



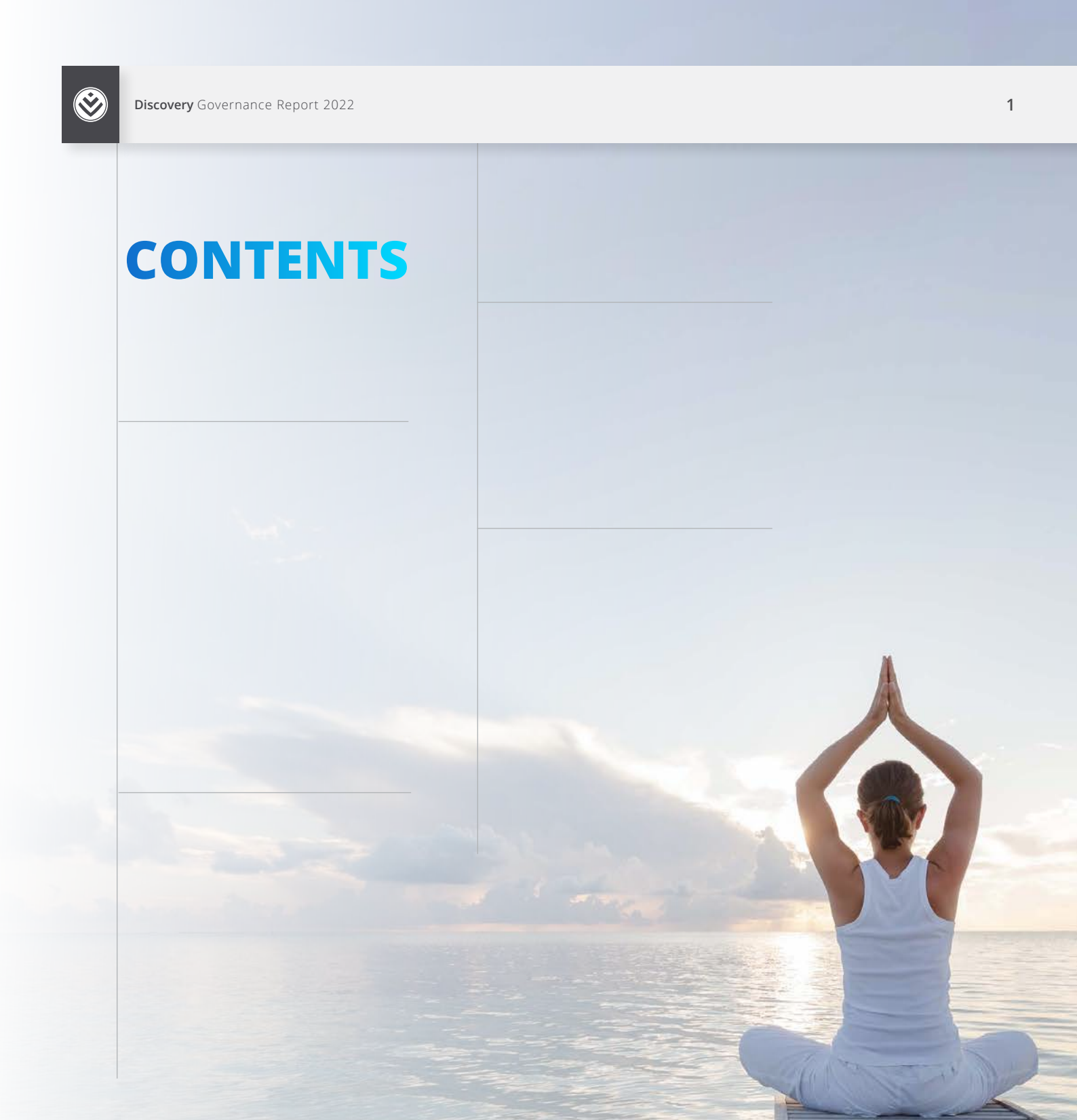
# GOVERNANCE REPORT

for the year ended 30 June 2022





# CONTENTS



## NAVIGATING OUR REPORT

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



In this report



Back



Previous page




Next page

### We use the following icons for further reading:



This icon refers to more information in *this report*

 CLICKABLE POINTS OF INTEREST



# ABOUT THIS REPORT

*Discovery's reporting suite provides our stakeholders with a detailed and holistic overview of the Group, its prospects and performance for the financial year ended 30 June 2022 (FY2022). Our key stakeholders include providers of financial capital, clients, financial advisers, employees, business partners, healthcare providers, government and regulators, and the civil societies and communities in which we operate.*

**All reports can be found on our website at [www.discovery.co.za](http://www.discovery.co.za).**

## IN PREPARING THIS REPORT, WE WERE GUIDED BY:

- The JSE Limited Listings Requirements (JSE Listings Requirements) and Debt Listings Requirements
- The King Report on Corporate Governance for South Africa, 2016 (King IV™)\*
- The Companies Act, No. 71 of 2008, as amended (Companies Act)
- Insurance Act No. 18 of 2017 (Insurance Act)
- Governance and Operational Prudential Standard for Insurance Groups

Discovery's Board confirms that the Group complied with the provisions of the Companies Act, its Regulations, Insurance Act, Governance and Operational Prudential Standard for Insurance Groups and the JSE Listings Requirements relating to its incorporation, and operated in conformity with its Memorandum of Incorporation during FY2022.

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[ASKTHECFO@DISCOVERY.CO.ZA](mailto:ASKTHECFO@DISCOVERY.CO.ZA)





# OUR GOVERNANCE PHILOSOPHY AND FRAMEWORK

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

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

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

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

“THE GROUP IS COMMITTED TO A VALUES-BASED AND ETHICAL CULTURE BUILT ON THE PRINCIPLES OF NON-DISCRIMINATION, FAIRNESS, INTEGRITY AND TRANSPARENCY.”

## ACHIEVING OUR GOVERNANCE OUTCOMES

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



**MAINTAINING AN ETHICAL CULTURE**



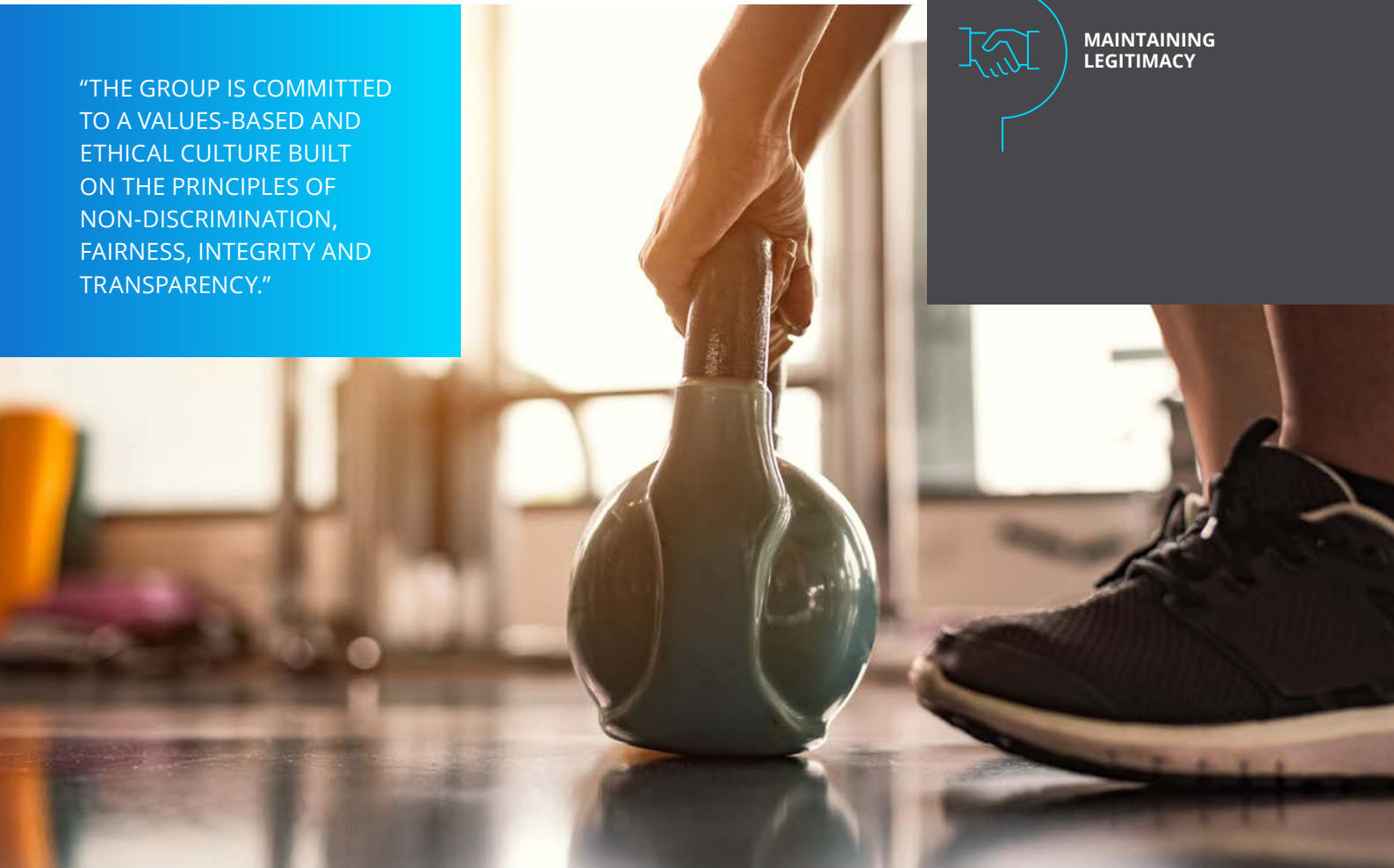
**DELIVERING GOOD PERFORMANCE**



**ENSURING EFFECTIVE CONTROL**



**MAINTAINING LEGITIMACY**



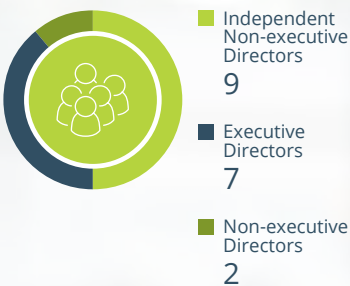


# OUR LEADERSHIP

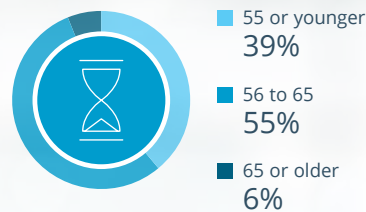
## COMPOSITION OF THE BOARD

*The Discovery Board is committed to leading the Group responsibly, ethically and with integrity – ensuring that it operates in the best interest of the business and all its stakeholders.*

### Director mix



### Age of Directors



### Discovery Board areas of expertise, primary skills and experience

GOVERNANCE	13
ACCOUNTING AND AUDITING	12
STRATEGY	14
INNOVATION AND BUSINESS DEVELOPMENT	7
ACTUARIAL SCIENCE	5
BUSINESS LEADERSHIP	7
INTERNATIONAL OPERATIONS	7
LEGAL	1
DATA AND TECHNOLOGY	1
INSURANCE AND FINANCIAL SERVICES	16
BANKING	7
HEALTHCARE	5



As at 30 June 2022, our Board comprised 18 Directors – 11 Non-executive and seven Executive, with our Chairperson as an Independent Non-executive Director.

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

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



OUR LEADERSHIP *continued*

### BOARD DIVERSITY

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

On 30 June 2020, we set voluntary minimum targets to achieve 35% black and 25% female Board representation within three years, and 40% black and 30% female Board representation within five years. While the Nominations Committee was tasked with identifying suitable candidates to improve the gender and racial composition of our Board, it also focused on strengthening the Board’s banking, data and technological knowledge capabilities.

We made progress against these focus areas – during FY2022, we appointed three Independent Non-executive Directors to enhance the Board’s global business experience, together with technology and artificial intelligence expertise while maintaining its diversity. Considering these changes our Board comprised 28% female Directors (FY2020: 18%), while the representation of black Directors comprised 33% (FY2020: 29%). The Nominations Committee will continue to review the Board’s composition annually and make recommendations on the appointment of new Directors and any actions that could be taken to meet the Group’s voluntary minimum targets.

### DETERMINING INDEPENDENCE

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

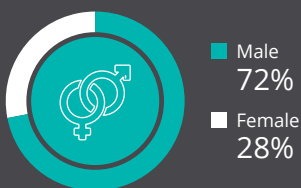
Every year, the Board conducts an assessment to ensure Directors’ independence in fact and perception. The process includes an assessment of each Director’s circumstances and performance to ensure that the Directors remain independent. We believe that the Independent Directors who serve on our Board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

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

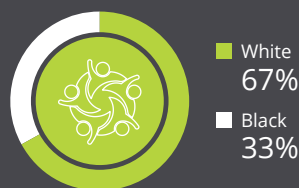
While the Board is comfortable with the independence of the Directors, the Board is also aware that stakeholders require committed focus on increasing independence through the review of and potential addition of new members. The Board continues to review its composition and is committed to appointing new Directors in a mindful and considered manner to protect stakeholder value and deliver robust governance and leadership. The Nominations Committee assists the Board to ensure it has the appropriate balance of skills, qualifications and experience for it to execute its duties effectively; and is also responsible for establishing a succession plan for the Board – which includes identifying, mentoring and developing future candidates.

#### BOARD DIVERSITY STATISTICS:

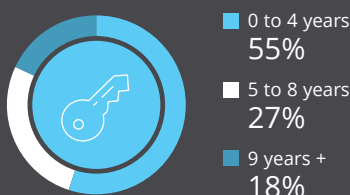
##### Gender diversity



##### Racial diversity



##### Tenure of Non-executive Directors



**OUR LEADERSHIP** *continued***KEY FOCUS AREAS OF OUR BOARD DURING FY2022****The Group's ongoing response to COVID-19 and its capital strength**

In FY2022, the COVID-19 pandemic continued to disrupt the markets in which we operate, and affect our communities, employees, financial advisers, clients and other stakeholders. The Discovery Board provided oversight on the development and implementation of our Mandatory Vaccine Policy to protect Discovery employees, continued support of vaccination efforts in South Africa, particularly through the Discovery Health mass vaccination programme and the advancement of vaccine-related research. The Board further provided oversight on maintaining the Group's capital strength, ensuring resilient business performance and monitoring COVID-19 claims which proved to be adequately provided for in FY2022. In addition, the Board reviewed the Group's capital adequacy, liquidity position and funding strategy.

