discovery's sustainability differentiators are supported by the foundational components of our Ambition strategy. These elements form the key ESG factors that enable sustainable and responsible business, with our purpose and values as the bedrock of our approach. This section supports Discovery's efforts in providing comprehensive and transparent ESG disclosures to stakeholders, aligned to best business and reporting practice.

BRAND

- Uphold our ethics
 - Do no harm
 - Cultivate trust

MODEL

- Create virtuous cycles
- Drive positive behaviour
- Amplify through partners



CAPABILITIES

- Manage risk
- Innovate for impact
- Leverage our tech assets

PURPOSE

Make people healthier and enhance and protect their lives.

VALUES

- Great people
- Liberate the best in people
- Intellectual leadership
- Drive, tenacity and urgency
- Innovation and optimism
- Business astuteness and prudence
- Customer, customer, customer
- Integrity, honesty and fairness

Force for good

PEOPLE

- Make our people healthier
 - Value diversity
- Connect great minds

For the Group's strategic performance against the foundation, see our Integrated Annual Report.

Our purpose and values

Discovery is a purpose led organisation. Our purpose and values are at the heart of our Shared-value Insurance model, which delivers better health and value for clients, superior actuarial dynamics for the insurer, and a healthier society. Every decision we make is underpinned by our core purpose and values.

Our purpose is to make people healthier and enhance and protect their lives

- Our values:**
- | | |
|--|---|
| <ul style="list-style-type: none"> ■ Great people ■ Liberating the best in people ■ Intellectual leadership ■ Drive, tenacity and urgency ■ Innovation and optimism | <ul style="list-style-type: none"> ■ Business astuteness and prudence ■ Customer, customer, customer ■ Integrity, honesty and fairness ■ Force for good |
|--|---|

Since inception, Discovery has understood the power of shared value in driving sustainability. The last value of "force for good" was added towards the end of 2020, and with our purpose, aligns our efforts to nurture and sustain an organisational culture that has a positive impact on our stakeholders and minimises our impact on the environment. It empowers our people to direct their actions for good in an increasingly complex business environment.

For detail on ethics, see Uphold our ethics on page 66.

THE IMPORTANCE OF PURPOSE

Since the 1990s, a number of studies in management and organisational psychology have demonstrated the importance of organisational culture in employee commitment, retention and teamwork, and customer satisfaction and change readiness. More recently, some researchers have investigated the relationship between culture and organisational sustainability. A clearly articulated and shared organisational culture aligned to the principles of sustainable development, the integration of sustainability into values and culture, and institutionalised environmentally responsible values, beliefs and behaviours, are key recommendations for driving sustainable practice.



Our people

Our people are an essential resource and strategic differentiator for the Group. Through digital enablement, and challenging work and learning experiences, we encourage employee innovation and harness their passion for excellence to develop market-leading products, which contribute to our ability to create value for our stakeholders and be a force for good.

We have a unique corporate culture that requires non-negotiable respect for and upholding of our organisational values. These play a crucial role in attracting and retaining the right talent for our business, beyond purely skills or experience. We believe that the right talent will be highly engaged, will contribute exponentially to business results, and will have a passion for extending the impact of our Shared-value Insurance model. We ensure that our values are entrenched throughout our engagements, from recruitment, appointment and induction to performance management and career development.

The Discovery People team is headed by a Chief People Officer who reports to the Group CEO. Oversight over all matters related to Discovery's people is provided by the Board and its Committees, specifically the Social and Ethics committee (which assists the board in overseeing Discovery's ethical standards and values, health and safety strategies and objectives, labour-related policies and frameworks, and employment equity plan and skills development) and Remuneration Committee (which assists the Board in ensuring that the organisation remunerates fairly, responsibly and transparently).

This section focuses on Group-level disclosures for Discovery's people, focused on operations where Discovery Limited has operational control. This is primarily South Africa, the United Kingdom and the United States of America.

Employee overview

GLOBAL WORKFORCE

We provide stable employment to over

12 650

employees globally

(2020: over 12 980)

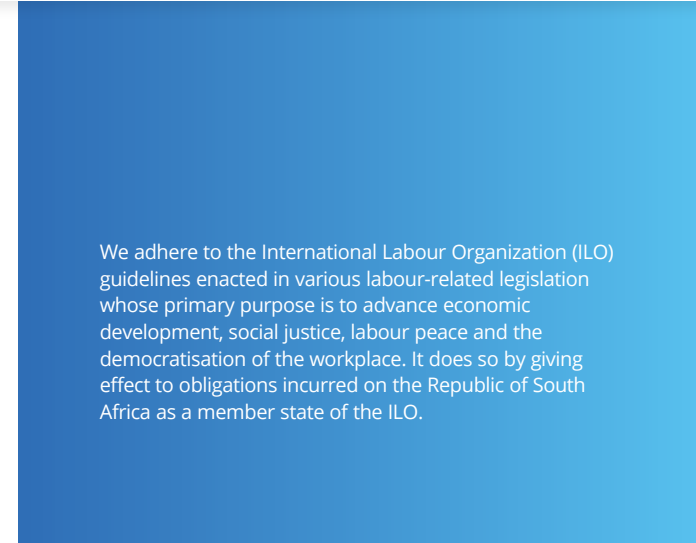


LABOUR STANDARDS

Discovery recognises rights of employees as enshrined in the Constitution of the Republic of South Africa.

In addition to the rights of employees to freedom of association and collective bargaining, Discovery does not engage in child, forced and/or compulsory labour and ensures that labour standards and all employment-related policies are made available to all Discovery employees through the internal policy portal.

Discovery actively engages with employees to better understand the link between workplace health and productivity. We encourage self and team development through various study bursaries and a world-class learning centre on our premises. As our employees are core to our growth and success, we prioritise their health and wellbeing. Our employees' working hours are aligned with local



We adhere to the International Labour Organization (ILO) guidelines enacted in various labour-related legislation whose primary purpose is to advance economic development, social justice, labour peace and the democratisation of the workplace. It does so by giving effect to obligations incurred on the Republic of South Africa as a member state of the ILO.

legislation and international best practice. We believe this also contributes to healthier and happier families and communities beyond the office.

All Discovery employees are held to the highest personal and moral standards at all times to ensure that their conduct does not damage Discovery's image or reputation. Employees can anonymously report all unbecoming conduct to the Ethics Hotline.

LAYOFFS OR RESTRUCTURES

There was no major merger or acquisition activity in the last three years that affected a large proportion of employees. There have also been no major layoffs in the last three years that affected employees.

**GRIEVANCE PROCESS**

The Grievance Policy sets out our definition of a grievance, principles (including that grievances may be lodged without any prejudice or victimisation, and that, where possible, confidentiality be protected), the stages of complaint and grievance procedures (including escalation from informal to formal complaint, accessing an Industrial Relations Adviser, representation in a hearing, and further action if unresolved), and applicability to all to all Discovery people (including executive and non-executive directors, and management) and in local and international operations where Discovery has management control.

COLLECTIVE BARGAINING AGREEMENTS

Discovery acknowledges and embraces the rights of workers to freedom of association and collective bargaining as a fundamental labour right. Discovery respects the right to freedom of association in the workplace as an essential 'enabler' right that entitles workers to form and join workers' organisations of their own choice to promote common organisational interests and collective bargaining, and where allowed by law to facilitate constructive dialogue. Discovery employees are made aware of this right through the Human Rights Policy.

South Africa**11 223**permanent employees
(2020: 11 782)

10 708 full-time employees (2020: 10 757)
(including commission only, medically boarded, permanent and variable pay)

515 part-time employees (2020: 1 025)
(including those contracted by Discovery, fixed-term contractors, learners, temporary and variable-pay contractors)

991new employees added in the 2021 financial year, representing a new hire rate of 8.53%
(2020: 1 185 new employees, 13.56% new hire rate)

Discovery has reduced hiring levels to critical roles and role replacement, which contributed to lower levels of new hires in 2021. While COVID-19 has affected our ability to recruit new talent, it has created opportunities to increase internal mobility and to place a focus on our existing talent pool.

11.4% turnover rate[#] (2020: 14.64%)
(permanent employees only)

88.6% retention rate* (2020: 85.36%)

1 237 terminations (2020: 1 375)

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

* Attrition rates are for permanent employees only. Contractors have expiry periods on their contracts, hence excluded.

1.55%absenteeism rate
(2020: 1.41%)**Job creation****Total number and rate of new employee hires* by age group, gender and region**

	FY2021	FY2020	FY2019
Total recruits	991	1 185	2 564
Rate of new hires	8.53%	13.56%	25.53%
Female	7.67%	12.72%	25.78%
Male	9.67%	14.68%	25.23%
18 – 20 years	46.22%	46.25%	139.12%
21 – 35 years	10.88%	17.48%	32.82%
36 – 45 years	6.08%	8.96%	12.77%
46 – 60 years	3.68%	4.86%	9.08%
61 years and Older	2.68%	2.72%	4.02%

* Calculated relative to permanent headcount only.

Total number and rate of employee turnover* by age group, gender and region

	FY2021	FY2020	FY2019
Total terminations	1 237	1 375	1 871
Employee turnover	11.40%	14.64%	17.47%
Female	10.51%	13.96%	16.88%
Male	12.57%	15.55%	18.28%
18 – 20 years	26.60%	18.36%	60.69%
21 – 35 years	13.65%	16.88%	20.76%
36 – 45 years	8.90%	12.88%	12.41%
46 – 60 years	6.65%	8.65%	8.77%
61 years and Older	13.17%	0.00%	8.06%

* Calculated relative to permanent headcount only.



EMPLOYEE BENEFITS

The following benefits are available to permanent employees in South Africa:

Financial benefits

- **Pension and provident fund:** Supporting investment towards a regular and reliable income after retirement.
- **Group Risk Benefits:** Life Cover Benefit that provides for the beneficiaries in the event of an employee's death before retirement. Also includes the Spouse Life Cover, Family Funeral Cover, Disability Income Continuation Benefit and Severe Illness Benefit.
- **Financial assistance:** Access to and discounts on fees for finance-related services such as tax consulting and home loans, as well as access to Discovery Healthy Company financial assistance (which includes budget assistance, and debt counselling and management).
- **Medical aid:** Offered through the DHMS.
- **Discovery Bank:** Feeless or discounted bank account fees, dynamic interest rates and access to the Interactive Rewards Stack with benefit incentivising healthy money management.

Educational benefits

- **Healthy Company financial education tools**
- **Group Life – Global Education Protector:** Funds the education of an employee's children in the event of their death. Automatically included as part of the Core Life Cover Benefit.
- **Employee bursaries:** To support continuous learning, Discovery employees of over one year's employment are eligible for bursaries for leadership programmes, skills programmes and education programmes (at accredited institutions) relevant to their job function and career objectives.
- **SmartFunder:** Helps employees who earn less than R600 000 per year to manage the education fees of their children or family members through monthly instalments and associated discounts unlocked through an efficient tax structure.

- **Crawford preferential rates:** Enrolment and school fee discounts for employee's children who attend Crawford International, covering Grades 000 up to 12.

- **GlenStat Stationery Discount:** Discounts on school clothing and stationary for the children of employees.

Wellness benefits

Discovery employees have access to the full suite of services offered through Healthy Company, including free access to Wellness Centres (depending on the region, this can include a resident medical doctor, nursing sister, dentist, optometrist, physiotherapist, chiropractor, counsellor, and financial wellness consultant, as well as access to flu vaccination and blood donations), wellness support after an illness, chronic and severe illness management, incapacity and disability management, and a range of emotional support and legal services.

The following benefits are provided to various categories of non-permanent employees (as specified):

- **Group Risk benefits** – including Life cover, Disability cover, Severe Illness and Funeral benefit cover for agents with benefits, members receiving Income Continuation benefits, expatriate employees and franchise employees. We do not cover contractors contracted by another company.
- **Health care** – with premiums deducted from salaries for agents with benefits, contractors contracted by another company, medically boarded employees, expatriate employees, and fixed term contractors.
- **Retirement provision** – with contributions to the Discovery Retirement Funds by agents with benefits, members receiving Income Continuation benefits and franchise employees. We do not receive contributions for expatriate employees or contractors contracted by another company.
- Participation in the Group Share Option and Phantom Share Option schemes is limited to permanent employees only.

Parental leave

All employees (including executive and non-executive directors, management, permanent and fixed-term employees) in operations where Discovery has management control are entitled to parental leave. Maternal leave is four months' continuous leave, commencing four weeks before the expected date of birth. Employees remain members of their pension/provident fund and any health insurance during maternity leave, and annual leave continues to accrue over the leave period.

Paternity leave is provided as 10 consecutive working days' paid parental leave if a spouse or life partner gives birth to a child, or if they adopt a child or become commissioning parents in a surrogacy arrangement, provided that they have completed four months' continuous service.





EMPLOYEE ENGAGEMENT

Employee engagement is driven at a business unit level, with the leadership teams in each area being accountable for the actions they believe will have the most impact. Each business unit develops an employee-engagement plan, which is executed under the guidance of their executive teams. These engagement plans include regular group meetings, roadshows, focus groups and problem-solving sessions, as well as internal communication and team events.

Our Group employee-engagement survey, which is based on advanced employee-experience research, is key to understanding our employees' sentiments and engagement. Through this survey, we identify and respond to systemic opportunities and challenges to create an environment conducive to sustainable performance. Each business unit will utilise these results in developing their engagement plans to address relevant areas for improvement.

A full Employee Engagement Survey is conducted once a year. All surveys are voluntary and delivered via an external email link to the Willis Towers Watson hosting platform, which ensures even greater levels of anonymity. Results are presented at all executive-level committees and then cascaded to all management committees for actioning.

The 2021 Survey response was at a satisfactory level of 85% (2020: 84%). Discovery outperformed the benchmark for the Global High Performing Norm (HPN) in all but 14 out of 17 categories, and outperformed the South African norm and the Global Financial Services norm in all categories except wellbeing.

2021 Employee Survey results summary

Best performing areas against the Global HPN	Lowest performing areas versus 2020 Survey	Lowest performing areas versus Global HPN
Engagement: 90% (versus 86% HPN)	Work: 84% (versus 86% last year)	Work: 84% (versus 88% HPN)
Sustainable engagement: 90% (versus 86% HPN)	Total rewards: 81% (versus 83% last year)	Leadership: 80% (versus 82% HPN)
Ethics: 85% (versus 82% HPN)	Job satisfaction: 89% (versus 87% last year)	Innovation: 88% (versus 90% HPN)
Working relationships: 85% (versus 82% HPN)		

We will continue to build on this progress as we respond to specific improvement opportunities within our business units. Furthermore, we will continue to identify opportunities to improve engagement levels in business areas that have experienced significant changes. This will ensure that we build a greater employee connection to the Group's values and core purpose.

Enhancing employee wellbeing is central to Discovery's purpose of 'making people healthier and enhancing and protecting their lives'. As the lowest performing category, employee wellbeing will receive special attention with specific initiatives included in work plans for the 2022 reporting cycle.

MINIMUM WAGE

Discovery does not have employees who earn below the South African minimum wage of R4 246 per month. Our lowest pay range is for Learnerships, which is 1.6 times the minimum wage.

The Remuneration Committee reviews the minimum salary annually and also typically approves higher annual salary increases for our lowest paid employees.



For information on a review of the vertical pay gap, see the Remuneration report in our Integrated Annual Report.

PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

	Female	Male
Staff	35.51%	25.63%
Team Leader	7.13%	4.95%
Manager	5.15%	3.92%
Divisional Manager	2.24%	1.52%
Deputy General Manager	0.53%	0.36%
General Manager	0.10%	0.20%

Percentage of employees by employee category who received a regular performance and career development review during the reporting period.





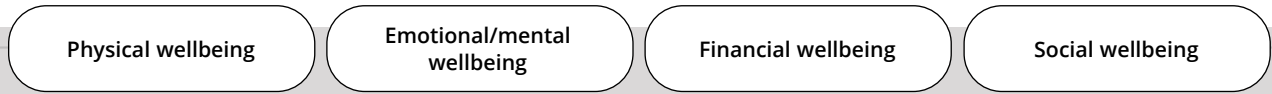
Make our people healthier

The wellbeing of Discovery's workforce is as vital to our success as it is to that of our clients. Beyond the link between wellbeing and productivity, wellbeing also contributes to healthier and happier

families and communities beyond the workplace. We provide employees with the tools to take decisions that will improve their health and wellness, raising the health profile of our whole organisation. The three principles informing the employee wellbeing strategy:

<p>PERSONALISATION</p> <p>Employee wellbeing is self-driven, and provides a holistic and targeted approach so that employees can show up at their best.</p>	<p>STORYTELLING</p> <p>Role modelling compelling storytelling and a meaningful shared-value rewards system to inspire the desired behavioural change.</p>	<p>DATA</p> <p>A high-impact wellbeing approach that is data-driven for efficacy in preventative, episodic and ongoing screening measures.</p>
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Underpinned by:



In the year ahead, we will focus on two wellbeing-related milestones:

- Continuing the series of webinars to address and engage on mental wellbeing in the workplace and its impact on people's lives (including bereavement and loss).
- Effectively packaging the plethora of resources and tools available to employees to address concerns around financial wellbeing. These range from financial coaching and education, to creating wills and trusts.

Discovery's role in employee wellbeing is to educate, enable and empower employees, providing the right support and environment for sustainable and holistic wellbeing. All employees*, their immediate families and those who are financially dependent on them, have access to Healthy Company benefits and support delivered through an app, website, telephone or face-to-face consultations. Social wellbeing has been added into the composition of employee wellbeing to manifest the value of being a force for good and to prioritise diversity and inclusion.

* This includes agents with benefits, fixed-term contractors, interns contracted by Discovery, learners contracted by Discovery or others, and medically boarded employees.



At 30 June 2021, 69% of employees (2020: 58%) had registered on Healthy Company with engagement of 26% among registered lives (2020: 51%).

11 162

total employee lives covered on Healthy Company (2020: 11 246)

Accessing support by type:
Emotional: 21%
Physical: 0.16%
Financial: 2%
Legal: 5%

FLU VACCINATIONS FOR DISCOVERY'S PEOPLE

Especially considering the impact of COVID-19 on health and wellbeing, it is crucial to strengthen immune systems and protect our people from any potential infection.

Discovery ran a dedicated campaign to administer seasonal flu vaccinations during April 2021 at our campuses. Employees who were unable to reach their closest Discovery campus could access the flu vaccine through our Wellness Network pharmacies across South Africa.



For detail on our efforts in supporting the national vaccination drive, see *Playing a nation-building role during COVID-19* on page 33.



Discovery's Annual Wellness Days for 2021 remain suspended due to social distancing and spatial separation requirements.

Discovery continues to encourage its employees to be active Vitality members. At the end of the financial year, 72% of employees were Vitality members with the majority having Silver Vitality status.

We hosted a number of initiatives to support employees, especially given the impact of COVID-19. Discovery People and Healthy Company hosted a series of support sessions

on bereavement and loss with a clinical psychologist. From that session emerged a tribute video in honour of colleagues who we have sadly lost over the year. There are ongoing efforts to support the mental wellbeing challenges faced by our people, and Healthy Company is proving to be a valuable tool to assist our people navigate difficult times.

The gender-based violence campaign will be run again in December 2021 during the national 16 Days of Activism campaign.

TRACKING EMPLOYEE WELLBEING IN 2021

Due to the outbreak of COVID-19 in 2020, there has been disruption to Vitality Health Checks conducted during the period June 2020 to July 2021, with a substantial decline. As the COVID-19 vaccination rollout continues nationally, including through the seamless journey mapped out through the Discovery Connected Care portal, we hope to see more people vaccinated and thus able to access the Vitality Health Check.

For the year in review, 0.2% of employees had a Vitality Age at or below their actual age.

We continue to make progress on equalising our employees' Vitality Age with their actual average age. While there is a two-year gap between the two measurements (2020: 2.1 years), we are pleased with the consistent downward trend and hope to align it more closely in the years ahead.

In addition to offering staff on all campuses access to free Primary Healthcare services by a General Practitioner, we also offer staff at the 1 Discovery Place clinic access to an onsite Dentist, Physiotherapist, Chiropractor and Optometrist. The latter allied health care services are on a fee-for-service basis, but fees are charged at the DHMS rate less 10%. The services on all campuses are available to all employees, regardless of their category of employment.



In the United Kingdom, Vitality UK's ambition to be the model employer for employee wellness assumed even greater importance during the pandemic. We were recognised by winning gold in the 'Employees at the heart of everything (financial services)' category at the 2020 UK CX Awards, and receiving the top award overall.

Our United Kingdom businesses' wellbeing strategy comprises five pillars:

PHYSICAL WELLBEING

Support provided to employees included weekly online classes (high-intensity interval training, yoga, Pilates and mindfulness); our annual September campaign (with over 700 employees clocking in more than one million steps); one-to-one wellbeing coaching sessions; a musculoskeletal campaign (including stretching and good posture video tutorials); a bike-to-work scheme; an additional two week's paid leave for COVID-19 related reasons, including childcare; and a wellbeing at home campaign.

FINANCIAL WELLBEING

Vitality's partnership with Salary Finance provides employees with access to responsible, inexpensive loans and debt consolidation services. They can also find resources, tips and guides on pensions, savings and debt management support on a financial wellbeing hub on the internal communications platform.

MENTAL WELLBEING

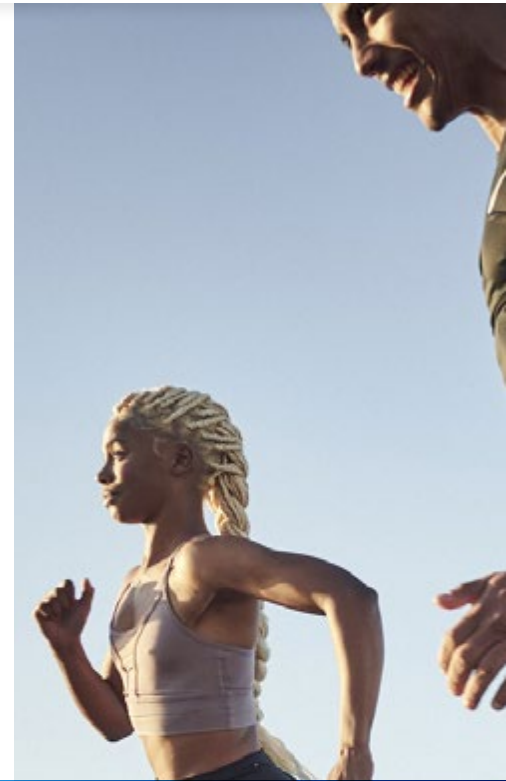
We supplemented the mental health support provided by our 66 trained mental health champions with a mental wellbeing self-help tool featuring a dedicated pandemic module. Employees can also access support from Vitality's mental health panel and our employee assistance programme, Health Assured. A mental wellbeing hub established on our internal communications platform attracted thousands of visits, and we also established an online support hub for parents to assist with childcare and home-schooling. Other parent support included sponsored online tutoring, tablets for home-schooling, and babysitting services. We partnered with CambriLearn to provide free access to virtual home schooling, and with Parentscheme to give working parents childcare advice. We offered flexible working patterns to support employees with children. In addition, we hosted a webinar on domestic abuse, and signposted practical support and guidance. Other measures to promote mental wellbeing included professional counselling for executives and their teams, and the introduction of 'Time-out Tuesdays' to help combat 'Zoom fatigue'.

