



DISCOVERY

SUPPLEMENTARY ESG
INFORMATION BOOKLET

2020

SUPPLEMENTARY ENVIRONMENTAL, SOCIAL AND GOVERNANCE INFORMATION


Discovery's core purpose is to make people healthier and enhance and protect their lives. This is expressed in each of the health and financial products we offer to our clients globally. Discovery's products are focused on some of the most fundamental areas of people's lives – their health and wellness, and the financial security of their families and businesses.

We acknowledge the environmental, social and governance (ESG) impact our business has and we aim to ensure that the positive far outweighs the negative. In addition, we are aware of, closely monitor, and where possible respond to the ESG impact of our business and its operations.

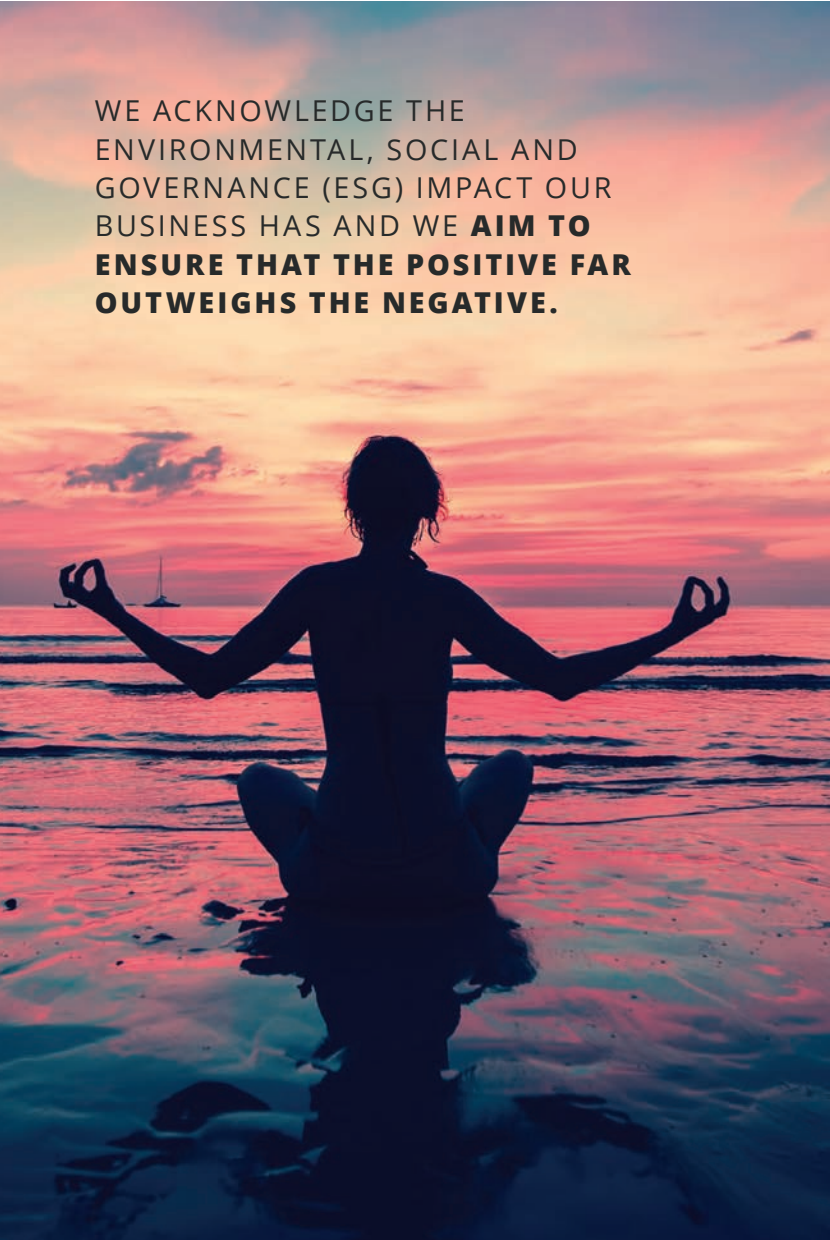
This document contains key indicators and disclosures that supplement Discovery's 2020 Sustainable Development Report online.

 Available at www.discovery.co.za/corporate/our-welcome

Readers are also referred to the Discovery Integrated Annual Report and Discovery Governance Report.

 Available for download at www.discovery.co.za/corporate/investor-relations.

All indicators are for the financial year ending 30 June 2020, unless specified otherwise. Disclosures relate primarily to South Africa-based business units, which account for the majority of our revenue and employees. We also include specific disclosure for the United Kingdom and United States, where specified.