**AR** Refer to our *Integrated Annual Report* and

**SR** *Sustainability Report* for more information on our ongoing response to COVID-19.

**Ensuring the business is positioned for growth**

The Board continued to oversee innovation and enhancement of the business model, the insurance value chain and global brand strategy in line with the Group's growth ambitions. During FY2022, the Board focused on new initiatives such as Discovery Bank, VitalityInvest and VitalityCar. The Group decided to exit the UK investment market given the structural change in market conditions, mainly driven by significant margin compression. The Board further monitored the development of Amplify Health, Discovery's joint venture with AIA and the launch of Cogence, a discretionary fund manager, in partnership with Blackrock.

The Board is satisfied that Discovery's long-term strategy remains fundamentally unchanged and that the Group is well-positioned to pursue its growth ambitions. The Board is satisfied that Discovery has the necessary resource allocation plans in place to address the socioeconomic challenges and achieve the Group's long-term strategic objectives.

**Strengthening the internal talent pipeline**

Discovery's ability to accurately identify and develop the best talent remains a critical competitive factor. The Board continued to monitor the improvement in the overall quality of the Group's internal talent pipeline to ensure it is strong and diverse. This requires good succession coverage for critical roles in our executive management team. While a number of initiatives are underway to improve the Group's diversity profile, the Board acknowledges that there are opportunities for improvements, including transforming and developing our senior management team.

**Finalising the Ping An Health Insurance capital contribution**

Ping An Health Insurance, in which Discovery has a 25% equity stake, is a specialist health insurance company in China, forming part of the Ping An Group. In FY2021, the Board noted Ping An Health Insurance's transformation from relying heavily on a single product and channel into a sustainable, large-scale health insurer. In this transformation Ping An Health Insurance required a capital contribution due to updated solvency rules – referred to as China Risk Oriented Solvency System (C-ROSS) Phase II, which took effect from 1 January 2022 – and to support solvency levels amid continued business growth. During the year, the Board approved a capital contribution of R1.5 billion funded in the interim by way of a bridge facility and internal resources.

**Ensuring leading remuneration practices**

The Board continues to consider Discovery's remuneration policies and practices to ensure that they are fair, responsible, competitive and transparent. We endeavour to align our Remuneration Policy with the interests of our shareholders and other important stakeholder objectives, while also providing a competitive value proposition for high-performing employees.

During FY2022, the Board monitored the implementation of the Single Incentive Plan (SIP) to ensure the Group has a market-competitive remuneration structure. This approach simplifies executive remuneration, by clarifying the quantum and drivers of variable pay, making it easy to understand for both our shareholders and employees. Improved disclosure of performance against targets, as well as the remuneration of our Directors, will provide enhanced transparency and governance.



**OUR LEADERSHIP** KEY FOCUS AREAS OF OUR BOARD DURING FY2022 *continued***Overseeing Mandatory Audit Firm Rotation**

During the year, the Board (guided by the recommendations of the Audit Committee) continued to oversee Discovery's compliance with the Mandatory Audit Firm Rotation (MAFR) rules issued by the Independent Regulatory Board for Auditors in South Africa (IRBA), as well as the regulations of the Prudential Authority of the South African Reserve Bank (Prudential Authority) requiring significant insurance groups to have joint external auditors.

The Board provided oversight by ensuring a smooth external audit transition and process with the appointment of KPMG as joint auditors with PwC, as approved by shareholders at the 2021 AGM and approved by the Prudential Authority. Discovery intends to appoint KPMG to act as joint auditors with PwC for FY2023, after which PwC's appointment will be terminated in accordance with the MAFR rules. We intend to appoint Deloitte & Touche (Deloitte) as joint auditors with KPMG for FY2024. The respective appointments of KPMG and Deloitte will be recommended to shareholders at the appropriate AGMs. Furthermore, the appointments of the audit firms and lead audit partners are subject to approval from the Prudential Authority.

**Operationalising Discovery's Climate Change Strategy**

We are committed to reducing our environmental footprint by responsibly managing and consuming energy, water and waste while exploring alternative long-term solutions. In FY2022, the Board monitored the implementation of the Group's Climate Change Strategy, including performance against climate-related goals to better account for present and future climate-related risks and opportunities. Our Climate Change Strategy supports global and national imperatives, aligns with the recommendations of the TCFD and provides guidance on governance and strategy-related matters, risk management, metrics and targets.

 For more information, refer to our *Integrated Annual Report* and  *Sustainability Report*

**Declaration of dividends**

Given the uncertainty surrounding the impact of COVID-19 and the volatile global macroeconomic context, the Board carefully considered the payment of dividends.

Following robust debate, the Board decided to retain its prior-stated position and not to declare an ordinary final dividend for the year ended 30 June 2022. The reintroduction of an ordinary dividend will be considered on an ongoing basis.

**Advancing Discovery's adoption of IFRS 17: Insurance Contracts**

The Discovery Board monitored developments related to the adoption of IFRS 17 which is effective for the Group from 1 July 2023. A governance framework and Audit Committee workplan is in place and the Board will provide oversight to ensure that the IFRS 17 project is on track as all technical considerations are taken into account and the project moves towards implementation. The early adoption of joint audit requirements and MAFR will further enhance the governance of the IFRS 17 project. The Group has elected a full retrospective approach in the adoption of IFRS 17 and is on track for a parallel run for FY2023.

**Strengthening IT governance**

The Board has strengthened Information and Technology (IT) governance within the Group by establishing an Information Technology subcommittee which reports to the Group Risk and Compliance Committee. The subcommittee is chaired by an independent IT expert, has set out Terms of Reference, will focus on technology-related risks and the governance of technology and will meet three times a year.

Furthermore, the Board (guided by the recommendations of the Nominations Committee) has appointed Bridget van Kralingen as an independent Non-executive Director to strengthen its skills and expertise in data and technology. The Group will establish a Technology Working Group, to be chaired by Bridget, with the intention of extending the Board's oversight role of Technology more broadly than governance and risk.

**Our Board's key focus areas during FY2023**

Our Board will oversee, among others, the following matters in their capacity as Discovery's highest governing body:

- Ensuring the Group's continued financial strength and resilience given the volatile geopolitical and socioeconomic environment.
- Overseeing the execution of the Group's Climate Change Strategy, including performance against climate-related goals.
- Pivoting Bank to growth as the composite-maker in South Africa and bringing other new initiatives to scale.
- Finalising the Subsidiary Governance Framework to embed consistent and effective governance standards across the Group.



**OUR LEADERSHIP** *continued***BOARD MEETINGS**

In terms of its Charter, the Board formally meets at least four times a year to discuss and review a formal schedule of matters. At these meetings, the Directors discuss the development and implementation of the Group's short-, medium- and long-term strategies, and engage with executive management about implementation of the strategies. During the year, the Board has transitioned to hybrid meetings, with the majority of Board members now attending meetings in-person.

The Board also has the authority to convene additional meetings as and when required. During the year, the Board convened two special meetings to discuss specific topics of relevance.

**Board meeting attendance during FY2022**

BOARD MEMBER	Attendance
<b>NON-EXECUTIVE DIRECTORS</b>	
M Tucker# (Chairperson)	4/4
HL Bosman	3/4
Dr B Brink#*	2/2
SE De Bruyn#*	2/2
R Farber	4/4
M Hlahla#**	4/4
F Khanyile#	4/4
D Macready#	4/4
Dr TV Maphai#	4/4
T Mboweni#**	1/1
M Schreuder#	4/4
B van Kralingen#**	1/1
SV Zilwa#	4/4
<b>EXECUTIVE DIRECTORS</b>	
A Gore	4/4
HD Kallner	4/4
NS Koopowitz	4/4
Dr A Ntsaluba	4/4
A Pollard	4/4
B Swartzberg	4/4
D Viljoen	4/4

# Independent

\* Dr B Brink and SE De Bruyn retired as Board members and members of the committees they served on with effect from 24 November 2021.

\*\* M Hlahla was appointed to the Board with effect from 15 August 2021, B van Kralingen was appointed to the Board with effect from 7 April 2022, and T Mboweni was appointed to the Board with effect from 5 May 2022.

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



OUR LEADERSHIP *continued*

## OUR BOARD OF DIRECTORS

## Chairperson of the Board




**MARK TUCKER (64)**  
Independent Non-executive Director  
Appointed: 1 March 2019  
Qualifications: BA (Hons),  
University of Leeds, ACA, ICAEW

## EXPERIENCE

Mark is a qualified Chartered Accountant with over 35 years' experience in the financial services industry in the UK, US and Asia – including 25 years based in Hong Kong. Mark is the Non-executive Group Chairperson of HSBC Holdings. Most recently, Mark served as Group Chief Executive and President of AIA Group Limited, where he spearheaded its world-record-breaking initial public offering in Hong Kong in 2010. Before AIA, Mark held various senior executive roles with Prudential, including Group Chief Executive of Prudential plc. He was the founding Chief Executive Officer (CEO) of Prudential Corporation Asia Limited. Mark was also an Independent Non-executive Director of the Goldman Sachs Group and served on the Court of the Bank of England as a Non-executive Director from 2009 to 2012.

Nationality:  
British

Committee memberships:  
 Nominations Committee  
(Chairperson)

## AREAS OF VALUE-ADDING EXPERTISE

Financial services, insurance, asset management and banking.

## OTHER DIRECTORSHIPS

Non-executive Group Chairperson of HSBC Holdings plc, Director of the Peterson Institute for International Economics, Director of Institute of International Finance, serves on the Asia Business Council and Advisory Board of the Asia Global Institute, Associate Professor at the Chinese University of Hong Kong, Member of the International Council of Advisers of the Hong Kong Academy of Finance, Member of UK Investment Council and Advisory Group on Trade Finance to the International Chamber of Commerce and Member of the B20 International Advocacy Caucus.

## PROFESSIONAL BODY MEMBERSHIPS

Member of Asia Business Council, and Associate of the Institute of Chartered Accountants in England and Wales.






**HERMAN BOSMAN (53)**  
Non-executive Director  
Appointed: 14 April 2014  
Qualifications: BCom LLB, LLM (cum laude), CFA

## EXPERIENCE

Herman is the CEO of RMB Holdings and Rand Merchant Investment Holdings, having joined the companies in April 2014. He served as CEO of Deutsche Bank South Africa from 2006 to 2013, and Head of Corporate Finance at Rand Merchant Bank from 2000 to 2006. In these capacities, Herman acted as a professional adviser to Discovery on several occasions.

Nationality:  
South  
African

Committee memberships:  
 Risk and Compliance Committee  
 Remuneration Committee  
 Nominations Committee

## AREAS OF VALUE-ADDING EXPERTISE

Strategy and corporate finance adviser, and financial analyst.

## OTHER DIRECTORSHIPS

RMB Holdings, Rand Merchant Investment Holdings, Hastings, OUTsurance (Chairperson), Endeavor South Africa (Chairperson), Member of the University of Johannesburg Advancement Advisory Board, and Director of St Katharine's School Board.

**OUR LEADERSHIP** OUR BOARD OF DIRECTORS *continued***RICHARD FARBER (51)**

Non-executive Director

Appointed: 1 April 2018

Qualifications: BCom (Hons), CA(SA), FCMA, CA ANZ, MAICD



**EXPERIENCE**

Richard joined Discovery as CFO in 2003 and was appointed Financial Director on 1 July 2009. Richard relinquished these roles on 30 April 2017 and has since remained a Discovery Board member. He was a partner at Fisher Hoffman Sithole (PKF) from 1998 until 2001, before joining Investec Bank as Group Accountant until 2003. Richard is a sessional teaching associate at Monash University (Melbourne).

**Nationality:**

South African

**Committee memberships:**

-  Risk and Compliance Committee
-  Actuarial Committee

**AREAS OF VALUE-ADDING EXPERTISE**

Strategy and policy development, and financial management.

**OTHER DIRECTORSHIPS**

AIA Health Insurance (Proprietary) Limited.

**PROFESSIONAL BODY MEMBERSHIPS**

South African Institute of Chartered Accountants (SAICA), Chartered Accountants Australia and New Zealand, Australian Institute of Company Directors, and Fellow of the Chartered Institute of Management Accountants.

**ADRIAN GORE (58)**

Founder, Executive Director and Group Chief Executive

Appointed: Founder

Qualifications: BSc (Hons), FFA, ASA, MAAA, FASSA, Honorary DCom (Wits)


**EXPERIENCE**

Adrian is the founder and Group Chief Executive of the Discovery Group. In 1998, he was recognised as South Africa's Best Entrepreneur by Ernst & Young and was chosen as South Africa's leading CEO in the annual Moneyweb CEO of the Year Awards in 2004. In 2008, he received the Investec Award for Considerable Contribution in a Career/Profession, and he was named Sunday Times Lifetime Achiever in 2010. Alongside his commitments, he works with other leaders to stimulate entrepreneurship in South Africa. In 2017, Adrian received the Frost and Sullivan Visionary Innovation Leadership Award for Africa, and the Ernst & Young Global Life Time Achiever (Entrepreneurship) Award. More recently, he was awarded the 2021 Sunday Times Business Leader of the Year Award for his outstanding leadership in the corporate sector, especially during the pandemic.

**Nationality:**

South African

**Committee memberships:**

-  Nominations Committee

**AREAS OF VALUE-ADDING EXPERTISE**

Strategy development and execution in leading change and building excellent financial services businesses, strong innovation, entrepreneurship and leadership skills that make a significant contribution to national thought leadership and creating positive social change.

**OTHER DIRECTORSHIPS**

Vice President of Business Unity South Africa (BUSA), World Economic Forum Industry Council Agenda on Future Health, Columbia University Mailman School of Public Health, Member of Fortune magazine CEO Council and King David School Foundation (Chairperson).

**PROFESSIONAL BODY MEMBERSHIPS**

Fellow of the Actuarial Society of South Africa and Faculty of Actuaries (Edinburgh), Associate of the Society of Actuaries (Chicago) and Member of the American Academy of Actuaries.

