

2018

THE POWER OF SOCIAL GOOD

DISCOVERY CORPORATE SOCIAL
INVESTMENT REPORT



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REFLECTIONS FROM
**RUTH
LEWIN**
ON CREATING
SOCIETAL VALUE IN 2018

We developed this short CSI report for those who would like more detail on our activities and impact.

Every year, Discovery shares our progress with stakeholders and our commitments to being a powerful force for social good. We are proud to demonstrate how this ambition has found expression in real and practical ways in the past year. Traditionally, we report on our Corporate Social Investment (CSI) work in our annual Sustainable Development report, and we will continue to do so. For 2018, we have produced this additional short report on Discovery's CSI activities to communicate progress on our commitment to build healthier communities. This report is for those who would like more detail, and to better understand our work.

We would recommend reading this report together with our broader 2018 Sustainable Development report. There are also a number of illustrative stories about our CSI activities on the 2018 Sustainable Development website which we encourage you to access to get a fuller picture of our work.

As a company that has a shared-value model, our approach to CSI emphasises partnership and collaboration. To tackle some of the complex health and wellbeing challenges faced by societies, and particularly in our home market of South Africa, the key to success is uniting with our partners and communities to make a difference. The clear advantage of working in concert with like-minded partners is that we can pool resources and strengthen outcomes. There are also challenges, such as a significant increase in complexity, more decisions, and longer response times. This is a process of continuous learning, and we believe we can only improve if we remain open minded and humble. Discovery's flagship five-year partnership with the community of Orange Farm, situated south of Johannesburg, has given us many opportunities to learn and brings together many stakeholders.

As a company that has a shared-value model, our approach emphasises partnership and collaboration.

Our commitment is to build healthier communities and in addition to the Orange Farm partnership we undertake the following commitments for the 2019 financial year:

- Hlokomela, an HIV and AIDS educational and treatment programme, will have a sustainable model in place for providing primary healthcare services to farmworkers. Hlokomela intends to roll out an initial pilot project to two farms in Limpopo and Mpumalanga.
- We will support Childsafe in expanding the successful Safe Travel to School Programme to 5 000 drivers by the end of 2019, bringing safe school transport to 32 000 South African children. To facilitate this expansion, we will establish a steering committee that includes Discovery Insure as a key stakeholder.

We welcome your feedback on our first Corporate Social Investment (CSI) report, and on our initiatives – please email sustainability@discovery.co.za to share your thoughts with us.

Ruth Lewin
Head of Corporate Sustainability

About Discovery's corporate social investment

Discovery has a number of dedicated vehicles to drive our community and corporate social investment (CSI) strategy:

DISCOVERY FORGOOD

Our employee volunteer programme, through which employees go into the heart of communities to work on development projects – including our Orange Farm project, which was launched in 2015 in partnership with the City of Johannesburg.

THE DISCOVERY FUND

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

THE DISCOVERY FOUNDATION

The grants disbursed through the Discovery Foundation Awards aim to address the shortage of healthcare resources through training medical specialists, developing Academic Medicine and research centres, and increasing the number of sub-specialists to adequately meet the country's healthcare needs.



Measuring our performance

Our CSI performance measures focus on three distinct areas in the South African context:

1

Investment in public health, through the Discovery Fund and the Discovery Foundation



3

Enhancing economic and financial security and prosperity, through enterprise and supplier development and preferential procurement



2

Employee volunteering



Highlights of Discovery's Orange Farm social-value model in 2018

Discovery's five-year employee volunteer programme in Orange Farm was developed in support of our vision to promote healthy and thriving communities.

Our social-value model is being implemented with the help of strategic and creative partnerships between Discovery, the City of Johannesburg and key stakeholders from the public and private sector, as well as civil society.

Discovery's proposition is to have an integrated approach to addressing multiple socio-economic challenges within communities simultaneously.

Highlights of Discovery's Orange Farm social value model in 2018

Our proposition is dependent on four key pillars:



The Discovery social-value proposition differs from the traditional corporate responsibility in significant ways. It is intentionally strategic and among other things it leverages a wide range of corporate assets and core competencies.

Orange Farm is located approximately 42 kilometres south of Discovery's headquarters in Johannesburg. The township is one of the largest informal settlements in South Africa, with most estimates suggesting a population of around 400 000 people. The unemployment rate is estimated at 70%, far higher than the national average, the youth being particularly affected.