LIFESTYLE

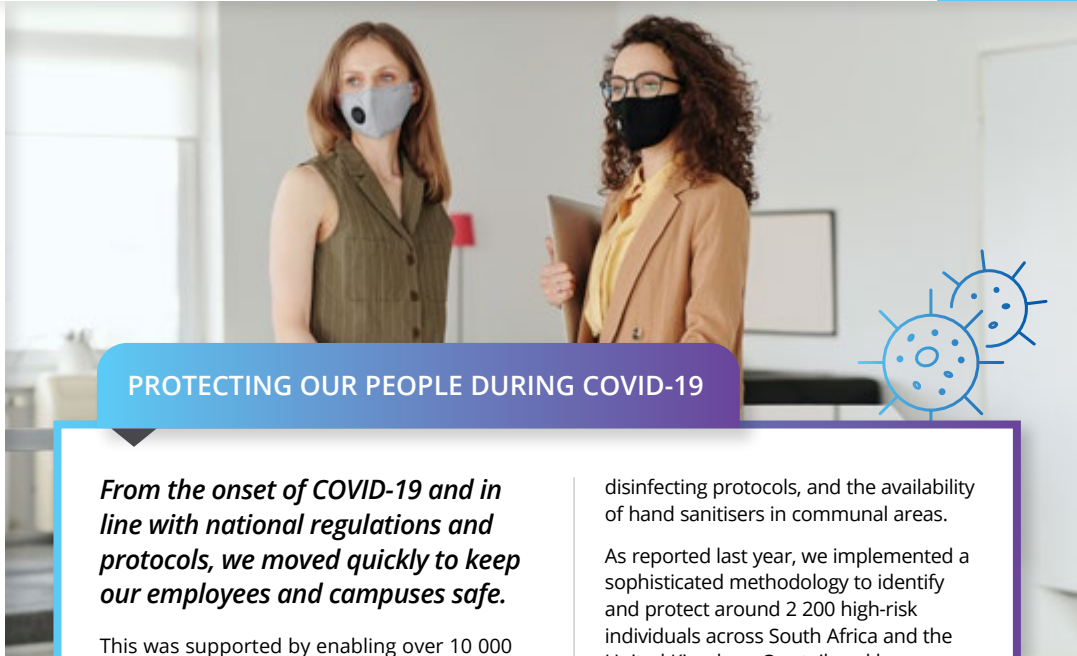
We have partnered with Peppy to offer employees menopause support, and used World Menopause Day to promote awareness about the menopause. We offered a raft of additional initiatives such as a webinar on mindful drinking, a sleep support hub, and a nutrition campaign and weight management programme led by our in-house nutritionist.

SOCIAL WELLBEING

Our communications platform, VITL, provides multiple opportunities for employees to connect and collaborate through community spaces and information hubs. To ensure that employees felt connected while working from home, and to promote social wellbeing, we introduced a Community Active Fund (offering £1 000 grants to support employees' local sports clubs), ran a talent competition culminating in our virtual year-end celebration and launched a Healthy Giving challenge.



In the United States, we aim to promote employee health, mental wellbeing and a sense of community through Vitality, with the vision of creating a healthy working community of engaged and connected individuals. Through the social and wellness function, we offer various initiatives and programmes, including free gym membership, to support the mental and physical wellbeing of employees.



PROTECTING OUR PEOPLE DURING COVID-19

From the onset of COVID-19 and in line with national regulations and protocols, we moved quickly to keep our employees and campuses safe.

This was supported by enabling over 10 000 employees around the world to work from home, a system which has proven both successful and flexible to respond to new variants and 'waves' of infection. We remained connected, informed and inspired, with over 50 000 total views of our daily interactive and recorded webinars facilitated by Discovery's executives, guest speakers and topical experts.

Our employees have access to Discovery Healthy Company, Discovery's employee assistance programme. This programme provides various levels of support, from prevention and education to ongoing management, across physical, emotional and financial wellbeing, as well as legal support. The offering was enhanced to enable personalised COVID-19 support for employees who require testing or for those diagnosed with COVID-19.

For essential employees who travel to work and rely on public transport, we hired over 300 vehicles to keep them safe. All required protocols remain in force at our campuses, including physical distancing, intensified cleaning and

disinfecting protocols, and the availability of hand sanitisers in communal areas.

As reported last year, we implemented a sophisticated methodology to identify and protect around 2 200 high-risk individuals across South Africa and the United Kingdom. Our tailored leave policy for clinically vulnerable employees continues to ensure that preventive measures and precautions are taken. Additionally, our revised leave policies remains in force to ensure a considerate and equitable approach is applied across all employees in the Group.

To support new ways of working, especially with the move to work-from-home for as many employees as possible, a SAP Jam page is providing information, updates and self-help tools. Guidelines were developed by the Discovery Institute of Training to help managers set up and support their work-from-home team members, with key tips, expected challenges and additional resources. The transition to a work-from-home environment has been effected efficiently, with little disruption in service levels and response times across our operations.



Working digitally doesn't necessarily dilute culture, because culture is about behaviour and mindset. While the physical manifestation of an office and face-to-face interaction helps to nurture culture, Discovery's culture really is our purpose and values, and how those translate into mindset and behaviours in our interactions, whether that's virtually or physically. As we work in this current hybrid model, our purpose and values remain steadfast and a fixed point for how we continue making the right decisions."

Tswelo Kodisang,
Chief People Officer

DISCRIMINATION

There were two incidents of discrimination reported, investigated and closed during the reporting period.

Value diversity

We believe that promoting diversity in the workplace is not only a moral imperative, but critical to drive innovation that takes into consideration the diverse views and needs of our broad range of stakeholders. Given socioeconomic inequalities in South Africa, fostering diversity in our business ensures that we are more representative of the communities in which we operate and include different perspectives in the way we develop our products and services.

Since inception, Discovery has been, and continues to be, committed to achieving equity in the workplace by promoting equal opportunity for, and fair treatment of, all employees and applicants for employment by applying the principles of Employment Equity. For Discovery, equal opportunity means providing all individuals with an equal chance to:

- Become aware of employment opportunities
- Apply for employment opportunities
- Compete fairly for employment opportunities
- Function successfully in employment
- Advance in employment.

Equal opportunity also implies that certain categories of people might be treated differently to ensure equality, particularly to redress inequity or disadvantage, so that all groups do indeed have an equal chance.

We have a number of programmes in place to support our strategy to make Discovery a more inclusive workplace, including:

- Elevating awareness of unconscious bias
- Educating managers on inclusion and exclusion behaviours, especially in a hybrid world of work
- Establishing Employee Resource Groups to help craft business strategies that will ensure a sense of belonging
- Participating in the UNGC Target Gender Equality Programme to learn and implement strategies that will improve the organisation's female inclusion strategies
- Upgrading regional infrastructure to improve mobility and access for people living with disability.



EMPLOYMENT EQUITY

In South Africa, job creation is the greatest lever in B-BBEE. At Discovery, we are able to have a meaningful impact on transformation through our efforts in Employment Equity (EE), with approximately 54% of new jobs going to African candidates. This supports our efforts to better reflect South Africa's economically active population.

Our senior leadership teams are responsible for the EE composition of their respective business units, which also directly impacts their short-term performance incentives. Discovery has developed a new five-year EE Plan for the period July 2020 – June 2025. This was submitted to the Department of Employment and Labour in October 2020 and accepted by them in November that year.

For detail, see Performance against our Employment Equity Plan targets on page 56.

The Group EE Plan considered plans developed by each business unit in consultation with their executive committees and Employment Equity Consultative Forums (EECFs). These plans provide a comprehensive approach with defined targets, and include management and Board oversight to give effect to ongoing organisational transformation. The EECFs continue to partner with the respective business areas in formulating relevant on-demand solutions, such as promoting in-house learning and development offerings that encourage constituents through structured individual development plans.

We have seen some notable success. Our representation of black people across our South African operations currently stands at 74% (2020: 77.6%). While we have seen an increase in the representation of black people at senior management levels increasing to 35% (2020: 33.8%; 2019: 31%), we continue placing greater emphasis on recruiting black leaders at team leader level and above.

Due to COVID-19, hiring for a number of positions across the business was put on hold, which has impacted on employment growth. However, the shape of our workforce also continues to move towards being demographically representative. New hires of black people (African, Coloured and Indian people) stood at 78.39% (2020: 69.7%), of which 42% were women (2020: 55.6% were women) and 53% African.

For detail on gender diversity, see Gender balance in management level and pay on page 59.

We also continue our focus on providing meaningful employment opportunities for people with disabilities by vigorously promoting employment equity measures within our recruitment practices. This includes establishing strategic relationships with organisations who focus on the recruitment and retention of people with disabilities.

HIRING SENIOR LOCAL TALENT

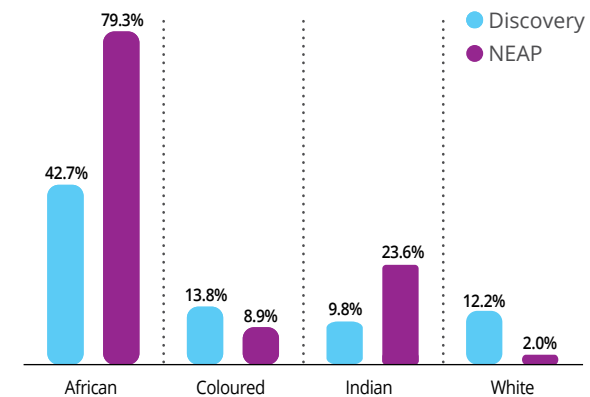
Discovery's Recruitment Policy clearly articulates our approach for local sourcing of senior talent, with further consideration for hiring head of functions. Some senior role sourcing is performed by agencies on our preferred supplier lists, which have been vetted by Procurement for compliance to defined B-BBEE criteria. Our Head of Transformation also supports the strategic sourcing efforts for senior talent throughout the group, where recruitment agencies are not involved.

A number of initiatives are underway to advance our transformation objectives, including:

- Developing and rolling out a Diversity and Inclusion programme to communicate Discovery's transformation vision and mandate, as well as embed transformation into business processes
- Establishing strategic relationships with organisations who focus on recruitment of scarce skill roles.

The Group also measures the perception of the workforce on inclusive environments through the annual Employee Engagement Survey. In 2021, the diversity and inclusion category had an 86% favourable score, which is 2% higher than Global HPN scores.

DISCOVERY'S EMPLOYEE PROFILE COMPARED TO THE SOUTH AFRICAN NATIONAL ECONOMICALLY ACTIVE POPULATION (NEAP) LEVELS



In setting numerical yearly targets for the Employment Equity Plan, Discovery aims to make incremental progress towards a workforce that reflects the NEAP of South Africa at every occupational level. Targets are set bi-annually.

Current workforce diversity profile, including people with disabilities as at 30 June 2021

Employee category	Female	Male
Top management		
African	0.0%	9.5%
White	14.3%	52.4%
Coloured	0.0%	4.8%
Indian	0.0%	14.3%
Foreign nationals	0.0%	4.8%
Total	14.3%	85.7%
Senior management		
African	8.5%	6.0%
White	21.8%	40.1%
Coloured	1.6%	2.2%
Indian	10.1%	6.6%
Foreign nationals	2.2%	0.9%
Total	44.2%	55.8%
Professionally qualified		
African	11.0%	10.8%
White	22.4%	22.2%
Coloured	3.8%	4.2%
Indian	11.1%	10.4%
Foreign nationals	1.4%	2.8%
Total	49.7%	50.3%
Skilled technical		
African	20.0%	15.8%
White	14.8%	9.8%
Coloured	9.0%	5.4%
Indian	11.6%	11.4%
Foreign nationals	1.2%	1.0%
Total	56.6%	43.4%
Semi-skilled		
African	31.9%	18.9%
White	8.7%	7.7%
Coloured	10.1%	5.5%
Indian	9.1%	7.0%
Foreign nationals	0.6%	0.6%
Total	60.4%	39.6%

Age group	Female	Male
Top management		
Under 30 years	0.0%	0.0%
30-50 years	10%	38%
51 years and older	5%	48%
Total	14%	86%
Senior management		
Under 30 years	0.0%	0.0%
30-50 years	35%	39%
51 years and older	9%	17%
Total	44%	56%
Professionally qualified		
Under 30 years	2%	3%
30-50 years	41%	42%
51 years and older	7%	5%
Total	48%	47%
Skilled technical		
Under 30 years	7%	8%
30-50 years	45%	34%
51 years and older	5%	2%
Total	49%	43%
Semi-skilled		
Under 30 years	18%	13%
30-50 years	39%	24%
51 years and older	3%	2%
Total	42%	27%

164 employees are people with disabilities, representing 1.46% of 2021 total workforce (2020: 183 employees; representing 1.7% of total permanent employees).





Performance against our Employment Equity Plan targets

In the first financial year of the new EE Plan (up to 2025), Discovery has done well to attain a performance percentage of 99% against its set targets. On average, over representation against targets is approximately 0.3% for white, Indian and Coloured people, while targets were missed for African people at all levels except for female employees. The overall average percentage gap to target for African people is -1%.

Discovery's diversity workforce profile measured against our EE Plan: Year 1 targets (1 July 2020 to 31 June 2021)

01/07/2020 – 30/06/2021	Male				Female				Foreign nationals		Total
Workforce profile – EE Plan – Year 1	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	3	1	4	19	1	0	0	2	1	0	33
	10.9%	2.8%	7.6%	48.3%	7.1%	2.2%	3.6%	13.5%	3.1%	0.8%	100.0%
Senior management	18	8	22	106	24	6	22	63	0	4	274
	6.6%	2.9%	8.0%	38.7%	8.8%	2.2%	8.0%	23.0%	0.0%	1.5%	100.0%
Professionally qualified	217	67	183	405	215	73	187	384	26	17	1 774
	17.0%	3.8%	10.3%	22.8%	12.1%	4.1%	10.5%	21.6%	1.5%	1.0%	100.0%
Skilled	247	78	160	157	323	134	167	226	10	14	1 518
	16.3%	5.1%	10.5%	10.3%	21.3%	8.8%	11.0%	14.9%	0.7%	0.9%	100.0%
Semi-skilled	1 413	409	508	597	2 205	729	674	667	36	28	7 265
	19.4%	5.6%	7.0%	8.2%	30.4%	10.0%	9.3%	9.2%	0.5%	0.4%	100.0%
TOTAL PERMANENT	1 898	563	877	1 284	2 770	942	1 050	1 342	73	63	10 864
	17.5%	5.2%	8.1%	11.8%	25.5%	8.7%	9.7%	12.4%	0.7%	0.6%	100.0%

01/07/2020 – 30/06/2021	Male				Female				Foreign nationals		Total
Workforce profile for Discovery Limited	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management (EXCO)	2	1	3	11	0	0	0	3	1		21
	9.5%	4.8%	14.3%	52.4%	0.0%	0.0%	0.0%	14.3%	4.8%	0.0%	100.0%
Senior management	19	7	21	125	23	5	32	68	3	7	310
	6.1%	2.3%	6.8%	40.3%	7.4%	1.6%	10.3%	21.9%	1.0%	2.3%	100.0%
Professionally qualified	201	78	194	413	205	70	204	416	51	26	1 858
	10.8%	4.2%	10.4%	22.2%	11.0%	3.8%	11.0%	22.4%	2.7%	1.4%	100.0%
Skilled	259	89	187	160	328	147	190	243	16	19	1 638
	15.8%	5.4%	11.4%	9.8%	20.0%	9.0%	11.6%	14.8%	1.0%	1.2%	100.0%
Semi-skilled	1 405	407	518	572	2 372	747	675	649	44	41	7 430
	18.9%	5.5%	7.0%	7.7%	31.9%	10.1%	9.1%	8.7%	0.6%	0.6%	100.0%
TOTAL PERMANENT	1 886	582	923	1 281	2 928	969	1 101	1 379	115	93	11 257
	16.3%	5.2%	8.5%	12.0%	24.6%	8.8%	10.1%	12.9%	0.9%	0.7%	100.0%



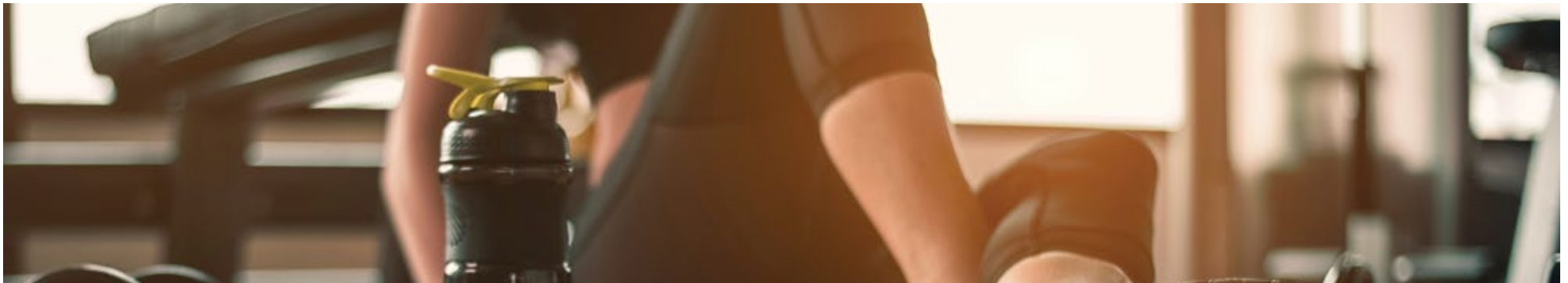
GAP	Male				Female				Foreign nationals	
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female
Top management (EXCO)	-1.4%	2.0%	6.7%	4.1%	-7.1%	-2.2%	-3.6%	0.8%	1.7%	-0.8%
Senior management	-0.4%	-0.7%	-1.3%	1.6%	-1.3%	-0.6%	2.3%	-1.1%	1.0%	0.8%
Professionally qualified	-6.2%	0.4%	0.1%	-0.6%	-1.1%	-0.3%	0.4%	0.7%	1.3%	0.4%
Skilled technical	-0.5%	0.3%	0.9%	-0.6%	-1.3%	0.1%	0.6%	-0.1%	0.3%	0.2%
Semi-skilled	-0.5%	-0.2%	0.0%	-0.5%	1.6%	0.0%	-0.2%	-0.4%	0.1%	0.2%
TOTAL PERMANENT	-1.2%	0.0%	0.4%	0.2%	0.9%	0.1%	0.4%	0.6%	0.6%	0.1%

People with disabilities

While Discovery is doing well and is on par with employers in its sector, the representation of people with disabilities has dropped to 1.4% (2020: 1.7%) and also fallen short of the target by 0.3 %.

Discovery workforce profile for people with disabilities measured against our EE Plan: Year 1 targets (1 July 2020 to 31 June 2021)

	EE Plan – Year 1			DISCOVERY			GAP
	Disabled %	Disabled headcount	Total headcount	Disabled %	Disabled headcount	Total headcount	Disabled %
Top management (EXCO)	0.0%	0	33	0.0%	0	21	0.0%
Senior management	0.4%	1	274	0.3%	1	310	0.0%
Professionally qualified	1.1%	19	1 774	1.7%	31	1 858	0.6%
Skilled technical	1.3%	20	1 518	1.4%	23	1 638	0.1%
Semi-skilled	1.9%	141	7 265	1.3%	99	7 430	1-0.6%
GRAND TOTAL	1.9%	181	0.4%	1.4%	154	11 257	-0.3%





Procedures to monitor and evaluate the implementation of the Employment Equity plan

Monitoring and evaluation of the implementation of the EE Plan happens across all levels, with roles and responsibilities set at each level.

Stakeholder	Roles and responsibilities	Frequency
Social and Ethics Committee	<ul style="list-style-type: none"> ■ Provides input into the Group's plan ■ Monitors progress ■ Acts as a sounding board on proposed initiatives ■ Provides input based on external experience 	Quarterly
Discovery Group EXCO	<ul style="list-style-type: none"> ■ Sets strategy and provides direction ■ Agrees on Discovery targets ■ Monitors progress 	Quarterly
Business Unit EXCO	<ul style="list-style-type: none"> ■ Agrees on divisional targets ■ Monitors divisional progress ■ Supports and drives implementation of key initiatives in the division 	Quarterly

In compliance with the Employment Equity Act, Discovery has consulted on the Section 19 analysis, the process for developing the plan and the final plan through the EECFs, which have been established for each operational subsidiary and support division.

As required, copies of the Employment Equity Act are displayed in all workplaces. A comprehensive dispute resolution process is also in force, with information available to employees through the company policy portal on the intranet.

As required by Section 24 of the Employment Equity Act, Discovery has appointed a senior leader responsible for EE at Discovery Group level, namely Mr Tswelo Kodisang*, Chief People Officer who reports to the Group CEO. In addition, the CEO of each business area is accountable for ensuring procedural and substantive compliance in the business and that Employment Equity is part of the performance scorecard of all senior managers.

* Subsequent to the financial year end, Mr Kodisang resigned from Discovery. We are pleased to welcome Zimkhitha Saungweme, who will be the senior leader responsible for EE at Discovery Group level going forward.

Increasing diversity in our United Kingdom workforce

In the United Kingdom, Vitality is committed to diversity and inclusion because it's good for our employees, for our business, and for society. We believe that when all of our great people bring all of themselves to work, they can truly liberate the best in themselves. We know that diversity fosters innovation, which is part of our DNA, and we believe that inclusive diversity promotes social cohesion, which benefits society.

Diversity and inclusion align to our Shared-value Insurance model and advance our core purpose. Diversity and inclusion are also explicitly called out in our values.

Our mean ethnicity pay gap for 2020, calculated using data provided voluntarily by employees in December 2020, was 2.14%. Again, the gap is explained by the under-representation of black, Asian and minority ethnic (BAME) employees in senior leadership roles.

We are confident employees receive equivalent pay for equivalent work regardless of their ethnicity.

We are committed to increasing the number of BAME employees in senior leadership roles and developing a

strong talent pipeline of BAME employees. We've launched a range of initiatives, in consultation with our BAME Forum, including:

- Focusing our 2020 diversity and inclusion e-learning module on race awareness
- Rolling out additional race fluency training to all employees
- Exploring recruitment partnerships with agencies specialising in BAME talent, and asking agencies to include BAME candidates among the resumes they send us
- Ensuring that more BAME employees participate in our mentoring programme
- Signing the Race at Work Charter
- Supporting a campaign to make ethnicity pay gap reporting mandatory
- Launching a Diversity and Inclusion hub on our internal communications platform to coincide with Black History Month.



Within Vitality Group, our focus on diversity and inclusion also extends to Vitality USA. This business has established a working group – comprising a diverse group of employees, both demographically and in terms of roles – to focus on promoting diversity and inclusion. This group will set up multi-year priorities to ensure long-term, meaningful progress. Vitality USA has also partnered with the Kaleidoscope Group, a leading consulting firm, to establish benchmarks and support the roll out of initiatives.