**OUR LEADERSHIP** OUR BOARD OF DIRECTORS *continued*

**MONHLA HLAHLA (59)**  
Independent Non-executive Director

**Appointed:** 15 August 2021

**Qualifications:** BA (Hons) (Economics), MA (Urban Planning), Advanced Management Programme (INSEAD)

**EXPERIENCE**

Monhla is a highly experienced executive and business leader with over 35 years' experience in infrastructure development and management. Monhla has a depth of experience in corporate governance, based on a demonstrated history of non-executive directorships in a variety of industries. A combination of strong operational experience and extensive exposure to private and public sector governance and leadership, places Monhla uniquely among the leading Executive Coaches from the African continent. She previously served as Managing Director of Airports Company South Africa (ACSA), and under her management, ACSA embarked on its biggest ever capital expenditure programme to cater for the increasing number of passengers going through South African airports. She also served as the Chairperson of the Johannesburg Water Utility, the Trans-Caledon Water Authority and the Industrial Development Corporation. In 2014, Monhla was honoured by the President of France with the Chevalier de la Legion d'Honneur and, in 2005, both the Black Business Quarterly and the Businesswomen's Association named her Businesswoman of The Year.

**Nationality:**

South African

**Committee memberships:**

- AC** Audit Committee
- RC** Remuneration Committee
- SEC** Social and Ethics Committee

**AREAS OF VALUE-ADDING EXPERTISE**

Corporate governance, risk management, HR and leadership development, stakeholder value management, business acumen, systems and technical planning, infrastructure development and finance, business operations and financial services.

**OTHER DIRECTORSHIPS**

Royal Bafokeng Holdings (Proprietary) Limited (Chairperson), and Africa 50.



**HYLTON KALLNER (47)**

Executive Director  
CEO: Discovery Bank  
CEO: Discovery South Africa operations

**Appointed:** 3 June 2010

**Qualifications:** BEconSc, FFA, FASSA

**EXPERIENCE**

On 1 January 2021, Hylton assumed the roles of CEO of Discovery Bank and Discovery Bank Holdings. Although he stepped down from various subsidiary boards, Hylton retains his role as Chairperson of the Discovery South Africa Executive Committee as the key coordination structure across the Group's South African businesses. He joined Discovery in October 1996, holding various positions within the Group across marketing, research and development, actuarial and strategic projects. He served as the Group's Chief Marketing Officer from 2006 to 2015 and Discovery Life CEO from 2016 to 2019. Hylton was appointed to the boards of Discovery Health, Discovery Vitality and Discovery Life in April 2010.

**Nationality:**

South African

**Committee memberships:**

- ACT** Actuarial Committee
- SEC** Social and Ethics Committee
- RCC** Risk and Compliance Committee

**AREAS OF VALUE-ADDING EXPERTISE**

Marketing, actuarial, strategy development, execution, building businesses, leadership and innovation.

**OTHER DIRECTORSHIPS**

Banking Association of South Africa and the Association for Savings and Investment South Africa (ASISA).

**PROFESSIONAL BODY MEMBERSHIPS**

Fellow of the Faculty of Actuaries and the Actuarial Society of South Africa.



**OUR LEADERSHIP** OUR BOARD OF DIRECTORS *continued*



**FAITH KHANYILE (55)**  
Independent Non-executive Director




**Appointed:** 1 October 2015

**Qualifications:** BA Econ, MBA (Finance), HDIP Tax, Executive Leadership Programme (Columbia University)

**Nationality:**

South African

**Committee memberships:**

-  Social and Ethics Committee
-  Nominations Committee
-  Remuneration Committee (Chairperson)

**EXPERIENCE**

Faith has over 24 years financial services sector experience. She held various senior and executive roles with Standard Bank Corporate and Investment Banking between 2001 and 2013. She was the Head of Corporate Banking, where she was responsible for strategy development and execution, people leadership, key client relationship management and business development. She also served on Standard Bank's CIB Executive and Credit committees. Before joining Standard Bank, Faith was with Brait Private Equity. Faith is a strong advocate for gender equity and inclusive growth – she is the founding member of WDB Investment Holdings, the leading women empowerment organisation in South Africa. In May 2016, Faith was accorded Doctor of Law by Wheaton College. She is also a recipient of the 2017 Business Woman of the Year Award (Corporate category) from the Businesswomen's Association of South Africa.

**AREAS OF VALUE-ADDING EXPERTISE**

Financial services, corporate and investment banking, governance, social investment and strategy development.

**OTHER DIRECTORSHIPS**

JSE Limited, Transcend Residential Property Fund, Primestars (Proprietary) Limited and Bidvest Group Limited.

**PROFESSIONAL BODY MEMBERSHIPS**

International Women's Forum South Africa.



**NEVILLE KOOWITZ (58)**  
Executive Director  
CEO: Vitality UK

**Appointed:** 19 September 1999

**Qualifications:** BCom

**Nationality:**

South African

**EXPERIENCE**

Neville joined Discovery as Marketing Director in 1996 and has played a key role in defining and building the Discovery identity, and developing Discovery's sales and distribution network. One of his particular focus areas was the launch of Vitality in South Africa in 1997, serving as its CEO from inception whilst still maintaining his role of Chief Marketing Officer of the Discovery Group. In this role, Neville also oversaw the launch of Discovery Card. In 2005, he was appointed Discovery Health CEO, holding this position until 2010. He then moved to the UK and took up the role as CEO of PruHealth (now Vitality UK) to manage the acquisition of Standard Life Healthcare. He is currently the CEO of the Vitality UK Group which encompasses VitalityHealth, VitalityLife, VitalityInvest and VitalityCar.

**AREAS OF VALUE-ADDING EXPERTISE**

Corporate identity building, strategy and management, development and implementation of business operating models, product development and new market development.

**PROFESSIONAL BODY MEMBERSHIPS**

Association of British Health Insurers and member of its Health Committee.



**OUR LEADERSHIP** OUR BOARD OF DIRECTORS *continued*



**DAVID MACREADY (63)**  
Independent Non-executive Director

**Appointed:** 3 February 2020

**Qualifications:** BCom (Hons), CTA, CA(SA), Harvard (SEP), INSEAD (IDP)

**EXPERIENCE**

David was an audit partner at Deloitte in South Africa and, subsequently, in London for six years before entering financial services. He held positions as Managing Director of Syfrets Private Bank, Managing Director of Nedbank Wealth, CEO of Old Mutual Investment Group and CEO of Old Mutual South Africa. Over a period of 21 years, he served on the Group Executive of Nedcor Investment Bank, Nedbank Group Limited and Old Mutual Limited. David retired following the Old Mutual managed separation at the end of 2018.

**Nationality:**

South African and British

**Committee memberships:**

- AC** Audit Committee (Chairperson)
- ACT** Actuarial Committee
- RCC** Risk and Compliance Committee

**AREAS OF VALUE-ADDING EXPERTISE**

Asset management, banking, insurance and wealth management. Accounting, auditing and governance.

**PROFESSIONAL BODY MEMBERSHIPS**

South African Institute of Chartered Accountants (SAICA).



**DR VINCENT MAPHAI (70)**  
Independent Non-executive Director

**Appointed:** 8 December 2005

**Qualifications:** DPhil, Advanced Management Programme (Harvard), and other senior management certificates and diplomas

**EXPERIENCE**

Vincent is the Non-executive Chairperson of Sibanye-Stillwater Limited and Stadio Holdings. Previously, he was Director of Corporate Affairs and Transformation at South African Breweries and the Southern African Chairperson of BHP Billiton. He has 20 years' experience as a professional academic and 15 years' experience as a senior executive in the private sector. Vincent served on the boards of various companies as Non-executive Chairperson. He also held a two-year academic position at Williams College in Massachusetts.

**Nationality:**

South African

**Committee memberships:**

- NC** Nominations Committee

**AREAS OF VALUE-ADDING EXPERTISE**

Transformation, restructuring, and business social environment.

**OTHER DIRECTORSHIPS**

Sibanye-Stillwater Limited (Chairperson), Discovery Foundation (Chairperson), Stadio Holdings (Chairperson) and Batiki Game.

**PROFESSIONAL BODY MEMBERSHIPS**

Academy of Science of South Africa and the IoDSA.

OUR LEADERSHIP OUR BOARD OF DIRECTORS *continued***TITO MBOWENI (63)**

Independent Non-executive Director

Appointed: 5 May 2022

Qualifications: BA (Econ and Pol) (Lesotho), MA (Development Economics) (East Anglia), Diploma in International Business Diplomacy



**EXPERIENCE**

Tito is a highly experienced leader with a wealth of experience in the public and private sectors, complemented by experience in academia. Tito served as the Minister of Finance of South Africa from 2018 to 2021, and a member of Parliament from 2019 to 2022. He previously served as the South African Labour Minister and the Governor of the South African Reserve Bank. He has held leadership positions in various institutions including the New Development Bank, the African Union Peace Fund, the African Centre for Economic Transformation, the African Union Reforms Team, and the African National Congress. Within the private sector he is regional advisor to Goldman Sachs International and served on the boards of Nampak Ltd, SacOil Holdings Ltd and Anglo Gold Ashanti Ltd. He previously served on the Board of Discovery from 2013 to 2018. Tito has received Honorary Doctorates from the Universities of Natal, Johannesburg, Cape Town, Stellenbosch and East Anglia. Given Discovery's continued global expansion, he plays a key role in Discovery's expansion within Africa.

**Nationality:**

South African

**Committee memberships:**

-  Risk and Compliance Committee
-  Remuneration Committee

**AREAS OF VALUE-ADDING EXPERTISE**

Finance, economics, and emerging markets.

**OTHER DIRECTORSHIPS**

Accelerate Property Fund Limited (Chairperson).

**PROFESSIONAL BODY MEMBERSHIPS**

Chartered Director (SA) and Fellow of the Stellenbosch Institute for Advanced Study (STIAS) as well as the Bellagio Rockefeller Center, Italy.

**DR AYANDA NTSALUBA (62)**

Executive Director

Appointed: 1 July 2011

Qualifications: MBChB, MSc (London), FCOG (SA), Executive MBA (SA)

**EXPERIENCE**

Before joining Discovery in 2011, Ayanda served as Director-General of the Department of International Relations and Cooperation. Before this, he was Director-General of the Department of Health and chaired the Steering Committee of the South African Aids Vaccine Initiative. A qualified obstetrician and gynaecologist, Ayanda completed further tertiary education in health policy planning, international relations and business at eminent universities, including the University of London, Moscow Institute of Social Sciences and the University of Cape Town Graduate School of Business. Ayanda plays an instrumental role in Discovery's overall strategic planning, particularly in the healthcare system and Discovery's international expansion strategy.

**Nationality:**

South African

**AREAS OF VALUE-ADDING EXPERTISE**

Health policy planning, international relations, stakeholder management and business.

**OTHER DIRECTORSHIPS**

Clinix Health Group, University of KwaZulu-Natal Council and BRICS Business Council (South African Chapter).



**OUR LEADERSHIP** OUR BOARD OF DIRECTORS *continued*



**ALAN POLLARD (53)**

Executive Director  
President of Product and Innovation: Vitality Global

**Appointed:** 30 August 2007

**Qualifications:** BSc (Hons), FASSA

**EXPERIENCE**

In 1994, Alan joined Discovery as Head of Research and Development, where he was responsible for designing and developing Discovery Health products. From 2005, he served as Discovery Vitality CEO until relocating to the United States of America (USA) in 2012 to grow Vitality's presence in North America. Alan serves as President of Global Product and Innovation of Vitality Global, and continues to be based in the USA.

**Nationality:**

South African

**AREAS OF VALUE-ADDING EXPERTISE**

Product design and behavioural economics.

**PROFESSIONAL BODY MEMBERSHIPS**

Fellow of the Actuarial Society of South Africa.



**MARQUERITHE SCHREUDER (53)**

Independent Non-executive Director

**Appointed:** 19 February 2021

**Qualifications:** BCom (Hons), FIA, FASSA

**EXPERIENCE**

Marquerithe is a qualified actuary and has been a Fellow of the Institute of Actuaries and a Fellow of the Actuarial Society of South Africa since 2000. She was an Independent Director of Hannover Re Africa Group, where she acted as the Chairperson of the Actuarial and Risk and Remuneration committees. Marquerithe was also a Director at the Actuarial Insurance Solutions division of Deloitte. Further, she continues to serve on the Actuarial Society of South Africa's Life Assurance Tax Subcommittee.

**Nationality:**

South African  
and  
Luxembourgish

**Committee memberships:**

- RCC** Risk and Compliance Committee (Chairperson)
- AC** Audit Committee
- ACT** Actuarial Committee
- TCF** Treating Customers Fairly Subcommittee

**AREAS OF VALUE-ADDING EXPERTISE**

Insurance capital, risk and finance management, stakeholder guidance and oversight, business management, and regulatory and insurance tax requirements.

**OTHER DIRECTORSHIPS**

Hangberg Pre-Primary School NPC.

**PROFESSIONAL BODY MEMBERSHIPS**

Fellow of the Institute of Actuaries, Fellow of the Actuarial Society of South Africa.



**OUR LEADERSHIP** OUR BOARD OF DIRECTORS *continued***BARRY SWARTZBERG (57)**

Executive Director  
Co-founder and Chief Executive Officer:  
Vitality Global

**Appointed:** 3 August 1999

**Qualifications:** BSc, FFA, ASA, FASSA, CFP

**EXPERIENCE**

Barry is the co-founder of Discovery. He was instrumental in establishing Discovery Health's marketing, distribution and operational functions as Chief Marketing Officer from 1992 to 1996 and Chief Operations Officer from 1997 to 1999. He then served as CEO from 2000 to 2005, launching the first low-income medical scheme plans and Discovery Health's administration services business for closed medical schemes. From 2005 to 2014, he served as Group Executive Director responsible for Discovery's strategy and new business development. In this role, he initiated Discovery's strategy to launch a retail bank, helped start Discovery Insure, secured the shareholding in Ping An Health Insurance, established the first insurance partnership with AIA and established Vitality USA. Barry now serves as Vitality Global CEO, responsible for expanding Discovery's Shared-value Insurance model beyond South Africa and the UK. He also serves on the boards of Discovery Insure, Vitality Global and Ping An Health Insurance in China.

