



Discovery

**SUSTAINABILITY
REPORT**

for the year ended 30 June 2023



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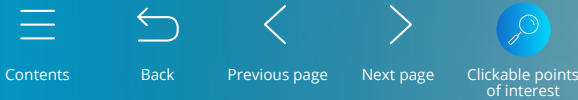
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Navigating our reporting suite

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



This icon refers to more information in this report

This icon refers to additional information available on www.discovery.co.za



Our reporting suite

Our Sustainability Report is supported by a comprehensive suite of reports that aims to provide our stakeholders with a holistic overview of the Group, its prospects and performance. These reports can be accessed on our website.

INTEGRATED ANNUAL REPORT

Our primary report to our shareholders, providers of financial capital and other key stakeholders, detailing how we created, preserved or eroded value for our stakeholder groups.

GROUP ANNUAL FINANCIAL STATEMENTS

Group audited consolidated financial results for Discovery Limited, the Embedded Value Statement and Five-year Review.

SUSTAINABILITY REPORT THIS REPORT

An overview of the Group's performance against our Integrated Sustainability Framework and, where appropriate, against relevant standards and frameworks.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD) REPORT

Discovery's climate change response regarding governance, strategy, risk management, and metrics and targets related to the Group's environmental impact.

GOVERNANCE REPORT

Outlines our governance philosophy, leadership and compliance with the King Report on Corporate Governance for South Africa, 2016 (King IV™)*.

REMUNERATION REPORT

Outlines our remuneration policy and implementation approach and factors influencing our remuneration-related decisions.

TAX TRANSPARENCY REPORT

Communicates material tax disclosure information to demonstrate our commitment to tax transparency and operating as a force for good through our tax contributions.

ANNUAL FINANCIAL RESULTS PRESENTATION AND BOOKLET

NOTICE OF ANNUAL GENERAL MEETING (AGM)

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A MESSAGE FROM OUR GROUP CHIEF EXECUTIVE

ADRIAN GORE



Our core purpose and values form the bedrock of our organisation, and enabled us to navigate significant complexity and volatility during the period, as the world battled a global pandemic, geopolitical conflicts, and climate and energy crises. As the war in Ukraine continued, many markets felt inflationary pressures and economic volatility while, in South Africa, severe energy constraints resulted in lower economic growth.

We viewed this challenging context as an opportunity to leverage Discovery's unique capabilities and business model to positively impact our clients, helping them live longer, healthier and more financially secure lives; as well as positively impacting society and the environment. Our purpose-led approach, along with our Shared-value model, allowed us to emerge from the COVID-19 pandemic in a strong position and with a renewed appreciation for access to healthcare and the crucial role of prevention in individual and collective health.

Indeed, in line with our purpose of **making people healthier and enhancing and protecting their lives**, we aim to achieve 1 billion healthy activities per annum by 2030. We recorded 503 million healthy activities in FY2023, with over 3 million life years saved and R13.7 billion in value returned to clients. We continue to evolve and publish research to improve how outcomes are measured globally. Within our business, we leverage our research insights and unique understanding of clinical and lifestyle data to create personalised pathways for our clients so they can build habits and improve their overall health risk.

In addition, we recognise health is directly and indirectly affected by the environment in which people live. **Restoring the environment** therefore remains a key focus for the Group, and we are proud to have become signatories to the United Nations Principles for Sustainable Insurance (PSI), which forms part of the United Nations Environment Programme, in March 2023. We continue to reduce our environmental footprint and drive behaviour change through innovation to provide practical sustainable solutions to individuals. With the country deep in an energy crisis, two notable innovations are Discovery Bank's solar energy partnership with Rubicon and our newly launched Discovery Green renewable energy wheeling proposition. Discovery Green has an ambition to facilitate 1 GW in renewable energy generation by 2026 (with construction starting in 2024). Through the benefits of scale and Discovery's actuarial and technology capabilities, Discovery Green will

provide access to affordable, renewable power to South African businesses, with more certainty in expenditure and a mechanism to meaningfully and substantially reduce carbon emissions.

Furthermore, **strengthening the healthcare system and building the nation** remain key priorities in our drive to be a force for good. This starts with breaking the iron triangle – the traditional trilemma between access, cost and quality – by innovating to offer improved access to healthcare, reduced costs and improved quality. In line with this, we support the aspirations of the National Health Insurance (NHI) Bill to provide broader access to equitable healthcare for all South Africans. However, our considered analysis demonstrates that the NHI is not workable without private sector funding and private healthcare delivery.