Highlights of the Discovery social-value model in 2018: Our three focus areas were:

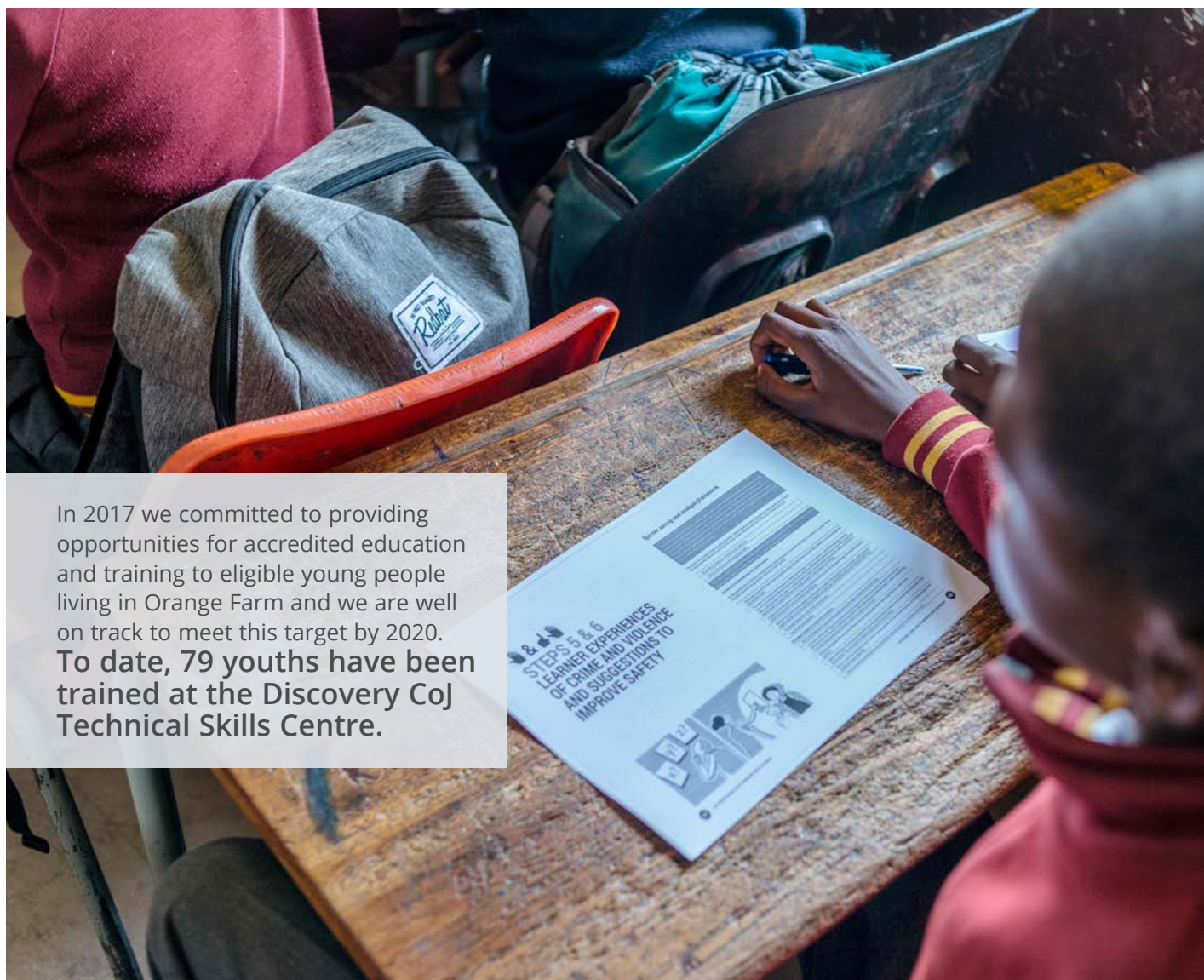
1 Youth

The Aspire Foundation was established by Discovery employees and it focuses on preparing youth for the world of work. The Aspire Foundation provides a tailored 13-week work-readiness programme for youth. Fifteen young people completed the training in September 2017 and five qualified for a learnership in short- or long-term insurance at Discovery.