GENDER BALANCE IN MANAGEMENT LEVEL AND PAY

In the United Kingdom, Vitality has succeeded in reducing our mean gender pay gap by 0.8% and almost 6% since 2018. Vitality's median gender pay gap stands at 15.03%, which is low by industry standards.

We're confident that men and women get equivalent pay for equivalent work at Vitality. Our pay gap is explained by the under-representation of female employees in senior leadership roles. We are committed to increasing the number of women in these roles as positions become available, and will be able to draw on a strong layer of female talent at the level below the executive.

Vitality has launched a range of initiatives aimed at facilitating the advancement of women in our organisation, and we're making good progress. We have:

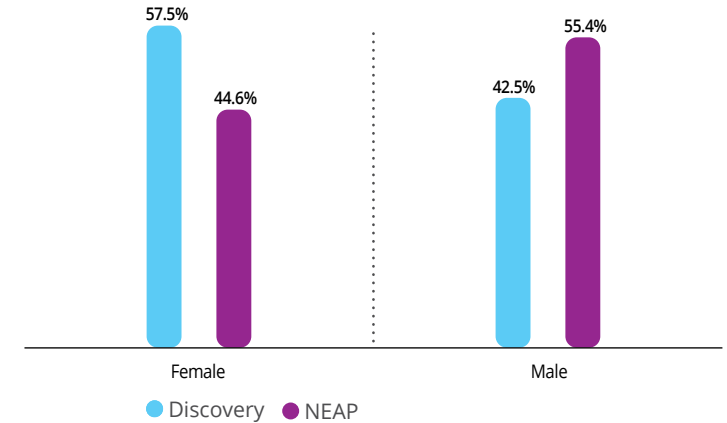
- Signed up to the Women in Finance Charter
- Set and met a target for female appointments at senior levels, and increased the percentage of women in senior roles
- Enhanced and equalised parental leave entitlements, and signed up to the Association of British Insurers' transparent parental leave and pay initiative
- Changed our recruitment and selection practices to source more talented women, including promoting flexible working options and ensuring our job adverts use gender neutral language

- Launched a mentoring programme for high performing, high potential employees (the majority of whom are women)
- Applied a gender lens to succession planning to develop a female talent pipeline
- Introduced a Women's Forum to advise on gender issues
- Signed up to the Chartered Insurance Institute's Insuring Women's Futures campaign
- Introduced child-minding and menopause support benefits for employees.

We have also administered a diversity and inclusion survey, and set up a business-wide network of diversity and inclusion champions. Unconscious bias training has been provided to all managers, and a module on diversity and inclusion is included in annual compulsory training for all employees. These initiatives have also supported our focus on other aspects of diversity and inclusion, including ethnicity.

In our South African operation, Discovery recognises the urgency in achieving more equitable gender balance in our workplace, particularly in senior leadership positions across all our businesses. At present, 43% of senior management (2019: 37%; 2020: 40%) are women. We continue to place emphasis on achieving greater female representation at senior levels in our detailed succession planning process.

DISCOVERY'S GENDER PROFILE COMPARED AGAINST THE SOUTH AFRICAN NEAP LEVELS



OUR PROGRESS IN IMPROVING GENDER REPRESENTATION (THREE-YEAR VIEW)

Female representation across designated group categories

	FY2021	FY2020	FY2019
African	26.0%	27%	25%
White	12.2%	12%	13%
Coloured	8.6%	8%	8%
Indian	9.8%	9%	10%
Foreign nationals	0.9%	1%	1%
Total	57.5%	57%	57%

Male representation across designated group categories

	FY2021	FY2020	FY2019
African	16.7%	18%	17%
White	11.4%	11%	12%
Coloured	5.2%	5%	5%
Indian	8.2%	8%	8%
Foreign nationals	1.0%	1%	1%
Total	42.5%	43%	43%

The Remuneration Committee remains committed to ensuring that Discovery's remuneration is externally competitive and, internally, fair and free of any prejudice. Management processes – including job grading, annual salary benchmarking and annual income differential analysis (taking into account gender differentials) – ensure that remuneration is primarily market-related and equitable.



For detail on remuneration, see the Remuneration report in our Integrated Annual Report.



Connect great minds

Human capital development is critical to Discovery's success. We believe that connecting great minds, internally in how we structure and build our teams, and foster intellectual leadership, and externally, in our business partnerships and collaborations, helps sustain our organisation.

“
For a successful leader, your impact and legacy are a function of two things – how much time and knowledge you have. They work together: when you appreciate the urgency of time, the importance of continuous learning is evident.”
Adrian Gore
 Discovery Group CEO

To meet the bold targets set in the Group's Ambition 2023, Learning and Leadership plays a key role in developing the skills for the demands of business and ensuring our people have the capabilities to keep us competitive and relevant in a global market. Our Learning and Leadership team shapes leadership and capability development across Discovery, which ultimately impacts performance and organisational culture over time.

We have revised our business skills curriculum in direct response to the challenges of the new world of work, including adapting learning interventions to an increasingly work-from-home environment, and with sufficient agility to respond to a hybrid world of work. All learning programmes are aligned to our purpose and values, underpinned by the changing skills needed for the fourth industrial revolution.

Our employees are empowered to take charge of their own development through focussed development solutions that encourage joint responsibility with their teams and managers. These opportunities help provide a basis for life-long learning and the tools to adapt to a rapidly changing world.

To support the Group's commitment to transformation, we also focus on developing scarce and critical skills for black employees to build further capacity in our skills pipeline.

Each business unit has identified its specific needs for development and progression. Accordingly, we focus on leveraging the talent bench available for promotions or filling leadership roles.

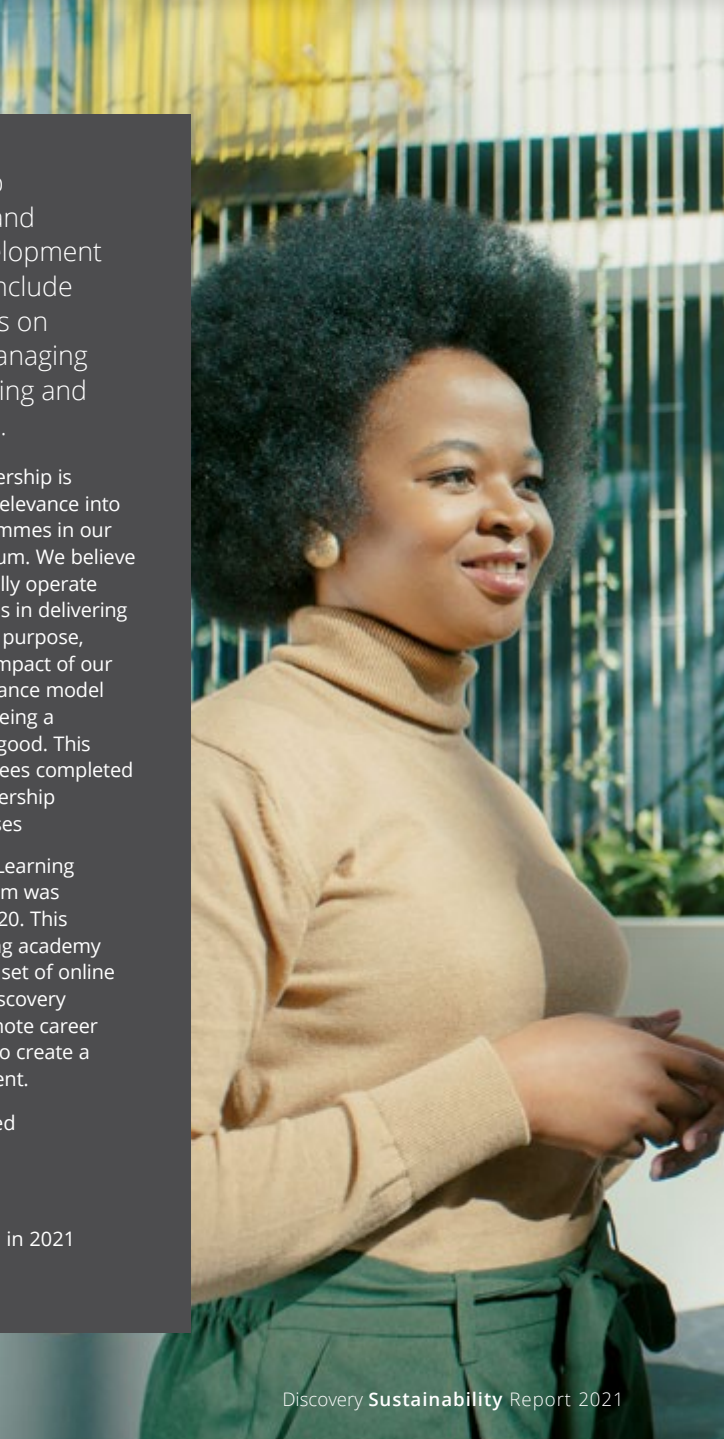
This year, **5.49%** employees were promoted internally (2020: 5.9%).

Our leadership development and executive development programmes include specific themes on leading and managing in a fast-changing and complex world.

Learning and Leadership is embedding social relevance into each of the programmes in our leadership curriculum. We believe that leaders naturally operate across all four levels in delivering against Discovery's purpose, supported by the impact of our Shared-value Insurance model and our focus on being a powerful force for good. This year, 3 771 employees completed and attended Leadership development courses

Discovery's Aspire Learning Management System was launched in July 2020. This Group-wide learning academy provides a curated set of online career paths for Discovery employees to promote career development and to create a pipeline of new talent.

Employees accessed **1 036** learning items through the Aspire in 2021 financial year.





OUR LEARNING SOLUTIONS SPAN ACROSS:

MANAGEMENT AND LEADERSHIP PROGRAMMES

Delivered to **843** employees in the financial year

- Foundation – the University of Cape Town’s Graduate School of Business Accredited Future Leaders Programme is National Qualifications Framework (NQF) 5 aligned and certificated
- Intermediate – the University of Cape Town’s Graduate School of Business Accredited New Manager Programme forms the base for this NQF 6 aligned and certificated intermediate Leadership & Management Development Programme
- Advanced – the Henley accredited programme is a Postgraduate Diploma in Management Practice at NQF Level 8
- Other programmes include Executive Leadership Development in the New World of Work, Leading with Empathy, Leader as Coach, Coaching Circles, and Lead the Discovery Way (which aims to grow the skill of leadership to engage, inspire and lead employees to be the best within our global context and culture of purpose, innovation and collaboration).

PROFESSIONAL PROGRAMMES

Delivered to **316** employees in the financial year

- These aim to develop career competencies that are acquired beyond the coursework required to earn or maintain a professional qualification
- Examples include:
 - The People Academy – which aims to build the skills of our human resource professionals to increase the impact of our delivery against Discovery’s strategic ambition. This will modernise, reposition and future-proof talent management in the Group.
 - Group Information Services Academy – which supports Information Services professionals cross-function skills, business skills and coaching and mentoring.

BUSINESS PROGRAMMES

Delivered to **1 564** employees in the financial year*

- These aim to provide skills that shape the culture of the organisation, influencing team effectiveness, collaboration and coordinate action in teams
- Programmes include Presence + Purpose + Patience = Power, Marketing Exco: Team Effectiveness Intervention, Emotional Judgement Masterclass and Career Development Masterclass
- Through SAP Jam, we have curated online programmes tailored for Discovery employees and the current work-from-home context to increase skills in virtual team collaboration and performance.

* This excludes the number of employees who have engaged in SAP Jam programmes.

EXECUTIVE COACHING

Delivered to **four** employees in the financial year

- The programme connects individual leadership effectiveness with outstanding organisational performance. The focus for coaching in Discovery is to improve skills and performance of line managers.

PRODUCT PROGRAMMES

Delivered to **4 551** employees with 31 715 learning records in the financial year

- Business specific product programmes are delivered through the business units.

LEARNERSHIPS AND INTERNSHIPS

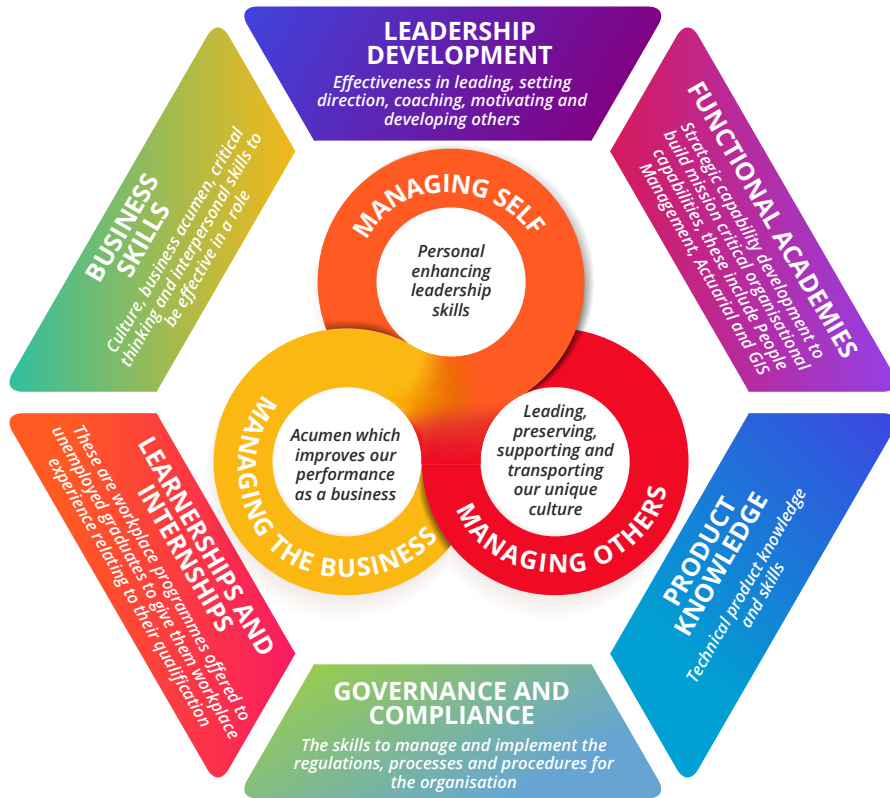
Delivered to **334** employees in the financial year

- Insurance Sector Education and Training Authority- and Banking Sector Education and Training Authority-funded programmes provide an opportunity to gain a nationally recognised qualification or gain workplace skills in line with sector scarce skills. The programmes are aimed at both matriculants and graduates to develop scarce skills for industry
- Learnerships are structured as 12-months training programmes – Further Education and Training Certificate: Long-term Insurance – NQF Level 4; National Certificate: Short-term Insurance – NQF Level 4; National Certificate: Wealth Management – NQF Level 5; Further Education and Training Certificate: IT Technology Support – NQF Level 4
- Internships are also structured as 12-month programmes offered to unemployed graduates to give them workplace experience relating to their qualification.





Our development model



Our partnerships for enabling learning



Discovery supports employees with bursaries for formal qualifications. Bursaries are approved on the basis of skills required by business and the personal development goals of employees.

Our learning programmes, especially our accredited management and leadership development programmes, also support continued employability by upskilling employees with relevant and contemporary skills in the constantly shifting world of work.



Training and development in numbers

Employee learning and development: 2020/2021 skills year.

R921 million

spent on learning and development

(2020: R793 million)

Total B-BBEE training spend of

R597 million

spent on learning and development (2020: R566 million)

Amounting to

65%

of total training spend

(2020: 71.3%)

The total training time for all employees trained was over

884 696 hours

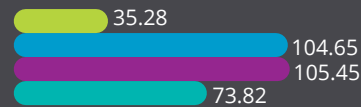
(2020: 1.12 million hours)

Our employees received an average of **78.45 hours** (2020: 95.52 hours) or **9.81 days** (2020: 3.98 days) of training per employee

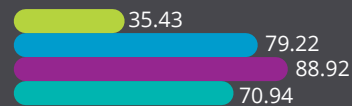
An average of **73.79 hours** of training per male employee (2020: 86.91 hours)

An average of **81.89 hours** of training per female employee (2020: 102.2 hours)

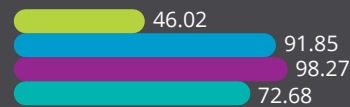
AVERAGE HOURS OF TRAINING PER YEAR PER FEMALE EMPLOYEE BY EMPLOYEE CATEGORY



AVERAGE HOURS OF TRAINING PER YEAR PER MALE EMPLOYEE BY EMPLOYEE CATEGORY



AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY EMPLOYEE CATEGORY



- Senior management
- Middle management
- Junior management
- Staff

Training to support transformation

251 people

(2020: 202 people) participated in Learnerships, creating a pipeline of talented black people for employment into future roles.

83 interns

(2020: 74 interns) were deployed into business, addressing sector skills gaps in Education, Training and Development, Sales and Marketing, IT, Statistics and Maths, Legal, and Management and Administration (with these programmes forming an important pillar of our talent strategy).

Supporting a culture of continuous learning

1 974 employees

on the LinkedIn Learn (an activation rate of around 90%).

Employees viewed 6 258 LinkedIn Learn Programmes (2020: 8 853 learning programmes), equating to 7 134 hours of learning (2020: 14 692 hours of learning) and an average of 5.18 hours completed per active user (2020: 17.38 hours per active user).

1 903 employees

logged on to the Udemy service, with 1 219 active (an activation of 64.1%).



Attracting top talent

Digitisation, as well as a human-centred approach to recruitment, is reshaping how we attract, source and select the best person for every job in Discovery.

Discovery's strong employer brand plays a significant role in attracting top talent, which is evident from the number of applications we receive in response to our recruitment initiatives. Over the past year, in South Africa, 3 678 career opportunities, attracted 178 639 applications (2020: 97 203). Within the context of our organisational culture, we use the Discovery Person Equation to ensure that we identify the most suitable person for every role.

We continue to experience a slowdown in recruitment due to the impact of COVID-19. Despite this, we have identified the critical skills we need for current operation and into the future, and continue proactively sourcing new talent.

We have dedicated graduate programmes in place through partnerships with top universities in the country.

One of the programmes we offer is the Adrian Gore Fellowship Award, which focuses on recruiting and developing academically brilliant actuarial students who show leadership potential and align with Discovery's values. In this programme, the top 27 actuarial graduates from the top four universities in South Africa are nominated to complete an intensive evaluation, following which Discovery offers the best performers permanent employment. A Fellowship Award is also made to the top actuarial graduate, who receives personalised mentorship and fast-tracked development within Discovery. Since the start of the programme in 2013, Discovery has attracted and retained 85 talented actuaries who contribute significantly to the business.



RISK AND EMERGING TRENDS

Discovery includes human capital capabilities in its risk register, specifically related to our ability to attract, retain and grow top talent. In a global risk context, this includes the heightened risk to employee wellbeing due to the COVID-19 pandemic and prolonged work from home practices. In a local context, it encapsulates meeting regulatory diversity and transformation targets.

We face the risk of skill shortages, especially in critical talent segments such as technology, data science and actuarial spaces. Due to the scarcity of these skills, the challenge continues on retaining and growing the talent base to maintain human capital resiliency.



For detail on the impact of this risk and the response of our businesses, see our Integrated Annual Report.



For detail on our commitment and performance in respect of diversity, see Value diversity on page 53 and 55.



For detail on employee wellbeing initiatives, see Make our people healthier on page 16.



SUCCEEDING IN SAGEA

Discovery has claimed the top positions as an employer of choice for graduates in the insurance and healthcare sectors for 2021.



#1
in Insurance
for the 6th year in a row



#1
in Healthcare
after being finalists in 2020

The South African Graduate Employers Association (SAGEA) 2021 announced its benchmarking survey results in July 2021. Some 2 256 graduates from 80 organisations participated in the survey.

A core value for Discovery is to liberate the best in our people. The SAGEA results affirm that graduate programme provides a positive, constructive and challenging environment for individuals to stretch themselves both personally and professionally.

In July 2020, Discovery was also recognised as an employer of choice by being certified through the Top Employers Institute.



Related policies and frameworks

BOARD DIVERSITY POLICY*

The Policy provides specific race and gender targets for the Discovery Board of Directors. Last review: 1 July 2020.

EMPLOYEE POLICY HANDBOOK

This applies to Discovery Limited and all local and international subsidiaries where Discovery has management control (collectively referred to Discovery Group). In the event that the policy conflicts with legislation, legislation must prevail. Matters in the Handbook are applicable to all employees of the Discovery Group, including part time, fixed term, temporary employees, contractors, suppliers and employees. Last review: May 2020.

HEALTH AND SAFETY POLICY

The Policy is being updated and will replace the current Policy after Board approval. The Health and Safety – Emergency Policy details the evacuation process and has been in effect since June 2016.

HUMAN RIGHTS POLICY STATEMENT*

We understand that we must conduct our business in an ethical, accountable and transparent way, where we uphold and enhance human rights. Our values reflect this commitment and underpin every aspect of our business. We respect international human rights principles aimed at promoting and protecting human rights, including the United Nations Declaration of Human Rights and the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, and we support the UNGC. Last review: In progress.

TRANSFORMATION POLICY

The Policy aims to build consensus within Discovery about the importance of B-BBEE for the Discovery Group, our stakeholders and South Africa. It also aims to develop an understanding of the difference between effective transformation and compliance, and how to ensure that we are driven by the former, but simultaneously cater for the latter. Last review: October 2020.

* Available online at www.discovery.co.za/corporate/legal.



Our brand

The Discovery brand continues to be recognised for its intellectual leadership, innovation and purpose-led Shared-value Insurance model, enabling us to be a force for good. We aim to build the Discovery brand in our primary markets while leveraging Vitality as a leading global behaviour-change platform.

This section focuses on key corporate responsibility factors that support sustainable business, including ethics, preventing harm and cultivating trust.



For the Group's strategic performance against the foundation, see our Integrated Annual Report.

Link to our related material themes

CLICK TO SEE ALL OF OUR MATERIAL THEMES AND MATTERS



Uphold our ethics



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

Tswelopele Kodisang
Discovery Chief People Officer

Ethics is at the heart of Discovery's core purpose and values. It is intrinsic to our culture and determines decision-making and business conduct at Discovery. Discovery's values are underpinned by an ethics and integrity framework that consists of a comprehensive governance framework and management processes.

We are working to build a culture that is inclusive and accountable, where our people are valued and developed, and where ethics consciously informs decision making. Discovery's core values and ethics and integrity framework set standards for appropriate conduct in the organisation. The ethics management strategy drives organisational ethics by focussing on:

- Leadership setting the example for ethical conduct
- Reinforcing the Group's values in how we operate as individuals and as a collective
- Promoting discussions on ethics in the course of business
- Ongoing communication, training and awareness.

The development of a revised ethics management strategy based on current and future ethics risks is currently underway, which is expected to be presented to the Group Social and Ethics Committee for consideration in February 2022.

The Discovery Ethics Charter defines the jurisdiction and operational standards for the Group Ethics Office. It was reviewed, updated and approved by Social and Ethics Committee in December 2019.