Discovery will continue to work towards collaborative approach with a role for medical schemes and private healthcare when the NHI is fully implemented. Not because medical schemes and private healthcare are our business, not because it is good for our members, but because it is the only way to make the NHI workable for all South Africans.

In addition to our engagements on the NHI Bill, we collaborated this year to build the country through partnerships with the SA SME Fund and Business Unity South Africa (BUSA). In July, I joined 130 other South African CEOs to sign a pledge aligning behind our belief in the potential of our country and commitment to building it through partnerships. Our partnership with Government to address energy, transport and logistics and crime and corruption is a manifestation of this commitment, and I look forward to our progress.

We've been encouraged by the potential impact of public-private partnerships, as seen in initiatives like the Pothole Patrol with Avis and the City of Johannesburg. By combining our collective expertise, the Pothole Patrol has filled over 190,000 potholes since its launch in 2021, saving residents millions in claims, with a target of fixing 1 000 potholes per week.

We have also invested ~R100 million in social initiatives during the year through corporate social investment, community upliftment initiatives and skills development for the unemployed. We continue to support the public healthcare system through corporate social investment to improve access to quality healthcare and train skilled healthcare professionals. The Discovery Foundation has contributed R307 million, since inception, to various non-profit organisations that provide essential healthcare services in rural and underserved communities. Over the year, the Discovery Fund invested over R33 million in grants to support academic medicine through research and development and trained 10% of South Africa's medical sub-specialists, of which 75% are in the public sector. Considering South Africa's average of 16.5 specialists per 100 000 people, this investment will pay considerable dividends for the country's healthcare system.

Finally, our people are, without a doubt, our greatest asset, and we continue to **progress towards achieving a diverse, equitable and inclusive leadership and workforce with fair and responsible pay**. Our drive to create the workforce of the future extends beyond our immediate employees into the industry at large, and through the Adrian Gore Mentorship Programme and Adrian Gore Fellowship Award, we guide young actuaries and help cultivate industry-scarce and critical skills.

This is an important time for our country and the world: to overcome our obstacles, we need commitment, focus and traction. It will not be easy or without challenges, but Discovery's core purpose and values remain its compass, with a deep conviction in its business model to effect change: we are driven to be a force for good in the markets in which we operate and continue to innovate to realise the opportunities within these to unlock shared value for all our stakeholders.

ADRIAN GORE
Group Chief Executive



Q&A

WITH OUR HEAD OF ESG AND INVESTOR RELATIONS

DAVID DANILOWITZ



Our unique behaviour-led Shared-value model drives constant alignment between our business and our customers, society and the broader environment – ensuring authentic corporate sustainability.

Q Today's ESG issues are complex and urgent, and businesses are increasingly scrutinised for their role in addressing these challenges. What sets Discovery's approach apart?

A The issues that are increasingly being viewed as "ESG-critical" for companies globally have always been part of Discovery's commitment to its core purpose and values. We have an innate drive to be a demonstrable **force for good** and are intrinsically aligned with the UN Sustainable Development Goals and, in a more general sense, driving meaningful impact. This guides us as we consider the inherent interconnectivity between environmental, social and governance factors and how these complexities can affect our business. But beyond this, we also consider how our business can make a positive impact in each of these areas.

Our **unique behaviour-led Shared-value model** drives constant alignment between our business and our customers, society and the broader environment – thereby ensuring authentic corporate sustainability. The pandemic, with the coalescing of complex macro and socio-economic factors, was a catalyst to drive further change and impact at scale.

Q How has Discovery's approach to ESG evolved over the years?

A Measuring impact has been intrinsic to Discovery's 30-year journey. While we have been leaders in measuring healthy activities, we also recognised the need to **disclose our impact across a more comprehensive range of indicators** required by our broader stakeholders. Therefore, over the years, we took steps to meaningfully integrate these indicators across the business while deepening our disclosure on emerging issues.

Our approach has always been rigorous, centred on data. We work with leading international institutions to continuously evolve and publish research that advances the measurement of outcomes on a global scale. This year, we worked with the **London School of Economics and Political Science (LSE)** to deliver pioneering research on the causal link between physical activity and mortality. In doing this, we can verifiably measure our direct impact on our clients, as well as those of our partners. This causal relationship is cemented by our emerging understanding of the **science of habit formation**, allowing us to enhance our model with personalised engagements to ensure we help clients form positive habits that meaningfully impact their longevity and quality of life.