The first cohort of 34 trainees graduated from the Discovery CoJ Technical Skills Centre in Orange Farm in 2017 and they were all successfully placed in either learnerships or jobs with organisations such as Telkom, Transnet, Acton, the MSC Artisan Academy, Johannesburg Water and a hotel school. The second cohort of 45 trainees, funded by JP Morgan Chase, graduated in March 2018. Twenty-nine were placed in learnerships or given employment opportunities with various private companies.

The Hello Tutor online educational programme has been installed at the Discovery CoJ Technical Skills Centre to help improve the maths and science skills of high school students in Orange Farm. The videos are aligned to the South African education syllabus, including past exam papers. It offers short, bite-sized videos and is designed to help learners to access curated maths and science in any language. Since the installation in mid-September 2017, a total of 863 training videos have been viewed by learners between Grades 6 and 12. On average, 17 videos are being downloaded daily. We also recognised that smartphone access and data could be an obstacle for the Orange Farm learners. Discovery has placed 25 network cards in the Skills Centre, highlight for learners to access videos through Hello Tutor. Discovery has also given access to Hello Tutor to all of our employees' children.

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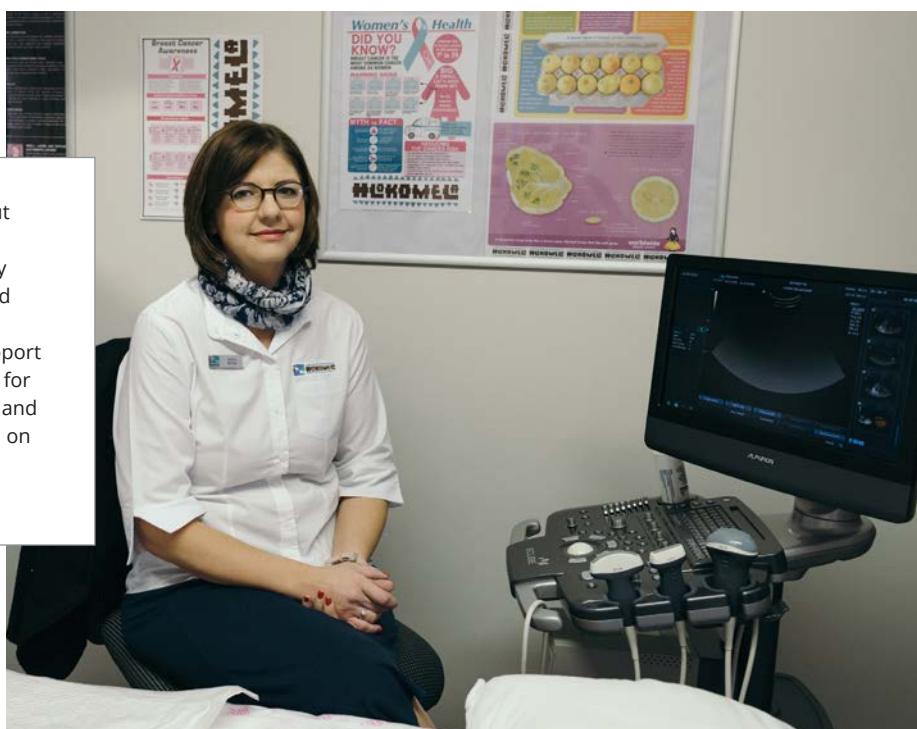


In 2017 we committed to providing opportunities for accredited education and training to eligible young people living in Orange Farm and we are well on track to meet this target by 2020. **To date, 79 youths have been trained at the Discovery CoJ Technical Skills Centre.**

Highlights of the Discovery social-value model in 2018 *continued*:

2 Health

Discovery volunteers carried out refurbishments at the Stretford Community Health Centre. They also assisted with filing data and information in the maternity section. This administrative support has reduced the waiting period for patients visiting these facilities, and has freed up staff time to focus on other functions now that this backlog has been cleared.



3 Enterprise and supplier development

Discovery has funded the establishment of a business hub aimed at empowering the youth through enterprise and supplier development support. This is delivered in partnership with Township Fleva, ABSA, the Kingdom of Netherlands and the City of Johannesburg. The three-year intervention will focus on entrepreneurship development, including financial management skills, business development support, facilitation, and potential access to funding.