WE ACKNOWLEDGE THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) IMPACT OUR BUSINESS HAS AND WE **AIM TO ENSURE THAT THE POSITIVE FAR OUTWEIGHS THE NEGATIVE.**

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CARBON DISCLOSURE PROJECT

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

CARBON EMISSIONS REPORTING INTENSITIES

In the financial services and insurance industry, greenhouse gas emissions are mainly related to energy consumption and transportation.

Overview of carbon emissions (at 30 June 2020)

	Units	FY2020	% change	FY2019	FY2018
Total Scope 1, 2 and product use: non-Kyoto emissions (See Scope emissions table below for detail)	CO ₂ e	35 827	1%	35 662	42 555
South Africa, United Kingdom and the United States of America only					
Gross income turnover (millions)	Rands	37 725	(34%)	57 253	52 800
CO ₂ e per Rmillion turnover	CO ₂ e/R	0.9	50%	0.6	0.8
Full-time employees (FTE)	Number	13 901	33%	10 491	9 828
CO ₂ e per FTE	CO ₂ e/FTE	2.6	(24%)	3.4	4.3
Office floor area	m ²	172 889	4%	165 836	173 580
CO ₂ e per 1 000 m ²	CO ₂ e/1 000 m ²	207	(3%)	214	245

Scope emissions (CO ₂ e)				SA	UK	USA	FY2020	% change	FY2019	FY2018
Scope 1, 2 and 3	Scope 1 and 2	Scope 1	Mobile combustion	1 036	75	0	1 111	(12%)	1 261	1 170
			Product use: Refrigerant gases (Kyoto Protocol)	567	179	0	746	1 103%	62	467
			Stationary combustion	251	268	0	519	34%	387	204
		Scope 2	Purchased electricity	32 712	479	226	33 417	(1%)	33 916	40 565
	Total		34 565	1 003	226	35 794	1%	35 628	42 408	
	Scope 3	Scope 3	Business travel	3 897	0	0	3 897	(31%)	5 615	4 770
			Upstream transport and distribution	0	0	0	0	0%	0	0
			Downstream transport and distribution	97	0	0	97	(33%)	145	111
			Employee commute	15 384	0	0	15 384	(23%)	19 935	20 278
			Purchased goods and services: Paper	71	0	0	71	(48%)	136	360
			Purchased goods and services: Water	125	0	0	125	(3%)	128	108
			Waste generate in operations	146	0	0	146	(46%)	272	191
	Total	19 720	0	0	19 720	(25%)	26 235	25 819		
Total Scope 1, 2 and 3				54 285	1 003	226	55 514	(10%)	61 862	68 228
Out of Scopes	Out of Scopes	Out of Scopes	Product use: Refrigerant gasses (non-Kyoto Protocol)	33	0	0	33	(3%)	34	146
			Total	33	0	0	33	(3%)	34	146
	Total									
TOTAL				54 318	1 003	226	55 547	(10%)	61 897	68 375

All scope emissions as above are independently assured by Verify CO₂. The Independent Verification Statement is available for download at www.discovery.co.za/corporate/our-welcome.



01 Environmental

CLIMATE CHANGE

Discovery is committed to reducing our environmental footprint through responsible energy, water and waste management and consumption while exploring alternative solutions for long-term impact.