We have always believed in the individual and societal benefits of positive behaviour change. Today – through the evolving richness of our data, combined with technological advancements to improve both the availability of verifiable evidence and our analytical capabilities – we can prove it. We are more certain than ever that financial services **products that integrate Vitality reflect preventative care and improve the lives of our customers and broader society**, and we continue to drive Vitality integration across our products in all markets to deepen engagement. Discovery Life's Life Plan, which has **R11.5 billion** in Vitality integrated premiums, is one example of a **product promoting responsible behaviours**, demonstrating greater physical resilience through lower mortality and morbidity rates.



Q&A with our Head of ESG and Investor Relations continued

Q Discovery has been a leader in addressing societal challenges, influencing clients' health and financial behaviour and advancing how this impact is measured. How has this focus on rigorous impact measurement translated to your environmental ambitions?

A Impact measurement remains core to how we progress towards our goals. We established a cumulative short-term climate-related target to achieve a 16.8% reduction in Scope 1 and 2 emissions against our 2019 baseline by FY2023. We exceeded this target, delivering a **cumulative 18.5% reduction**. These incremental but meaningful steps guide our path forward to being carbon neutral by 2025 and net zero by 2050, if not earlier.

Global political and economic tensions have shifted some economies towards shorter-term economic requirements and energy demands at the expense of longer-term environmental considerations, just as increasingly extreme climatic shifts call for even more drastic action. As such, we see an even greater need for environmental advocacy beyond our organisational targets. For example, through **Discovery Green**, we are focusing on making a positive impact on climate change by making it affordable for businesses to run on renewable electricity through our renewable energy wheeling platform.

Q How does Discovery continue to progress its approach to value-enhancing governance in line with your significant growth across geographies and industries?

A Discovery upholds good governance and ethical leadership as critical components of creating and preserving shared value for all our stakeholders. Recognising the complexity of our diverse operating contexts and the uniqueness of our business, our Group-wide learning culture applies to our governance approach too.

Over the years, our Board has evolved significantly in line with the needs of our business and best practice, and we continually review our governance frameworks to ensure these align with the highest standards and are fit for purpose. **Strengthening our Group Governance Framework** is a highlight in this regard, serving to bolster our governance approach and help optimise our Group structure across Discovery in South Africa, Vitality UK and Vitality Global. We also consulted with global best practice ethical experts to help us develop frameworks – rooted in our values – to guide the Group in the inevitable complexity of doing business across the globe.

Q Where to next? What is Discovery's focus going forward within the realm of ESG?

A Our priority remains to advocate for demonstrable positive impact on the health and wellbeing of customers and society. Since Discovery has already been aligned with the TCFD's recommendations for a few years, we now look forward to incorporating the International Sustainability Standards Board's inaugural sustainability standards – IFRS S1 and IFRS S2 – into our monitoring and reporting practices, among other relevant frameworks.

Globally, there has been progress regarding understanding the impacts on and risks to biodiversity in the form of the Task Force for Nature-related Financial Disclosures (TNFD) framework, which launched in September 2023. We understand that, fundamentally, we cannot remain sustainable in the absence of a thriving natural environment and ecosystem. This underpins our plans to understand our biodiversity footprint and further identify opportunities for positive impact. We remain focused on advocacy and leadership within our markets and driving our impact across all facets more deeply through our value chain. We are passionate about being a force for good and relentlessly seek new opportunities to scale our impact and demonstrate our continuing commitment to be part of the solution in addressing key health, social and environmental challenges.

DAVID DANILOWITZ
Head of ESG and Investor Relations

“Globally, there has been progress regarding understanding the impacts on and risks to biodiversity in the form of the Task Force for Nature-related Financial Disclosures (TNFD) framework, which launched in September 2023.”



OUR SUSTAINABILITY PERFORMANCE AT A GLANCE

We continued driving our purpose as a force for good in FY2023. The highlights below are a snapshot of our sustainability outcomes during the year through the lenses of our Integrated Sustainability Framework's sustainability differentiators and good business enablers.

SUSTAINABILITY DIFFERENTIATORS

Make people healthier
PHYSICAL HEALTH

41 million lives impacted globally

503 million healthy activities recorded¹

>3 million life years saved²

R13.7 billion shared-value dividend³

R11.5 billion ESG-integrated premiums for responsible insurance products, collected by Discovery Life

Vitality Health International partnered with **Goodbye Malaria** to provide comprehensive coverage for malaria cases (including mental health benefits) in the rest of Africa

Received the **Global Innovator Award** and the **Gold Product and Service Innovation Award** for our Discovery Hospital at Home offering at the 2022 Efma-Accenture Innovation in Insurance Awards