As part of Global Entrepreneurship Week in 2016, 10 enterprises were selected to receive business development support through an Orange Farm training and incubation hub, facilitated by Rhiza Babuyile. Upon completing the training in July 2017, each enterprise received R2 000 seed funding, and the businesses now each generate between R500 and R14 000 per month.



Volunteering time and expertise through Discovery ForGood

Discovery's flagship CSI project encourages human connection between our employees and the community of Orange Farm.

By volunteering their time and expertise in a structured programme, Discovery employees are striving to make a meaningful difference in the lives of Orange Farm's residents. Ensuring a deep understanding of the needs of the residents was a critical first step in shaping the nature and focus of our programme. The emphasis is on sharing our employees' time and expertise, rather than on cash or donations.

DISCOVERY FORGOOD

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OUR EMPLOYEES VOLUNTEERED OVER

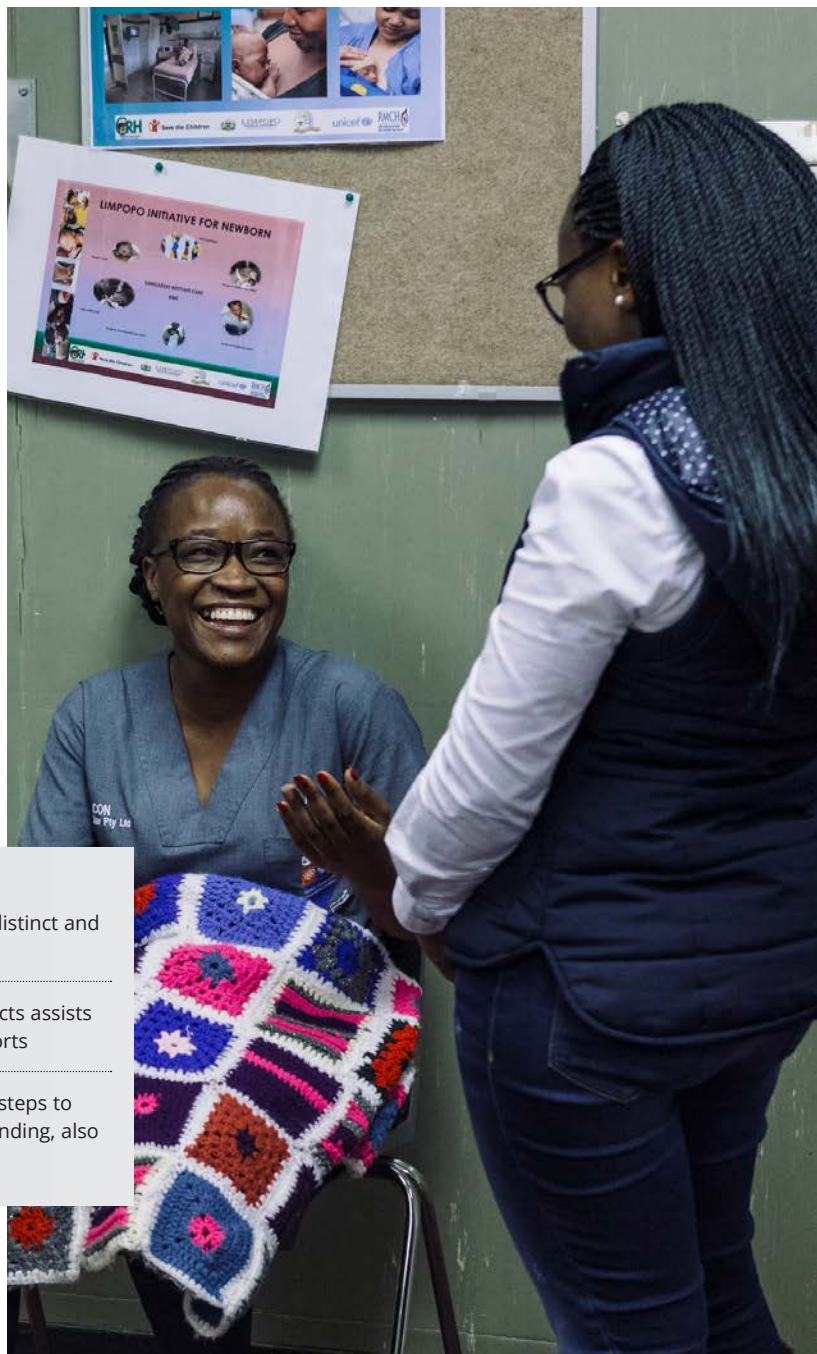
10 000

hours of their time, worth over R1.8 million in 2018

In line with Ambition 2018, we committed to engage 60% of our employees in volunteer activities, encouraging them to invest their time and utilise their expertise to contribute towards building healthy communities. We are proud that we have met and exceeded our target, with 76% of Discovery volunteers engaged since 2014 to date. The global average for corporate volunteering each year is about 18% of the workforce, and Discovery's volunteering rate exceeds this at over 24%.