A Code of Conduct is in place for all employees in the Group. The Code is reviewed annually by Discovery People's Industrial Relations Team (a Group-level function) and Group Compliance. The Code is included for new employees at Business Unit Induction, and explicitly included in the contract of employment. The Code is made available to the employee on Discovery's SmartPeople system on the intranet.

Deviations from the Code can be reported to management, or through anonymous whistle-blowing channels via the email or internet. These are reported to management, Employee Relations, Forensics or the Group Ethics Office, with the process managed by Discovery's disciplinary process.

EXTENDING THE REACH OF ETHICS

The Group Ethics Office supports a large number of employees in multiple locations around the world. To do so effectively, the Group Ethics Office implemented the Ethics Ambassador Programme to expand its reach and have a clearer view of ethical issues across the Group. Ethics Ambassadors are respected employees, irrespective of their job level; they assist in creating and maintaining a high awareness of ethics in their area of influence and assist in identifying and addressing potential ethical consequences of business decisions.

By 30 June 2021, 166 individuals are active as Ethics Ambassadors in 16 business units across the Group. 148 Ambassadors have completed the specialist Ambassador training programme. A survey to measure the effectiveness of the Ambassador programme indicated that participants strongly agreed that the programme has a positive impact on the overall ethical culture of Discovery.

The Ethics Office interacts with the Ambassadors frequently, and a monthly awareness email is distributed to share information on ethics related matters. Considering the realities of employees working from home due to the pandemic, we provided specific information on protecting whistle-blowers in the digital age. Effective September 2020, training for the programme is delivered virtually using online platforms.



The Group Ethics Office has expanded its advisory and consultancy services by establishing a help-line facility for employees, through the ethics hotline. We are also represented at a number of key forums where ethical considerations are included in business decisions. For example, the Group Ethics Office assists Discovery Health by attending weekly Executive Case Review meetings to provide ethical guidance during decision-making processes regarding member claim exceptions. The Ethics Office reports on material cases dealt with at these meetings to the Social and Ethics Committee.

As a business partner to the Group Ethics Office, Group Compliance continues to strengthen engagements with non-South African entities within the Discovery Group and identify matters that should be brought to the attention of the Social and Ethics Committee.


The Ethics Office has expanded its operational view to international jurisdictions where the Group has management and control. The Group Ethics Office is rolling out its ethics management process to the Vitality Group, subsidiaries. The Group Ethics Office will integrate ethics reports from these subsidiaries in its reporting to the Group Social and Ethics Committee.

The outcomes of the 2021 Employee Experience Survey have been shared with each business unit in our South African operations in an individualised report that highlighted the most and least positive perceptions and behaviours. The Chief People Officer, assisted by the Group Ethics Office, were responsible for the follow-up actions and surveys,

while keeping the Board frequently updated with the results of the latter and providing detailed feedback on how the action plans are implemented and monitored. The focus has been on implementing improvements that were identified, the progress of which being monitored by the Group Social and Ethics Committee.

Following good results from the 2021 Employee Experience Survey, future surveys will now include a standing ethics category to cover specific ethical issues. Discovery demonstrated good performance on ethics against all internal and external norms.

The EthicsDefender and FraudCracker applications (administered by the Group Ethics Office and Group Forensics respectively) continue operating as platforms for employees to report and communicate in real time, without having to reveal their identity. A whistle-blowing campaign was launched in January 2020 to raise awareness of these safe-reporting mechanisms for employees and the Whistle-blowing Policy, supplemented by weekly newsletters.

 For details on preventing corruption and fraud, waste and abuse, see Corruption and other financial crime on page 83.

A dedicated internal ethics page webpage includes the latest information regarding the services provided by the Ethics Office. A dedicated ethics awareness group on the Discovery intranet will be launched later in 2021 to communicate, share, interact and create a learning forum for all employees.

MAINTAINING A FOCUS ON ETHICS DURING COVID-19



Considering the constraints of the COVID-19 pandemic, the Group Ethics Office, in conjunction with the Ethics Institute, has created an ethics management framework around how organisational ethics are dealt with in a pandemic.

Discovery is in compliance with the expectations of the Ethics Institute in balancing the economy, workplace, the social environment and the natural environment.

KEY INDICATORS

During the year, the Group Ethics Office received

147 SUBSTANTIATED REPORTS OF INCIDENTS

(2020: 107) related to ethics.

All reported cases were investigated and resolved by management. The Group Ethics Office provided oversight at all times to ensure fairness and consistency in outcome.

The main reporting mechanisms to lodge complaints were:

81 complaints via email

25 complaints via the new online EthicsDefender application

7 requests for guidance and advice through the Ethics Hotline



DEMONSTRATING OUR COMMITMENT TO OUR VALUES

At Discovery, it is critical that we are all clear on the laws and conduct required in relation to every aspect of our business, including the trustee elections of the medical schemes we administer.

An unfortunate incident was reported where an employee in Discovery's Mass Market Distribution team breached the rules and regulations of a trustee election process by allegedly attempting to influence the outcome of the election in a scheme administered by Discovery Health. Discovery immediately initiated a thorough, independent fact-finding investigation, proactively informed our primary Regulator, the Council for Medical Schemes (CMS) and other regulators, and informed the Principal Officer of the scheme.

The alleged actions of the employee were unlawful and not in line with the values of Discovery. The employee resigned with immediate effect. While the incident was unfortunate, Discovery's commitment to its values and to upholding all applicable regulations to protect our employees, our business and our stakeholders more broadly ensured that the correct processes were followed to rectify the issue. In line with our values, we continue to uphold impeccable governance in respect of our conduct at all times.

ETHICS TRAINING AND AWARENESS

Training forms an important component of integrating and driving ethical behaviour and awareness.

The Group Ethics Office is providing a training intervention on Behavioural Ethics that aims to improve the ethical decision-making capacity of employees. The emphasis of the training is to sensitise employees to the impact of social forces on their ethical decision-making and conduct, helping them withstand negative organisational behavioural tendencies such as groupthink, peer pressure, role/contextual pressure, blind obedience to authority and group apathy.

Since commencing in August 2020, 2 869 team leader and management-level employees have been trained through this programme across two countries. The programme has been converted into an online module, available through Aspire, as well as a virtual module for training on Microsoft Teams. These options went live in July 2020.

The Group Ethics Office was already converting to a fully online environment for training prior to COVID-19, but the pandemic has accelerated this process. With numerous successful online training sessions completed on online platforms, online training will soon be the standard method of ethics training delivery.

KEY INDICATORS

During the year,



899 EMPLOYEES

received ethics training (2020: 1 325 employees) and 50 008 employees successfully completed the online ethics training course (2020: 8 743 employees) across Discovery's global footprint.



Details on the governance of ethics can be found in the Governance Report.



Do no harm

Discovery works to ensure that our operations, including the impact of our products and services, align with our purpose and our value to be a force for good.

CONSUMER PROTECTION AND RESPONSIBILITY

Discovery is committed to ensuring fair treatment by embedding a culture that encourages the fair treatment of customers with suitable processes implemented within Discovery. Our Treating Customers Fairly Framework regulates how Discovery manages the treatment of customers at all stages of the relationship throughout the product life cycle to ensure:


- Customers are confident that they are dealing with a company where the fair treatment of customers is central to the company's culture
- Products and services marketed and sold are designed to meet the needs of identified customer groups and are targeted accordingly
- Customers are given clear information and are kept appropriately informed before, during and after the time of contracting
- Where customers receive advice, the advice is suitable and takes account of their circumstances
- Customers are provided with products that perform as companies have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect

- Customers do not face unreasonable post-sale barriers to change products, switch providers, submit a claim or make a complaint.

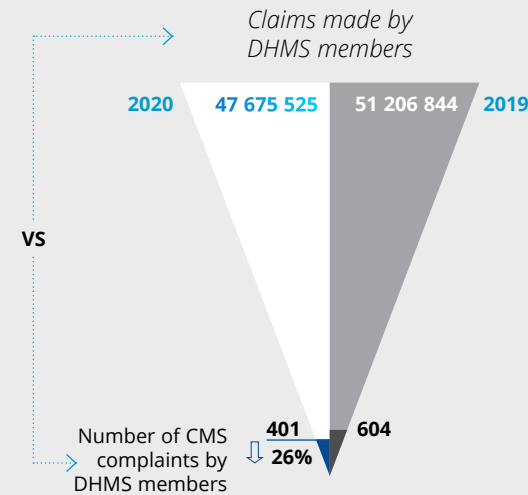
The Treating Customers Fairly Committee is constituted as a sub-committee of the Group Risk and Compliance Committee. The Committee's focus is to ensure the fair treatment of customers and that management implements suitable processes to ensure such fair treatment.

For all product enhancements and development during COVID-19, each business unit provided a summary of their COVID-19 responses for consideration by the Committee. Where new products or benefits have been offered to customers, these have been reviewed and approved by appropriate actuarial committees. In addition, the Customer Conduct Forums have been kept up to date with all developments.

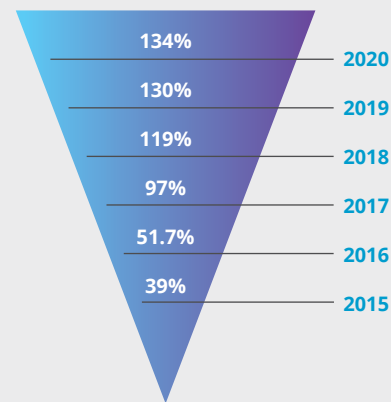
Consumer protection legislation is reported to and monitored by the Social and Ethics Committee, which reports to the Discovery Board of Directors. This is to ensure our business is conducted in a responsible and ethical manner with our values as the core.

 For detail, see the <https://www.discovery.co.za/assets/discoverycoza/corporate/investor-relations/2021/dhms-ir-2020.pdf>.

The Office of the Registrar has changed the requirements for reporting on overturn rates, which should result in a decline in our rates in future. Discovery is currently well within scope of the industry and the change is not considered to be of concern.



The ratio of internal disputes to CMS complaints has continued to improve



HUMAN RIGHTS AND COMMUNITY

The protection of human rights is a critical social issue as underpinned by the first two principles of the UNGC. Discovery communicates its progress on the implementation of the Principles in its annual Communication of Progress.



Access the Discovery United Nations Global Compact Communication of Progress Report 2021.

We uphold the rights of our employees, clients, partners, suppliers and society, and we oppose all and any forms of discrimination based on race, gender, ethnicity, age, religion, political and sexual orientation, nationality, union membership, physical disability or HIV/Aids status.

Our products and services provide the primary pathway for positive change at scale. We support this through strategic social investments, such as the Discovery Foundation and Discovery Fund, as well as strong systems of governance and accountability.

In addition, Discovery ForGood is a volunteer programme that enables our employees to contribute to development programmes in targeted communities. Discovery's Enterprise and Supplier Development Programme aims to help promote and directly support the development of innovative entrepreneurial talent across its various business areas.



DO NO HARM

OCCUPATIONAL HEALTH AND SAFETY

Discovery has an Occupational Health and Safety (OHS) management system in force, based on the Occupational Health and Safety Act and its sub regulations, as well as the requirements of the Compensation for Occupational Injuries and Diseases Act.

The system comprehensively covers the relevant regulations across the Health and Safety Policy (including medical emergency and emergency preparedness, work accident reporting and investigation, training, Health and Safety Committees and teams, inspections, etc.), contractor control (including preventative maintenance, staff and contractor induction, and non-conformance, etc.) audits (particularly hygiene compliance audits and OHS audits where possible). Due to COVID-19 (i.e. limited staff on site) audits could not be performed as planned.

The system has been implemented based on recognised risk management. It covers all employees, contractors and visitors to all our Discovery sites nationally. Ad hoc contractors are evaluated by our work permit system where risk assessments, qualifications, and legal appointments are certified and safety standards insured. Without an approved work permit, contractors are not permitted to access a site.

The Discovery OHS team works in collaboration with Discovery's Compliance and Risk departments as required. Our processes are audited internally by Group Compliance.

Inspections (including COVID-19 inspections) are conducted by trained OHS representatives who cover all sites to identify hazards, take queries from employees and identify any issues of non-compliance. All issues are

logged, added to inspection sheets, and uploaded to CA help desk. Issues found or not resolved are discussed in relevant OHS committees and escalated to the OHS department. A monthly check is performed by the OHS administrator to ensure that floor inspections are completed.

A preventative maintenance schedule is in place to ensure all equipment is inspected and serviced at pre-determined intervals. Any potential hazards identified are escalated to management and the Technical Committee. Meetings are held between the Technical department and OHS team.

Representatives at all site staff can raise any non-compliance with their OHS representative. All employees can also log faults.

All Health and Safety Representatives are nominated and elected by their respective departments to represent them in departmental meetings. We also provide feedback to executives on the Health and Safety performance of each business, with performance reviewed once a year.

Applicable First Aid, Safety, Health and Environmental, fire-fighting, and inspection training is provided. Representatives are equipped to assist with medical emergencies and evacuation, and attend Health and Safety Committee meetings and provide feedback to their business units. An incentive programme is in place, based on performance of Representatives.

Due to COVID-19, we had limited class room training but have implemented emergency preparedness online training.



KEY INDICATORS

Work-related injuries and ill health

Zero FATALITIES (0% rate) due to work-related injury

5 WORK RELATED INJURIES

1.55% ABSENTEEISM rate due to ill-health and ex-gratia COVID leave (2020: 1.41% rate)

ALL REPRESENTATIVES TRAINED

in First Aid (level 1 and 2); firefighting; safety, health and environmental representative (course); and evacuation.

2 478 EMPLOYEES

completed the Health & Safety Emergency Preparedness course.

117 EMPLOYEES

received Occupational Health and Safety Training.



DO NO HARM

RESPONSIBLE INVESTMENT

The Board recognises that Responsible Investment requires the recognition, evaluation and incorporation of material ESG issues into investment analysis and decision-making processes, as well as integrating ESG opportunities and issues through active ownership policies and practices.

Discovery Limited was approved as a signatory to the United Nations supported Principles for Responsible Investment (PRI) in September 2020. As an asset owner and institutional investor, Discovery has a duty to act in the best long-term interests of our beneficiaries while considering the interests of wider society. We also recognise that we can exert a positive influence in directing good ESG practices, policies and behaviour of investees and financial institutions.

Our commitment extends to the six principles of the PRI, being:

- 1 We will incorporate environmental, social and governance issues into investment analysis and decision-making processes
- 2 We will be active owners and incorporate environmental, social and governance issues into our ownership policies and practices
- 3 We will seek appropriate disclosure on environmental, social and governance issues by the entities in which we invest
- 4 We will promote acceptance and implementation of the Principles within the investment industry
- 5 We will work together to enhance our effectiveness in implementing the Principles
- 6 We will each report on our activities and progress towards implementing the Principles

Discovery's investments are held in government and corporate debt instruments, collective investment schemes, listed equities held on behalf of unitised life policies, and bank deposits. The majority of our investments are held on behalf of our clients who have purchased linked policies and collective investments. Discovery also holds investments to meet future policyholder's claims, solvency requirements and to provide a buffer in case of unexpected events. All our stakeholders, including clients, lenders and shareholders, place their trust and confidence in us to manage and protect their interests. It is therefore our duty to invest responsibly, and to support this, we formulated our Responsible Investment Policy that applies to all funds under our management.

Overview of Discovery's assets under management

82.8%
MANAGED EXTERNALLY BY ASSET MANAGERS

35.86%
LISTED EQUITY

32.91%
FIXED INCOME

14.03%
MONEY MARKET SECURITIES

NOTE THAT ALL LISTED EQUITY AND FIXED INCOME ASSETS ARE MANAGED BY EXTERNAL ASSET MANAGER PARTNERS

The majority of assets directly under our management in South Africa are managed by Ninety One, a global asset management firm that has been a PRI signatory since 2008. Ninety One manages a large percentage of the group's fixed income investments and Discovery managed collective investment schemes.

In the United Kingdom we have appointed Vanguard and SEI (in addition to Ninety One) to manage our United Kingdom-based fixed income and listed equity assets. Both of these global asset managers are PRI signatories (since 2014 and 2018 respectively).

Asset managers appointed by Discovery to manage assets under our control are subject to their respective Responsible Investment policies. Discovery checks that these align with our stated policies and objectives, and considers the extent to which Responsible Investment is embedded in the investment and ownership practices of asset managers as part of the selection process prior to appointment.

Our Responsible Investment Policy covers all asset classes managed internally and externally, and applies the following principles:

- Requiring our external asset managers to incorporate ESG factors into their investment process and be active owners through proxy voting and engagement.
- Requiring internal functions responsible for investing assets (bank deposits, bonds and other investible assets) to incorporate ESG factors into their investment process.
- Committing to public disclosure.

Discovery's Responsible Investment Policy is available to view at www.discovery.co.za/corporate/legal



DO NO HARM

Internal reporting on ESG-related assessments and performance is the responsibility of Stuart Cohen, CFO of Discovery Invest.

We adhere to the precepts of the Institute of Asset Management, including its exclusion policy for manufacturers of cluster munitions, anti-personnel mines, chemical and biological weapons. We also recognise that some clients have strong positions on investing in particular sectors or companies based on specific social issues; accordingly, we apply screening to prevent investment in these areas. Similarly, we are able to exclude specific stocks or sectors based on a set of business activities, in line with client requirements. Specific exclusions are loaded to our trade order and deal management system, thinkFolio, which prevents any excluded stocks being purchased for the portfolio.

As part of our Responsible Investment processes, we:

- Monitor reports provided by our investment managers to ensure consideration of ESG factors, and assess that they show active ownership in, for example, proxy voting and transparent management engagement
- Ensure that external asset managers and internal Discovery staff responsible for allocating investments must consider ESG factors when identifying risks and opportunities associated with their investments that fall under this policy.

The Capital, Currency and Investment Committee, a sub-committee of the Group Executive Committee, is responsible for

monitoring and integrating responsible investment principles as required.

We have not yet incorporated ESG into our internally managed cash and money market securities investment decisions. Through our Capital, Currency and Investment Committee, we aim to integrate ESG factors in our investment analysis and decision-making process for these particular asset classes going forward, applied in reference to and through the use of ESG ratings agencies and indexes. Allocations are guided by regulations and financial markets in South Africa, in a typically small and concentrated market.

During the year in review, we collaborated in the following initiatives to support responsible investment:

- We became signatories to the 2021 Global Investor Statement to Governments on the Climate Crisis, another PRI collaboration initiative. This will form the basis of engagement with governments at key policy moments throughout the year and to support positive momentum on the road towards COP26 in November 2021.

Asset management partners are regulated by a formal mandate that reflects and gives effect to Discovery's Responsible Investment Policy. This Policy includes ESG factors that may be applicable to asset managers, asset classes and investee companies. Our Policy is also given effect through engagements with our asset management partners, and periodic reviews of investment mandates.

Overview of our externally managed assets

To deliver on their mandate, Discovery requires that asset management partners consider ESG impacts associated with their portfolio companies. ESG is therefore included in our dialogue with the majority of our external managers in our defined selection, appointment and monitoring process.

Ninety One manages the majority of assets.

Some of our bond holdings are managed by ALUWANI Capital Partners who apply ESG principles, although the bulk of these holding are government bonds.

Offshore funds are advised by BlackRock, who have a leading ESG programme.

Offshore share portfolios are managed by Goldman Sachs, who also has a comprehensive ESG programme.

VitalityInvest in the United Kingdom has appointed Vanguard and SEI (in addition to Ninety One) to manage our United Kingdom-based fixed income and listed equity assets. Both of these global asset managers are PRI signatories, with comprehensive ESG policies and processes in place.

As our Responsible Investment Policy was approved in June 2020, we have since engaged with Ninety One, as our majority asset manager, to identify suitable reporting and monitoring mechanisms to ensure oversight over ESG stewardship and the application of ESG principles in active ownership. We continue to assess our existing monitoring mechanisms to ensure that they are suitable and will assess monitoring mechanisms with regard to our minority asset managers.

Also, our external asset managers were already contracted and selected prior to implementing our Responsible Investment Policy in this reporting period. As a result, we have not incorporated ESG into external manager selection and appointment in the year in review. However, we have assessed the capabilities of our majority asset manager for their performance in ESG stewardship and the application of ESG principles in active ownership. This was done through questionnaires and formal engagements. Our assessment is that Ninety One is suitable and aligns to our Responsible Investment Policy requirements and their mandate. We continue to perform the same assessment to our existing minority asset managers. We aim to incorporate ESG in the selection and appointment of new asset managers when new appointments are required.



DO NO HARM

RESPONSIBLE INVESTMENT THROUGH NINETY ONE

Ninety One (previously Investec Asset Management) has a comprehensive environmental, social and governance policy in place and integrates ESG considerations into investment decisions. It aligns to relevant investment codes of good practice in South Africa and the United Kingdom:

- Signatory to the PRI
- Signatory to the United Kingdom Stewardship Code*
- In addition, Ninety One endorses Code for Responsible Investing in South Africa.

These principles are applied globally but pragmatism and proportionality apply.

Ninety One engages through regular (virtually daily) interactions with funds through formal meetings each quarter and in regular meetings, where fund performance is discussed.

* Please note that to align with our existing reporting period Ninety One will apply to become a signatory at the second application deadline.

Ninety One is:

- Rated A+ in the 2020 PRI Assessment Report for Strategy & Governance* and applicable listed asset classes
- A supporter/signatory to a number of global stewardship initiatives, including the Singapore Stewardship Principles, Hong Kong Principles of Responsible Ownership, Japanese Stewardship Code, Korea Stewardship Code and the ISG US Stewardship Principles
- A founding supporter of the Impact Investing Institute in the United Kingdom.

* The 2021 PRI Assessment Report for Ninety One was not published at the time of writing this report.

As per Ninety One's 2021 Sustainability Report:

"We take a targeted approach to engagement, prioritising strategic engagements where we can influence an issuer to reduce risk. We believe strategic engagements enhance our understanding of sustainability risks and can provide the opportunity to improve outcomes. Our clients' assets are exposed to systemic risk that could impact value but where the timing is uncertain. We carefully identify a limited number of advocacy projects that really matter for our clients and the firm. In addition, the Sustainability Committee provides guidance to investment teams on their participation in advocacy, including through collaboration, where this is aligned to their investment priorities."

"Engagements take place as an integral part of the investment process, with the investment teams initiating engagement based on their investment processes and priorities. The Engagement & Voting team is accountable to executive leadership through the Sustainability Committee for policy implementation and engagement on a quarterly basis."

"During the reporting period we took part in 230 engagements. Many of the engagements were initiated following matters identified in our fundamental investment and voting analysis. We continue to focus on ensuring active ownership is aligned with investment integration. Effective fundamental analysis that integrates material ESG factors helps ensure early identification of significant issues and resolutions that need attention at the next AGM."

"The integrated investment and engagement process is complemented with collaborative engagement, including organisations such as the UK Investor Forum. In addition, our membership of regional and global organisations, such as the Asian Corporate Governance Association (ACGA), Council of Institutional Investors in the US (CII), the Institutional Investors Group on Climate Change (IIGCC), the Principles for Responsible Investment (PRI) and the International Corporate Governance

Network (ICGN), position our organisation to collaborate and engage on a variety of advocacy and systemic risk matters."