Enhance and protect lives
HOLISTIC HEALTH

Recognised in **Top 5 in Fortune Magazine's 2022 Change the World list**

Discovery Bank exceeded **700 000 clients**

Discovery Bank won **Best Digital Bank** award in the 2023 MyBroadBand Awards

Discovery Life received the **Best Client Experience in South Africa Award** in the long-term insurance category at the 2022/23 Ask Afrika Orange Index Awards

25% lower average retirement drawdowns for clients with Discovery Invest boosts

Road fatality rate of **10.10 per 100 000** compared with the South African rate of 22.2 per 100 000

Strengthen social systems
COLLECTIVE HEALTH

>190 000 potholes filled through Pothole Patrol since inception

Invested **~R100 million** through corporate social investment, community upliftment initiatives and skills development for the unemployed

Discovery Foundation trained 550 predominantly black medical specialists and institutions in the public sector to date, while we provided

R12 million in research grants – predominantly to black medical specialists in the public sector

Contributed **R20 million** in the SA SME Fund to help create sustainable employment in South Africa

Discovery's Group Chief Executive, along with over 130 other South African CEOs, signed a pledge to partner with government to **build the nation** and unlock its potential

Restore the environment
PLANETARY HEALTH

Discovery was the **lowest carbon emitter** in our South African life insurance peer group⁴

18.5% cumulative reduction in global Scope 1 and 2 emissions against our 2019 baseline

Installed rooftop solar panels at 1 Discovery Place and our Port Elizabeth office

Developed **Discovery Green**, a renewable energy wheeling platform that launched in September 2023

Discovery Bank partnered with Rubicon to offer simplified, financed **solar energy solutions**

Became a signatory to the **United Nations Principles for Sustainable Insurance** (PSI) in March 2023, which forms part of the **United Nations Environment Programme Finance Initiative** (UNEP FI)

Co-led a UN Environment Programme's PSI research paper

GOOD BUSINESS ENABLERS

Our purpose and values
 Our people
 Our governance
 Our brand
 Our capabilities

Achieved an employee engagement score of **91**

Continued advancing fair and responsible pay as **2nd lowest of 19** in income disparity ratio⁵

Group balanced scorecard includes **26% ESG related metrics**

Maintained our **level 1 status in Broad-based Black Economic Empowerment**

Exceeded our voluntary minimum Board diversity targets with **38% female** and **38% black representation**

Formalised a minimum pay threshold in SA of **R180 000 per annum**

Closed the gender pay gap to **~0% for same role size**

Featured on **Ragan's Workplace Wellness Hot List** for our employee wellbeing solutions

Established an **Information Technology (IT) Subcommittee**

Improved workforce diversity at senior management level with **46% gender diversity** and **37% racial diversity**

1 Healthy activities include moderate and intense physical activity events recorded and HealthyFood purchases. The prior year was restated to 438 million to allow for duplications.
2 Life years saved is calculated from healthy activities recorded, using the methodology informed by the Habit Index. The calculation uses (1) activity data captured from management information systems and (2) a model verified by the London School of Economics (LSE).
3 Includes R6.25 billion and R6.33 billion shared value and rewards returned to customers, respectively, and R1.15 billion Vitality behaviour change savings created for Discovery Health Medical Scheme.
4 Measured by Scope 1 and 2 emissions, before verification.
5 Relative to South African financial services group.



ABOUT THIS REPORT

Our FY2023 Sustainability Report outlines how we leverage shared value to fulfil our purpose of making people healthier and enhancing and protecting their lives. This report includes information on how we performed against our Integrated Sustainability Framework, which is structured around four sustainability differentiators and supported by the Group's good business enablers.

REPORTING SCOPE AND BOUNDARY

This Sustainability Report provides a comprehensive view of Discovery Limited (hereafter referred to as Discovery or the Group) from 1 July 2022 to 30 June 2023 (FY2023). It also includes all material events up to the date of Board approval on 13 October 2023. Furthermore, this report includes both financial and non-financial information relating to the performance of our three market-specific strategic strands: Discovery, Vitality UK and Vitality Global.

The non-financial information and data disclosed in this report relate primarily to our Discovery business units in South Africa, which account for the bulk of the Group's revenue and employees. We also report on a set of ESG indicators for South Africa, the United Kingdom, Vitality Global and Discovery Bank. We continue to improve the consolidation of non-financial information to reflect a broader Group perspective.



For more information about the Group's strategic and financial performance, prospects and revenue by geography, refer to our 2023 Integrated Annual Report.

This report also includes information relating to the Group's sustainability-related governance practices, and how these support planetary and social health.



For comprehensive information on our governance philosophy, leadership and compliance with King IV™ refer to our 2023 Governance Report.