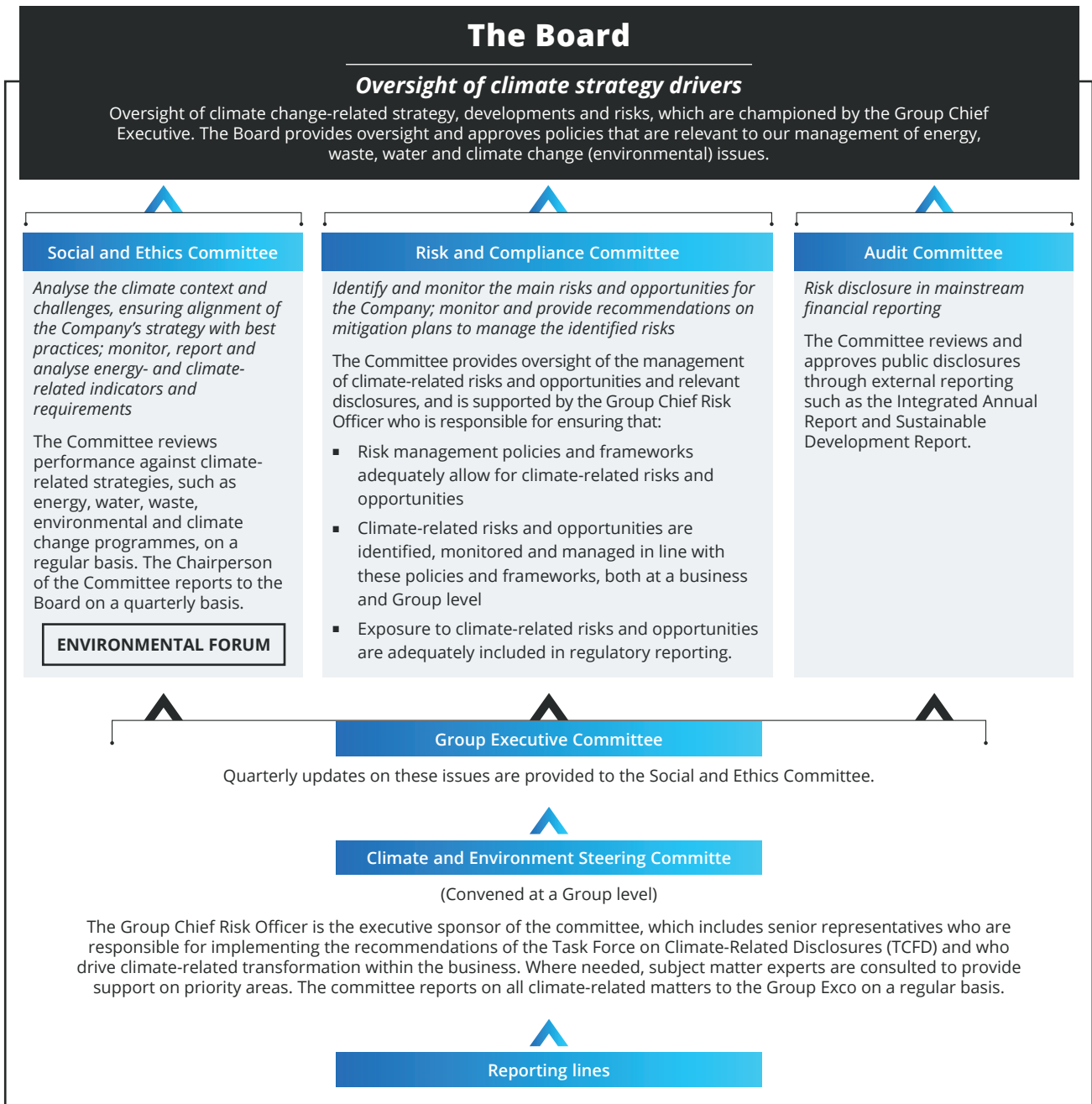
To better account for present and future climate risks, Discovery is developing a Climate Change Strategy and Reporting framework, providing governance, strategy, risk management, and metrics and targets guidance for aligning to the recommendations of the Task Force on Climate-related Financial Disclosures. The Group is undertaking a detailed analysis to understand the risks and opportunities of climate change, implementing strategic

responses where necessary, and building internal and client capabilities and responses to support the economy's transition to a low carbon economy to reduce global warming by 2050.

The following sub-sections align specifically to Task Force on Climate-related Financial Disclosures reporting requirements.

Governance of climate change response

The Discovery Group climate-related governance model is structured to ensure effective monitoring and communication of climate-related matters from day-to-day operations within each business through to the Discovery Board of Directors (the Board).





01 Environmental

Strategy

As a provider of financial services, the physical and transition impacts of climate change are strategically important to our business, and we are taking a phased approach to identifying and managing both the risks and the opportunities.

To fulfil our role of being a force for social good and do our part in tackling climate change, Discovery's response to climate change aims to:

- Assess potential climate-related risks and formulate appropriate mitigating strategies*
- Consider opportunities that could impact society in a positive way through innovative climate-related initiatives and products, using Discovery's unique Shared-value Insurance model
- Set ambitious targets for environmental impact reductions**
- Enhance reporting and disclosure of climate-related policies and positions
- Improve integration of ESG matters in investment decisions.

* Specific actions taken to address climate change through adaptation are not currently disclosed.

**Targets are being investigated and will be published in due course, as will risk and opportunity disclosures for the short, medium and long term.

South Africa's parliament formally ratified the Paris Agreement on Climate Change in November 2016, thereby formally consenting to it. The country has set an ambitious target as part of its first nationally determined contributions – 42% below business as usual carbon output by 2025. The potential impact to our business, strategy and financial planning is based on government's response through issuing regulatory requirements setting out how the different industries are to comply. This implies that the scenario being considered for current purposes is where the long-term goal is to keep the increase in global average temperature to below 2°C.