"Ninety One recognises that local best practice codes may differ: although our proxy voting guidelines apply globally, we recognise regional differences. In markets where the codes are still evolving and not yet fully aligned with global best practice, we take this into account. In these markets, we aim to engage actively with policy makers, regulators and stock exchanges, together with other global and local investors, to address the more critical potential shortcomings."

"Our intent is to have independent, high-quality engagements with management and boards at appropriate times, with clear goals and milestones where necessary. We will give management and boards time to adequately respond to our questions before voting on critical issues."

"The evolution of ESG integration into investment processes is ongoing and we are pleased that certain elements have taken a significant step forward in the past year. The investment teams have full responsibility for integrating sustainability."

Detail on its rights and responsibilities for fixed income assets can be found in Ninety One's Sustainability Report.



Ninety One's Sustainability Report is available for download at <https://ninetyone.com/en/how-we-think/investing-for-a-world-of-change/sustainable-investing/invest/sustainability-report>



DO NO HARM

RESPONSIBLE INVESTMENT THROUGH NINETY ONE

OVERVIEW OF ESG INTEGRATION

	PRIOR TO INVESTING	MONITORING	ACTIVE OWNERSHIP
Assets class	Fundamental research	Portfolio management	Engagement
Equity	Material-based integrated ESG analysis	In-house capability to monitor and alert on changes in ESG information	Conducted according to each investment team's engagement priorities
Multi-asset			
Fixed income	Integrated scorecard approach	In-house capability to monitor and alert on changes in ESG information and Quarterly sovereign ESG reviews and scorecard updates	
Private markets	ESG assessment for assets defined by respective management systems	Monitoring needs defined following extensive due diligence exercise	Portfolio companies actively managed through management representation and/or lenders' consortia (legal undertakings)

Ninety One has become the first South African asset manager to sign onto the Net Zero Asset Managers Initiative in July 2021. This international initiative aims to support institutional investing aligned with the global goal of achieving net zero emissions by 2050 or sooner.

On its last PRI Assessment of its directly managed assets in 2020, Ninety One received an A+ ranking for Strategy and Governance, Listed Equity (for Incorporation, Active Ownership, Sovereign (within SSA), Corporate Financial, Corporate Non-Financial, and Infrastructure, with an A ranking for Private Equity.



Details on Ninety One's approach to sustainable/responsible investing can be found at <https://ninetyone.com/en/south-africa/how-we-think/investing-for-a-world-of-change/sustainable-investing/investAv>

A recent example of Ninety One's ESG engagements was with Sasol Limited (on capital management and climate change disclosure).





DO NO HARM

Different investment options and approaches are followed across our local and offshore portfolios, and through VitalityInvest in the United Kingdom.

Within our product universe in Discovery Invest, Discovery's Global Investment Selector leverages advanced digital technology to enable clients to choose and compare investment choices from the Global Alpha Investment Choices. The Selector allows clients to filter for various ESG criteria.

OFFSHORE FUNDS AND PORTFOLIOS

Our international risk-profiled solutions with allocations are managed by BlackRock, which has been a signatory to the PRI since 2008. Our international share portfolios with allocations are advised by Goldman Sachs Asset Management, which has been a signatory to the PRI since 2011.

During the year, we launched the Discovery Global Megatrends Fund, a new life fund where the underlying funds are managed by Goldman Sachs (which applies ESG principles to fund management). The Discovery Global Megatrends Fund provides access for our clients to invest in four megatrends that have been recognised globally as macroeconomic forces that will fundamentally shape the world going forward. These include some of society's biggest challenges and opportunities related to technological advancement, environmental sustainability, the future of healthcare and the new-age consumer.

OUR RESPONSIBLE INVESTMENT APPROACH IN THE UNITED KINGDOM

In the United Kingdom, VitalityInvest partners with leading investment managers who manage our range of funds. They do this by using a simple three-step process that aims to:

- 1 Exclude companies that do harm
- 2 Select companies that do more to contribute towards the environment, society and governance
- 3 Review the funds and the companies they invest in regularly to ensure they continue to meet their ESG objectives.

Launched in 2021, our EnVIRO fund range are index-tracking funds provided by industry-leading fund managers UBS Asset Management, BlackRock and Vanguard. Each have a proven track record and a commitment to ESG principles. This EnVIRO fund range provides an option for our members to invest in companies that avoid doing harm and contribute towards a more sustainable future, through a fund that is structured to achieve:

- Up to 58% reduction in carbon footprint
- 0% exposure to the production of tobacco, controversial weapons and civilian firearms
- 0.4% or less from the sales of adult entertainment, genetic engineering and predatory lending.



Details on responsible investment are also included in the Governance Report.

TRANSPARENT INFORMATION AND FAIR ADVICE

Discovery aims to supply clients and members with comprehensive and transparent communications, annually and where necessary, through an omni-channel approach in language that is as simple as possible. This is to ensure clients are aware of pertinent information relevant to their policy and products.

TRANSPARENCY OF THE CONTENT

Discovery aims to include all relevant information within the various communications to ensure clients can understand the subject matter without being distracted by irrelevant content.

COMMUNICATION METHOD

Discovery uses a wide range of methods for communicating with clients, including through our digital platforms (predominantly our mobile app and website), and through emails, SMSs, letters, and the salesforce.

FREQUENCY OF COMMUNICATION

Discovery carries out regular annual communications as well as more frequent, *ad hoc* communications as and when necessary. Marketing content is also delivered through TV, radio and digital channels including social media, and print advertising and brochureware.

RESPONSIBILITY FOR COMMUNICATION

While responsibility is spread throughout the organisation depending on its nature, specific approvals are required by key managers across the Marketing, Technical Marketing, Communications, and Systems teams, as well as others areas where necessary.



DO NO HARM

All marketing communication is also approved by relevant business area managers and Group Compliance. For each product launch, we ensure we consider the six outcomes of Treating Customers Fairly in product design and communication. All products are reviewed and approved by Discovery's Treating Customers Fairly Committee, which considers marketing elements related to the product.

Our approach to marketing is governed by various regulations aimed at protecting the interests of consumers. This includes Policyholder Protection Rules, Treating Customers Fairly legislation, the Protection of Personal Information Act (POPI Act), and the Financial Advisory and Intermediary Services Act general code of conduct rules. Specific sector-based codes and directive are also considered, such as guidelines issued by the CMS in healthcare insurance.

Plan guides, policy documentation, and terms and conditions are always available to members and clients through our digital platform.

Communications generally fall into the categories of marketing and contractual content. While the substance of content is similar, the tone and nature of the two varies:

Marketing communication is focused on product positioning and aligning client needs with the respective range of products and features. Care is taken not to create the impression of providing financial advice – which is left to financial advisers. Detail is kept at a high level to enable prospective clients to develop a cursory understanding of the product features, with material distributed through intermediaries and available on the Discovery website and app for easy access.

We had zero incidence of non-compliance with regulations concerning marketing communications.

Contractual communication focuses on comprehensive disclosure on product workings. Quotes, policy schedules, policy guides and annual anniversary letters feature a consistent structure, tone and language. These provide a full understanding of product benefits, costs, policy changes, exclusions and loadings. These also include other relevant information such as how to contact the insurer, the complaints procedures and contact details, and the claims process and contact details. Communication is automatically sent to clients at appropriate points during the client lifecycle, and any relevant documents are made available to the client on request through their intermediary or directly by contacting Discovery.

Discovery Insure has also developed ClaimsView, a portal that allows clients and their financial advisers to follow the progress of their claims online, from start to finish.

Internal policies dictate the stakeholders involved in any communication item, with established procedures to govern how these are drafted, reviewed, approved and distributed. Internal governance forums are used to discuss changes or additions to the communications suite. Members of these forums have sufficient expertise and experience to oversee and execute this function. Feedback from regulatory bodies, company leadership, representatives from distribution staff as well as feedback from intermediaries and clients are incorporated into the communication strategy.

We require all assets that run through the VAM system to be clear, fair and not misleading, and the approval process includes these requirements. For example, any cover limits must be clearly shown, and any relevant terms and conditions are always included. Each asset is also assigned an expiry date, after which it must be reviewed and approved to ensure it remains accurate and appropriate for use. Any amendments also trigger the approval process.

Large print or braille copies of plan documentation is also provided on request.

Communication is generally delivered through:

1 Transactional emails facilitate agreed-upon transactions, such as account creation notifications, password resets, purchase receipts, customer feedback, and account notifications.

2 Service emails are usually undertaken when the communication is part of the service being supplied, including online statement alerts or change in services (such as new partners or rewards, removal of partners or rewards, or notification on preferential rates).

The default communication method is email and accessibility through the Member Zone. Work is underway to make dispatch preferences clearer and to encourage members to go paperless to support our green credentials. However, members can request continue to request communication via post.

To keep clients informed about their plans, we adhere to all contractual obligations and Financial Conduct Authority recommendations. As multi-plan holders receive communications separately by each product line, work is underway as part of our One Vitality and communication strategy to create a more composite communication experience as well as reduce print costs and impact.

3 Marketing emails primarily contain commercial content intended for a commercial purpose, such as nurturing leads through our channels. Marketing emails are generally sent to groups of contacts that are prospective clients or to existing clients to whom we are offering new products and services. Our clients have to positively opt in to receive marketing through email, telephone, SMS, social media (paid targeted) and post. Members can change these preferences at any time via the Member Zone, through direct links from any emails, or by contacting our servicing team.



Cultivate trust

Building and maintaining trust is critical to brand equity. The details that follow are key ESG factors that demonstrate our performance as an active corporate citizen that plays a meaningful role in the broader business community and society, and in staying true to our value of integrity, honest and fairness.

ASSOCIATIONS

Discovery collaborates in industry and sector initiatives including:

ACTUARIAL SOCIETY OF SOUTH AFRICA

Member and participant in various committees

ALLIANCES FOR CLIMATE ACTION SOUTH AFRICA

Signatory to a partnership facilitated between the NBI, WWF and C40 Cities

ASSOCIATION FOR SAVINGS AND INVESTMENT SOUTH AFRICA

Member with representation on multiple committees and working groups

BANKING ASSOCIATION OF SOUTH AFRICA

Member

BLACK MANAGEMENT FORUM

Member

BUSINESS UNITY SOUTH AFRICA

Member

COMMUNITY ACTIVE FUND

Member of funding initiative to encourage physical activity in the United Kingdom

EVERY WOMAN EVERY CHILD'S GLOBAL STRATEGY FOR WOMEN'S, CHILDREN'S AND ADOLESCENTS' HEALTH

Signatory to the compact

FINANCIAL INTERMEDIARIES ASSOCIATION

Member

HEALTH FUNDERS ASSOCIATION (HFA)

Member with representation on HFA Board of Directors and sub-committees, the Technical Advisory Committee, and in trilateral engagements with the CMS and Board of Healthcare Funders

INSTITUTE FOR RETIREMENT FUNDS AFRICA

Member with Discovery's Head of Legal: Discovery Employee Benefits & Discovery Invest serving as an executive board member

INTERNATIONAL ASSOCIATION FOR VOLUNTEER EFFORT

Member and chaired by Discovery's Head of Corporate Sustainability, Ruth Lewin

NATIONAL BUSINESS INITIATIVE

Member and participant in working groups including the Social Transformation Advisory Committee, the newly formed Gender-based Violence project, the Advisory Council for Environment and Society, and the Just Transition pathways working group

PRINCIPLES OF RESPONSIBLE INVESTING

Signatory

SHARED VALUE AFRICA INITIATIVE

Member and working group participant in South Africa on a project to create a platform for SMEs

SOUTH AFRICAN INSURANCE ASSOCIATION

Board member

UN GLOBAL COMPACT

Member and active role player on the Board of the UNGC Local Network



CUSTOMER SATISFACTION AND ENGAGEMENT

Below we provide indicators for customer satisfaction for Discovery Health and Vitality South Africa.

Discovery Health - customer satisfaction indicators

Member-based ratings (out of 10)

8.74 (DOWN 0.02%)
(FY2020: 8.76)

0.15 COMPLAINTS PER 1 000 LIVES

Member-based ratings have decreased slightly due to COVID-19, given the reduction of self-service queries during lockdown and the introduction of new benefits and services that result in new query types being directed to the call centre. Despite lower first call resolution metrics, service teams delivered satisfactory service metrics results over the same period, including above target member-based rating and service level scores.

Vitality - customer satisfaction indicators

Member-based ratings (out of 10)

8.81 (DOWN 0.16%)
(FY2020: 8.97)



CULTIVATE TRUST

DATA SECURITY AND CUSTOMER PRIVACY

Discovery is unique in terms of the volumes of data we collect and analyse. We have a comprehensive Data Governance Policy Framework covering all aspects of the collection, use and retention of data. Our Data Governance Forum is convened on a quarterly basis and chaired by the Group Chief Information Officer.

We use data to improve services and develop products that meet client needs. The responsible collection, use, security, retention and sharing of personal information are paramount to operating ethically and to preserve the trust of our clients and our partners.

Also, with cyber security as an ongoing challenge, Discovery's data-centric model is critical to safeguard vital information while ensuring it is available to build, enhance and deliver products suited to the needs of our clients. Artificial intelligence and machine learning are playing a growing role in information security, as they are in other areas of the business.

To protect client information, we have robust processes controlling access to specific systems and databases. Teams that perform analysis on data drawn from different businesses can only access aggregated and anonymised data stored in a central big data environment, where access is strictly controlled.

Remote working due to the pandemic presents the Group with additional cybersecurity risks. We enhanced our security, privacy and data loss perimeters without disrupting our operations, and data and cybersecurity awareness training continues to be reinforced for employees and financial advisers.

We have a fiduciary duty to protect the data we collect and, therefore, we have implemented appropriate measures across the Group to support data integrity, privacy and security. Our primary risks relate to the security of data, cyber threats and cybersecurity, as well as the increasing digitisation of our business.

Our Group Risk and Compliance Committee, supported by our Group Chief Information Officer (CIO) and Group CIO Forum, is responsible for technology and information governance. The Group Chief Risk Officer is mandated to monitor, assess and report on data risks. It is first line responsibility to manage almost all risks. We regularly report to the Board, which supports initiatives that drive our strategic shift towards a data-centric cybersecurity model. In addition, our Board and Executive Committee oversee our compliance with the standards of the European Union General Data Protection Regulation (GDPR) and the POPI Act in South Africa.



For details on IT governance, see our Governance Report.

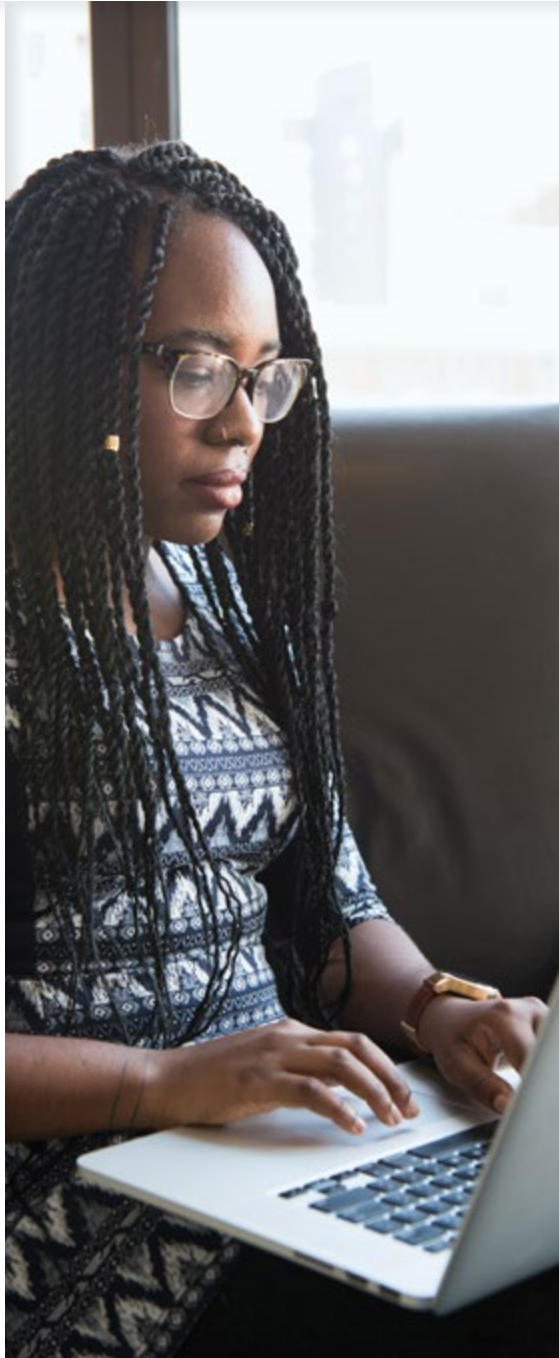
The mandate of our Group CIO Forum is aligned to King IV™ practices, with an emphasis on data governance and privacy. We classify risks under the ISO27001 information security standard and the National Institute of Standards and Technology (NIST) Cybersecurity Framework, which both drive the security programmes we implement to enhance our systems and processes.

Our privacy statement explains how we collect, use, share and otherwise process personal and other information, as well as the right of individuals to control their data in terms of access, rectification and deletion.

We continue to invest in systems and practices that enable robust assurance around data quality, consent, data lineage and data classification. Our investments in technology align with business requirements, and we work closely with assurance providers to identify and address any risks or compliance-related matters. Discovery's cybersecurity cover remains adequate, including provision for remedial work by insurer-approved experts in the event of a cybersecurity incident.

An independent external auditor reviews our security policies, systems and processes annually. Furthermore, our developers receive training on secure coding practices, and our employees and long-term contractors complete compulsory data privacy and cybersecurity awareness programmes every quarter. We tailor these programmes for financial advisers and Discovery business consultants who complete additional modules on data and compliance. In the meantime, they provide comprehensive evidence of appropriate security practices. We apply strict data sharing and identity protection policies in our interaction with service providers, and we only share data with client consent and when necessary.

We have a dynamic technology environment to support the unique requirements of each business. Every business has its own CIO who is part of the Group CIO Forum, ensuring alignment with Group initiatives and data and cybersecurity standards.




We have a significant duty of care to our members who trust us with their data, and we do everything we can to minimise the risk of breaches to our systems."


Derek Wilcocks,
Discovery's Chief Information Officer

Discovery has strict privacy controls in place for Discovery Group and for Vitality Group, which are relevant to each of the markets in which we operate. Since the Vitality Group operates in multiple markets through partners, Vitality's privacy policies in those markets are not publicly available but are aligned with the partner's privacy requirements in accordance with their local regulatory and compliance environment.

The right of access, rectification and deletion of individuals' data is covered in our Access to Information Manual.


 For detail on data rights, see our <https://www.discovery.co.za/assets/discoverycoza/corporate/legal/discovery-manual-to-accessing-information.pdf>

As reported earlier, Discovery has appointed a Group Information Officer and Deputy Information Officers in each business area. In terms of the POPI Act, these are notifiable positions with the South African Information Regulator and require formal nomination by both the Discovery Board and subsidiary boards where applicable. The Group Information Officer reports to the Risk and Compliance Sub-Committee of the Board, which regularly reviews matters related to Data Governance and Data Privacy.

 See the <https://www.discovery.co.za/corporate/privacy>

 See the <https://www.vitality.co.uk/privacy/>

KEY INDICATORS

 **14 SUBSTANTIATED COMPLAINTS**
received concerning breaches of customer privacy.

13 532 EMPLOYEES
received training on data security and privacy-related risks and procedures.

There has been a significant increase in attempted cyber-attacks during the year in review. New controls to counter these attacks include more widespread enforcement of multifactor authentication for members and intermediaries on the Discovery website and mobile applications.

RISK AND EMERGING TRENDS

Discovery includes cyber risk in its risk register, specifically as the risk remains inherently very high due to the increasing sophistication of cyber-attacks. This includes the effects of uncertainty, changes to the work environment and financial turmoil caused by the pandemic.

 For detail on the impact of this risk, see our Integrated Annual Report.

DETAIL ON OUR CONTROL ENVIRONMENT

In Discovery, logical and physical access management is controlled by an end-to-end life cycle process that integrates into the Discovery human resources systems and processes. Appropriate structures, forums, programmes, directives and controls are in place to ensure data governance.

Periodic internal and external reviews are conducted to measure the adequacy of the implemented controls on infrastructure and platforms processing confidential data. Changes to the environment processing personal confidential data adhere to a strict change management protocol and processes.

Organisational security includes the following measures:

- All employees are required to complete the Security Awareness Training conducted through videos and assessments
- A dedicated Information Security team is in place and reports to the Group Chief Information Security Officer
- All employees are required to sign a confidentiality agreement
- A background check is done for new employees, including credit check, criminal records, previous employment and verification
- Physical and logical access is promptly removed for terminated employees
- All third-party service providers are required to undergo a stringent due diligence process.

Security policies are all held at Group policy level. These provide a comprehensive governance environment across Acceptable Use, Application Security, Cloud Computing, Incident Response, Data Governance and Data Management, Passwords, Mobile Device

Management, Removable Media, Technology Equipment Disposal and others.

We commit to notifying all affected customers if their information is breached based on the notification process stipulated in their contract with Discovery, and as required by data privacy legislation to the appropriate regulating bodies.

Key management activities are focused on:

Information Governance and Privacy

To ensure that Discovery's information and the data of its stakeholders are protected, lawfully processed and managed across its lifecycle.

Information security services

To proactively protect and defend the organisation from threats, and prevent the occurrence and recurrence of incidents commensurate with the organisation's risk appetite.

Cybersecurity

To monitor ongoing operations and actively hunt for and detect adversaries, respond to and report instances of suspicious events and unauthorised actions as expeditiously as possible. We also provide ongoing actionable threat intelligence and perform resilience exercises to continuously improve posture.

Management assurance

We are accountable for ensuring that appropriate controls are in place and validated for the governance of information assets, including successful adoption of risk mitigating capabilities. This function is charged with ensuring procedures and activities comply with regulatory requirements and internal policies, standards and processes.

Protection of Personal Information Act

In South Africa, the one-year transition period for the implementation of the POPI Act has expired and the Act is in full effect from 1 July 2021. It sets out a comprehensive set of conditions for governing the collection, processing, storage, communication and disclosure of personal information. Strict rules are applied to the disclosure of personal information to any third party by Discovery. Data breaches require disclosure to impacted data subjects and the Information Regulator and may result in financial penalties.

The Discovery Executive team and Board has reviewed the POPI Act implementation programme in depth and is satisfied with the progress made to bring Discovery in line with the requirements of the Act.

POLITICAL PARTY CONTRIBUTIONS

Discovery Limited made contributions of R281 000 (2020: R90 000) to political parties in South Africa during the 2021 financial year. The increase in 2021 is due to the timing of donations paid and differences in financial year ends for Discovery versus the political parties.

Discovery's position in respect of political donations is that only Discovery Limited (and not individual subsidiaries) may donate to political parties to support our new democracy. A political funding policy is in development and will be submitted to the Social and Ethics Committee for review and approval.