The Discovery Fund

The Discovery Fund forms part of our complementary and integrated approach to achieving our ambition to be a force for social good, recognising that many grassroots organisations are able to drive significant change even with modest assistance.



Rural and underserved communities are also key beneficiaries. The global Sustainable Development Goals (SDG) and the National Development Plan in South Africa provide a framework for the change the Fund supports. The Fund's particular strategic focus areas are strengthening human capital and skills in the health sector, and on maternal and child health, in line with SDG 3. In the process, as with any long-term ambitious project, we experience challenges which we seek to address.

For example:

Clearly communicating our role as funders, which is a distinct and separate role from the implementers, is important

Agreeing on performance criteria at the outset of projects assists with clarifying expectations and focusing execution efforts

Fostering a sense of ownership of a project and taking steps to prevent or mitigate excessive reliance on sole donor funding, also positively contribute to long-term sustainability

An important element of any successful project or organisation the Discovery Fund supports is a relationship with the Department of Health, which is the mandated custodian of the nation's health. Supporting the Department of Health's vision of delivering quality healthcare to all helps to address a range of interconnected social issues – including housing, sanitation, education and gender equality – these are all vital components in the journey of improving a nation's health.

In 2018 some of the Fund's most innovative models have matured and developed to the stage where replicating them in other contexts can now be explored.

46 PROJECTS RECEIVED
SUPPORT WORTH
R31.8 million
from the Discovery Fund in 2018

Key achievements in community health

86 796

people received integrated, community-based care for infectious diseases



68 996

people received integrated, community-based care for non-communicable diseases

55 481

people received nutritional support or advice on food security



19 528

school children received health screening tests



884

health workers* supported**

1 454

children referred to a health facility as a result of health screening



2 616

people underwent TB screening tests



2 982

patient consultations completed (Integrated practice units, drug resistant TB and other outreach programmes)

* Nurses, doctors, allied health workers, community health workers, clinical associates, care worker

** Operational, stipend, in-house training



Maternal and child health highlights



2 763

children under the age of five years have been fully immunised

4 386

infants received postnatal care

6 220

pregnant mothers received antenatal care

5 963

children under the age of five years received healthcare services

3 547

children received nutritional support or micro-nutrient supplements

Discovery Insure's **Safe Travel to School programme**, implemented with the Discovery Fund and our partner Childsafe, currently transports approximately **9 120 children to school every day**, an increase of more than **54%** from the number of children transported at its inception in 2014.

We intend to involve at least **1 000 drivers by the end of 2018**, and transport a targeted number of **15 000 children a day**. Extending the programme to **two additional provinces** is currently under consideration.



THE FIRST 1 000 DAYS

Maternal and child health support from the Discovery Fund

Research shows that the First 1000 Days of life – between a woman’s pregnancy and her child’s second birthday – is a unique period of opportunity when the foundations for optimum health and development across the lifespan are established. The Discovery Fund has made child and maternal health one of its funding focus areas, and provides support to organisations and initiatives which cover a mother and child’s journey from conception, through the First 1 000 Days, and beyond. This is also in line with the Fund’s direct support for SDG 3, and its specific focus on child and maternal health.

THE DISCOVERY FUND

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SUSTAINABLE DEVELOPMENT GOAL 3

Ensure healthy lives and promote wellbeing for all, at all ages

SDG TARGET FOR 2030

End preventable deaths of newborns and children under five years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 in every 1 000 live births and the under-five mortality rate to at least as low as 25 in every 1 000 live births.