FRAMEWORKS

In preparing this report we were guided by the Sustainability Accounting Standards Board (SASB) Standards and the Institutional Shareholder Services **ISS** indicators. Further, Discovery has embarked on a process to further develop reporting alignment with the **Global Reporting Initiative GRI** and has reported with reference to the GRI Universal Standards for the annual reporting period ending 30th June 2023. Our intention is to continue this process towards reporting in accordance with the GRI Universal Standards.

FORWARD-LOOKING STATEMENTS

Certain forward-looking statements regarding the Group's future performance and prospects may be included in this report. These statements cannot be considered guarantees of future performance or outcomes as they may be influenced by emerging risks, future events, changing circumstances and other important factors that cannot be predicted and are out of Discovery's control. These events may cause actual results to differ materially from our current expectations as disclosed in this report.

COMBINED ASSURANCE

Discovery is committed to disclosing accurate information that supports a variety of stakeholders in their decision-making. Our Combined Assurance Model integrates the efforts of our management and internal and external assurance providers to assure the integrity of this report. In the year under review, our reporting suite was assured as follows:

- Joint external assurance of Annual Financial Statements by PwC and KPMG
- Limited external assurance of selected sustainability information by Nexia SAB&T
- Limited assurance of selected factual and quantitative financial and non-financial information by Group Internal Audit
- Verification of greenhouse gas (GHG) emissions inventory by Verify CO₂

Based on these engagements, Group Internal Audit believes the quantitative and qualitative information in this report accurately reflects the Group's performance for FY2023.

This report is the culmination of a Group-wide process led by Discovery's sustainability team. Senior resources reviewed drafts at key stages of the process before submission to the Social and Ethics Committee. This report was approved following a review by the Social and Ethics Committee, an assessment of content by Group Internal Audit – who thoroughly reviews each factual statement in the report – and the recommendation of the Discovery Audit Committee. Group Internal Audit also assures and verifies selected indicators.

BOARD APPROVAL

Discovery's Board of Directors is responsible for the integrity of this report. The Board confirms this report materially complies with the requirements of the frameworks and guidance outlined on page 9. After reviewing this report, the Board believes it accurately and comprehensively explains how Discovery leverages shared value to fulfil our purpose of making people healthier and enhancing and protecting their lives.

The Board unanimously approved this report on 13 October 2023.

Mark Tucker

Independent Non-executive Chairperson

Adrian Gore

Group Chief Executive

We welcome your feedback on our reporting suite. To submit any comments, email askthecfo@discovery.co.za.



ABOUT OUR BUSINESS

We create, preserve and manage the erosion of value by using the resources and relationships at our disposal to provide products and services along three composites. To understand our business is to understand our Why, How and What.

WHY WE ARE IN BUSINESS

Our core purpose

To make people healthier and enhance and protect their lives.

HOW WE OPERATE

What sets us apart

Our core purpose manifests through our pioneering and bespoke Shared-value model across our three composites of South Africa, the United Kingdom and Vitality Global – underpinned by our leading behaviour-change platform, Vitality, and supported by our unique foundation and operating model.

Our values

Our core purpose and values underpin every decision we make, ensuring that value creation, preservation and erosion is managed in a balanced way

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

To deliver on our core purpose and strategy we focus on three strategic objectives:

1 Building brilliant businesses

2 Strengthening our foundation

3 Enhancing our financial and social impact

INTRODUCING OUR INTEGRATED SUSTAINABILITY FRAMEWORK

1 Building brilliant businesses

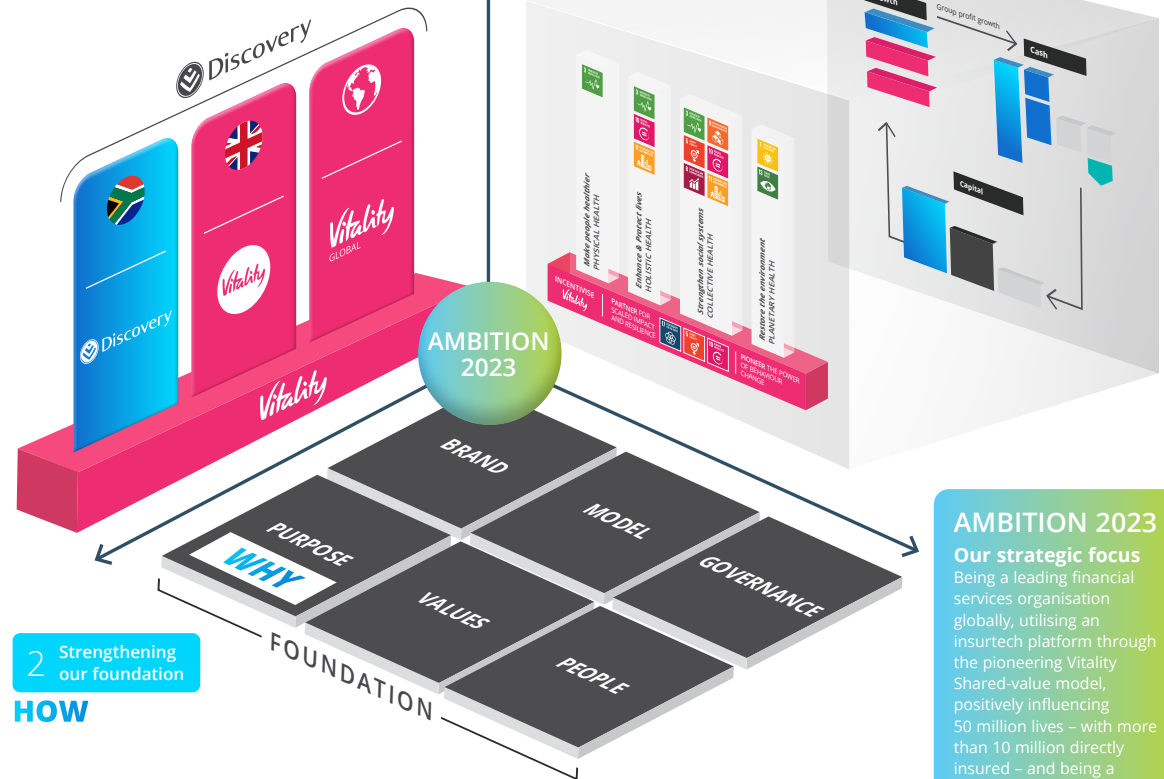
WHAT

Our products and services, driven through three composites

3 Enhancing our financial and social impact

HOW

Our operating model



AMBITION 2023
Our strategic focus
 Being a leading financial services organisation globally, utilising an insurtech platform through the pioneering Vitality Shared-value model, positively influencing 50 million lives – with more than 10 million directly insured – and being a powerful force for social good.

Our WHY, HOW and WHAT are fundamentally linked to our integrated thinking and the resources and relationships that we rely on to create and preserve value for our stakeholders.



OUR APPROACH TO ESG





OUR INTEGRATED SUSTAINABILITY FRAMEWORK



Discovery's ESG approach is guided by our Integrated Sustainability Framework, which aligns with our core purpose of making people healthier and enhancing and protecting their lives. The framework is guided by our sustainability differentiators – which communicate our socio-environmental impact in four areas of health (physical, holistic, collective and planetary) – and is enabled by our good business enablers. From this foundation, we maximise our impact through our Group Shared-value model to drive improved health outcomes and strengthen healthcare systems while delivering robust environmental and governance performance.

We understand that we cannot exist separately from our broader social and environmental context which, directly and indirectly, impacts the sustainability of our business. It is therefore imperative to not only understand but positively influence challenges outside our direct bottom line. In short: shared value is in our DNA. As a result, sustainability is deeply embedded in Discovery's business model and strategy and forms the foundation of all our products and services, interactions with stakeholders, and metrics and results.

Discovery continues to develop ambitious goals and science-based targets at both a Group and business level to drive and demonstrate our progress against the framework. This will provide the basis for an integrated and active approach to working with stakeholders to address socio-environmental risks and identify opportunities to create value. In this way, we align our efforts to:

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

CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) are a global call to action for a more sustainable future by 2030. To ensure we make a meaningful contribution to global efforts in achieving the SDGs, we incorporated eight SDGs into our Integrated Sustainability Framework where we believe that, through our Shared-value model and global partnerships, we can achieve sustained scaled impact and support a sustainable future for people and planet.