TAX TRANSPARENCY

The Board has oversight of all finance related matters through the Audit Committee and has included this responsibility in the Committee's Terms of Reference. Transparency creates openness and generates trust among our employees, clients, regulators and stakeholders.

The Audit Committee provides specific oversight of 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. The Chair of the Audit Committee is responsible for oversight.



For details on our approach to tax, see our <https://www.discovery.co.za/assets/discoverycoza/corporate/legal/dsy-tax-policy-principles-public-approved-audit-comm.pdf>

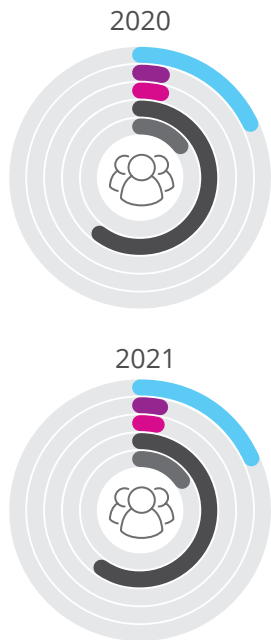


For details on approach to tax transparency, tax contributions geographically and by tax type, see our Governance Report.

VALUE-ADDED STATEMENT

One measure of a sustainable organisation is its ability to deliver value to its stakeholders and society more broadly. Discovery's value-added statement provides a snapshot of the revenue generated by the Group in 2021 and details how this wealth is distributed among our stakeholders.

VALUE ALLOCATED TO STAKEHOLDERS



- To employees
- To providers of capital
- To government
- To policyholders
- Retention for expansion and growth

** The B preference shares are non-compulsory, non-cumulative, non-participating, non-convertible, voluntarily redeemable (at option of Discovery) preference shares and were issued at a coupon rate of 85% of prime rate. With the introduction of dividend withholding tax on 1 April 2012, the coupon rate on the preference shares was increased to 100% of the prime rate. Preference dividends are calculated based on the prime rate, which in July 2019 was 10.25%. By 24 July 2020, the prime rate dropped to 7%, mostly toward the latter part of the year and has remained as 7%.*

For the full 2021 value-added statement, see annexure 2 on page 115.

HIGHLIGHTS FOR 2021

⌘ **R9.7 billion**

Value allocated to **employees in salaries, wages and other benefits**
5% increase on R9 257 million in 2020

⌘ **R63 million**

Value allocated to **providers of capital**
96% increase on R1 492 million in 2020

The Board decided to retain its prior stated position and not declare a final ordinary dividend for FY2021
R63 million in dividends paid to preference shareholders (2020: R81 million)*

⌘ **R1.7 billion**

Value allocated to **government**
19% decrease on R2 183 million in 2020

R1.2 billion normal taxation
(2020: R1.7 billion)

R430 million value-added tax
(2020: R387 million)

R61 million other taxation (2020: R50 million)

R38 million capital gains tax
(2020: R23 million)

⌘ **R27 million**

Value allocated in **corporate social investment** through Discovery Fund and Discovery Foundation contributions
8% increase on R25 million in 2020

⌘ **R46.6 billion**

Value allocated to **policyholders**
26% increase on R36.9 billion in 2020

R28 billion policyholder claims
(2020: R23.2 billion)

R18.4 billion transfer from assets/liabilities arising from insurance and investment contracts
(2020: R13.6 billion)

⌘ **R4.8 billion**

Value retained for **expansion and growth**
885% increase on (R608) million in 2020

R3.1 billion retained income
(2020: R1.3 billion)

R1.9 billion depreciation and amortisation
(2020: R1.8 billion)

R299 million deferred taxation
(2020: R1.1 billion)



EMPLOYMENT MULTIPLIER EFFECT IN SOUTH AFRICA

Industry estimates by the Institute for Economic Justice are that every person in permanent employment in South Africa has an average employment multiplier effect of 6.9 and average income multiplier of 1.68*. This implies that Discovery's 10 708 permanent employees in South Africa create or sustain an additional 73 885 jobs elsewhere in the economy and generate extra income of over R11 447 million.

* Industry estimates for closed input-output income and employment multipliers for South Africa by the Institute for Economic Justice. From Schröder, E. and Storm, S., (2020). Fiscal policy in South Africa: closed input-output income and employment multipliers. Institute for Economic Justice, Research Note, No 1.

Note: The source for the multipliers provided above is based on 2018 data. Subsequent changes in the macro economy, including the impact of COVID-19, may change the magnitude of the multiplier effect.

Related policies and frameworks

IT GOVERNANCE CHARTER

Advances in technology such as digital transformation are revolutionising businesses and societies, and transforming products, services, and business models. The speed of such change can cause significant disruption, opportunities and risks in developing and operationalising technologies. To strengthen the process of anticipating change and responding to new opportunities as well as managing emerging risks, this charter sets out the mandate and guiding principles for the governance of technology systems and infrastructure within Discovery Limited and all its operations. Last review: May 2020.

RESPONSIBLE INVESTMENT POLICY*

Sets out Discovery's principles for Responsible Investment to align the investment philosophy with the relevant principles and industry codes of best practice. New policy: June 2020.

WHISTLE-BLOWING POLICY*

Any employee with reason to believe that there has been fraud, corruption or malpractice within Discovery, must report such a concern, regardless of whether the fraud, corruption or malpractice may impact the business of Discovery. Last review: April 2020.

* Available online at www.discovery.co.za/corporate/legal.



For applicable regulations and disclosures for United Kingdom businesses, see <https://www.vitality.co.uk/legal/>.



Our capabilities

Our capabilities are a strategic imperative for Discovery and a critical pillar in our strategy and Shared-value Insurance model. We leverage our data and technological capabilities to create an integrated experience for our clients across all businesses and to drive our expansion globally.

This section focuses on ESG factors that mitigate risk, support innovation to achieve greater impact and the use of technology.



For the Group's strategic performance against the foundation, see our Integrated Annual Report.

Manage risk

Risk management is a critical competency as an insurer, and increasingly to ensure that ESG risks are identified and managed appropriately across the Group and its supply chain.



CORRUPTION AND OTHER FINANCIAL CRIME

We recognise that financial crime in all its forms is a threat to the Discovery Group and are committed to the prevention of all financial crime such as money laundering, the funding of terrorist activity, bribery and corruption, fraud, theft and market abuse.

Through risk-based internal procedures, policies, systems and controls, Discovery strives to ensure that high standards of awareness and crime prevention are maintained across Discovery.

Financial crime risks are mitigated by:

- Conducting due diligence prior to onboarding board members, employees, suppliers and/or third parties and throughout the relationship
- Encouraging all internal and external stakeholders including employees, clients and partners to report fraud, bribery, corruption, money laundering and generally unethical behaviour to our whistleblowing hotline. This report can be made anonymously
- Annual awareness and training on anti-bribery and corruption and other relevant financial crime legislation to internal and external stakeholders including employees
- The Discovery Whistle-blowing and Financial Crime policies establish an environment where the Discovery values form the basis for the conduct of all employees, where employees are empowered to raise matters of concern in a responsible manner and a zero-tolerance approach towards financial crime is adopted. 31 whistle-blowing incidents were reported to the Ethics Hotline. All were investigated and closed.

Furthermore, customer due diligence (including as it relates to illegal activities) is conducted on all prospective clients prior to establishing a business relationship. The World-Check database is used to detect individuals and entities listed on sanctions or Politically Exposed Persons (PEP) lists. This process is automated through workflows in the NICE Actimize system. The automated system also identifies clients operating in high-risk countries, by generating an alert for the case manager to investigate and initiate the enhanced due diligence process. Ongoing monitoring of existing business relationships is also undertaken and extends to adverse media related to financial crime.

Corrective action is conducted in line with the High Risk Committee procedure document. Also, a standard operating process is in place for reporting in line with the Financial Intelligence Centre Act reporting requirements. Processes are also in place across the Group to report any suspicion activity to the FinCrime unit.

Discovery has a standard operating process in place to guide employees on reporting a suspicious transaction to the Money Laundering Compliance Officer and Financial Intelligence Centre. The process is easily accessible on the central Policy Portal on the Group intranet along with comprehensive detail on all aspects of the Risk Management and Compliance Programme.

MONITORING POLICY COMPLIANCE

All Group policies are reviewed every second year or in the event of any material legislative or operational changes. Compliance with Group Compliance policies are monitored by the Discovery Risk and Compliance Committee. Any breach of, or non-compliance with, these policies are required to be communicated to the applicable stakeholders as soon as reasonably practical. Group Compliance, with input from key stakeholders, considers appropriate actions required to address the non-compliance. If agreement on appropriate actions cannot be reached, the matter is escalated to the Chair of the Risk and Compliance Committee, who decides whether the breach or non-compliance is sufficiently material to be escalated further, and if so, to the Board, a Board committee or person. All instances of non-compliance with this framework are included in the regular compliance reporting process.

Link to our related material themes

CLICK TO SEE ALL OF OUR MATERIAL THEMES AND MATTERS





Applicable ESG-related policies are included at the end of each section of this report.

Discovery takes non-compliance of the Anti-corruption Policy and other policies seriously. Any deliberate contravention on the part of an employee is subject to disciplinary action. Any incidents of non-compliance by employees or contractors that fall within this framework are included within the regular compliance reporting process.

Key indicators

6 671 EMPLOYEES

(2020: 5 918 employees) received communication and training on anti-corruption, terrorist financing and international sanctions.

CORE EMPLOYEES

are required to complete Anti-Money Laundering training (New employees receive training as part of their induction and existing employees receive training on an annual basis).

No confirmed incidents (2020: one) of corruption in which an employee was dismissed or disciplined in South Africa.

If you would like to report any suspicious behaviour relating to fraud, waste and abuse, you can call

0800 00 45 11

(toll free phone number) or email discovery@tip-offs.com.



Discovery also encourages reports related to fraud, including an incentive for whistle-blowers to receive up to 10% of monies recovered by contacting

43477 via SMS, calling

0800 004 500 toll-free

or emailing forensics@discovery.co.za.

PREVENTING FRAUD, WASTE AND ABUSE IN THE MEDICAL SCHEME ENVIRONMENT

Fraud, waste and abuse (FWA) in the medical scheme environment is on the rise and failure to address this poses a material risk to the sustainability of medical schemes. In light of escalating medical inflation and costs of healthcare, all medical schemes have a clear obligation to actively manage these challenges and to protect the integrity of the healthcare system. Discovery Health invests substantial resources to address and manage FWA in a fair and responsible manner to preserve the schemes it administers for the benefit of their members.

As part of the functions of its Compliance department, Discovery has a specialised team of over 100 analysts and professional investigators that uses forensic software systems to identify unusual claim patterns. Also, the majority of cases that are investigated result from external tip-offs from members, other practitioners and other third-party whistle-blowers who are active partners in efforts to remove corruption from the healthcare system. Discovery Health is obliged to actively investigate every single case arising from a tip-off.

Our fraud investigation processes are objective, impartial and fact-based. They comply fully with applicable legislation and have been tested or approved through external legal reviews, senior counsel opinions and court judgments.

As part of an industry-wide collaboration to combat FWA, Discovery is actively supporting the CMS and working with all stakeholders to guard against the corrosive effects of corruption in the healthcare system.

Alleged bias in fraud investigation process

Discovery Health has provided input into the CMS FWA Tribunal development process via the Health Funders Association, which is participating in a forum of the Special Investigation Unit to address health-related corrupt activities. Discovery Health continues to reach out to the Health Professions Council of South Africa and professional bodies for support in addressing unethical conduct by healthcare practitioners to ensure that there is adequate access to appropriate ethical training and billing support as well as adverse disciplinary consequences to ensure disincentives are in place.

Discovery Health has made a detailed submission on the interim report of the Section 59 Investigation Panel. This included supporting inputs from independent statistical experts (including former statistician general, Dr Pali Lehohla) and senior counsel. The submission acknowledged the sensitivity required in addressing matters related to discrimination and also welcomed the Panel's confirmation of the serious impact of FWA on medical schemes. We also welcomed the Panel's findings in support of the interpretation of Section 59 and that the ability of schemes to suspend direct payment to providers is legally sound. We welcomed the proposals regarding fair procedural processes, noting that many of these have already been implemented by Discovery Health.

The submission rejected the finding of unfair discrimination. We provided extensive substantiating evidence that the statistical analysis on which the finding of unfair discrimination was based is flawed and inconclusive. The submission notes the risk to medical scheme members if the ability of schemes to address FWA is constrained. No date for the final report of the Panel has been confirmed.

In the interim, Discovery Health has participated in engagement processes with the CMS on establishing an FWA tribunal. We have also undertaken additional internal measures to further enhance the oversight of FWA processes.



MANAGE RISK

KEY REGULATORY DEVELOPMENTS

The COVID-19 pandemic highlighted a number of weaknesses in the healthcare sector but also demonstrated the opportunities for enhanced cooperation and collaboration. The relationship between Discovery Health and the regulator has improved considerably, with extensive engagement during the pandemic.

The Health Market Inquiry report released in September 2019

There have been no further explicit developments regarding the implementation of the Health Market Inquiry (HMI) recommendations. The Competition Commission and CMS have recently announced that they have signed a Memorandum of Understanding in March 2021 which will include co-operation on matters that were included in the HMI report, including the following:

- Development of the single base package for medical schemes;
- Review of regulations relating to trustees, principal officers and administrators to improve accountability;
- Multi-lateral tariff negotiation framework for Prescribed Minimum Benefits (PMBs) and Reference Price List for non-PMBs; and
- Designated Service Provider agreements that may raise competition issues.

We anticipate that this will have an impact on some market conduct issues as well as the revised Medical Schemes Amendment Bill.

Draft Conduct of Financial Institutions Bill

The Conduct of Financial Institutions legislation is intended to provide an overarching conduct framework for all financial institutions. Discovery supports the application of a consistent set of principles of financial sector regulation for all regulated entities, including medical schemes,

subject to conduct standards or subordinate legislation, carving out the requirements for the various activities performed by institutions. Discovery has participated extensively through the consultation phases, both through industry bodies and the regulator.

Extensive submissions have been made via the Association for Savings and Investment South Africa, the South African Insurance Association and to the Banking Association of South Africa in 2020.

Employment Equity Amendment Bill 2020

Discovery made a submission to the Portfolio Committee on Employment and Labour during the consultation period in 2021. Discovery generally supports the objectives of the amendments and views transformation as imperative to elevating the socio-economic landscape of South Africa.

We anticipate that the Minister will consult with each sector before setting numerical employment sectoral targets for that sector.

Draft Revised CRISA Code

The Code for Responsible Investing in South Africa (CRISA) Committee had published a revised draft CRISA Code for public comment. The initial 2011 Code aimed to encourage institutional investors and service providers to integrate ESG considerations in their investment decisions. Following global advancements and developments in sustainability in the governance and regulatory context, the revised Code, is meant to align with developments towards responsible investment and adoption across asset classes and organisations; propose specific disclosure elements to increase transparency across the investment value chain; incorporate sound governance with a proposed shift to an “apply and explain” application on a proportionate basis. Discovery participated in a collective industry submission.

Draft Official Identity Management Policy

Following an invitation for stakeholder submissions on the Draft Policy, Discovery made a submission to the Department of Home Affairs indicating its support for the need for and importance of the establishment of the National Identity System, and to enhance the protection of personal information.

Carbon Tax Act

On 19 June 2020, the Minister of Finance finalised a number of Carbon Tax Act Regulations. The Trade Exposure Allowance Regulations provide a list of applicable sectors and subsectors with the

corresponding trade allowance percentage for those sectors. The carbon tax payable will be determined by the sum of the greenhouse gas emissions for each category, less the allowances for each emissions category. The Act further provides for a performance allowance where a taxpayer has implemented measures to reduce its greenhouse gas emissions in respect of a tax period. Discovery Limited’s annual carbon tax liability was determined.

Discovery’s involvement in various regulatory engagements

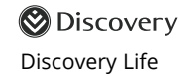
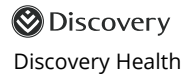
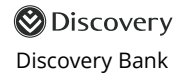
Regulatory development	Roles and responsibilities	Activities
COVID-19	<ul style="list-style-type: none"> ■ PMB requirements ■ Vaccine costs ■ Data requirements 	Discovery Health has been an active participant in Business for South Africa and other industry activities, and is directly supporting Government roll-out projects.
Low Cost Benefit Options	<ul style="list-style-type: none"> ■ Joint Advisory Committee established by CMS 	Discovery Health has been participating in workstream engagements.
Fraud, Waste and Abuse	<ul style="list-style-type: none"> ■ Section 59 Interim Report and CMS FWA Tribunal 	Discovery Health has made detailed submissions on the Interim Report. Discovery Health is participating in the FWA Advisory Committee.
National Health Insurance	<ul style="list-style-type: none"> ■ Nedlac deliberations on NHI Bill ■ Portfolio Committee Hearings on NHI Bill 	Discovery Health is participating in a Business Unity South Africa delegation to Nedlac. Discovery Health has requested an opportunity to present to the Portfolio Committee and the presentation has been prepared.



MANAGE RISK

SUPPLY CHAIN

Discovery is a supplier of financial services and products, delivered across the seven brands of:



The main elements of our supply chain as they relate to the activities, primary brands, products, and services of our businesses are:

OPERATIONAL INPUT INTO OUR BUSINESSES

Technology infrastructure, including software purchase and licensing, computer leasing and maintenance

Bank ongoing enhancements

Technology partners

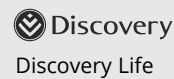
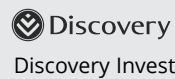
Professional and management services

Building/facilities services

Marketing services

Non-discretionary fees for licences with regulatory bodies and sector-related associations.

Applicable businesses



SERVING OUR CLIENTS AND MEMBERS

Brokers

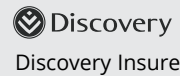
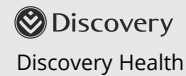
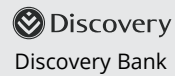
Financial advisers

Discovery and Vitality platforms, including Apps and website

Call centres

Claims processing and provider payments

Applicable businesses



VALUE-ADDING PARTNERS

Healthcare professionals, including doctors and specialists

Hospitals

Third-party service providers for Discovery Insure (including building contractors, contents replacement and repair providers, Active Rewards partners, and assessing partners)

Retail partners (including our Tier 1 partners of gyms, HealthyFood partners, pharmacies, sports gear and equipment, fitness devices, leisure, travel, flights and fuel)

Other partners (including retail and lifestyle, and fitness platforms and communities)



KEY INDICATORS

62%
of new suppliers screened using environmental criteria

100%
of new suppliers screened using social criteria

RISK AWARENESS AND MANAGEMENT MEASURES IN SUPPLY CHAIN MANAGEMENT

Risks relating to supply chain management fall under the responsibility of Group Procurement. These risks are assessed periodically, facilitated by the Group Risk Management function. As part of this process, the strategic objectives and changes to processes and activities are analysed, risks identified and applicable controls and related actions formulated, tracked and reported on. Assessments are performed with process owners to ensure that risk awareness and proactive risk management is considered by relevant management teams.

Key performance indicators for supply chain management are set and monitored by the Procurement management team, who report on this as part of business as usual activities.

Extract from the group procurement policy

A key policy objective is to ensure the procurement of goods and services from socially and environmentally responsible suppliers subscribing to core values in the areas of human rights, labour standards, the environment, and anti-corruption.

As a financial services entity, Discovery has a minimal requirement for raw materials (which, in other industries, would constitute production inputs). The procurement of goods is however aligned with our value of being a force for good and as a signatory of the UNGC.

All prospective suppliers are subject to a comprehensive screening process and expected to comply with applicable Group policies, including the Anti-corruption Policy. Further, the Anti-corruption Policy itself includes extensive coverage of expectations of vendors in relation to anti-corruption.

Supplier screening includes economic risk and ESG factors through due diligence checks for compliance against:

- South African Revenue Service compliance
- Companies and Intellectual Property Commission compliance
- ESG assessments
- B-BBEE verification and compliance (with annual ratings verification through vendor submission of valid rating certificates).

The Group Procurement mandate and KPI performance assessments are linked to the successful assessment of social and governance metrics.

We are undertaking a supplier mapping exercise and policy review to maximise ESG considerations in our procurement process. This will include mapping the ESG impacts of our suppliers to ensure we can:

- Encourage responsible ESG practices across our supply chain
- Detect suppliers that constitute a potential ESG risk to the company
- Direct our response appropriately.

We are also exploring options for an ESG screening process to form part of standard operating procedures in supplier management.




Innovate for impact

FINANCIAL INCLUSION

Discovery's efforts in financial inclusion are broadly delivered across two areas:

- Product provision
- Increasing access through distribution and outreach.

As disclosed earlier, we also have a dedicated ESD function to coordinate efforts and develop identified suppliers in our ecosystem.

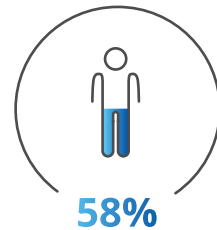
 For detail on ESD, see Enterprise and supplier development on page 37.



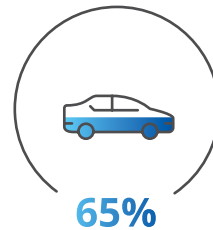
Product provision

In general, the scaled distribution of our insurance products is helping to address gaps in financial provision in the South African market.

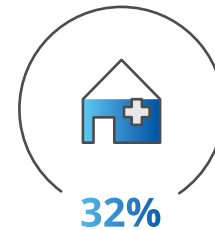
Lack of insurance exposes individuals to adverse events



Size of the insurance gap of middle- and upper income South Africans that have a life insurance policy.



Cars on the road that are not insured.



Middle- and upper-income South Africans that do not have medical scheme cover.

Specifically, access to quality private healthcare is limited in South Africa, where the majority of the population relies on an over-extended public health system. Discovery recognises the need and importance to find solutions to extend access to quality healthcare to more people at an affordable price. And by strengthening and expanding access to quality private healthcare, Discovery Health reduces the burden on the public healthcare system.

As disclosed last year, Discovery Primary Care met an important business and social need. However, Circular 80 published by the CMS in December 2019 sought to prohibit the continued operation of Primary Care products by March 2021, and then extended to 31 March 2022. We are in ongoing engagement with the CMS to expedite the Low-Cost Benefit Option transition framework. This will provide a stable home for the Flexicare lives included on DHMS.

Flexicare, powered by Discovery, is a unique healthcare product that provides access to quality private healthcare and wellness management to lower-income members and their families at a cost that is acceptable at all income levels. The product is offered in the employer market.

At the end of 2020, a CMS Appeals Board ruling set aside the exemption license that was granted to Discovery Life for Discovery Primary Care. Subsequent to this ruling, Discovery entered into a strategic partnership with Auto and General to be the administrator for Flexicare. This partnership offers the opportunity for continuation of benefits for Primary Care members while still benefiting from the world class administration services of Discovery Health. The Flexicare partnership offers us an opportunity to expand the provision of affordable quality private healthcare and wellness management to retail customers in addition to employers.

We have seen a

7.3%

decrease

in lives on Primary Care and Flexicare to 58 034 lives covered (2020: 62 625 lives).