OUR STORIES

Here are just a few of the Fund's stories on our impact in the First 1 000 Days and onwards:



The First 1 000 Days

HEALTHY PREGNANCY

Witkopp Health and Welfare Centre

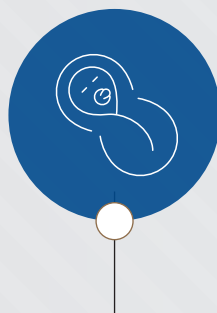
is a comprehensive primary healthcare centre in Johannesburg with an antenatal and post-natal focus at its Maternal and Child Health clinic, including for HIV positive mothers and infants.

Foundation for Alcohol Related Research

works to reduce the incidence of foetal alcohol spectrum disorder (FASD), including foetal alcohol syndrome (FAS), in communities where a high prevalence has been recorded, particularly in the Western Cape and Northern Cape. After establishing and implementing the Healthy Mother Healthy Baby programme in De Aar for nine years, there has been a 30% reduction in the prevalence of foetal alcohol syndrome in the region.

OUR STORIES

The First 1 000 Days



INFANTS AND NEW MOMS

THE DISCOVERY FUND

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The South African Breast Milk Reserve

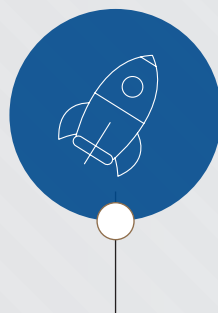
Until recently, South Africa's breastfeeding rates were among some of the lowest in the world, although these are now improving. The South African Breastmilk Reserve is responsible for 27 milk banks and collection corners that supply 70 hospitals throughout their network. With donated breast milk they can support new mothers who are experiencing difficulties with breastfeeding.



The Philani Mentor Mothers

take a holistic approach to primary healthcare with the belief that a healthy, well-informed mother is able to care for and bring up a healthy family. With teams in both the Western Cape and Eastern Cape, Mentor Mothers guide mothers through the rehabilitation of their underweight children, support pregnant mothers to improve birth outcomes, decrease the number of children born with a low birth weight and assist in the prevention of mother-to-child HIV transmission.

OUR STORIES



CHILDREN UNDER SEVEN

Ububele was founded by clinical psychologists. Situated in Alexandra, Johannesburg, it is a centre of learning with a focus on improving the emotional development and wellbeing of children under seven, their parents and other caregivers. Ububele's Umdlezane Parent Infant Programme focuses on the First 1 000 Days, including home visits, newborn behavioural interventions, and parent-infant psychotherapy. Their Early Childhood Development Programme focuses on group play and personal doll training for children between the ages of three and seven.



Surgeons for Little Lives

was launched in May 2015. This is a small group of paediatric surgeons committed to saving the lives of sick children, working with children who require operations and their families to give them the long-term care they need, particularly children who have suffered burns.

OUR STORIES



The Discovery Fund and Gift of the Givers respond to national water emergencies

The effects of global climate change are being felt all over the world in extreme weather events – often in the form of too much or too little rainfall. The Discovery Fund has been involved in providing emergency relief in both these situations.

During 2015 to 2017, Cape Town, South Africa experienced an extremely severe drought. This, combined with rapidly growing demand for water supply due to population growth and urbanisation, brought into view the idea of a 'Day Zero' – a day when the city's water supply would run dry and all residents would need to be serviced by water tanks. To postpone or avert this day, drastic measures were required of all citizens to cut water consumption.

OUR STORIES

The Discovery Fund and Gift of the Givers respond to national water emergencies

Making sure underserved communities have access to alternative sources of water is of pressing concern. Fortunately, civil society organisations have moved swiftly to address these problems by sinking boreholes in critical communities identified.

In January 2018, it was estimated that Day Zero could be as close as three months away, but this date has subsequently been pushed out as a result of effective water savings by everyone in the City of Cape Town. Water scarcity and close management of this precious resource remains a priority for Discovery, particularly in our Cape Town offices.

On the other end of the spectrum, KwaZulu-Natal was severely affected by a 'super-cell' thunderstorm in October 2017, with large hailstones, strong winds and flash flooding battering the province. Four people lost their lives in the storm, and numerous residents in informal settlements were badly affected.

The Gift of the Givers drought intervention programme commenced in 2017 and the organisation worked closely with the National Minister of Water and Sanitation, the Provincial Premier, Western Cape Disaster Management and stakeholders in all such communities.