National interventions to meet these goals differ greatly, given South Africa's dependence on the fossil fuel industry to supply power, the United States uncertain regulatory environment and Administration, and the United Kingdom's regulatory environment. These factors would necessitate further development in refining scenarios in the future to more accurately assess the impact to Discovery.

Risks

We identified that both climate-related physical and transitional risks impact the short-, medium- and long-term horizon for various parts of our business. The materiality of these impacts are considered in the Group strategy, which considers climate-related opportunities across our various sectors, products and geographies.

These risks and opportunities are distinguished between the short term (less than one year), medium term (one – five years), and long term (beyond five years). While all risks could have some level of impact over the whole period, transitional risks are generally expected to materialise sooner compared to the more extreme physical risks.

▪ Transitional risks

Includes current and emerging regulations that attempt to constrain actions that contribute to adverse effects of climate change or promote adaptation and mitigation to climate change, market reputational and technology risks

▪ Physical risks

Acute and chronic physical climate change effects include extreme weather events, high rainfall and flooding, high temperatures, drought, and sea level rise.

Risk management

During 2020, increased effort has gone into understanding our climate-related exposure in line with the CDP and recommendations of the TCFD. This has enabled us to better understand the impact on our organisation.

Discovery has a well-established Enterprise Risk Management framework which details the appropriate principles and processes to manage risk within our business. Environmental, social and governance risks are included in our universe of risks – this ensures climate-related matters are always considered within the risk management process.

“ DURING 2020, INCREASED EFFORT HAS GONE INTO UNDERSTANDING OUR CLIMATE-RELATED EXPOSURE IN LINE WITH THE CDP AND RECOMMENDATIONS OF THE TCFD. THIS HAS ENABLED US TO BETTER UNDERSTAND THE IMPACT ON OUR ORGANISATION. ”



01 Environmental

Risk management process

Identify

The recommended TCFD risks and opportunities were used as a base to identify our current and future exposure.

Assess

Through engagement with business and SMEs, the impact across multiple categories was assessed in short-, medium- and long-term horizons. Our rating methodology was used to rate and prioritise these.

Our Scenario and Stress Testing Framework, which incorporates climate change scenarios, will assist in better understanding the quantitative impact of climate-related risks. These scenarios will continue to be refined over time, as the data and science are better understood.

Treat

Actions and controls to manage and monitor risks and opportunities have been identified in line with our risk appetite. These actions are implemented and managed at both a business and Group level.

Report

Our risks and opportunities are reviewed and reported on an ongoing basis. Business risk profiles are reported to each business executive committee and the Group Risk and Compliance committee, who meet at least six times a year. In addition, business risks and scenario results are included in our Own Risk and Solvency Assessment (ORSA) reporting.

Monitor

Monitoring of risks and opportunities involves tracking progress in implementing risk treatment actions and developments in internal and external business environments.

Risk management is an ongoing process. We ensure we participate in climate-related debates and developments through representation on a number of climate change industry forums, such as Institute of Risk Management South Africa, the Actuarial Society of South Africa and the National Business Initiative. Our frameworks and policies are reviewed periodically (at least annually) and our risk and opportunity profiles are reviewed and updated regularly. These reviews ensure we consider factors relevant to the unique and evolving challenges of climate-related matters.

Discovery has adopted an environmental management system based on ISO 14001. We identify and assess environmental issues every three years, including climate-related risks, and define environmental targets.





01 Environmental

ENVIRONMENTAL COMMITMENTS

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
- Implementing the zero to landfill waste goal for all our main offices and aligning it with our 2023 ambition
- 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

Overview of our performance against energy, water and waste

	Unit	Trend	FY2020	FY2019	FY2018
Energy consumption – total	Megawatt hour (MWh)	↑	40 875	39 605	49 975
Fuels	MWh	↑	6 601	4 902	5 424
Purchased electricity	MWh	↓	34 274	34 703	44 550
Water					
Water withdrawal	Kilolitre		135 399	140 232	116 797
Weight of waste – total	Tonnes	↓	403	503	751
% Waste recycled	%	↑	72	59	81

 The Independent Verification Statement is available for download at www.discovery.co.za/corporate/our-welcome.

As our business becomes increasingly global, we recognise the importance of understanding the impact of air travel on our carbon footprint, as air travel makes a significant contribution to our overall emissions. Therefore, as part of a holistic approach to managing our climate impacts, we are focusing management effort on reducing travel by deploying digitally enabled office working practices and offsetting emissions from unavoidable flights as final mitigation.

COVID-19 has had a large impact on recorded consumption and emissions for the Group, purchased electricity and water consumption and waste generation all reducing against last year. This decline is predominantly due to Discovery shifting a large proportion of its workforce to a work-from-home operating model and the reduction in business travel, both at a national and international level, due to lockdown restrictions.