**Nationality:**

South African

**AREAS OF VALUE-ADDING EXPERTISE**

Infrastructure development, business diversification, strategy development and execution.

**OTHER DIRECTORSHIPS**

Endeavor South Africa and Discovery Fund.

**PROFESSIONAL BODY MEMBERSHIPS**

Fellow of the Faculty of Actuaries (Edinburgh), Fellow of the Society of South African Actuaries and Associate of the Society of Actuaries (Chicago).

**BRIDGET VAN KRALINGEN (59)**

Independent Non-executive Director

**Appointed:** 7 April 2022

**Qualifications:** BCom, BCom (Hons), MCom

**EXPERIENCE**

Bridget started her career as a senior researcher for the Council for Scientific and Industrial Research in South Africa, after which she became a managing partner for strategy and organisation development at Deloitte South Africa. In 1997, she moved to New York City to serve as national managing partner for financial services at Deloitte. Bridget joined IBM Global services in 2004 and served in multiple roles. As Senior Vice President of IBM Global Business Services, she led IBM's Industry Platforms, establishing IBM as the leader in enterprise blockchain. In 2020, Bridget was named Senior Vice President of IBM Global Markets managing IBM sales teams, business partners, business development and industry capabilities globally. In this role, she was responsible for IBM's revenue, profit, and client satisfaction worldwide. Bridget brings a wealth of global business experience and technology and artificial intelligence expertise to the Board, which supports Discovery's global expansion.

**Nationality:**

British and American

**AREAS OF VALUE-ADDING EXPERTISE**

Technology, artificial intelligence and global business development.

**OTHER DIRECTORSHIPS**

Royal Bank of Canada, The Travelers Company Inc, The Partnership for New York City, New York Historical Society, Investors Exchange LLC.

**OUR LEADERSHIP** OUR BOARD OF DIRECTORS *continued***DEON VILJOEN (57)**Executive Director  
Group Chief Financial Officer (CFO)

Appointed: 1 May 2017

Qualifications: BCom Accountancy (cum laude),  
BCom (Hons), CTA, CA(SA)**EXPERIENCE**

Deon joined the Discovery Group in May 2017 as Group CFO. He serves on the boards of various of the Group's subsidiaries and committees, including the Group Executive Committee. Before joining Discovery, he was with the Alexander Forbes Group, where he joined in 2003 as Finance Director of Investment Solutions. He later became Finance Director of the group's African operations and, in 2007, assumed the role of Group CFO. In this role, Deon served as Executive Director on Alexander Forbes Group Holdings Limited's Board and the listed special purpose vehicle Alexander Forbes Preference Share Investments Limited, as well as various subsidiary boards and committees. He also served as interim CEO in 2016. Deon was named CFO of the Year 2015 by CFO SA. Earlier in his career, he was a Partner and Director of PwC Johannesburg. As part of his specialisation in banking and financial services, he advised clients and presented on topics such as financial risk management. While in the accountancy profession, Deon was a member of the SAICA Banking Industry Group and chaired the Investment Management and the Collective Investment Schemes industry groups.

**Nationality:**South  
African**Committee memberships:**

- RCC** Risk and Compliance Committee
- SEC** Social and Ethics Committee
- ACT** Actuarial Committee

**AREAS OF VALUE-ADDING EXPERTISE**

Financial accounting, banking and insurance, and expertise in specialist topics such as financial risk management.

**PROFESSIONAL BODY MEMBERSHIPS**

South African Institute of Chartered Accountants (SAICA).

**SINDI ZILWA (55)**

Independent Non-executive Director

Appointed: 20 February 2003

Qualifications: BCompt (Hons), CTA, CA(SA),  
Advanced Taxation Certificate (SA),  
Advanced Diploma in Financial Planning (UOFS),  
Advanced Diploma in Banking (RAU)**EXPERIENCE**

Sindi is certified as a Chartered Director (SA) by the IoDSA. She is a retired businesswoman, previously an entrepreneur and CEO of Nkonki, an audit firm she co-founded in 1993 and managed until she retired through a management buyout in October 2016. She received the Businesswoman of the Year Award from the Executive Women's Club in 1998 and the Woman of Substance Award from the African Women Chartered Accountants Forum in 2008. In 2014, she was named Overall Professional Woman of the Year in the South African Professional Services Awards (SAPSA) and, in 2016, she was acknowledged as an Outstanding CEO of a Black Audit Firm's Award. In 2013, she authored her first book, *The ACE Model: Winning Formula for Audit Committees*, and published *Creating Effective Boards and Committees* in 2016.

**Nationality:**South  
African**Committee memberships:**

- SEC** Social and Ethics Committee  
(Chairperson)
- RCC** Risk and Compliance Committee
- TCF** Treating Customers Fairly  
Subcommittee

**AREAS OF VALUE-ADDING EXPERTISE**

Accounting, auditing, compliance, governance, risk management and transformation.

**OTHER DIRECTORSHIPS**

Sibanye-Stillwater, Metrofile, Mercedes Benz of South Africa Limited, Massmart, and Cell C Limited.

**PROFESSIONAL BODY MEMBERSHIPS**

South African Institute of Chartered Accountants (SAICA) and IoDSA.



OUR LEADERSHIP *continued*

## OUR GOVERNANCE STRUCTURES

The governance structure of the Group is strengthened by the Board and Management Committees that support the Board in the performance of its responsibilities. The Board has oversight of the Board committees, Group Executive Committee, Management Committees and Constituted Boards. Vitality UK, Vitality Global, Discovery Health, Discovery Life, Discovery Invest, Discovery Insure, Discovery Bank, and Vitality South Africa all have Board and governance structures that operate independently from the Group.

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



\* Established after year-end in July 2022.

\*\* Includes governance-related matters for consideration for Discovery Invest.

### Group Executive Committee

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

### Management Committees

A number of the Group businesses have Management Committees that meet at least four times a year. They assist the Constituted Boards in overseeing the strategic outlook and objectives of the business, considering developments and proposals, as well as considering risks and product and actuarial issues. The members of the Management Committees include executive, non-executive and independent directors.

### Constituted Boards

The Discovery Health, Discovery Life, Discovery Insure, Discovery Bank, Vitality South Africa, Vitality UK and Vitality Global businesses all have Constituted Boards, which operate autonomously and independently of the Group Board, and include Independent Non-executive Directors. Minutes of these Constituted Board meetings are tabled at Group Board meetings to ensure that the Board monitors the extent to which these Boards deliver, and to ensure alignment to the overall Group strategic framework.



# MAINTAINING AN ETHICAL CULTURE

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

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

## During the year, the Ethics Office focused on the following key activities:

- Assisted management to identify and implement corrective action based on the outcomes from group-wide ethics risk assessments.
- Continued to strengthen the Group's ethics standards, including reviewing and updating the Group Conflict of Interest, Group Whistleblowing and other ethics-related policies.
- Implemented an online automated solution for all employees to annually attest to, and declare, any conflicts of interest they may have or are perceived to have.
- Launched an Ethics Ambassadors programme to identify a network of people who promote and embed an ethical culture based on the shared core values across the Group.
- Integrated ethics through ongoing and compulsory online group-wide training and awareness programmes that equip employees with a basic ethics vocabulary, as well as the necessary skills, knowledge and understanding to anticipate and recognise ethical challenges and dilemmas and make ethically sound decisions.
- Implemented behavioural ethics training to sensitise employees to the impact of social forces on their ethical decision-making and to sensitise them against the risks of group thinking, group pressure and apathy and blind obedience to authority.
- Provided advisory and consulting services to management when faced with ethical dilemmas and facilitating ethically sound decisions.
- Promoted a speak-up culture by encouraging employees to utilise safe-reporting mechanisms for safe and anonymous reporting.
- Supported the implementation of the Group's mandatory vaccination policy through representation on a panel that considered constitutional, religious and cultural objections to vaccination, to ensure that all decisions were ethically and morally sound.





## MAINTAINING AN ETHICAL CULTURE *continued*

**Our Ethics Office follows a four-tiered approach:**

**1 LEADERSHIP COMMITMENT**

**2 GOVERNANCE STRUCTURES**



**4 INDEPENDENT ASSESSMENT AND EXTERNAL REPORTING**

**a Ethics risk assessment**

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

**b Ethics strategy**

The Ethics Office facilitates the implementation of the Group Ethics Management Strategy and Plan.

The Ethics Management Strategy and Plan is informed by the outcomes of the Group-wide ethics risk assessments and prioritises high ethics-related risks and opportunities. Promotion of an ethical culture across all areas, and among all employees, focuses on:

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

**c Ethics standards**

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

The Ethics Office provides input into the development and maintenance of ethics-related policies, including the Conflicts of Interest and Whistleblowing policies, as well as anti-corruption aspects of procurement, fraud management and the Fraud Risk Management Policy.

Employees are required to annually confirm their understanding of the Group's ethical standards on an internal learning platform, thereby ensuring that a values-based culture is maintained throughout the Group. Employees are also encouraged to report any unethical behaviour directly to the Ethics Office or to use the anonymous whistleblowing hotline.

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

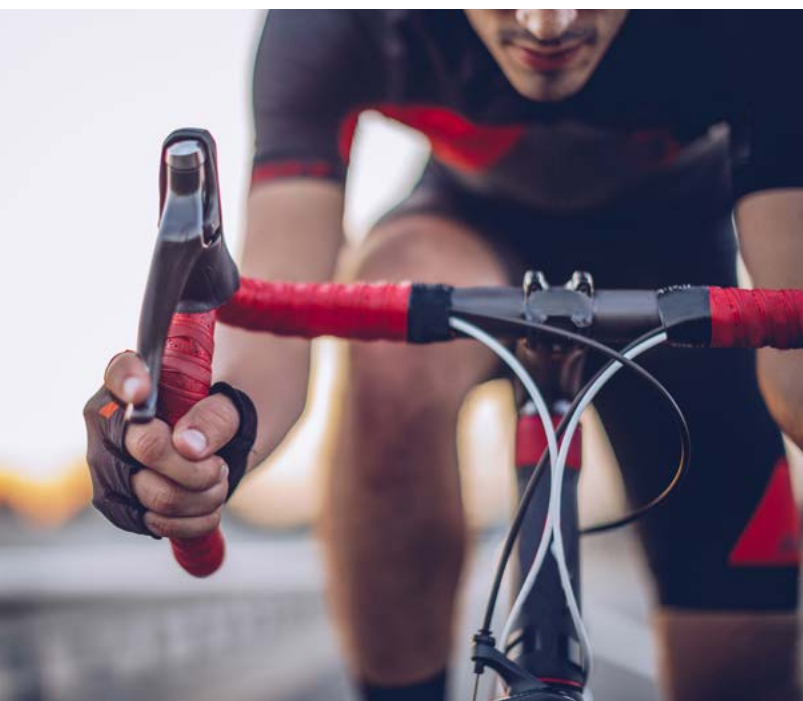
**d Ethics integration**

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

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

**e Monitoring and reporting**

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





# DELIVERING GOOD PERFORMANCE

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

Discovery continues to embody the philosophy of integrated thinking, which is driven through our core purpose of making people healthier and enhancing and protecting their lives. As an integrated financial services organisation, we leverage our pioneering Shared-value Insurance model to drive organic growth and transform the financial services industry globally.

We identify, execute and measure our strategic decisions to create sustainable value for our stakeholders. In doing so, we consider how our decisions affect the six capitals and, in turn, how these capitals impact our business as we pursue our medium- and long-term strategic objectives.

The Board reviews at least annually with executive management, as well as the heads of control functions, the Group's strategy and proposals for any acquisitions, investments, disposals, products or services, while considering the associated risks. The Board approves the strategy, key performance measures and targets of all executives, and oversees the implementation of the strategy plans. The Risk and Compliance Committee assists the Board with the governance of the operational and legislative risks, and monitors implementation.

## Ongoing training

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

### Specific Board training topics during FY2022 included:

- The importance of governance and associated developments by Professor Mervyn King and the Good Governance Academy
- Global environmental, social and governance (ESG) outlook
- The Group's Own Risk and Solvency Assessment (ORSA)
- Governance and operational standards for an insurance group, as regulated by the Prudential standards and Insurance Act 18 of 2017

## Assessing our effectiveness

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

The Board assesses and evaluates its own performance, as well as that of its Chairperson, the Board committees and the individual committee members. The performance of Non-executive Directors is assessed by the Chairperson, based on each Director's contribution to the matters before the Board. The performance of Executive Directors is assessed annually by the Group Chief Executive, based on agreed performance targets. The Nominations Committee oversees the performance assessment of the Board, Board committees and individual Non-executive Directors, and makes recommendations to the Board based on the results of these assessments. The Board confirms that it has executed its responsibilities under the Evaluation of Directors policy.

In FY2022, Discovery conducted a robust independent assessment of the Board and its Committees in line with the Discovery Evaluation of Directors Policy. The policy requires an independent assessment every three years. Key assessment focus areas included Board composition and dynamics, management and focus of meetings, and Board information and support. Overall, the findings of the review were positive and recommendations for further improvements will be implemented and incorporated in the annual workplan of the Board.



# ENSURING EFFECTIVE CONTROL

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

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

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

## SEPARATION OF ROLE AND RESPONSIBILITIES

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

### Our Chairperson is responsible for:

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

### Our Group Chief Executive is responsible for:

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





## ENSURING EFFECTIVE CONTROL *continued*

### BOARD SUCCESSION PLANNING

The composition and succession planning of the Board is reviewed regularly and remedial actions are undertaken where necessary.

### APPOINTMENT AND ROTATION OF DIRECTORS

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

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

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

### COMPANY SECRETARY

Our Group Company Secretary, Nomalanga Nobuhle Mbongo, is responsible for ensuring that sound governance procedures are followed and maintained. The Company Secretary reports to the Board on all statutory duties and Board-related functions performed, and the objectivity of the Company Secretary is not prejudiced, despite the administrative reporting line to the Group Chief Financial Officer.

In accordance with the JSE Listings Requirements, in December 2021 the Board evaluated the Company Secretary's competence, qualifications, skills, knowledge and experience. The Board is satisfied that the Company Secretary has fulfilled her responsibilities.

In response to the independent Board effectiveness review that was conducted during the year, the Group will assess and ensure that the resources of the company secretarial function adequately meet the growing demands and complexity of the business.