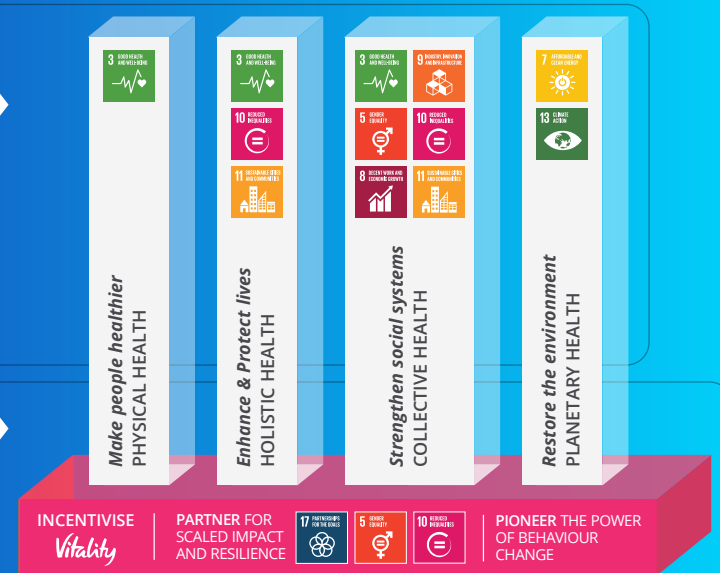
OUR SUSTAINABILITY DIFFERENTIATORS

Our four sustainability differentiators – **make people healthier, enhance and protect lives, strengthen social systems and restore the environment** – are the social and environmental impact dimensions unique to Discovery and our Shared-value model.

These differentiators, which guide how we allocate resources for the greatest impact, are underpinned by our Vitality chassis – a pioneer in incentivising behaviour change – and our impactful, global partnerships.

OUR GOOD BUSINESS ENABLERS

Our good business enablers – **brand, model and capabilities, people, purpose, values and governance** – allow us to deliver on our sustainability differentiators. Aligned with the foundation of our operating model, these enablers represent the ESG risk and opportunity factors we consider to be the material to ensuring business sustainability.





Our Integrated Sustainability Framework continued

LEVERAGING SHARED VALUE TO DELIVER ON OUR INTEGRATED SUSTAINABILITY FRAMEWORK

Sustainability and shared value are integrated into Discovery's fabric; to understand both means to understand the power of our Shared-value model. We leverage our Vitality platform to guide and incentivise people to engage in healthier behaviours, and then share the value of this behaviour change with our clients and broader society. This drives a virtuous cycle of shared value for the individual, insurer and society.

The concept of shared value is brought to life by the data that supports it. Based on over 26 years in behavioural insurance, we see how leveraging shared-value impacts our entire operating universe:

7% to 15%
lower cost of insurance

10% to 50%
increase in value of new business margin

Up to 40%
improvement in health outcomes, including physical activity, health screenings and healthy food purchases

The value we create and subsequently share is not confined to the insurance environment: it ripples outward to impact all the ecosystems we operate in. The network of reward and retail partners is critical to the success of the model, and these partners share in value creation through increased revenue, improved customer loyalty and exposure to a broader customer base.

Through the shared-value lens, we transform traditional grudge purchases into a **driving force for social change.**

Shared value in action – how we amplify our contributions

Vitality is at the heart of Discovery's Shared-value model. It rewards members for positive behaviour change in health, financial wellness and driving through a virtuous cycle of healthy behaviour, insurer savings and member incentives to ultimately drive impact for members and society.



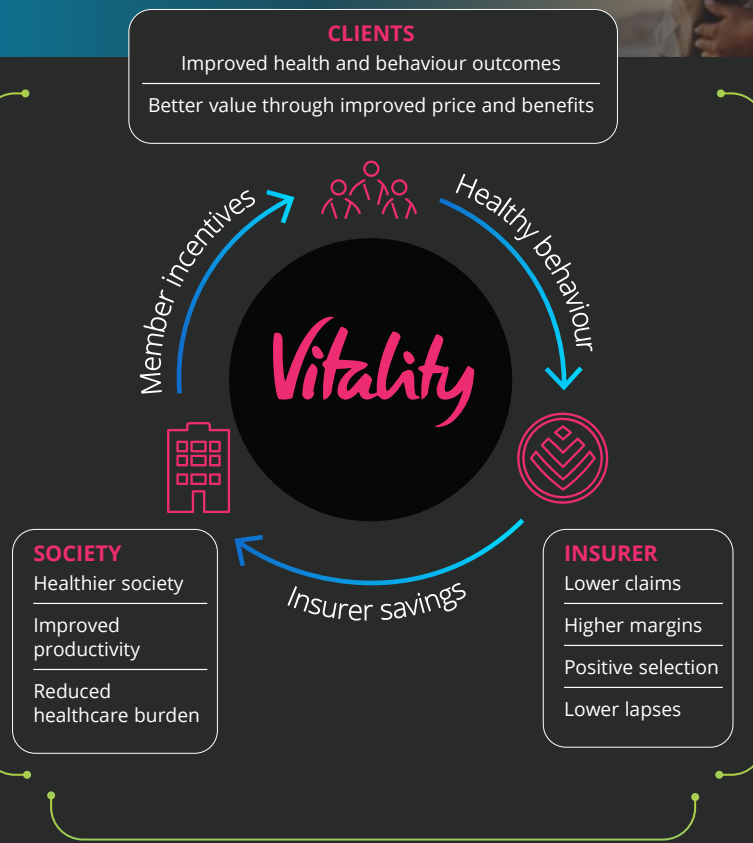
INPUT:
Shared-value dividend

Our Shared-value model incentivises customers to improve and maintain healthy activities and earn shared-value dividends.