02

Social



CORPORATE SOCIAL INVESTMENT

For the 2020 financial year, Discovery's total CSI spend was R52 million (2019: R40 million).

Statement of Principles for CSI 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.





02 Social

CUSTOMER SATISFACTION AND ENGAGEMENT

Below we provide indicators for customer satisfaction for Discovery Health and Vitality.

Discovery Health – customer satisfaction indicators

	FY2020	Move	FY2019
Member-based ratings (out of 10)	8.76	0.05% decrease	8.81
First call resolution (out of 10)	8.83	0.02% increase	8.81

Member-based ratings (MBR) has 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 the lower FCR, 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

	FY2020	Move	FY2019
Member-based ratings (out of 10)	8.97	0.03% decrease	9.0

DATA AND TECHNOLOGY (INCLUDING DATA PRIVACY AND SECURITY)

Discovery, as a group, uses a plethora of 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.

Discovery makes use of the NIST Cybersecurity Framework and the ISO27001 Information Security Standard to classify technology risks. The IT function has processes in place to monitor Discovery's networks for cyberattacks and other data-related incidents, including leaks of information, allowing for rapid response.

Training is provided on data security and privacy-related risks and procedures to all employees.

Discovery has publicly available privacy statements, which set out how we collect, use, share and otherwise process personal information (available at www.discovery.co.za/corporate/legal).

 For details on data and technology, and IT governance, see the 2020 Discovery Integrated Annual Report and 2020 Discovery Governance Report respectively (available for download at www.discovery.co.za/corporate/investor-relations).

EMPLOYEE OVERVIEW

- 11 782 employees (2019: 10 830) (permanent employees in South Africa)
 - 10 753 full-time employees (2019: 10 491) (including commission only, medically boarded, permanent and variable pay)
 - 1 025 part-time employees (2019: 339) (including those contracted by Discovery, fixed-term contractors, learners, temporary – and variable-pay contractors)
- 14.64% turnover rate (2019: 17.47%) (permanent employees only)
- 85.36% retention rate (2019: 82.53%) (100% turnover rate)*
- 1.41% absenteeism rate (2019: 1.28%)
- 1 375 terminations (2019: 1 871).

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

 For more detail on terminations, recruitment and turnover see **annexure 1**.





02 Social

EMPLOYEE ENGAGEMENT WITH HEALTHY COMPANY

Healthy Company went live for Discovery employees in South Africa in August 2018. At 30 June 2020, 58% of employees had registered with engagement of 51% among registered lives.

- 11 246 total lives covered
- Engagement by type:
 - Emotional: 22%
 - Physical: None
 - Financial: 53%
 - Legal: 20%

EMPLOYMENT EQUITY PLAN

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

Employee composition, including people with disabilities (at 30 June 2020)

Discovery level	Female					Male					Foreign nationals	
	A	C	I	W	Overall %	A	C	I	W	Overall %	Male	Female
Top management	0%	0%	0%	9%	9%	9%	4%	13%	61%	91%	4%	0%
Senior management	7%	2%	9%	22%	41%	7%	2%	7%	43%	59%	0%	2%
Professionally qualified	11%	4%	11%	23%	51%	10%	4%	11%	23%	49%	2%	1%
Skilled/technical	19%	9%	12%	16%	57%	15%	5%	12%	11%	43%	1%	1%
Semi-skilled	32%	9%	8%	8%	59%	21%	5%	7%	8%	41%	1%	0%
Unskilled	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

- An average of 183 (2019: 130) employees are people with disabilities, representing 1.7% of total permanent employees.



For more detail on employee composition by race and gender please see **annexure 2**.

Procedures to monitor and evaluate the implementation of the EE plan

Monitoring and evaluation of the implementation of the Employment Equity 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



02 Social

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 Employment Equity Consultative Forums, 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 Employment Equity 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.

EMPLOYEE TRAINING AND DEVELOPMENT

2019/2020 skills year

- R793 million (2019: R408 million) spent on learning and development
- Our employees received an average of 95.52 hours (2019: 34.56 hours) or 3.98 days of training per employee
 - An average of 102.2 hours of training per female employee (2019: 36.32)
 - An average of 86.91 hours of training per male employee (2019: 32.17)
- Total Broad-based Black Economic Empowerment training spend of R566 million (2019: >R304 million) amounting to 71.3% of total training spend
- The total training time for all employees trained was over 1.12 million hours.

Training breakdown by gender (training hours)	Male	Female
Senior management	75.39	143.03
Middle management	42.34	43.07
Junior management	62.31	77.83
Non-management	103.28	115.65

Bursaries are approved on the basis of skills required by business and the personal development goals of employees.