### DELEGATION OF AUTHORITY

Delegation of authority to management is clearly defined to ensure effective exercise of authority and responsibilities. The Board reviewed and approved a revised Delegation of Authority Framework during FY2021, which details the powers delegated to each Board committee and clearly indicates the matters reserved for consideration by the Board and the Group Chief Executive. The Board determines the level of materiality of matters for its sole decision. Other matters are delegated to the Group Chief Executive, Board committees and the Executive Committee. The delegations are reviewed at least every two years. The Board is satisfied that the Delegation of Authority Framework allows for the effective discharge of its responsibilities, and ensures that no individual has unrestricted decision-making power.

### CONFLICTS OF INTEREST

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

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

### REMUNERATION

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





**ENSURING EFFECTIVE CONTROL** *continued***GOVERNANCE OF TECHNOLOGY AND INFORMATION**

The governance of technology and information has been delegated to the Group Risk and Compliance Committee which is supported by the newly established Information Technology Subcommittee. Furthermore, the Information Technology Subcommittee is supported by the Chief Information Officer (CIO) Forum, which is responsible for ensuring that the Group implements appropriate system security, data integrity and business continuity processes. The Information Technology Subcommittee is responsible for overseeing the implementation of all structures, processes and mechanisms in relation to the Information Technology (IT) Governance Framework to ensure that cyber and data-related risks are appropriately managed, and that the IT risk management plan is effectively implemented. We include technology risks in the Group's risk management process, which are reviewed regularly. Changes to our systems are security tested before implementation and underpinned by regular, comprehensive external testing.

Technology is governed by the Discovery IT Governance Charter, which guides the structure and mandate of technology within Discovery, and aligns with the requirements of the Board committees, King IV™, assurance providers and regulators. The charter focuses specifically on cyber security, data governance, business continuity, financial management, technology architecture and operations. We also introduced executive and Board oversight to monitor our compliance with the standards of the European General Data Protection Regulation (GDPR) and the POPI Act in South Africa. Discovery uses the National Institute of Standards and Technology (NIST) Cybersecurity Framework and the ISO 27001 Information Security Standard to classify technology risks.

The IT function has processes in place to monitor Discovery's networks for cyber attacks and other data-related incidents – including leaks of information – to ensure rapid response times. The threat of cyber risk within Discovery is managed by the information security discipline, comprising people, processes and procedures, as well as associated technologies to protect against malicious and non-malicious threats. More sophisticated cyber crime, and the greater impact and likelihood of this risk, has necessitated a heightened focus. An independent external party audits our security policies, systems and processes at least every two years.

In response to increased cyber threat, Discovery continues to enhance its cyber capability programme to embed and improve our overall cyber resilience capability. Efforts focus on three elements:

- **Cyber capability assessment** – risk assessment of current cyber resilience capabilities.
- **Cyber security strategy** – cyber risk appetite setting and framework development.
- **Cyber risk programme** – ongoing monitoring and oversight of the cyber programme.

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

**Key FY2022 focus areas included:**

- Conducting a National Institute of Standards and Technology (NIST) IT risk review.
- Strengthening the IT capabilities across the Group and its functions, including the establishment of an IT Subcommittee that is chaired by an independent expert, that reports to the Risk and Compliance Committee to focus on the governance of technology and information and related risks.
- Annual review of our information privacy and security policies, available at <https://www.discovery.co.za/corporate/privacy>.
- Deployment of a data privacy information management platform to meet the requirements of privacy legislation.
- Providing data privacy and cyber awareness training to our financial advisers and service providers, as well as our employees.
- Supporting the sustainable transition to a hybrid working model, and continued to update the working-from-home risk assessment while working towards a digital trust framework that will strengthen security.
- Testing our disaster recovery, business continuity and systems performance management processes, enabling us to adapt the way we operate in response to changes in our environment.
- Mitigating access control risk through multi-factor authentication measures.
- Comprehensively testing our cyber-security controls through an independent ethical hacking exercise.
- Reviewing the Group's cyber-security insurance cover, including the provision for remedial work by an insurer-approved team of experts in the event of a cyber-security incident, which was found to be satisfactory.

**Key FY2023 focus areas include:**

- Optimising our current data and technological environment for affordability, quality and cost.
- Preparing the data and technology environment for future needs and market forces including a fully digital experience, federal innovation and disruptive technology.
- Ensuring ongoing compliance with the requirements of relevant data protection legislation.
- ISO27001 Data security formal certification.

The Risk and Compliance Committee is satisfied that a multifaceted and robust governance framework is in place to manage IT risk.



## ENSURING EFFECTIVE CONTROL *continued*

### COMBINED ASSURANCE

Discovery has adopted and implemented a Combined Assurance Model throughout the Group that complies with King IV™ principles and is designed to address the business' significant strategic, sustainability, financial, operational and compliance-related risks. As defined by King IV™, the Combined Assurance Model aims to incorporate and optimise all assurance services and functions so that, taken as a whole, these:

- Enable an effective control environment.
- Support the integrity of information used for internal decision-making by management, the Board and its committees.
- Supports the integrity of the organisation's external reports.

To adhere with regulatory requirements, the Group established four key control functions – being the Risk Management function, Compliance function, Actuarial function and Internal Audit function – that operate independently of one another to support the Combined Assurance Model.

The purpose of combined assurance is to integrate the efforts of management and assurance providers, both internal and external, to ensure that material risks facing Discovery are assured efficiently and that suitable controls exist to mitigate these risks to an acceptable level. To achieve this, combined assurance:

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

To further strengthen the Board's governance, Discovery adopted the three lines of defence governance model, which clearly separates business management from governance and control structures. This ensures that all persons within Discovery are aware of the risk management system.

## THREE LINES OF DEFENCE MODEL

### FIRST LINE OF DEFENCE

Line functions that own and manage risk and associated risk taking. It involves management oversight, including strategy implementation, performance measurement, and risk and control management. As the executing leg, this line of defence has direct involvement and will therefore offer limited assurance coverage.

- Management of operations
- First-line Risk Management
- Management Executive Committees
- Quality Assurance
- Group Forensics
- Information Security Office

### SECOND LINE OF DEFENCE

The second line of defence operates independently of day-to-day management, and provides a level of assurance to the Board on the adequacy and effectiveness of the Group's overall risk management system. These functions have the authority to communicate with any employee and obtain unrestricted and timeous access to any record required to carry out their responsibilities.

- Group Risk Management (*page 26*)
- Group Actuarial function (*page 26*)
- Group Compliance (*page 27*)

### THIRD LINE OF DEFENCE

The Group Internal Audit function and External Audit make up the third line of defence, and provide an independent and balanced view of the effectiveness of the first and second line functions.

- Group Internal Audit (*page 27*)
- External Audit
- Other assurance providers

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

**ENSURING EFFECTIVE CONTROL** COMBINED ASSURANCE *continued***Managing risk to achieve our strategic objectives**

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

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

**THE ROLE OF GROUP RISK MANAGEMENT**

Discovery's Group Risk Management team is an independent function operating as part of the second line of defence. The function is responsible for designing and ensuring the operational effectiveness of the risk management system, and consists of several skilled resources, including actuaries, accountants, project risk specialists, IT specialists, finance specialists and risk management analysts. This team coordinates and challenges risk information and establishes appropriate risk reporting procedures.

**Group Risk Management is the custodian for combined assurance across Discovery, and its primary responsibilities include:**

- Assisting Discovery to identify, assess, monitor, manage and report on its material risks and related opportunities, and promote a sound risk culture.
- Assisting the Discovery Board and senior management to develop and maintain Discovery's risk management system, including promptly informing the Discovery Board of any circumstances that may have an adverse material effect on Discovery.
- Reviewing the results of regular stress and scenario tests.
- Integrating the view of risk and capital, and ensuring that sufficient capital is in place to operate sustainably within the risk appetite and in light of the prevailing risk profile throughout the business planning cycle.
- Enhancing our risk management capabilities across the Group is a key focus area for FY2023, and includes:
  - > Strengthening our data analytics capabilities.
  - > Strengthening the skills of the first and second line risk resources through both recruitment and training.
  - > Enhancing the completeness of our combined assurance approach.
  - > Deepening the assessment of risks relating to ESG, and climate change, including further scenario analysis.
  - > Additional work to develop Recovery and Resolution Plans for relevant group entities.
  - > Continuation of risk culture initiatives to raise risk maturity across the Group.

**The Group's Actuarial function**

The Group's Actuarial function operates as part of the Group's second line of defence, providing guidance and assurance to the Board on all Group-wide actuarial matters. The function is responsible for conducting independent reviews, and challenging the actuarial results and information provided by the actuarial departments of each of the Group's insurance entities. The Group Actuarial function consists of a team of skilled actuarial resources. In addition to an overarching Group Actuarial function, separately mandated Actuarial functions exist for the South African insurance entities, each directed by a Head of the Actuarial function. The Discovery Insure Actuarial function is currently outsourced to an independent third party.

**The Group Actuarial function's primary responsibilities include:**

- Providing assurance to the Board, with support from the Actuarial Committee, regarding the accuracy of the calculation and appropriateness of the methodology and assumptions, underlying the insurance technical provisions and capital requirements.
- Reviewing and attesting to the reliability and adequacy of Group Own Funds and the Group capital requirement.
- Expressing an opinion on the appropriateness of certain risk management policies.
- Expressing an opinion on the adequacy of reinsurance arrangements within each insurance entity, and across the Group.
- Providing advice to the Board on product development and design, including the terms and conditions of insurance contracts and pricing.
- Providing an opinion to the Board on the soundness of any transfer of business or significant transaction.



**ENSURING EFFECTIVE CONTROL** COMBINED ASSURANCE *continued***Our approach to compliance**

The Discovery Group is committed to adhering to all applicable legal and regulatory requirements, the highest professional and ethical standards, and our stated values. We believe a strong compliance culture is a key aspect of industry leadership and is vital to securing sustainable and profitable growth.

Discovery is subject to detailed laws and regulations in each of the jurisdictions in which we operate. Our business activities are monitored by various regulatory and supervisory authorities that ensure we act in accordance with stipulated regulatory frameworks. Our robust compliance culture supports our operations in these complex regulatory environments.

We integrate a strong compliance culture in our daily business activities and strategic planning to ensure that compliant conduct forms an integral part of everyday behaviour and decision-making. This protects Discovery's reputation, minimises the risk of regulatory action, contributes to Discovery's growth, and provides appropriate protection to our clients.

**THE GROUP'S COMPLIANCE FUNCTION**

The Discovery Group has adopted a federal approach to compliance. The compliance functions in the primary jurisdictions within which we operate are, given the nature, scale and complexity of operations, best placed to identify the compliance requirements and challenges within their jurisdictions, financial sectors and businesses. Discovery's South African businesses are, therefore, supported by experienced compliance officers within a centralised compliance team, except for Discovery Bank, which has its own compliance team. Our international businesses are supported by dedicated compliance teams in their respective jurisdictions.

The Group Compliance function, established as part of Discovery Limited, focuses on fostering an environment where compliance is embedded across all entities within the Group. This provides reasonable and independent assurance to Discovery Limited on group-wide compliance.

The Group Compliance function, which reports directly to the Board through its Risk and Compliance Committee, and Social and Ethics Committee, is an integral part of the Board-approved Enterprise Risk Management Strategy. The function consists of skilled and experienced compliance resources, is independent, and operates as part of Discovery Limited's second line of defence.

The function ensures that the Group's compliance framework is appropriately designed and implemented. It provides the Board of Directors, relevant board committees, executive management, and regulators with assurance that an effective compliance culture and compliance framework is embedded within the Group. The function supports the timely and accurate flow of information related to material matters and supports the effective management thereof across the Group.

**Our focus areas****GROUP AND SUBSIDIARY COMPLIANCE GOVERNANCE**

We are refining our Group and subsidiary compliance governance, to further accommodate and take into account that:

- Discovery is a large multi-national group with a number of subsidiaries that, while they are managed independently, operate on a highly integrated basis with complementary assets, intellectual property and operations.
- Discovery Group is subject to regulatory requirements flowing from its designation as an insurance group under the Insurance Act, No. 18 of 2017.

**MONITORING TO DEEPEN ASSURANCE**

We will continuously enhance our risk-based monitoring methodology, process and procedures to increase our focus in areas that pose the greatest risk to the business. This allows us to deploy resources in high-risk areas, where the potential implications of non-compliance are the most significant.

**LEVERAGING EFFICIENCIES IN COMPLIANCE WITH AML / CTF LEGISLATION**

We are exploring the creation of an anti-money laundering and counter-terrorist financing (AML/CTF) operational centre of excellence for all South African accountable institutions to drive efficiencies and enhance a Group-wide approach to operational compliance.

**The role of the Group's Internal Audit function**

In line with the Combined Assurance Model, our Internal Audit function, together with other assurance providers, provides assurance of the organisation's significant risks and material matters, and incorporates applicable legislation in its reviews. Group Internal Audit is also responsible for conducting an annual review of the effectiveness of the combined assurance process across Discovery.

Appropriate policies and processes are in place to ensure the independence of the internal auditors. The Chief Audit Executive (CAE) has a functional reporting line and direct access to the Chairperson of the Audit Committee and an administrative reporting line to the Group CFO. Regular closed sessions are held with the Chairperson of the Audit Committee during the year, without management, on any matter that is regarded as relevant to fulfilling the Audit Committee's responsibilities. The Audit Committee has the responsibility to:

- Review and approve the annual internal audit plan, significant areas of focus, as well as resources and budgeted fees.
- Review and approve the internal audit charter and evaluate the independence, effectiveness, and performance of the function in line with its charter.



# MAINTAINING LEGITIMACY

## OUR STAKEHOLDERS

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

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

Discovery's continued growth and success depends on how we engage with, understand and respond to our stakeholders' needs, concerns and insights. Our Board monitors Discovery's relationships with our stakeholders through the Social and Ethics Committee. The Board also engages directly and indirectly with stakeholders as needed.

During the year, the Board met with the Prudential Authority as part of its supervisory approach and annual engagement. The Board engages with our providers of capital during the Group's AGM, and meets with them throughout the year on an ad hoc basis. Our Board also responds to queries from providers of capital, asset managers and ESG analysts on Discovery's approach and response to climate change.