The decrease is in part due to the transition to Flexicare and uncertainty caused by the regulatory shift.

As discussed earlier, our Healthy Company offering Healthy Company provides comprehensive employee assistance and enhanced wellness support to employer group clients. We are working to understand the income segments that are supported for future disclosures. Importantly, Healthy Company is increasing the scope of preventative care delivered to, where possible, support a healthy lifestyle and holistic approach to healthcare that is entrenched before a point of crisis is reached. This extends into delivering financial wellbeing and educational courses to employees to encourage healthy financial choices.

Discovery launched Discovery Prepaid Health on 8 December 2020, as a new digital platform accessible to every person living in South Africa to buy vouchers that can be redeemed for high quality, private, primary healthcare services at any GP within the national Discovery Prepaid Health network. These are available at highly competitive rates on a pay-as-you-use basis. Discovery Prepaid Health also provides Discovery Health with access to the previously untapped and uninsured mass market segment, which consists of 71% of South Africans, Discovery is well positioned to support this segment by leveraging our established brand equity in healthcare in South Africa and our deep relationships with healthcare providers to develop high quality, affordable services for prepaid users.



OUR CAPABILITIES

INNOVATE FOR IMPACT

We are also leveraging the experience and insight gained through other products already in force, including Discovery KeyCare. KeyCare is an affordable medical aid option, providing unlimited cover for hospital admissions, full cover in hospital for specialists, day-to-day cover, full cover for chronic medicines, extensive cover for pregnancy, and screening and prevention benefits. We experienced a slight increase in KeyCare lives to 404 984 (2020: 397 798 lives).

Although new members are no longer able to join the programmes from 2018, we still have around 17 313 KeyFit policies in-force as at the end of June 2021. KeyFit gives access to wellness facilities and incentives.

Discovery Insure has designed its Essential Plan to provide affordable insurance cover, particularly to the price sensitive market. The Essential Plan has lower limits on embedded benefits than the Classic and Purple Plans, but still offers comprehensive insurance cover with unique driving rewards and state-of-the-art safety features with Vitality Drive, for a very competitive price.

Discovery Insure launched Discovery Business Insurance in 2018, specifically designed to cater for SMEs. Our products offer powerful incentives and benefits to SMEs to help them grow, reduce their insurance costs and manage their risk. During the year, a number of new products were launched targeting:

- The restaurant industry with bespoke benefits such as a reduction on non-motor premiums for the months of January to April 2021, reflecting the lower risk environment due to lower trade, curfews and restrictions on alcohol sales

- Medical professionals who have been significantly affected by COVID-19 – the product embeds cover for modern business risks such as cyber liability cover
- Accountants and lawyers. Increasing access through distribution and outreach

Discovery continues to innovate in the delivery of healthcare and financial services in mobile and online distribution channels. This not only increases the opportunities to reach underserved demographics, but provides a platform for direct and enhanced engagement with members and clients to further drive the benefits inherent in our Shared-value Insurance model.

Discovery Health is making swift progress on digital delivery of healthcare with initiatives such as Connected Care. Launched in September 2020, Connected Care is an integrated healthcare ecosystem of benefits, services and connected digital capabilities providing connected healthcare to medical scheme members across the care continuum.

The experience allows members to manage their health and wellness at home, with doctors available online to provide virtual care, electronic prescriptions, and with real-time ordering and tracking of medicine to the member's door. The internationally renowned TytoHome smart digital device is a pillar of Connected Care, used as a patient-driven device for remote physical examinations. For example, the device can be used to check the ears or throat, or to listen to the patient's heart, with the doctor seeing the results virtually and guiding the patient during the consultation. Connected Care provides high-grade clinical data and virtual care, and is underpinned by DHMS benefits.

Discovery's Hospital@Home service offers qualifying members with low acuity disease the option of hospital-level care at home in place of hospitalisation or the option of early hospital discharge to home-based care. The service extends to at 26 July 2021, 70 COVID-19 member patients received care at home with an average length of treatment of seven days. We also supported 22 members with remote monitoring for an average of six days over the same period.

Through Discovery HealthID, Discovery's electronic health record that is available to all users, we share important information with healthcare professionals selected by patients to give a more complete view of their health history and test

results. This improves patient care and reduces the likelihood of serious medical errors and duplicate or unnecessary pathology tests. In addition, HealthID also reduces the administrative burden for doctors.

45 998

COVID-19 consultations (for members of Discovery Health administered schemes as well as non-members) delivered from 1 July 2020 – 31 March 2021

4 298 providers registered on Connected Care

8 340 bookings on Connected Care

358 620 member logins on Connected Care

2.7 million

HealthID cumulative users

An average of 2 394 active doctors and practitioners logged on each month.

We are investigating asynchronous consultation for digital healthcare delivery. This solution stands to further increase access to telehealth as members can engage with doctors at any time and receive a timely response.



INNOVATE FOR IMPACT



The COVID-19 pandemic has highlighted the need for broadening the affordability and accessibility of healthcare globally. We believe that digital healthcare technologies will play an increasingly vital role in meeting the needs of ever-more engaged, informed and connected patients who want faster, safer, more affordable, real-time access to care."

Ryan Noach, CEO, Discovery Health

In Discovery Health, our digitally enabled ecosystem can be accessed through the Discovery App, which serves as a primary access point to product information and services. For the financial year, we recorded 61 013 841 million smartphone logins across 1 033 289 digitally engaged users/entities on mobile for Medical Aid only. On our website portal, we recorded 8 415 954 million logins from 771 846 digitally engaged users/entities on web for Medical Aid only.

Discovery Bank is a global leader in self-service and branchless distribution, leveraging our integrated web and app ecosystem. We continue enhancing customer journeys and satisfaction, where, for example, new banking clients enjoy an intuitive and simple onboarding process which takes less than five minutes. On completion, a client's virtual card is live and ready to use. The intuitive credit application journeys include streamlined document collection and an automated income verification function is in development.

Discovery Bank is the first South African Bank with a virtual credit card. Clients can use their digital cards to transact securely and enjoy a safer and more secure shopping experience. The virtual card can also be linked to payment devices such as Fitbit Pay, Garmin Pay and Samsung Pay so that a customer can enjoy a streamlined payment solution.

Clients can initiate a fully personalised Zoom Co-Browsing or Live-Assist session with a Discovery Banker which is available 24/7/365 and is zero-rated for clients. With full branch functionality, clients have access to live remote

support to handle queries and receive tutorials via video and audio from a secure and encrypted source. The session is recorded so there is no need for on-call verification or compliance checking, and sensitive information such as PIN numbers are masked. Our innovative customer journeys ensure highly satisfied clients - the Discovery App rating improved to 4.8 for IOS and 4.7 for Android (at September 2021), which demonstrates the satisfaction of our clients and the quality of our digital customer experience.

To support healthy financial choices, clients can manage their daily and monthly spend by instantly setting limits at a granular level on the Discovery Bank app. Limits can be set for overall spend, a budget facility, local online purchases, local in-store purchases, local ATM withdrawals, local in-store withdrawals, international online purchases, international in-store purchases and international ATM withdrawals. Clients can also link their Discovery Health membership to their Discovery Bank account and instantly settle medical co-payments at selected hospitals, medical service providers and pharmacies. These include payments for pathology (including blood tests), radiology (excluding MRI and CT scans) and hospital admission.

In South Africa, consumer financial literacy is driven by the South African Government through the National Treasury Department and implemented by entities within the financial sector through the Financial Sector Code. For the past 16 years, the South African Insurance Association (SAIA) has supported its members by creating a platform within which they can collaborate on industry projects that promote consumer

knowledge and access to the industry's products and services, promoting financial inclusion of the society.

Discovery Insure participates in consumer financial education through its participation in and funding of SAIA initiatives. Discovery contributed R412 000 in the 2021 financial year to the SAIA Consumer Education Fund, an open fund with various funding partners from the short-term insurance industry. In total, R9 million was deployed through these programmes, with 1 934 938 beneficiaries reached (of which 38% were beneficiaries living in rural areas). The targeted beneficiaries were:

Young adults - providing financial literacy for tertiary education students from universities and other institutions of higher learning

Adults - non-life insurance consumer education for current and potential industry consumers

SMMEs - enterprise risk management education for SMMEs



Leverage our tech platform

The pace of disruption in enterprise IT is rapidly accelerating, propelled by client preferences and swift business innovation. We focus on the expansion of digital tools and technologies like machine learning, artificial intelligence and the internet of things. As early adopters of digital innovation, we are enabling new performance capabilities, for example, through our natural language processing technology.

With rapid advances in technology and big data, we are working to ensure that data management includes consideration of ethics and fair use in how our products are delivered. Supported by the Group Ethics Office, we aim to anticipate ethical issues and proactively build solutions into our products.

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

Our response to the challenges of COVID-19 reinforced the agility of our technological capabilities and infrastructure. Globally, more than 10 000 employees were transitioned to working from home as lockdowns commenced, and our systems and digital tools continue to ensure that Discovery remains operational across the markets where we operate. Our disaster recovery and business continuity processes have been shown to be effective in the face of COVID-19.



For detail on investment into technology, see our Integrated Annual Report.

Related policies and frameworks

ANTI-CORRUPTION POLICY*

The Board of Directors recognises that financial crime in all its forms is a threat to the Discovery Group. The Board is committed to acting honestly, ethically, professionally, fairly and with integrity in its business dealings and relationships. The Anti-corruption Policy sets out the details governance, processes and management actions to ensure the integrity of the group and its interactions. New policy: October 2020.

Included in the Policy are bribes in any form (including kickbacks) on any portion of contract payments or soft dollar practices, direct or indirect political contributions (only as an example), charitable contributions and sponsorship (only as an example), anti-corruption, money laundering, and embezzlement.

CONFLICT OF INTEREST POLICY*

This policy provides a framework for the prevention of conflicts of interest as far as reasonably possible. Where conflicts are unavoidable, the policy provides guidelines on how to deal with the conflicts in an ethical and responsible manner and mitigate potential risks. Last review: March 2021.

This Policy incorporates the Corporate Gifts and Entertainment Policy.

ENTERPRISE RISK MANAGEMENT POLICY

This policy sets out the high-level philosophy and guiding principles for effective risk management to ensure that risks that could significantly impact the ability of Discovery Limited to meet its objectives are identified, measured, monitored, managed, priced, mitigated, communicated and reported. A key objective is to ensure high quality management of risk exposures appropriate to the nature and scale of the universe of risks faced by the Group. The policy defines the principles and approach to risk management as well as the roles and responsibilities of the day-to-day risk and control environment. Last review: September 2020.

PROCUREMENT POLICY

This policy sets out how the acquisition and sourcing of goods and services is performed and managed within Discovery, and provides tools to mitigate risk, including ESG risk. Last review: October 2017.

* Available online at www.discovery.co.za/corporate/legal.



For applicable regulations and disclosures for United Kingdom businesses, see <https://www.vitality.co.uk/legal/>.





Annexure 1 ESG Index

The ESG Index provides links across Discovery's reporting suite on key environmental, social and governance (ESG) disclosures, across applicable GRI indicators, Sustainability Accounting Standards Board (SASB) standards and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

References below to Discovery's suite of reports:



2021 Integrated Annual Report (IAR)



2021 Sustainability Report



2021 TCFD Report



2021 Governance Report

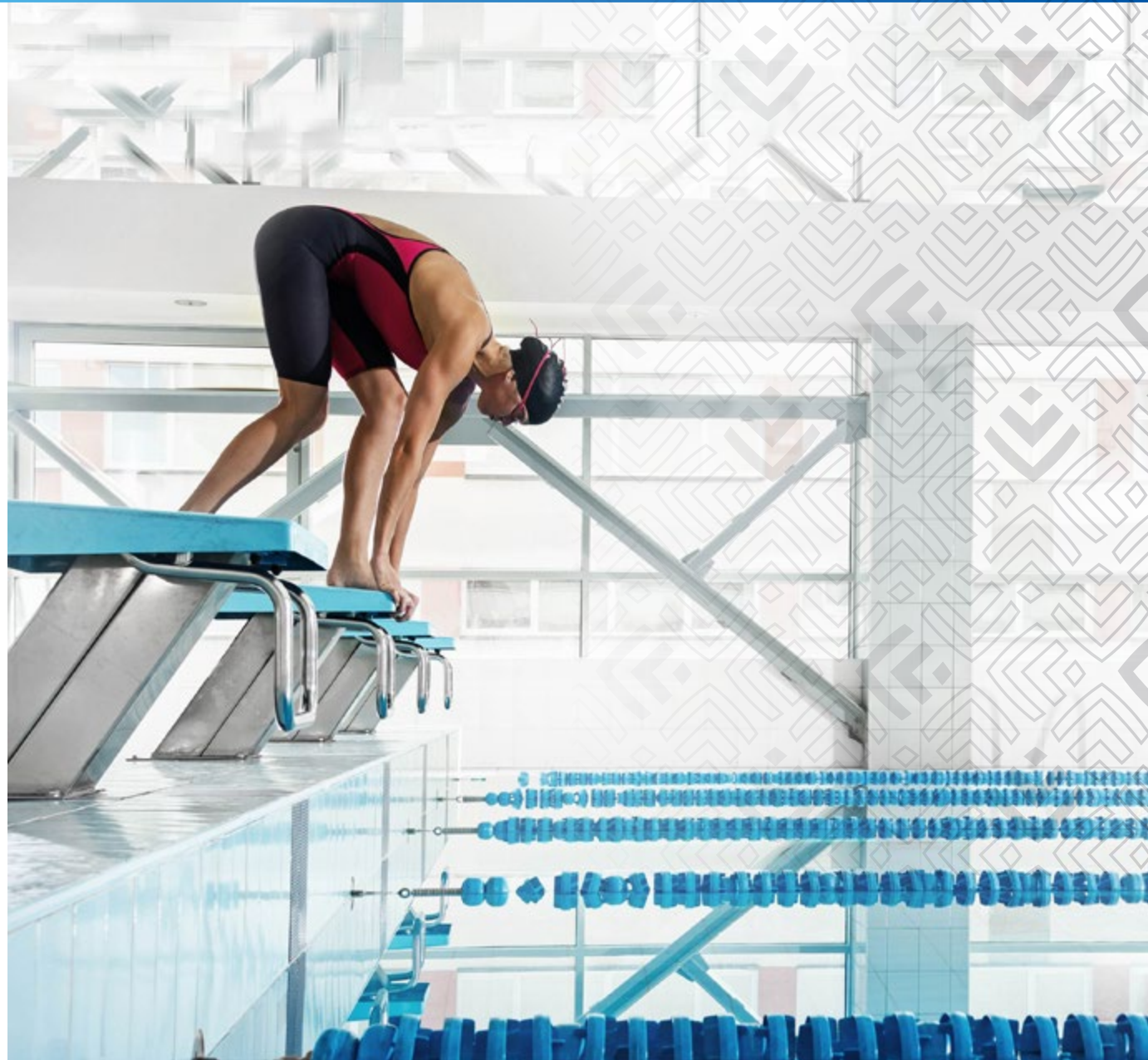


2021 Annual Financial Statements (AFS)



2021 CDP Report

Our 2021 Communication of Progress Report on integrating the United Nations Global Compact principles is available at <https://www.discovery.co.za/assets/discoverycoza/corporate/corporate-sustainability/2021/ungc-communication-of-progress.pdf>





GENERAL DISCLOSURES

Framework	Code	Description	Reference
ORGANISATIONAL PROFILE			
GRI	102-1	Name of the organisation	Discovery Limited Listed on www.discovery.co.za
	102-2	Activities, brands, products, and services	Discovery is a global, integrated financial services organisation that uses a pioneering Shared-value Insurance model across businesses to achieve our core purpose of making people healthier and enhancing and protecting their lives. Available on corporate website: www.discovery.co.za See About our business See IAR: Business model
	102-3	Location of headquarters	Sandton, Johannesburg, South Africa Listed on www.discovery.co.za
	102-4	Location of operations	<ul style="list-style-type: none"> ■ Argentina ■ Australia ■ Austria ■ Brazil ■ Canada ■ China ■ Ecuador ■ France ■ Germany ■ Hong Kong ■ Indonesia ■ Japan ■ Macau ■ Malaysia ■ Mexico



Framework	Code	Description	Reference
ORGANISATIONAL PROFILE			
GRI	102-4	Location of operations	<ul style="list-style-type: none"> ■ The Netherlands ■ New Zealand ■ Pakistan ■ Philippines ■ Portugal ■ Saudi Arabia ■ Singapore ■ South Africa ■ South Korea ■ Spain ■ Sri Lanka ■ Thailand ■ United Kingdom ■ United States of America ■ Vietnam <p>See IAR: Where we operate</p>
	102-5	Ownership and legal form	Available on corporate website: www.discovery.co.za
	102-6	Markets served	See IAR: What we offer
	102-7	Scale of the organisation	<p>Market capitalisation of R84 billion (2020: R68.8 billion).</p> <p>For number of operations and net sales, see IAR: Snapshot of our performance.</p> <p>For employee information, see Employee overview.</p>
	102-8	Information on employees and other workers	See Employee overview
	102-9	Supply chain	See Supply chain
	102-10	Significant changes to the organisation and its supply chain	<p>There have been no significant changes to the organisation and its supply chain in the period in review.</p> <p>See IAR See Supply chain</p>



Framework	Code	Description	Reference
ORGANISATIONAL PROFILE			
GRI	102-11	Precautionary Principle or approach	Discovery does not apply the Precautionary Principle or approach, but uses a risk management approach that is aligned with ISO 31000. For an overview of ESG risks in our Enterprise Risk Management, see Risk and compliance. For detail on risk management, see IAR: Risks and opportunities.
	102-12	External initiatives	See A message from our CEO See Boundary and scope
	102-13	Membership of associations	See Associations
STRATEGY			
GRI	102-14	Statement from senior decision-maker	See A message from our CEO
	102-15	Key impacts, risks, and opportunities	See Emerging risks and research See Strengthen social systems > Risk and emerging trends See Restore the environment > Risk and emerging trends See Attracting top talent > Risk and emerging trends See Data security and customer privacy > Risk and emerging trends See IAR: Risks and opportunities, Our operating environment See TCFD Report: Strategy



Framework	Code	Description	Reference
REPORTING PRACTICE			
GRI	102-45	Entities included in the consolidated financial statements	See AFS: Consolidated financial statements
	102-46	Defining report content and topic boundaries	See Boundary and scope See IAR: About this report
	102-47	List of material topics	<ul style="list-style-type: none"> ■ Purpose <ul style="list-style-type: none"> - Deliver on our core purpose ■ Values <ul style="list-style-type: none"> - Embedding values to achieve our core purpose ■ People <ul style="list-style-type: none"> - Attraction, retention and culture - Diversity, inclusion and transformation - Training and development ■ Model <ul style="list-style-type: none"> - Shared-value Insurance model - Products and services ■ Brand <ul style="list-style-type: none"> - Discovery and Vitality brands ■ Capabilities <ul style="list-style-type: none"> - Data stewardship - Technology and innovation ■ Operations <ul style="list-style-type: none"> - Operating model - Prudent capital allocation - Sustainable performance - Risk management - Regulatory environment - Governance and intellectual leadership ■ COVID-19 <ul style="list-style-type: none"> - Impact on the economy - Impact on our business - Our purpose-led response <p>See IAR: Our material themes</p>
	102-48	Restatements of information	There have been no restatements of information or indicators in this report. See Boundary and scope
	102-49	Changes in reporting	Detail provided on material matters development and update process in the IAR. See IAR: Our material themes and material matters



Framework	Code	Description	Reference
REPORTING PRACTICE			
GRI	102-50	Reporting period	2021 financial year ending 30 June 2021. See Boundary and scope
	102-51	Date of most recent report	This report is for the 2021 financial year ending 30 June 2021. The PDF of the web-based 2020 Discovery Sustainable Development Report can be accessed on www.discovery.co.za/corporate/our-welcome See Boundary and scope
	102-52	Reporting cycle	Yearly. See Boundary and scope
	102-53	Contact point for questions regarding the report	Email: sustainability@discovery.co.za See Reporting for Discovery's key stakeholder groups
	102-54	Claims of reporting in accordance with the GRI Standards	Discovery does not currently report in accordance with the GRI Standards but uses them as a guide to inform disclosures and key indicators. See Boundary and scope
	102-55	GRI content index	This ESG Index, which includes TCFD and SASB indicators.
	102-56	External assurance	Independent assurance on selected indicators provided to the Group Chief Financial Officer and Social and Ethics Committee by Nexia SAB&T. See 2021 Independent Assurance Report
	103-1	Explanation of the material topic and its boundary	Links to Group material themes as they pertain to the Sustainability Report are provided at the beginning of each relevant section of this report. See Boundary and scope See IAR: Our material themes and material matters
REPORTING PRACTICE			



Framework	Code	Description	Reference
GRI	103-2	The management approach and its components	<p>Management approach disclosures are included for key topics across this report, including:</p> <ul style="list-style-type: none"> ■ Sustainability (including risk and compliance) – see Governance and sustainability ■ Corporate social investment – see Statement of Principles for corporate social investment grants ■ ESD – see Enterprise and supplier development ■ People – see Our people ■ EE – see Employment Equity and Procedures to monitor and evaluate the implementation of the EE Plan ■ Ethics – see Uphold our ethics ■ Responsible Investment – see Responsible Investment ■ Data and privacy – see Data security and customer privacy <p>For environmental and climate change management approach – see TCFD Report: Governance</p> <p>See IAR: Performance, Corporate governance See Governance Report: Our leadership, Maintaining an ethical culture, Ensuring effective control, Maintaining legitimacy</p>
	103-3	Evaluation of the management approach	<p>See Risk and compliance See Governance Report: Maintaining an ethical culture, Ensuring effective control, Maintaining legitimacy</p>
SASB	3.0	Reporting boundaries	See IAR: About this report
	5.0	Governance, internal control, and assurance	<p>See Governance and sustainability See About this report See Governance Report: Combined assurance See IAR: About this report</p>



ENVIRONMENTAL

Framework	Code	Description	Reference
GENERAL			
TCFD		Disclose the organization's governance around climate related risks and opportunities	See IAR: Risks and opportunities See TCFD Report: Strategy See TCFD Report: Risk management
		Disclose how the organisation identifies, assesses, and manages climate-related risks	See TCFD Report: Strategy See TCFD Report: Risk management
		Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	See TCFD Report: Strategy
SASB	HC-MC-450a.1	Strategy to address the effects of climate change on business operations and how specific risks presented by changes in the geographic incidence, morbidity, and mortality of illnesses and diseases are incorporated into risk models	See Emerging Risks and Research See TCFD Report: Strategy See CDP Report
MATERIALS			
GRI	301-1	Materials used by weight or volume	Not material to Discovery due to the nature of our business as a diversified financial services organisation.
	301-2	Recycled input materials used	Not material to Discovery due to the nature of our business as a diversified financial services organisation.
	301-3	Reclaimed products and their packaging materials	Not material to Discovery due to the nature of our business as a diversified financial services organisation.