- 202 people participated in Learnerships, creating a pipeline of talented black people for employment into future roles
- 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. These programmes form an important pillar of our talent strategy.
- A learning culture is also being driven through new learning platforms, specifically online learning:
 - Following a pilot to test different learning platforms, LinkedIn Learn was selected and is being implemented

in our South African operations. Since inception in the fourth quarter of 2019, 9 392 learning programmes were undertaken and 4 396 hours of learning were completed, an average of 3.39 hours per active user

- Of the 1 337 Udemy users, employees viewed 8 853 learning programmes. This equates to 14 692 hours of learning completed at an average of 17.38 hours per active user
- As part of our strategic approach to leadership development, Discovery provides targeted interventions to develop a pipeline of leaders able to lead Discovery into the future, including:
 - 484 employees completed various Peak Performance Programmes (with modules across Foundational, Core and Advanced), which is an accredited programme with the Gordon Institute of Business Science (GIBS)

Discovery does not currently disclose manager training on handling of reports or instances of bullying or harassment.

HUMAN RIGHTS AND COMMUNITY

Discovery's purpose guides everything we do, including our interactions with society. The protection of human rights is a critical social issue as underpinned by the first two principles of the United Nations Global Compact. Discovery communicates its progress on the implementation of the Principles in its annual Communication of Progress. 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.





02 Social

LABOUR STANDARDS

Discovery adheres to the International Labour Organization (ILO) guidelines enacted in the 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. 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 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.

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



Details can be found in the Implementation Report of our annual Remuneration Report (available at www.discovery.co.za/corporate/investor-relations).

Discovery is a level 1 Broad-based Black Economic Empowerment (B-BBEE) Contributor and remains committed to the creation of an inclusive, equal and just society.

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.

POLITICAL PARTY CONTRIBUTIONS

Discovery Limited made contributions of R90 000 (2019: R290 000) to political parties in South Africa during the 2020 financial year.

PREFERENTIAL PROCUREMENT

- Total procurement spend: R5.7 billion (2019: R4.5 billion)

Scorecard indicators	Actual			Target		
	%	Amount	Points	%	Amount	Points
Spend on all B-BBEE empowering suppliers	102.6%	R5.182 billion	4.00	75	R3.786 billion	4
Spend on QSE empowering suppliers	9.9%	R500 million	1.42	14	R706 million	2
Spend on EME empowering suppliers	13.2%	R665 million	2.00	8	R403 million	2
Spend on empowering suppliers that are at least 51% black-owned	31.3%	R1.58 billion	5.00	20	R1.009 billion	5
Spend on empowering suppliers that are at least 30% black female-owned	18.8%	R947 million	2.00	9	R454 million	2
Bonus indicators						
Spend on black stockbrokers and black fund managers	23.9%	R73 million	2.00	5	R15 million	2
Spend on designated group suppliers with at least 51% black ownership	2.7%	R137 million	2.00	2	R100 million	2
Totals			18.42			15 (+4)

RESEARCH

Discovery supports evidence-based research by leveraging its data and collaborating with leading medical and research institutes.



For the latest research and scientific studies, visit <https://vitality.international/our-insights/scientific-studies.html>.



The purpose of corporate governance is to help build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth and more inclusive societies.

Good corporate governance sets the tone for how Discovery operates and behaves both internally and to the market generally, promotes independent judgement and the effective discharge of governance duties as well as advances Discovery to be an ethical and a good corporate citizen. Discovery is committed to good corporate governance and endeavours to comply with the governance requirements of all applicable legislation, regulations, codes of conduct and good practice, including King IV™.

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.



For a comprehensive review of our governance philosophy and framework, leadership, and performance against the four King IV goals (an ethical culture, good performance, effective control, and legitimacy), see the 2020 Discovery Governance Report (available for download at www.discovery.co.za/corporate/investor-relations).

CONSUMER PROTECTION AND RESPONSIBILITY

Discovery is committed to ensuring the fair treatment of its customers by embedding a culture that encourages the fair treatment of customers with suitable processes implemented within Discovery.

Discovery has established a Treating Customers Fairly (TCF) Framework that regulates Discovery to consider the treatment of customers at all stages of the relationship through 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 of Discovery. The Committee's focus is to ensure the fair treatment of customers and that management implements suitable processes to ensure such fair treatment.

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.

CORRUPTION AND OTHER FINANCIAL CRIME

Discovery recognises that financial crime in all its forms is a threat to the Discovery Group and is 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 and systems and controls strives to ensure that high standards of crime prevention and awareness are maintained across the Discovery Group.