We conduct regular assessments, using various mechanisms, to evaluate the quality of the relationships with our stakeholders at Group and business unit level. The Board is satisfied that the bases of our assessments provide an holistic and accurate view of these relationships.



Refer to our *Integrated Annual Report* or



our *Sustainability Report* for more information on our stakeholder groups.

## RESPONSIBLE CORPORATE CITIZENSHIP

We are determined to be an exceptional employer, excellent partner and a good corporate citizen. Discovery prides itself on measurable corporate programmes that reflect the importance of stakeholders' interests and the Group's core purpose to make people healthier and enhance and protect their lives. Discovery is an active corporate citizen in communities where it operates and positively contributes to the economy, society and environment. We are also a signatory to the United Nations Global Compact and subscribe to the United Nation's Sustainable Development Goals (SDGs).

The Board has delegated the responsibility of ensuring that the Group is a responsible corporate citizen to the Social and Ethics Committee. In ensuring Discovery is a responsible corporate citizen, the duties of the Social and Ethics Committee will, among others, include:

- Reviewing and approving the strategy adopted by the Group to promote equality and to prevent unfair discrimination and corruption, and recommending this to the Board for approval.
- Reviewing and approving the Group's Corporate Social Investment (CSI) Strategy, and recommending this to the Board for approval.
- Reviewing and approving the Group's strategy to eradicate gender-based violence and sexual harassment in the workplace, and recommending this to the Board for approval.
- Reviewing and approving the strategy proposed by the Group for corporate sponsorships and donations, as well as the processes that are in place to identify initiatives that would receive sponsorships and donations from the Group.
- Reviewing and approving initiatives, processes and controls implemented by the Group to promote and enhance diversity, equality and inclusion, thereby ensuring we nurture an inclusive work environment and eradicate any form of discrimination.
- Reviewing and approving any flagship projects and initiatives aimed at contributing to the development of communities identified by the Group from time to time.
- Monitoring, on an ongoing basis, progress in the implementation of community development initiatives and material sponsorships and evaluating whether or not the objectives are being realised.

## CLIMATE CHANGE

As a global financial services organisation, we recognise that our ability to do business is fundamentally linked to the sustainable wellbeing of the communities in which we operate. Our core purpose aligns with our goal of maintaining an environment that enables and sustains good health, and we have an opportunity to become part of the climate-change solution by leveraging our Shared-value Insurance model to minimise any negative impacts we have on the climate. Since our inception, we have seen the power of aligning our interests to those of our clients and society – and applying our business model to help address climate change is the next evolution in our shared-value thinking.

We closely monitor climate change developments, including best practice initiatives among global financial institutions, with the aim of embedding these principles across our primary markets. To this end, we support the objectives of the UN SDGs and have also set out to adopt and implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Our Group Climate Change Strategy allows us to better account for present and future climate-related risks, be proactive in the face of rising stakeholder action and support our goal of being a force for social good. The Group's climate-related governance model is embedded in existing governance structures and is structured to ensure effective monitoring and communication of climate-related matters from day-to-day operations within each business to the Board.

Our Board, through our Social and Ethics Committee, oversees our Climate Change Strategy, analyses the climate context and challenges and reviews the Group's performance against climate-related and general sustainability matters on a regular basis. The Social and Ethics Committee Chairperson reports to the Board every quarter. The Risk



## MAINTAINING LEGITIMACY *continued*

and Compliance Committee monitors climate-related risks and opportunities, and provides recommendations on mitigation plans to manage the identified risks. Our Audit Committee reviews and approves public disclosures through external reporting.

## RESPONSIBLE INVESTMENT

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

As asset owners and institutional investors, it is our duty to act in the best long-term interests of our beneficiaries. Accordingly our Group Responsible Investment Policy sets out Discovery's principles for responsible investment, which aim to align our investment philosophy with relevant principles and industry codes of best practice. The policy also states that responsible investment requires the recognition, evaluation and incorporation of material ESG risks and opportunities into investment and ownership decisions by subsidiaries across the Group.

When selecting and appointing asset managers, we consider the extent to which responsible investment is embedded in their investment and ownership practices. Furthermore, we monitor appointed asset managers' responsible investment approach to increase accountability.

The Group is a signatory to the Principles for Responsible Investment (PRI), committing to the PRI's six principles.

## RESPONSIBLE AND TRANSPARENT APPROACH TO TAX

Discovery is committed to complying with all statutory tax obligations of the regions in which we operate. Our Board, together with the Audit Committee, oversees the Group's tax practices and affairs. While the responsibility for the Group's tax strategy lies with the Board, day-to-day responsibility is delegated to the respective CFOs and finance teams of the various business areas, who are supported by the Group Tax function and the in-country Group tax specialists.

**Our focus also extends beyond basic compliance to ensure that our approach to tax management creates value for our stakeholder groups. We achieve this by:**

- Giving due consideration to the tax-related legislation of the countries where we operate.
- Ensuring that each transaction we undertake has economic substance and business purpose.
- Embedding a Group Tax Policy across our business, which addresses tax management principles, as well as a Tax Risk Management Framework.
- Not using so-called tax havens to avoid taxes on our business activities that would, in the normal course of events, take place elsewhere.

- Undertaking cross border intragroup transactions using the arm's length principle in accordance with the Organisation for Economic Co-operation and Development's (OECD) transfer pricing principles.
- Constructively engaging with tax authorities in a way that is honest, courteous and timely to protect and enhance our reputation and good standing with them.
- Accurately disclosing tax reporting procedures.
- Ensuring that our finance and tax teams are adequately staffed with the appropriate skills to monitor and keep abreast of developments in tax legislation; regular training is undertaken as appropriate.
- Effectively managing our tax risk, seeking external advice or directly engaging with revenue authorities as and when appropriate.

We understand that tax is a material consideration for our stakeholder groups. Accordingly, Discovery is committed to responsibly arranging its tax affairs and structuring commercial activities to sustainably maximise value for shareholders and other stakeholders. As part of this, we ensure we file accurate, timely tax returns and settle any tax obligations in the correct period. In the diagrams below, we disclose our total tax contributions (including those withheld and collected on behalf of revenue authorities) for the past two financial years by tax type and by region of operation and contribution.

TOTAL TAX CONTRIBUTED BY TYPE (R'MILLION)		
	2021	2022
Corporate income tax <sup>1</sup>	1 717	1 151
Employment taxes	2 865	3 397
VAT and GST <sup>2</sup>	1 810	1 882
Insurance premium tax	1 300	1 396
Other taxes <sup>3</sup>	49	63
	7 741	7 889

TOTAL TAX CONTRIBUTED BY REGION (R'MILLION)		
	2021	2022
South Africa	4 965	5 407
UK	2 575	2 271
USA	169	170
Other <sup>4</sup>	32	41
	7 741	7 889

<sup>1</sup> FY2022 includes employment taxes collected and paid over on behalf of policyholders.

<sup>2</sup> Includes VAT expensed and not recovered.

<sup>3</sup> Other taxes include franchise taxes, withholding taxes, dividend withholding taxes (excluding amounts withheld by other regulated intermediaries) customs duties and carbon taxes.

<sup>4</sup> Other regions include Australia, Singapore, Isle of Man, Nigeria, Eswatini, Democratic Republic of Congo and Mauritius.

## SUSTAINABLE PROCUREMENT PRACTICES

Discovery is committed to sustainable procurement practices. We launched a pilot supplier mapping exercise in FY2022. This will ensure the procurement of goods and services from socially and environmentally responsible suppliers who subscribe to core values in the areas of human rights, labour standards, the environment and anti-corruption.



# OUR BOARD COMMITTEES

*Discovery's Board of Directors acknowledges its responsibility to effectively discharge its duties, ensuring that the delegation of powers within our governance and business structures promotes independent judgement. The Board is ultimately responsible and accountable for the governance, performance and strategy of the Group, as well as delivering value for our providers of capital while balancing the needs of other stakeholders.*

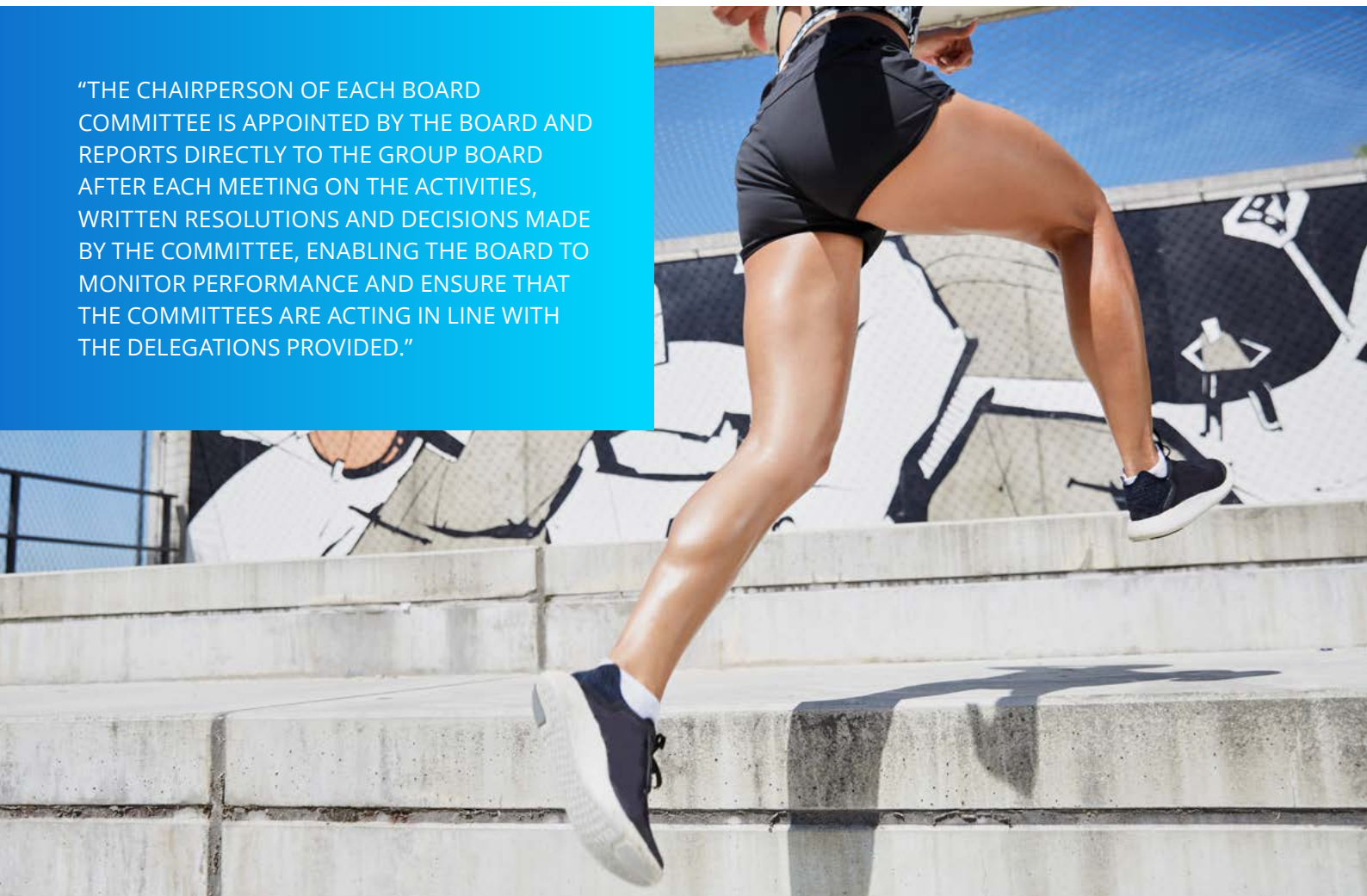
The Board has delegated some of its responsibilities to appropriately constituted Board committees. Six Board committees are fully established in line with the requirements of the Companies Act, the Insurance Act and King IV™ to assist the Board in the fulfilment of its responsibilities. A clear balance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

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

The Terms of Reference prescribe the minimum number of members for each committee, as well as the proportion of independent Directors to ensure that independence is exercised. Each Board committee is required to have at least three members with sufficient capability and capacity to function effectively, and members are evaluated to ensure an appropriate balance of skills, qualifications and experience to perform their duties

The Chairperson of each Board committee is appointed by the Board and reports directly to the Group Board after each meeting on the activities, written resolutions and decisions made by the committee, enabling the Board to monitor performance and ensure that the committees are acting in line with the delegations provided. The Board encourages the sharing of information across committees to drive collaboration and integration while maintaining accountability and empowering independent judgment. Our Non-executive Directors serve on multiple Board committees to ensure the efficient and effective flow of information between committees. Furthermore, Board members may attend any committee meeting as an invitee or observer to provide insight into particular matters of interest, but may not take part in any decisions made by the appointed members of the committee.

“THE CHAIRPERSON OF EACH BOARD COMMITTEE IS APPOINTED BY THE BOARD AND REPORTS DIRECTLY TO THE GROUP BOARD AFTER EACH MEETING ON THE ACTIVITIES, WRITTEN RESOLUTIONS AND DECISIONS MADE BY THE COMMITTEE, ENABLING THE BOARD TO MONITOR PERFORMANCE AND ENSURE THAT THE COMMITTEES ARE ACTING IN LINE WITH THE DELEGATIONS PROVIDED.”



OUR BOARD COMMITTEES *continued*

## AUDIT COMMITTEE

**Purpose**

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

**Composition and meeting attendance**

The Audit Committee is chaired by an Independent Non-executive Director and comprises at least three highly skilled and experienced Independent Non-executive Directors, who are appointed annually by the Board and subsequently approved by the shareholders at the AGM. During FY2022, external audit and Group Internal Audit, as well as the Group CFO, CIO, CRO, Chief Compliance Officer (CCO) and other relevant invitees attended meetings by invitation to provide pertinent information and insight into their areas of responsibility.

The Audit Committee met six times during FY2022 and comprised the following members:

	Board status	Appointment to committee	Number of meetings attended
D Macready (Chairperson)	Independent Non-executive Director	February 2020	6/6
SE De Bruyn*	Independent Non-executive Director	November 2005	2/3
M Hlahla	Independent Non-executive Director	August 2021	6/6
M Schreuder	Independent Non-executive Director	February 2021	6/6
SV Zilwa**	Independent Non-executive Director	August 2003	3/3

\* SE De Bruyn retired as Board member and member of the Audit Committee with effect from 24 November 2021

\*\* SV Zilwa did not stand for re-election as a member of the Audit Committee at the Annual General Meeting with effect from 24 November 2021. Sindi continues to attend meetings by invitation.