Framework	Code	Description	Reference
ENERGY			
GRI	302-1	Energy consumption within the organisation	See TCFD Report: Metrics and targets
	302-2	Energy consumption outside of the organisation	Not material to Discovery due to the nature of our business as a diversified financial services organisation.
	302-3	Energy intensity	See CDP Report
	302-4	Reduction of energy consumption	See TCFD Report: Metrics and targets
	302-5	Reductions in energy requirements of products and services	Not material to Discovery due to the nature of our business as a diversified financial services organisation.
BIODIVERSITY			
GRI	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
	304-2	Significant impacts of activities, products, and services on biodiversity	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
	304-3	Habitats protected or restored	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
METRICS AND TARGETS			
TCFD		Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	See TCFD Report: Metrics and targets



Framework	Code	Description	Reference
EMISSIONS			
GRI	305-1	Direct (Scope 1) GHG emissions	See TCFD Report: Metrics and targets See CDP Report
	305-2	Energy indirect (Scope 2) GHG emissions	See TCFD Report: Metrics and targets See CDP Report
	305-3	Other indirect (Scope 3) GHG emissions	See TCFD Report: Metrics and targets See CDP Report
	305-4	GHG emissions intensity	See CDP Report
	305-5	Reduction of GHG emissions	See TCFD Report: Metrics and targets See CDP Report
	305-6	Emissions of ozone-depleting substances (ODS)	See CDP Report
	305-7	Nitrogen oxides (NO ^x), sulphur oxides (SO ^x), and other significant air emissions	See CDP Report
WASTE AND WASTE MANAGEMENT			
GRI	306-1	Waste generation and significant waste-related impacts	See TCFD Report: Metrics and targets
	306-2	Management of significant waste-related impacts	See TCFD Report: Metrics and targets
	306-3	Waste generated	See TCFD Report: Metrics and targets
	306-4	Waste diverted from disposal	See CDP Report
	306-5	Waste directed to disposal	See CDP Report



Framework	Code	Description	Reference
WATER MANAGEMENT			
GRI	303-1	Interactions with water as a shared resource	See Managing water as a shared resource
	303-2	Management of water discharge-related impacts	See Managing water as a shared resource
	303-3	Water withdrawal	See Managing water as a shared resource See TCFD Report: Metrics and targets
	303-4	Water discharge	For partial disclosure, see Managing water as a shared resource Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
	303-5	Water consumption	See CDP Report
ENVIRONMENTAL COMPLIANCE			
GRI	307-1	Non-compliance with environmental laws and regulations	No incidents of non-compliance with environmental laws and regulations for the year in review. See Environmental performance
SUPPLIER ENVIRONMENTAL ASSESSMENT			
GRI	308-2	New suppliers that were screened using environmental criteria	See Supply chain
	308-2	Negative environmental impacts in the supply chain and actions taken	Discovery does not currently disclose against this indicator. A supplier mapping exercise and policy review to maximise ESG considerations in our procurement process is underway. This will include mapping ESG impacts. See Supply chain



SOCIAL

Framework	Code	Description	Reference
HUMAN RIGHTS			
GRI	412-1	Operations that have been subject to human rights reviews or impact assessments	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
	412-2	Employee training on human rights policies or procedures	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
EMPLOYMENT			
GRI	401-1	New employee hires and employee turnover	See Employee overview See Job creation
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	See Benefits
	401-3	Parental leave	See Parental leave



Framework	Code	Description	Reference
OCCUPATIONAL HEALTH AND SAFETY			
GRI	403-1	Occupational health and safety management system	See Occupational health and safety
	403-2	Hazard identification, risk assessment, and incident investigation	See Occupational health and safety
	403-3	Occupational health services	See Employee overview See Make our people healthier
	403-4	Worker participation, consultation, and communication on occupational health and safety	See Occupational health and safety
	403-5	Worker training on occupational health and safety	See Occupational health and safety
	403-6	Promotion of worker health	See Make our people healthier
	403-8	Workers covered by an occupational health and safety management system	See Occupational health and safety
	403-9	Work-related injuries	See Occupational health and safety
	403-10	Work-related ill health	See Occupational health and safety
TRAINING AND EDUCATION			
GRI	404-1	Average hours of training per year per employee	See Training and development in numbers
	404-2	Programs for upgrading employee skills and transition assistance programs	See Connect great minds
	404-3	Percentage of employees receiving regular performance and career development reviews	See Performance and career development reviews



Framework	Code	Description	Reference
DIVERSITY AND EQUAL OPPORTUNITY			
GRI	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	See Minimum wage
	202-2	Proportion of senior management hired from the local community	See Employment equity
	405-1	Diversity of governance bodies and employees	See Employment equity See Governance Report For Board diversity, see IAR: Our leadership
	405-2	Ratio of basic salary and remuneration of women to men	Discovery does not currently disclose against this indicator. The Remuneration Committee of the Discovery Board of Directors remains committed to ensuring that Discovery's remuneration is externally competitive and, internally, fair and free of any prejudice. See IAR: Remuneration report Also see Governance report: Our Board committees: Remuneration Committee Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
	406-1	Incidents of discrimination and corrective actions taken	See Discrimination
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
GRI	102-41	Collective bargaining agreements	See Collective bargaining agreements
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	The Group Compliance Framework maintains a strong compliance management capability and culture within the Group, which promotes a zero tolerance towards non-compliance. This includes compliance with Group policies and procedures, including the Employee Policy Handbook and Human Rights Policy Statement, which protect the rights of employees. See Supply chain
CHILD LABOUR			
GRI	408-1	Operations and suppliers at significant risk for incidents of child labour	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.



Framework	Code	Description	Reference
FORCED OR COMPULSORY LABOUR			
GRI	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	All prospective suppliers are subject to a comprehensive screening process. See Supply chain
SECURITY PRACTICES			
GRI	410-1	Security personnel trained in human rights policies or procedures	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
RIGHTS OF INDIGENOUS PEOPLES			
GRI	411-1	Incidents of violations involving rights of indigenous peoples	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
LOCAL COMMUNITIES			
GRI	413-1	Operations with local community engagement, impact assessments, and development programs	See Volunteering for good See Leveraging corporate social investment to build capacity
	413-2	Operations with significant actual and potential negative impacts on local communities	As a financial services provider, Discovery's operations have limited potential for significant impact of local communities. Rather, our Shared-value Insurance model delivers better health and value for clients, superior actuarial dynamics for the insurer, and a healthier society. See Discovery's sustainability differentiators
SUPPLIER SOCIAL ASSESSMENT			
GRI	414-1	New suppliers that were screened using social criteria	See Supply chain
	414-2	Negative social impacts in the supply chain and actions taken	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.



GOVERNANCE

Framework	Code	Description	Reference
ETHICS AND INTEGRITY			
GRI	102-16	Values, principles, standards, and norms of behaviour	See Our purpose and values See Governance Report: Maintaining an ethical culture
	102-17	Mechanisms for advice and concerns about ethics	See Uphold our ethics See Governance Report: Maintaining an ethical culture
GOVERNANCE			
GRI	102-18	Governance structure	See Governance Report: Our governance structures
	102-19	Delegating authority	See Governance Report: Delegation of authority
	102-20	Executive-level responsibility for economic, environmental, and social topics	See Governance and sustainability
	102-21	Consulting stakeholders on economic, environmental, and social topics	See Governance Report: Maintaining legitimacy See IAR: Engaging with our stakeholders
	102-22	Composition of the highest governance body and its committees	See Governance Report: Our leadership
	102-23	Chair of the highest governance body	See Governance Report: Our leadership
	102-24	Nominating and selecting the highest governance body	See Governance Report: Our leadership, Ensuring effective control, Nominations Committee
	102-25	Conflicts of interest	See Governance Report: Conflicts of interest
	102-26	Role of highest governance body in setting purpose, values, and strategy	See Governance Report: Ensuring effective control
	102-27	Collective knowledge of highest governance body	See Governance Report: Composition of the Board
	102-28	Evaluating the highest governance body's performance	See Governance Report: Assessing our effectiveness
102-29	Identifying and managing economic, environmental, and social impacts	See Governance and sustainability	



Framework	Code	Description	Reference
GOVERNANCE			
GRI	102-30	Effectiveness of risk management processes	See Governance Report: Ensuring effective control
	102-31	Review of economic, environmental, and social topics	See Risk and compliance
	102-32	Highest governance body's role in sustainability reporting	See Board responsibilities See Governance Report: Social and Ethics Committee
	102-33	Communicating critical concerns	See Governance Report: Ensuring effective control, Maintaining legitimacy, Our Board committees
	102-34	Nature and total number of critical concerns	See Governance Report: Ensuring effective control, Maintaining legitimacy, Our Board committees, Key focus areas of our Board during FY2021
	102-35	Remuneration policies	See IAR: Remuneration Report
	102-36	Process for determining remuneration	See IAR: Remuneration Report
	102-37	Stakeholders' involvement in remuneration	See IAR: Remuneration Report
	102-38	Annual total compensation ratio	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
	102-39	Percentage increase in annual total compensation ratio	See IAR: Remuneration Report
STAKEHOLDER ENGAGEMENT			
GRI	102-40	List of stakeholder groups	See IAR: Stakeholders
	102-42	Identifying and selecting stakeholders	See IAR: Engaging with our stakeholders
	102-43	Approach to stakeholder engagement	See IAR: Engaging with our stakeholders
	102-44	Key topics and concerns raised	See IAR: Engaging with our stakeholders



Framework	Code	Description	Reference
POLITICAL CONTRIBUTIONS			
GRI	415-1	Political contributions	See Political party contributions
MARKETING COMMUNICATIONS			
GRI	417-3	Incidents of non-compliance concerning marketing communications	For the year in review, Discovery has identified no incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including no fines, penalties or warnings. See Transparent information and fair advice
DATA PRIVACY AND TECHNOLOGY			
GRI	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	See Data and technology governance
SASB	HC-MC-230a.1	Policies and practices to secure customers' protected health information (PHI) records and other personally identifiable information (PII)	See Data security and customer privacy See Governance Report: Ensuring effective control
	HC-MC-230a.2	Number of data breaches	Discovery discloses identified leaks, thefts or losses of customer data. See Data security and customer privacy
	HC-MC-230a.3	Monetary losses as a result of legal proceedings associated with data security and privacy	See Data security and customer privacy
COMPLIANCE			
GRI	419-1	Non-compliance with laws and regulations in the social and economic area	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators. For our approach to compliance, see Governance Report: Combined assurance



ECONOMIC

Framework	Code	Description	Reference
ECONOMIC PERFORMANCE			
GRI	201-1	Direct economic value generated and distributed	See Value-added statement
	201-2	Financial implications and other risks and opportunities due to climate change	For detail on identified risks and opportunities, see TCFD Report: Strategy For disclosure on Discovery's phased approach to implementing the TCFD recommendations, and specifically financial implications of risks and opportunities, see TCFD Report: Strategy.
	201-3	Defined benefit plan obligations and other retirement plans	See IAR: Remuneration Report
	201-4	Financial assistance received from government	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
INDIRECT ECONOMIC IMPACTS			
GRI	203-1	Infrastructure investments and services supported	See Leveraging corporate social investment to build capacity
	203-2	Significant indirect economic impacts	For an overview of the indirect benefit of our Shared-value Insurance model, see Discovery's sustainability differentiators See Enterprise and supplier development See Financial inclusion See Leveraging corporate social investment to build capacity
PROCUREMENT PRACTICES			
GRI	204-1	Proportion of spending on local suppliers	See Preferential procurement



Framework	Code	Description	Reference
ANTI-CORRUPTION			
GRI	205-1	Operations assessed for risks related to corruption	Discovery's well-established Enterprise Risk Management framework details the appropriate principles and processes to manage risk within our business. ESG risks are included in our universe of risks, which span the short, medium and long term, to ensure related impacts are always considered within the risk management process. The framework defines how to identify, assess, treat, report and monitor any issues relating to a range of ESG risk, including specific governance issues relating to ethics and conduct, and the prevention of corruption such as financial crime. As a result, corruption risks are managed on a continuous basis through the ERM process. For detail, see Risk and compliance
	205-2	Communication and training about anti-corruption policies and procedures	See Corruption and other financial crime
	205-3	Confirmed incidents of corruption and actions taken	See Corruption and other financial crime
ANTI-COMPETITIVE BEHAVIOUR			
GRI	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Discovery does not currently disclose against this indicator. Through the ESG Working Group, we are identifying external and internal reporting gaps and instituting processes to improve Discovery's disclosures against material indicators.
TAX			
GRI	207-1	Approach to tax	See Tax transparency See Governance Report: Maintaining legitimacy: Responsible and transparent approach to tax
	207-2	Tax governance, control, and risk management	See Tax transparency See Governance Report: Maintaining legitimacy: Responsible and transparent approach to tax
	207-3	Stakeholder engagement and management of concerns related to tax	See Governance Report: Maintaining legitimacy: Responsible and transparent approach to tax
	207-4	Country-by-country reporting	See Governance Report: Maintaining legitimacy (Responsible and transparent approach to tax)



SECTOR-SPECIFIC DISCLOSURES: INSURANCE

Framework	Code	Description	Reference
INCORPORATION OF ESG FACTORS IN INVESTMENT MANAGEMENT			
SASB	FN-IN-410a.1	Total invested assets, by industry and asset class	For detail on invested assets by asset class, see AFS
	FN-IN-410a.2	Description of approach to incorporation of ESG factors in investment management processes and strategies	See Responsible investment
RISK MANAGEMENT			
SASB	FN-IN-550a.1	Exposure to derivative instruments	<p>All derivatives contracts entered into by Discovery are over the counter (OTC), and Discovery does not make use of central clearing parties.</p> <p>See AFS: Note 13 (Derivative Financial Instruments)</p> <p>This provides detail on:</p> <ul style="list-style-type: none"> ■ The fair value of all derivatives assets and derivative liabilities ■ Nature of the derivatives ■ Breakdown of balances and changes in fair value and additional hedge information. <p>For detail on collateral:</p> <ul style="list-style-type: none"> ■ See AFS: Note 14 (Insurance receivables, contract receivables and other receivables) – Security Deposit on derivatives ■ See AFS: Note 22 (Other payables at amortised cost) – Security Deposit on derivatives <p>For understanding financial risk:</p> <ul style="list-style-type: none"> ■ Market risk/equity risk <ul style="list-style-type: none"> – See AFS: page 73 – which includes information on cash-settled call options and total equity swaps, including notional values ■ Interest rate risk <ul style="list-style-type: none"> – See AFS: page 78 – which sets out interest rates swaps held, and also those held not designated formally as hedge ■ Currency risk <ul style="list-style-type: none"> – See AFS: page 82 – which sets out currency derivative contracts



Framework	Code	Description	Reference
RISK MANAGEMENT			
SASB	FN-IN-550a.2	Total fair value of securities lending collateral assets	Discovery has not partaken in any securities lending business.
	FN-IN-550a.3	Managing capital- and liquidity-related risks associated with systemic non-insurance activities	For disclosures relating to statutory capital requirements and solvency and liquidity tests, see AFS
	FN-IN-450a.1 FN-IN-450a.2 FN-IN-450a.3	Weather-related natural catastrophes	<p>Discovery does not currently disclose the Probable Maximum Loss of insured products from weather related natural catastrophes. However, initial stress and scenario testing and claims experience indicate that current exposure is limited when compared to other larger general insurers.</p> <p>Note: As disclosed in the TCFD Report, Discovery is in the early stages of TCFD reporting and is committed to continually improving and evolving disclosure against this important framework. Specifically, we continue to advance our internal reporting and risk processes to overcome the myriad of challenges, including the availability of information and best practice methodology to inform detailed and useful scenario analysis, as well as the disclosure thereof.</p> <p>See TCFD Report: Strategy</p>
TRANSPARENT INFORMATION AND FAIR ADVICE			
SASB	FN-IN-270a.1	Monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information	<p>Discovery does not currently disclose against this indicator.</p> <p>For the year in review, Discovery has identified no incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including no fines, penalties or warnings.</p> <p>See Transparent information and fair advice</p>
	FN-IN-270a.2	Complaints-to-claims ratio	<p>Discovery discloses the number of complaints per 1 000 lives For Discovery Health.</p> <p>See Customer satisfaction and engagement</p>
	FN-IN-270a.4	Description of approach to informing customers about products	See Transparent information and fair advice
POLICIES DESIGNED TO INCENTIVISE RESPONSIBLE BEHAVIOUR			
SASB	FN-IN-410b.1	Net premiums written related to energy efficiency and low carbon technology	See CDP Report
	FN-IN-410b.2	Products and/or product features that incentivise health, safety, and/or environmentally responsible actions and/or behaviours	<p>See Discovery's sustainability differentiators</p> <p>See IAR: Value creation, Performance review</p> <p>See TCFD Report: Strategy</p>



SECTOR-SPECIFIC DISCLOSURES: MANAGED CARE

Framework	Code	Description	Location
MARKET PERFORMANCE			
SASB	HC-MC-250a.1	Average Medicare Advantage plan rating	In its South African operations, Discovery discloses the percentage paid by Discovery Health Medical Scheme (DHMS) members relative to competitors. See Make people healthier
	HC-MC-250a.3	Percentage of claims denied that were appealed by customers and ultimately reversed	In the DHMS, the largest medical scheme administered by Discovery Health, we disclose the increase or reduction in the number of CMS complaints made by DHMS members. See Consumer protection and responsibility
	HC-MC-260a.1	Percentage of enrollees in wellness programs by type	See Make people healthier
	HC-MC-260a.2	Coverage for preventive health services	See Vitality Health screenings

Annexure 2

Value-added statement

for the year ended 30 June 2021

Value added

Net income of Group
Acquisition costs
Payments to suppliers of material and services
Investment income
Financing costs
Foreign exchange gains
Share of net profits from equity-accounted investments

2021		2020	
R million	%	R million	%
64 745		59 810	
(4 815)		(6 344)	
(8 023)		(7 972)	
12 171		4 472	
(1 648)		(1 568)	
(389)		578	
928		267	
62 969		49 243	

Value allocated

To employees

Salaries, wages and other benefits

9 735 15.5 9 257 18.8

To providers of capital

Dividends paid to ordinary shareholders
Dividends paid to preference shareholders
Non-controlling interest

63 0.1 1 492 3.0

– 1 413

63 81

– (2)

To government

Normal taxation
Value-added tax
Capital gains tax
Other

1 765 2.8 2 183 4.4

1 236 1 723

430 387

38 23

61 50

Corporate social investment contributions

Discovery Fund and Foundation contributions

27 – 25 0.1

27 25

To policyholders

Policyholder claims
Transfer from assets/liabilities arising from insurance and investment contracts

46 607 74.0 36 894 74.9

28 178 23 246

18 429 13 648

Retention for expansion and growth

Retained income
Depreciation and amortisation
Deferred taxation

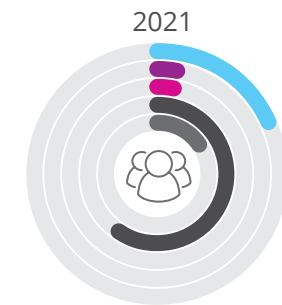
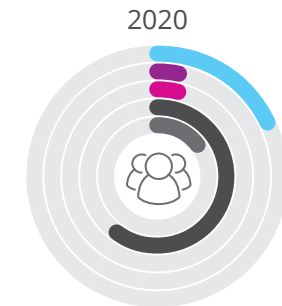
4 772 7.6 (608) (1.2)

3 157 (1 316)

1 914 1 830

(299) (1 122)

62 969 100.0 49 243 100.0



- To employees 18.3% (2020: 17.8%)
- To providers of capital 3.3% (2020: 3.4%)
- To government 3.3% (2020: 4.0%)
- To policyholders 59.7% (2020: 60.2%)
- Retention for expansion and growth 15.3% (2020: 14.5%)



Annexure 3

Key stakeholder engagements

Category	Stakeholder	Update
Government	South African National Department of Health	Collaboration in identifying and supporting funding sources for COVID-19 vaccination.
	The Presidency (South Africa)	<ul style="list-style-type: none"> ■ Solidarity Fund: Provision of support and resources ■ Health Compact: Support for initiatives to strengthen the South African healthcare system and other related operational reforms.
Regulators	Council for Medical Schemes	<ul style="list-style-type: none"> ■ Quarterly strategic engagement sessions ■ Providing detailed responses to queries or invitations for input towards new initiatives or research ■ Participation in industry forums and advisory and review committees, including Low Cost Benefit Options, Fraud, Waste and Abuse, and Prescribed Minimum Benefits ■ Enabling requirements for COVID-19 vaccine funding.
	Health Professions Council of South Africa	Periodic liaison sessions.
	Competition Commission	Responding to requests for information and invitations to comment on prospective corporate mergers and exemption applications.
	Information Regulator	Awareness of intention to develop a Protection of Personal Information Act Code of Conduct.
	Financial Sector Conduct Authority	Awareness of primary care products and societal value.
	South African Pharmacy Council	Monitor regulatory changes and advise business accordingly.
	South African Nursing Council	Monitor regulatory changes and advise business accordingly.
	South Africa Health Products Regulatory Authority	Monitor regulatory changes and advise business accordingly.



Category	Stakeholder	Update
Healthcare providers	<ul style="list-style-type: none"> ■ General Practitioners (GPs) ■ Specialists ■ South African Private Practitioners Forum ■ South African Medical Association ■ KZN Specialist Group ■ Faculty of Consulting Physicians of South Africa ■ South African Heart Association ■ Ophthalmology Management Group ■ Paediatrician Management Group ■ Psychology formations ■ Psychologists ■ Physiotherapists ■ Orthotists and Prosthetists ■ South African Dental Association ■ Allied Therapeutics Panelists ■ Pharmacies ■ Medical Equipment Suppliers ■ Hospitals – public and private sector 	<p>The current financial period was characterised by initiatives to support healthcare professionals to manage the effects of the COVID-19 pandemic, including:</p> <ul style="list-style-type: none"> ■ Enhanced fee for virtual consult platform consultations to sustain income despite a reduction in physical consultations ■ Scheme-funded consultations for members who have completed a COVID-19 risk assessment ■ Scheme-funded, GP-initiated, virtual house call for high risk members ■ Scheme-funded GP virtual consultations for members with risk factors via a Vitality Health Check ■ GP in-hospital network created to secure remuneration for patients being treated by GPs in hospital ■ Funding enhancement to pay for personal protective equipment at every face-to-face consultation ■ Flu vaccinations fully funded for doctors who are members of DHMS ■ Free access to psycho-social, financial and legal support via Healthy Company for doctors ■ Free access to Vitality Active Rewards for doctors to support personal health and wellness ■ Qualifying “at-risk” patients who contract COVID-19 have cover for a pulse oximeter at home ■ Podcasts and webinars featuring leading local and international COVID-19 experts to keep GPs up to date with global and local new evidence and best practice ■ A Doctor Resilience Suite established to support doctors ■ GP Episode Fees for the management of patients at home ■ Specialist home-based episode fee ■ Specialist in-room surgical procedures ■ Paediatric connected care consultation after an ICU event ■ Fully funded virtual mental health consultations.

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