To support this vital work, the Discovery Fund allocated a **R491 789 grant to Gift of the Givers** for the installation of community boreholes in Khayelitsha and other suburbs in the Cape Flats. Schools, hospitals, clinics and faith-based organisations in these areas were selected to add boreholes, tanks and refurbish existing systems to reuse grey water.

WORKING ONCE AGAIN
WITH GIFT OF THE
GIVERS, THE DISCOVERY
FUND CONTRIBUTED

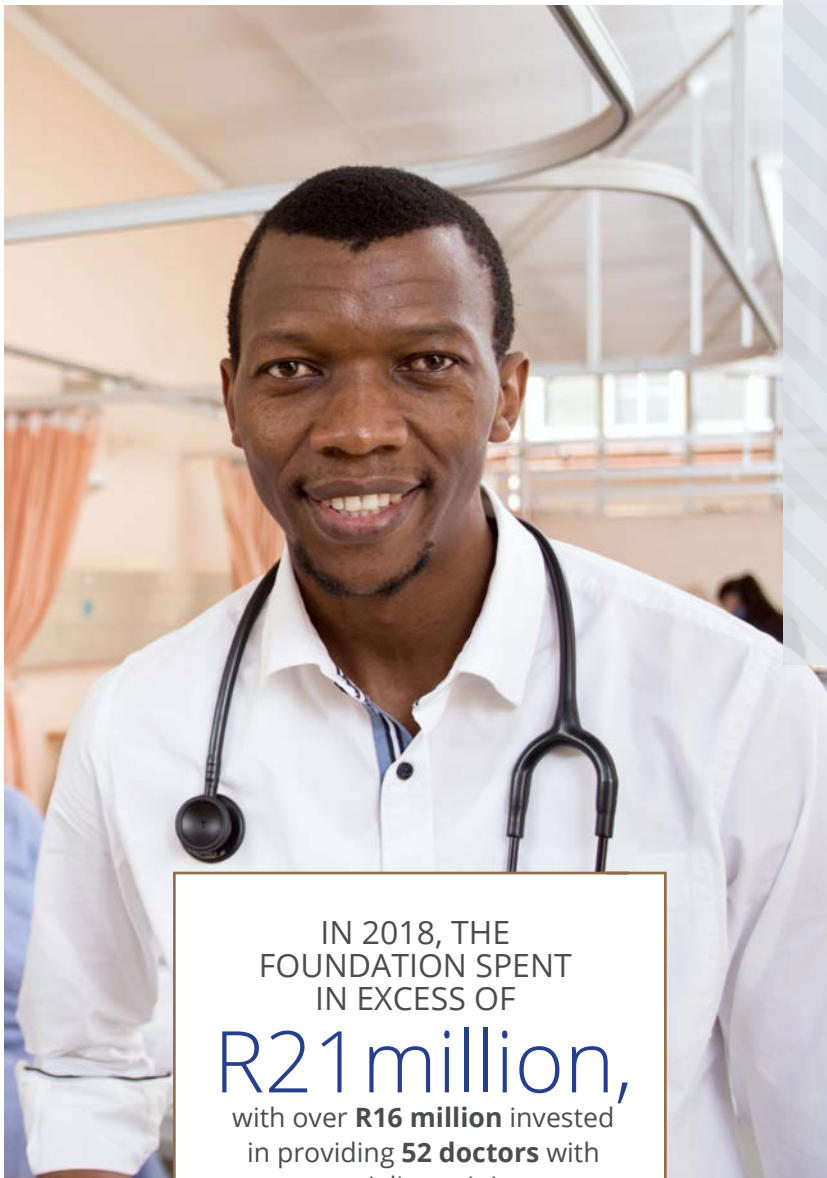
R200 000

for emergency relief to **Early Childhood Development (ECD) facilities** that were destroyed or affected by the superstorm. Residents were also assisted with blankets, tinned food, clothing, cooking utensils and tents.



The Discovery Foundation – building a network of healthcare alumni

By drawing on the Foundation’s alumni, Discovery is able to harness the power of this emerging network of leaders as a force for social good



IN 2018, THE FOUNDATION SPENT IN EXCESS OF **R21 million**, with over **R16 million** invested in providing **52 doctors** with specialist training. **R5 million** was awarded to a total of **13 institutions**.