**Key focus areas in FY2022**

- Reviewing and approving Internal Audit's Charter and Audit Plan, ensuring that it provides objective and relevant independent assurance.
- Reviewing the expertise, skills, resources and experience of the Internal Audit and Finance functions, which were found to be satisfactory.
- Assisting the Board to evaluate the effectiveness of the Group's internal financial controls, which were found to be adequately designed and effectively implemented with no concerns raised.
- Considering the adequacy of assurance provided regarding the internal financial control environment to which the CEO and the CFO attest to (JSE Listings Requirement).
- Reviewing the effectiveness of governance structures for all international businesses where Discovery has management control.
- Reviewing the Group's capital adequacy by considering the work of the Actuarial Committee.
- Reviewing the results of the Solvency and Liquidity Test conducted prior to considering the dividend declaration.
- Monitoring the implementation of IFRS 17 and the application thereof through appropriate accounting policies.
- Reviewing the performance of the Group CFO and the performance and independence of the Chief Audit Executive (CAE), which were confirmed to be satisfactory.
- Overseeing compliance with IRBA's MAFR rule and Prudential Authority requirements for the appointment of joint auditors as approved by shareholders at the 2021 AGM, while ensuring a smooth and transitioned external audit process during FY2022. Also, considering the mandatory rotation of PwC from 1 July 2023 and the announced intention to nominate Deloitte & Touche to replace PwC from 1 July 2023 as joint external auditors with KPMG from that date.
- Satisfying itself that the external auditors have, at all times, acted with unimpaired independence, after considering:
  - > Representations made by the external auditors to the Audit Committee;
  - > Independence criteria specified by IRBA and international regulatory bodies, as well as criteria for internal governance processes within audit firms;

- > Auditor suitability assessment in terms of paragraph 3.84(g) (iii) and section 22.15(h) of the JSE Listings Requirements; and
- > The extent of other work undertaken by the auditors for the Group.
- Overseeing the Group's Tax function, including the Tax Strategy and Policy, material tax decisions, tax affairs, tax reform proposals, qualified resources and skills, and all material issues raised by the tax authority.
- Reviewing and recommending to the Board the approval of the Interim and Annual Financial Statements and related disclosures, including the draft announcement of the financial results.
- Considering the impact of any financial, fraud, IT and other risks on the integrity of Discovery's financial results.
- Considering significant audit-related matters regarding COVID-19, including the impact thereof on the Group's systems, control environment, finance function, internal and external audit, and reporting implications.
- Reviewing the Integrated Annual Report and considering the accuracy and completeness thereof.
- Reviewing the progress and implications of the Prudential Book transfer in VitalityLife.

**Planned focus areas in FY2023**

- Continuing to focus on the core activities of the committee as outlined in its Terms of Reference.
- Overseeing compliance with IRBA's MAFR rule, subject to the approval by shareholders at the 2022 AGM and approval by the Prudential Authority.
- Monitoring the implementation of IFRS 17 and the application thereof through appropriate accounting policies, strong project management and good governance.
- Assessing ESG risk implications, disclosures and assurance processes.

The Audit Committee performed an independent effectiveness review during the reporting period and is satisfied that it fulfilled its responsibilities as per its Terms of Reference for FY2022.



OUR BOARD COMMITTEES *continued*

## REMUNERATION COMMITTEE

**Purpose**

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

**Composition and meeting attendance**

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

The Remuneration Committee met four times during FY2022 and comprised the following members:

	Board status	Appointment to committee	Number of meetings attended
F Khanyile (Chairperson)*	Independent Non-executive Director	November 2019	4/4
HL Bosman	Non-executive Director	July 2014	4/4
SE De Bruyn*	Independent Non-executive Director	August 2016	2/2
M Hlahla	Independent Non-executive Director	November 2021	2/2
T Mboweni	Independent Non-executive Director	May 2022	1/1

\* SE De Bruyn retired as Board member and member of the Remuneration Committee with effect from 24 November 2021. F Khanyile replaced SE De Bruyn as Chairperson with effect from 24 November 2021.

**Key focus areas in FY2022**

- Reviewing Discovery's remuneration philosophy and ensuring that it is fair and equitable.
- Recommending Non-executive Directors' remuneration structure and base fees to the Board for approval by Discovery's shareholders.
- Reviewing and approving the framework, performance targets and measures used to assess the performance of Executive Directors and their related remuneration awarded.
- Overseeing the implementation of a simplified, market-competitive Single Incentive Plan (SIP) based on the annual award of a single total incentive determined as a percentage of employees' guaranteed package.
- Approving the three components of the FY2021 Remuneration Report and establishing that the report complies with the provisions of the Companies Act and King IV™, tabling it at the AGM for a non-binding advisory vote by shareholders.
- Reviewing and approving annual increases for employees including executives.
- Overseeing compliance with the Malus and Clawback Policy, including the process followed for the forfeiture of unvested awards or unpaid short-term incentives (STIs) (malus) and the clawback of vested awards or paid STIs.
- Overseeing compliance with the Minimum Shareholding Requirement Policy for senior executives.
- Considering advice and input from external advisers on improved remuneration policies, salary and incentive benchmarking, and good remuneration governance practices.
- Providing relevant training and information sessions for committee members to inform compliance with legislation and best practice.
- Considering the vertical pay gap between Discovery's highest and lowest paid employees, as well as gender and race pay gaps, as part of the Group's approach to fair and responsible remuneration.

- Considering the appropriateness of incentive payments to the participants in management incentive schemes, including Executive Directors, to ensure that remuneration decisions strike a fair balance between sentiment and performance.
- Reviewing the Group performance scorecard and ensuring that ESG-related targets are linked to remuneration practices.

**Planned focus areas in FY2023**

- Continuing to ensure that our remuneration structures remain suitable and competitive to attract and retain our people, with a focus on critical skills and diverse talent within key positions.
- Embedding the SIP and overseeing its implementation across our UK and US operations.
- Monitoring regulatory developments related to remuneration, and in particular the proposed changes to the South African Companies Act.
- Reviewing the use of the Black Economic Empowerment Share Scheme to attract and retain talent.
- Driving an entrepreneurial culture through incentives to increase alignment with shareholder interests.
- Continuing to embed and strengthen fair and responsible remuneration practices into the business, and address any pay disparities identified.
- Continuing to review ESG-related targets linked to remuneration practices.

The Remuneration Committee performed an independent effectiveness review and is satisfied that it fulfilled its responsibilities as per its Terms of Reference for FY2022.

OUR BOARD COMMITTEES *continued***RISK AND COMPLIANCE COMMITTEE****Purpose**

The Risk and Compliance Committee is responsible for ensuring that material risks, which could affect the Group, are identified, evaluated and effectively managed and reported. In addition, the Committee is tasked with ensuring that the Group's policies and processes are adequate to ensure compliance with the required legislative and regulatory requirements. The Committee also ensures that adequate systems of financial crime management are in place, as well as processes and controls that manage business continuity and disaster recovery within the Group.

**Composition and meeting attendance**

The Risk and Compliance Committee comprises at least eight members, including Executive and Non-executive Directors, the CRO and Chief Actuary (Group) and the CCO. Of these members, the majority must be Non-executive Directors and the Chairperson must be independent. An independent technology adviser further bolsters the committee's skills and expertise.

The Risk and Compliance Committee met six times during FY2022 and comprised the following members:

	Board status	Appointment to committee	Number of meetings attended
M Schreuder (Chairperson)	Independent Non-executive Director	February 2021	6/6
HL Bosman	Non-executive Director	April 2015	5/6
Dr B Brink*	Independent Non-executive Director	April 2015	3/3
R Farber	Non-executive Director	April 2015	6/6
J Ferreira	Group CCO	June 2019	6/6
HD Kallner	Executive Director	December 2015	6/6
D Macready	Independent Non-executive Director	February 2020	6/6
T Mboweni	Independent Non-executive Director	May 2022	1/1
A Rayner	CRO and Chief Actuary (Group)	April 2015	6/6
D Viljoen	Executive Director and Group CFO	May 2017	6/6
D Wilcocks**	Group CIO	August 2018	4/4
SV Zilwa	Independent Non-executive Director	April 2015	5/6

\* Dr B Brink retired as Board member and member of the Risk and Compliance Committee with effect from 24 November 2021.

\*\* D Wilcocks resigned as a member of the Risk and Compliance Committee with effect from April 2022 to allow for inclusion of an additional Independent Non-executive Director as a member of the Committee. He will still participate in meetings as an invitee.

**Key focus areas in FY2022**

- Overseeing the operations of the Group's independent Risk Management function to ensure the adequacy and effectiveness thereof.
- Reviewing the Group's risk management plans, risk-related policies and frameworks, and confirming that they are appropriate and have been implemented satisfactorily.
- Considering detailed risk reports from the CRO, the residual risk profile of the Group, as well as key risk trends, including key top-of-mind topics such as the impact of COVID-19 on various risk exposures.
- Considering risk reports of the relevant risk committees of other Group regulated entities, including Discovery Bank, Discovery Insure, Vitality UK and Vitality Global.
- Reviewing the annual refresh of the risk appetite statements and metrics.
- Reviewing the Group ORSA and Discovery Life ORSA reports, challenging findings where required.
- Overseeing the Group's Compliance function, and monitoring the compliance landscape, ensuring that Discovery complies with applicable laws, regulatory requirements, codes and standards, and assessing the impact of new laws and regulations on the Group to keep the Board up to date on any material developments.
- Reviewing the Group compliance plans, policies and frameworks and related approvals.
- Considering comprehensive reports from the CCO that detail regulatory changes, material regulatory developments, regulatory exposures, as well as any material findings in monitoring reviews.
- Considering feedback from the IT Subcommittee. The IT Subcommittee provides oversight of data and technology matters that are fundamental to the business and helps fulfil regulatory requirements.
- Providing oversight of the approval of the Data Governance and Management Policy and the Data Leakage Prevention Policy.
- Providing oversight of Discovery's IT Strategy, and considering the adequacy and effectiveness of the Control Framework and governance structures within the IT environment.

- Reviewing and considering the cyber-security posture, as well as associated risks and controls.
- Reviewing Discovery's plans and activities with regards to business continuity and disaster recovery planning.
- Overseeing the implementation of anti-financial crime programmes and controls, as well as financial crime-related policies.
- Overseeing reports from the Forensics function on Discovery's financial crime risk profile.
- Considering feedback from the Group Treating Customers Fairly Subcommittee.
- Reviewing and approving the risk and compliance-related content of the Integrated Annual Report.
- Identifying and monitoring the main climate-related risks and opportunities for Discovery, and monitoring and providing recommendations on relevant mitigation plans to manage these risks.

**Planned focus areas in FY2023**

- Continuing to focus on the core activities of the committee as outlined in its Terms of Reference.
- Ongoing consideration of the risks related to COVID-19, including the potential impact of long-COVID-19, and potential future pandemics.
- Further considering the risks and potential financial impacts related to climate change.
- Consideration of the risks posed by geopolitical factors, as well as local factors including stability of infrastructure and potential impact of social unrest.
- Increasing oversight of matters relating to financial crime.

The Risk and Compliance Committee performed an independent effectiveness review and is satisfied that it fulfilled its responsibilities as per its Terms of Reference for FY2022.

OUR BOARD COMMITTEES *continued*

## ACTUARIAL COMMITTEE

**Purpose**

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

**Composition and meeting attendance**

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

The Actuarial Committee met seven times during FY2022 and comprised the following members:

	Board status	Number of meetings attended
D Kirk (Chairperson)*	Independent expert actuary	1/1
R Farber	Non-executive Director	7/7
HD Kallner#	Executive Director	7/7
R Lee	Independent expert actuary	7/7
D Macready	Independent Non-executive Director	7/7
KS Rabson#	Group Executive	7/7
A Rayner	CRO and Chief Actuary (Group)	7/7
M Schreuder	Independent Non-executive Director	7/7
P Tripe*	Independent expert actuary	6/6
D Viljoen	Executive Director and Group CFO	7/7
R Williams	Independent expert actuary	7/7

\* P Tripe resigned as a member and Chairperson of the Actuarial Committee on 20 June 2022. D Kirk was appointed as Chairperson with effect from 20 June 2022.

# Attended in person or by proxy.

**Key focus areas in FY2022**

- Reviewing the basis, methodology and results of the solvency calculations for each business and the Group, including the appropriateness of the iterative method of calculating the risk margin for Discovery Life.
- Reviewing the results, analysis and external disclosures of the financial soundness valuation and the embedded value results for the Group, as well as IFRS reporting for Discovery Life.
- Identifying and analysing all relevant actuarial risks across the Group, including the actuarial aspects of the ORSA for various entities, and ensuring that relevant management strategies are in place to manage risks.
- Reviewing reports from management and external advisers on actuarial risks to Discovery and considering any other reports of a technical actuarial nature.
- Confirming that, from an actuarial perspective, Discovery complied with all applicable legislation, regulatory requirements, notices and codes, and that Discovery adheres to international best practice.
- Understanding the impact of COVID-19 on the actuarial components of the reserving and reporting bases and recommending adjustments as and when required.
- Considering all technical actuarial aspects of IFRS 17: *Insurance Contracts*, which will come into effect in 2023, and coordinate with the Audit Committee, in addition to identifying training interventions required across the Group.
- Considering the financial soundness and actuarial risks associated with new products, as well as revisions of existing products and the actuarial risks associated with new business initiatives.

- Considering the asset liability matching profile of Discovery Life.
- Reviewing the Discovery Life and Group Actuarial Control function, including the charter, plan and skills.
- Considering the Head of the Actuarial function's review of the reinsurance arrangements for all insurance entities and reviewing the appropriateness and adequacy thereof.
- Reviewing the minutes of and feedback from Discovery Insure, the Discovery Health Medical Scheme, VitalityLife and VitalityHealth's subsidiary Actuarial Committees to consider relevant actuarial issues, their management, and the impact on the Group's actuarial risks.