Discovery's Anti-corruption Policy is incorporated into our Conflicts of Interest Policy and our Fit and Proper Policy.

Financial crime risks are limited by:

- Conducting due diligence assessments prior to the onboarding of board members, employees, suppliers and/or third parties and continuously monitoring/assessing throughout the relationship
- Encouraging all internal and external stakeholders including employees, clients and partners to report fraud, bribery, corruption and generally unethical behaviour to our whistleblowing hotline. This report can be made anonymously
- Yearly awareness training on anti-bribery and corruption and other relevant financial crime legislation to internal and external stakeholders including employees.

Discovery does not currently disclose detail on:

- Corruption risk assessment for company operations that address anti-corruption comprehensively – risk assessments do not specifically address anti-corruption
- Procedures to address corruption in operations that are assessed to be a "high risk", covering elements/types of corruption including bribery or covering anti-corruption comprehensively
- Procedures for corruption risk assessment or to address corruption for intermediaries or anti-corruption policy communicated to intermediaries.

Note that general best practice (and OECD guidelines) requires that we contract with intermediaries with the same or similar obligations as we do or subject those that have less onerous obligations to our obligations, effected through contracts.

Key indicators

In 2020 50% (2019: 92%) of employees (2020: 5 918, 2019: 9 964) received communication and training on anti-corruption.

During the year, we only had one (2019: 0) confirmed incident of corruption in which an employee was dismissed or disciplined in South Africa.



03 Governance

ETHICS

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.

Key indicators

- During the year, 10 068 employees (86% of the workforce) (2019: 8 354 employees; 80% of the workforce) received training on ethics in South Africa.

 Details on the governance of ethics can be found in the 2020 Discovery Governance Report (available for download at www.discovery.co.za/corporate/investor-relations).

RESPONSIBLE INVESTMENT

Discovery outsources investment decisions and activities to custodians, nominees, consultants or other service providers and is working to ensure that the outsourcing is regulated by a formal mandate which that reflects and gives effect to its Responsible Investment Policy.

When selecting and appointing asset managers, we are considering the extent to which Responsible Investment is embedded in their investment and ownership practices.

The Responsible Investment Policy applies to all Discovery client funds, shareholder funds and unit trusts, and will be given effect through investment mandates and engagements with asset managers.

Discovery is a signatory to the United Nations supported Principles for Responsible Investment (PRI) in which we commit to:

- Incorporate environmental, social and governance issues into investment analysis and decision-making processes
- Be an active owner and incorporate environmental, social and governance issues into ownership policies and practices
- Seek appropriate disclosure on environmental, social and governance issues by the entities in which we invest
- Promote acceptance and implementation of the Principles within the investment industry
- Work with the Principles for Responsible Investment Secretariat and other signatories to enhance their effectiveness in implementing the Principles
- Report on activities and progress towards implementing the Principles.

 Further details on Responsible Investment can be found in the 2020 Discovery Governance Report (available for download at www.discovery.co.za/corporate/investor-relations).

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. 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.

 Details on risk and compliance can be found in the 2020 Discovery Governance Report (available for download at www.discovery.co.za/corporate/investor-relations).

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.

 Details on tax transparency can be found in the 2020 Discovery Governance Report (available for download at www.discovery.co.za/corporate/investor-relations).





POLICIES AND FRAMEWORKS

OVERVIEW OF KEY SUSTAINABILITY RELATED POLICIES IN FORCE

■ **Conflicts of Interest Policy**

Provides definitions and processes for dealing ethically with conflicts of interest that may occur, for all Group employees and the Board of Directors. It also covers insider trading, recruitment, moonlighting and procurement, as well as conflict of interest for financial services providers as per the Financial Advisory and Intermediary Services Act 37 of 2002 to ensure all necessary steps are taken to eliminate any practices and services that may create a conflict between their interests and the interests of an existing or potential client.

■ **Corporate Gifts and Entertainment Policy**

Provides for a Gifts Register to be submitted by employees and tied financial advisors to declare gifts and entertainment received or provided to trading partners.

■ **Employee Policy Handbook**

The Policy Handbook provides comprehensive direction to employees of the Discovery Group, including part time, fixed term, temporary employees, contractors, suppliers and employees of the international subsidiaries where Discovery has management control. It includes policy principles across conduct, sexual harassment, whistle blowing, wellbeing, leave, safety and security, social media, work hours and overtime, disputes, and the Disciplinary Policy and Grievance Policy.

■ **Environmental Policy**

The policy has consolidated the Environmental, Climate Change and Waste Management policies into one Environmental Policy, defining Discovery's aims and commitments, responsibilities and approach.