Set up in 2006, the Discovery Foundation, an independent trust, aimed to invest **R150 million** in grants that were geared towards the education and training of **300 healthcare specialists over a period of ten years.**

Twelve years later we’ve exceeded our goals and invested over **R210 million in 404 Discovery Foundation Fellowship grant recipients** – both individual healthcare professionals and healthcare organisations.

As the Foundation moves into its second decade of existence, the ranks of our ‘alumni’ continue to grow, comprising doctors and researchers who have benefitted from the grants, scholarships and support from the Foundation. By integrating these alumni into the strategy and planning processes of the Foundation, Discovery can harness the power of this emerging network of leaders as a force for social good. Alumni support in screening candidates, mentoring grant recipients, specialist research collaborations and profiling the work of the Foundation are just some of the possibilities being explored.

The Discovery Foundation – building a network of healthcare alumni

The Foundation has committed to ensuring that at least 75% of its beneficiaries are black, and at least 75% of its total financial support will go towards black people. We are proud of our continuing progress towards meeting these targets. In the 2018 financial year, 88% of the new recipients for the Academic, Sub-Specialist and Massachusetts General Hospital Awards were black, and 82% of the individual recipients of the Foundation's Rural Fellowships were black. The Foundation continues to identify opportunities to work with previously disadvantaged academic institutions to ensure the opportunities are open to them too, and to strengthen the pipeline of young black doctors opting to continue their studies and specialise, and ultimately even sub-specialise.

THE DISCOVERY FOUNDATION

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Looking to the future, the Foundation aims to support the training of

600

medical specialists by 2026.

In 2018, **88%** of the recipients for the Academic, Sub-Specialist and Massachusetts General Hospital Awards were black, and 82% of individual recipients of the Foundation's Rural Fellowships were black.

The Foundation began with initial funding of R100 million for this period, but in recognition of the urgent need to increase the number of specialists in South Africa, the Foundation will allocate a total of **R300 million.**

Building and broadening our supply chain

Nurturing new businesses is the work of years and decades rather than weeks or months, and Discovery is committed to this journey

Transforming Discovery's supply chain is a long-term, shared-value project that demands patience and foresight.

In 2017, we reported comprehensively on our approach to building and broadening our supply chain to benefit more black, young and female South Africans. Our intention is to drive entrepreneurship by providing financial support to high potential entrepreneurs, whose businesses are aligned to Discovery's core purpose, and with access to relevant markets. Not only will this approach benefit Discovery as a business by promoting ways to lower the cost of healthcare and increase access to healthcare across South Africa, it also enhances economic inclusion and financial security in our communities.

Identifying and nurturing suppliers requires a significant investment of time and resources. Factors outside of our control often determine whether or not a business relationship succeeds. Measuring the impact can also prove a complex challenge given the interconnected nature of job creation. Nevertheless, in the financial year, we spent R966 million, as part of our procurement, on black-owned businesses. R357 million of this was on black women-owned enterprises.

We are proud to have directly supported 38 independent entrepreneurs in 2018.

Discovery also provides financial support, in the form of loans and grants, and non-financial support, in the form of training and mentorship opportunities, to selected enterprise and supplier development (ESD) beneficiaries. Our current ESD loan book is over

R101 million, and R5 million grants were in 2018.



Building and broadening our supply chain

To accelerate the delivery of our initiatives and draw on expert insights, we frequently partner with specialist service providers. Some examples of these partnerships include:



Raizcorp on the Discovery Horizon Programme, which focuses on social entrepreneurs specifically in the financial, health and wellness space

En-novate and **Enterpriseroom** for the Discovery Global Entrepreneurs programme. This innovative programme identified 18 'FinTech' entrepreneurs to participate in an experiential entrepreneurial trip to Amsterdam in the Netherlands in October 2017. Participants were immersed in a comprehensive learning experience and granted access to procurement, supply chain and investment opportunities within Discovery

Township Fleva, ABSA bank, the Kingdom of Netherlands and the City of Johannesburg for the Business Hub in Orange Farm, which aims to have a direct impact on the community in terms of job creation and skills development

We are proud that our substantial investment in developing a new generation of entrepreneurs and the transformation of our supply chain was reflected in Discovery receiving full points on the 'enterprise and supplier development' scorecard for all companies verified by our external verification agency, namely **Discovery Health, Discovery Life, Discovery Insure and Discovery Limited.**