**Planned focus areas in FY2023**

- Continue to focus on the areas at outlined in its Terms of Reference and as described above.
- Ensure the Group's preparedness for the implementation of IFRS 17 including ongoing training and transition arrangements.
- Facilitate a deeper review into the overall quantitative components of the Discovery Life and Group ORSA Reports, including a review of the proposed stress and scenario tests.

The Actuarial Committee performed an independent effectiveness review and is satisfied that it fulfilled its responsibilities as per its Terms of Reference for FY2022.

OUR BOARD COMMITTEES *continued*

## SOCIAL AND ETHICS COMMITTEE

**Purpose**

The Social and Ethics Committee assists the Board in implementing and monitoring strategies that facilitate sustainable social, economic and sustainable 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.

**Composition and meeting attendance**

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

The Social and Ethics Committee met five times during FY2022 and comprised the following members:

	Board status	Appointment to committee	Number of meetings attended
SV Zilwa (Chairperson)	Independent Non-executive Director	May 2018	5/5
Dr B Brink*	Independent Non-executive Director	May 2018	3/3
M Hlahla	Independent Non-executive Director	August 2021	4/4
HD Kallner	Executive Director	May 2018	4/5
F Khanyile	Independent Non-executive Director	May 2018	5/5
D Viljoen	Executive Director and Group CFO	May 2018	5/5

\* Dr B Brink retired as Board member and member of the Social and Ethics Committee with effect from 24 November 2021.

**Key focus areas in FY2022**

- Overseeing Discovery's ethical standards and values to ensure an ethical culture is deeply rooted across the Group. This includes monitoring the results of an independent ethics survey and the implementation of ethics training.
- Monitoring Discovery's response to the COVID-19 pandemic, including the roll out of vaccinations.
- Overseeing the development and implementation of Discovery's Vaccination Policy.
- Monitoring Discovery's compliance to the Disaster Management Act, No. 53 of 2005, and approval of the Group's Health and Safety Policy.
- Ensuring compliance with the UN Global Compact Principles, the recommendations of the Organisation for Economic Co-operation and Development regarding corruption, as well as applicable legislative and regulatory requirements that impact social and economic development.
- Overseeing the Group's Sustainability Framework and dashboard as well as considering, approving and monitoring the key sustainability performance indicators.
- Reviewing the Group's enterprise development and preferential procurement policies and implementation thereof while ensuring alignment with the Group's transformation objectives.
- Monitoring Discovery's corporate citizenship approach, as well as objectives that promote equality, prevent unfair discrimination and corruption, and support CSI, corporate sponsorships and donations.
- Overseeing the Group's environmental and health and safety strategies and objectives. This includes the execution of the Group Climate Change Strategy and the Group's performance against emissions reduction targets.
- Monitoring the Group's ESG disclosure performance against ESG ratings agencies.
- Overseeing the development and implementation of Discovery's Responsible Investment Policy.
- Monitoring the Group's stakeholder engagement, advertising and public relations strategies and objectives.

- Overseeing the Group's labour-related policies and frameworks in addition to its Employment Equity Plan and Skills Development Strategy. This included the Group's code of good practice to prevent and eliminate harassment in the workplace.
- Monitoring diversity, equity and inclusion within various levels of the business including the race and gender pay gaps.
- Monitoring the Group's target level of compliance with the Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice and its progress in terms of transformation targets against actual metrics, with specific regard to our B-BBEE scorecard, employment equity plan, skills development and CSI dashboards.
- Ensuring that appropriate frameworks and methodologies are in place to monitor conflicts of interest.
- Reviewing the Sustainability Report, as well as the assurance processes supporting key data included therein, and recommending this to the Board for approval.

**Planned focus areas in FY2023**

- Maintaining Discovery's level 1 B-BBEE score.
- Overseeing the implementation of Discovery's Sustainable Development Strategy including consideration of the Sustainable Development Goals.
- Monitoring and overseeing the implementation of the Group's Climate Change Strategy and other environmental-related initiatives and frameworks.
- Implementing the recommended improvements from an independent Social and Ethics Committee benchmarking report conducted in FY2022.

The Social and Ethics Committee performed an independent effectiveness review and is satisfied that it fulfilled its responsibilities as per its Terms of Reference for FY2022.

OUR BOARD COMMITTEES *continued***NOMINATIONS COMMITTEE****Purpose**

The Nominations Committee assists the Board in identifying potential candidates for the Board, and will make recommendations on the appointment of Executive or Non-executive Directors to the Board.

The Board, in turn, presents the approved candidates to the shareholders for consideration at the AGM. The committee is also responsible for succession planning in respect of the Group Chief Executive and Board members, as well as the evaluation of the Board's performance.

**Composition and meeting attendance**

The Nominations Committee is chaired by the Chairperson of Discovery's Board, and comprises at least three members. Discovery's Group Chief Executive is also a member of the committee, along with a Non-executive Director and two Independent Non-executive Directors.

The Nominations Committee met two times during FY2022 and comprised the following members:

	Board status	Appointment to committee	Number of meetings attended
M Tucker (Chairperson)	Independent Non-executive Director	November 2019	2/2
HL Bosman	Non-executive Director	November 2019	2/2
A Gore	Executive Director and Group Chief Executive	November 2019	2/2
F Khanyile	Independent Non-executive Director	February 2020	2/2
Dr TV Maphai	Independent Non-executive Director	February 2020	2/2

**Key focus areas in FY2022**

- Ensuring the Board has the appropriate balance of skills, qualifications and experience for it to execute its duties effectively.
- Identifying suitable candidates to improve the gender and racial composition of the Board.
- Recruiting, shortlisting and recommending the following appointments:
  - > Monhla Hlahla as an Independent Non-executive Director of the Board and member of the Audit Committee, Social and Ethics Committee and Remuneration Committee.
  - > Tito Mboweni as an Independent Non-executive Director of the Board and member of the Risk and Compliance Committee and Remuneration Committee.
  - > Bridget van Kralingen as an Independent Non-executive Director of the Board.
- Addressing the Board's data and technology skills gaps.
- Overseeing the succession plan for the Board, which includes identifying, mentoring and developing future candidates.
- Reviewing and approving the Nomination of Directors, Board Diversity and Evaluation of Directors Policy.
- Overseeing the performance assessment of the Board, Board committees and individual Non-executive Directors.

- Recommending the re-election of Non-executive Directors whose terms are coming to an end and, in doing so, considered their performance and attendance on the Board and committees.
- Considering the composition of Board committees, as well as the allocation of roles and responsibilities, to achieve a balanced distribution of power.
- Considering the composition of the Board and its compliance with relevant laws and regulations.
- Overseeing the continuous development of Directors through ongoing training interventions.

**Planned focus areas in FY2023**

- Overseeing the implementation of the recommendations of the independent Board effectiveness review.
- Overseeing succession planning for the Board.
- Overseeing the development and implementation of a Subsidiary Governance Framework.

The Nominations Committee performed an independent effectiveness review and is satisfied that it fulfilled its responsibilities in accordance with its Terms of Reference for FY2022.

OUR BOARD COMMITTEES *continued*

## TREATING CUSTOMERS FAIRLY SUBCOMMITTEE

**Purpose**

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

**Composition and meeting attendance**

The Treating Customers Fairly Subcommittee is a subcommittee of the Risk and Compliance Committee and comprises at least five members, of which three are independent Non-executive Directors of Discovery Constituted Boards, and one is a member of the Social and Ethics Committee. The Risk and Compliance Committee will appoint the Chairperson in consultation with the Nominations Committee. Each business entity over which the Treating Customers Fairly Subcommittee has direct oversight is represented by a member of its executive management team, or by a member of senior management nominated by the executive management team. The Treating Customers Fairly Subcommittee meets a minimum of four times in a year. In South Africa, Discovery Bank has its own treating customers fairly processes and governance structures in place, and a representative of the business attends each Treating Customers Fairly Subcommittee meeting to report on Discovery Bank's activities in this regard.

The Treating Customers Fairly Subcommittee met four times during FY2022 and comprised the following members:

	Board status	Appointment to committee	Number of meetings attended
J Awbrey (Chairperson)	Independent Non-executive Director (Discovery Life and Discovery Insure)	January 2017	4/4
Dr B Brink*	Independent Non-executive Director (Group)	January 2017	2/2
J Ferreira	Group CCO	November 2018	3/4
A Rayner	CRO and Chief Actuary (Group)	January 2017	4/4
M Schreuder	Independent Non-executive Director (Group)	April 2022	1/1
SV Zilwa	Independent Non-executive Director (Group)	January 2017	3/4

\* Dr B Brink retired as Board member and member of the Treating Customer Fairly Subcommittee with effect from 24 November 2021.

**Key focus areas in FY2022**

- Reviewing all frameworks dealing with the fair treatment of customers, including the complaints management process.
- Ensuring that appropriate steps were taken to embed the frameworks within the business entities.
- Overseeing the development and launch of all significant new products.
- Improving customer communication for integrated product development.
- Reviewing internal system integration within the Group.
- Focusing on lapse rate reporting.
- Considering regulatory training requirements post the Committee's effectiveness review.
- Focusing on social media interaction from a treating customers fairly perspective.
- Consolidating product summaries for all Discovery businesses, focusing on product integration and the impact on customers of 65 years or older.
- Reviewing the Insurance Ombudsman's published annual report to determine the Group's treating customers fairly performance in comparison with our competitors.
- Reviewing local and international market conduct trends.

**Planned focus areas in FY2023**

- Ongoing review of all frameworks dealing with the fair treatment of customers, including the complaints management process.
- Continuing to ensure the appropriate steps are taken to embed the frameworks across the business.
- Implementing social media interaction reporting within the Treating Customers Fairly Framework.
- Focusing on positive market conduct highlights.
- Reviewing local and international market conduct trends.
- Conducting applicable regulatory training.
- Enhancing consolidated product summaries to improve their value and impact.
- Improving and simplifying treating customers fairly reporting for all business units, including Discovery Bank.
- Focusing on the quality of advice provided by intermediaries to our customers.
- Focusing on social media interaction from a treating customers fairly perspective, including trend analysis of digital interactions.

The Treating Customers Fairly Subcommittee performed an internally managed effectiveness review during the reporting period and is satisfied that it has fulfilled its responsibilities as per its Terms of Reference for FY2022.

OUR BOARD COMMITTEES *continued***INFORMATION TECHNOLOGY SUBCOMMITTEE****Purpose**

The Information Technology (IT) Subcommittee is tasked with assisting the Risk and Compliance Committee. The Subcommittee's focus is on assessing the effectiveness and efficiency of information systems from a risk and strategic alignment perspective. Furthermore, the Subcommittee monitors the adequacy and effectiveness of the Group's IT systems, as well as enables the Risk and Compliance Committee to execute its responsibility related to IT, as required by the King IV™ Code of Corporate Governance.

**Composition and meeting attendance**

The Subcommittee is chaired by an Independent Non-executive expert, who is not a member of Discovery's Board, and includes the Group Chief Information Officer, Group Chief Information Security Officer and Group CCO among others. The members are appointed annually to the Committee by the Group Risk and Compliance Committee and these appointments are ratified by the Board.

The newly formed Information Technology Subcommittee met three times during FY2022 and comprised the following members:

	Board status	Number of meetings attended
E Solomon (Chairperson)	Independent Non-executive member and expert	3/3
S de Jesus	Group Information Systems Chief Commercial Officer	2/3
J Ferreira	Group CCO	3/3
H Padayachee	Chief Information Officer (Vitality Global)	3/3
Z Parak	Group Chief Information Security Officer	3/3
J van Niekerk	Chief Operating Officer (Vitality SA)	3/3
D Wilcocks	Group CIO	3/3

**Key focus areas in FY2022**

- Drafting the Subcommittee's terms of reference to align with the Group's business needs, in addition to clarifying related roles, responsibilities and reporting mechanisms.
- Reviewing the Group IT Governance Framework and policies to ensure information security, data protection and business resilience and confirming compliance with the Framework and policies.
- Reviewing the Group's IT strategies and architectures to ensure that the Group remains competitive.
- Monitoring and evaluating significant IT investments and expenditure as part of the Group's overall IT project profile, ensuring alignment with Discovery's overall strategy.
- Overseeing the ongoing maintenance of information technology systems within the Group.
- Considering feedback from the Group CIO forum, to satisfy itself that the current IT Governance Framework provides adequate control.
- Monitoring and verifying key IT operational performance statistics.
- Reviewing and monitoring IT risks and exposures on a Group basis, ensuring effective IT risk management.
- Reviewing outcomes from cyber security tests performed through an independent ethical hacking exercise.
- Monitoring relevant regulatory developments, including the draft Prudential Authority Standards regarding IT governance.

**Planned focus areas in FY2023**

- Optimising our current data and technological environment for affordability, quality and cost.
- Ensuring compliance with new Prudential Authority Standards regarding IT governance.
- Preparing the data and technology environment for future needs and market forces including a fully digital experience, further innovation and disruptive technology.
- Ensuring ongoing compliance with the requirements of relevant data protection legislation.
- ISO27001 Data security formal certification.

The Information Technology Subcommittee, as a newly established subcommittee, has not yet performed an internally managed effectiveness review.



# FY2022 KING IV™ APPLICATION REGISTER

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

## LEADERSHIP

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

 Refer to [page 4](#) and [22](#) of this governance report.

## ORGANISATIONAL ETHICS

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

## RESPONSIBLE CORPORATE CITIZENSHIP


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

## STRATEGY AND PERFORMANCE

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

## REPORTING

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

 Refer to [page 28](#) and [31](#) of this governance report.

## PRIMARY ROLE AND RESPONSIBILITIES

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

## COMPOSITION

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

 Refer to [page 4](#) and [23](#) of this governance report.

## COMMITTEES

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

## EVALUATION OF PERFORMANCE

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

 Refer to [page 21](#) and [23](#) of this governance report.



FY2022 KING IV™ APPLICATION REGISTER *continued***APPOINTMENT AND DELEGATION TO MANAGEMENT**

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

**RISK GOVERNANCE**

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

**TECHNOLOGY AND INFORMATION GOVERNANCE**

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

**COMPLIANCE GOVERNANCE**

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

**REMUNERATION GOVERNANCE**

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

**GR** Refer to *page 23* and *32* of this governance report.

**ASSURANCE**

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

**STAKEHOLDERS**

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

**RESPONSIBILITIES OF INSTITUTIONAL INVESTORS**

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

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