■ **Ethics Charter**

Sets out the purpose and mandate of the Group Ethics Office, achieved through a systematic, disciplined approach to the evaluation of the integration of ethics in the organisation's corporate culture. This is accomplished through independent assessment and surveys, ethics controls and ethics risk management. It also defines reporting and board access, where the Chief Ethics Officer reports functionally to the Chairperson of the Social and Ethics Committee, and administratively to the Financial Director. In addition, the Chief Ethics Officer has unrestricted access to the members of the Social and Ethics Committee, Chairman of the Board and the Chief Executive Officer.

■ **Health and Safety Policy**

Gives direction to our aim to provide and maintain, as far as reasonable and practical, a work environment that is safe and without risk to the health of Discovery's employees and other persons associated with all of Discovery's business activities.

■ **IT Governance Charter**

Sets out the mandate and guiding principles for the governance of technology systems and infrastructure within Discovery Limited and all its operations. It supports delivery of the corporate governance outcomes of ethical culture, good performance, effective control, and legitimacy by ensuring that:

- Processes are effective and transparent with adequate and effective controls and oversight
- Value is created in a sustainable manner
- Assets are managed prudently
- Trust and confidence is built in Discovery and IT as a function
- IT operations are legitimate.

■ **Preferential Procurement Policy**

Sets out how the acquisition and sourcing of goods and services is to be conducted and managed in Discovery, and provides tools to mitigate risk. Financial prudence, integrity, honesty and fairness play a critical role in the selection of suppliers and the terms of engagement.

■ **Responsible Investment Policy**

Sets out the principles of Responsible Investment that:

- Require our asset managers to incorporate ESG factors into their investment process
- Require our asset managers to be active owners through proxy voting and engagement
- Commit us to public disclosure about our Responsible Investment Policy and implementation.

■ **Stakeholder Engagement Framework**

Supports business units and internal departments in identifying, assessing, managing and evaluating stakeholder engagement activities across principles, steps and levels of engagement.

■ **Transformation Policy**

Among other objectives, the Policy aims to:

- Build consensus within Discovery about the importance of B-BBEE for the Discovery Group, our stakeholders and South Africa
- Develop an understanding of the difference between effective transformation and compliance, and how we ensure that we are driven by the former but simultaneously cater for the latter
- Provide a framework for implementing the five elements of the B-BBEE Codes of Good Practice
- Assign responsibility for the implementation of the B-BBEE policy to managers across Discovery.

■ **Whistle-Blowing Policy**

Co-owned by the Ethics Office and Group Forensics, the policy applies to Discovery and all South African, United Kingdom and United States subsidiaries across full-time, part-time or temporary employees, independent contractors operating as representatives of Discovery, third parties associated with the Discovery Group and suppliers, among other related groups and entities. In accordance with applicable legislation, this policy also aims to support a culture where employees can disclose information or concerns relating to criminal and other irregular conduct (including fraud, corruption or malpractice) in the workplace and establishes safe, confidential and effective mechanisms for such disclosure. It provides detail on reporting and investigation processes, as well as detail on protections afforded to the reporter.



Annexure 1

a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.	FY2020	FY2019
Total Recruits	1 185	2 564
Rate of New Hires	13.56%	25.53%
Female	12.72%	25.78%
Male	14.68%	25.23%
18 – 20 years	46.25%	139.12%
21 – 35 years	17.48%	32.82%
36 – 45	8.96%	12.77%
46 – 60	4.86%	9.08%
61 and Older	2.72%	4.02%
b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.		
Total Terminations	1 375	1 871
Employee Turnover	14.64%	17.47%
Female	13.96%	16.88%
Male	15.55%	18.28%
18 – 20 years	18.36%	60.69%
21 – 35 years	16.88%	20.76%
36 – 45	12.88%	12.41%
46 – 60	8.65%	8.77%
61 and Older	0.00%	8.06%

Annexure 2

b. Percentage of females per employee category in each of the following diversity categories:	FY2020	FY2019
<ul style="list-style-type: none"> ▪ Minority groups ▪ Other indicators of diversity, where relevant 		
African	26.9%	25%
White	11.82%	13%
coloured	8.27%	8%
Indian	9.34%	10%
Foreign Nationals	0.66%	1%
Total	56.98%	57%
b. Percentage of males per employee category in each of the following diversity categories:		
<ul style="list-style-type: none"> ▪ Minority groups ▪ Other indicators of diversity, where relevant 		
African	17.9%	17%
White	11.49%	12%
Coloured	4.83%	5%
Indian	7.94%	8%
Foreign Nationals	0.88%	1%
Total	43.02%	43%