In FY2023, we provided **R13.7 billion** value to customers

Included in this figure:

- R6.25 billion** shared-value returned
- R6.33 billion** rewards returned
- R1.15 billion** Vitality behaviour change savings created for Discovery Health Medical Scheme



CLIENTS

- Improved health and behaviour outcomes
- Better value through improved price and benefits

GOAL:
One billion healthy activities per annum by 2030

We aim for Vitality to be recognised as the world's best incentivised behaviour change programme. Our long-term goal has a quantifiable impact on customers and society, and our advanced technology enables us to measure activity and its impact through data, in-depth research and our global reach. This applies to physical health through nutrition, exercise, mental wellbeing and smoking cessation, as well as to holistic health through improved accident rates and physical and financial wellbeing.

IMPACT:
More than three million life years saved

In FY2023, we measured **503 million** healthy activities through our global programmes, with a quantifiable impact of over **three million** life years saved for Discovery and our partners' clients.



MANAGING ESG

The successful execution of our Integrated Sustainability Framework depends on our robust supporting functions and frameworks. Our engagements with key stakeholders, sustainability governance practices, approach to risk management and compliance, and ongoing focus on aligning with best practice support our commitment to partner for social and planetary health.

Stakeholder engagement

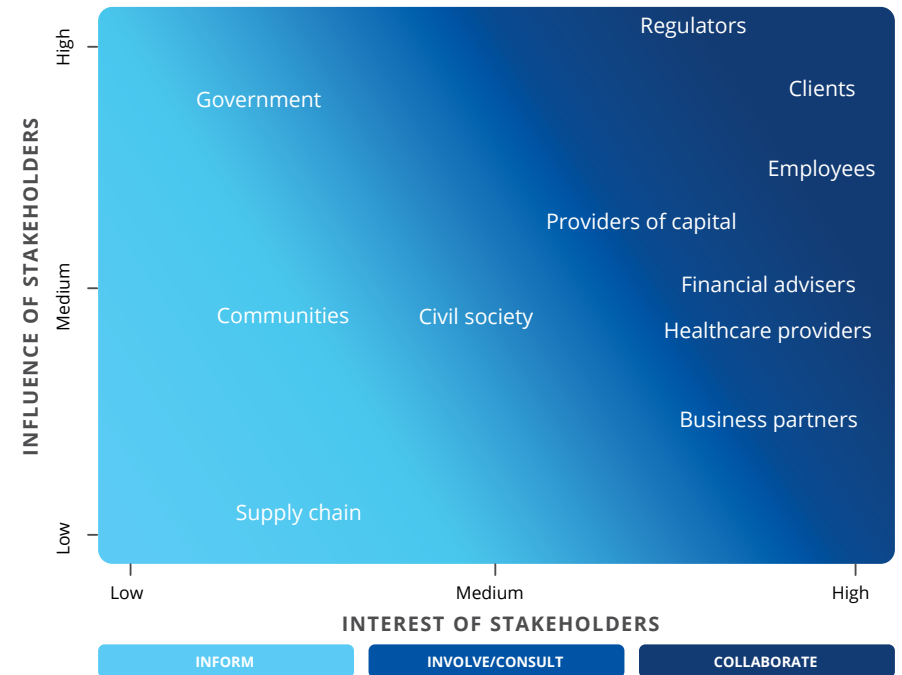
Our stakeholder engagements enable us to understand and respond to stakeholder needs and act where we can positively impact long-term sustainability. Maintaining good relationships with key stakeholder groups is critical to creating and sustaining value across the Group, and we engage regularly with stakeholders who have a vested interest in what we do and who we are.

We appreciate that the continued growth and success of our business is intrinsically linked to understanding our stakeholders' concerns, needs and insights. Effectively engaging with our stakeholders is therefore a key driver for the success of our Integrated Sustainability Framework. We recognise that by understanding our impact and recognising the mutual relationships between Discovery and our stakeholders, we can better identify, anticipate and respond to significant sustainability challenges and opportunities.



OUR STAKEHOLDER ENGAGEMENT FRAMEWORK

Our Stakeholder Engagement Framework guides our strategic approach to engaging with our stakeholders, and prescribes how the Group identifies material stakeholders, manages stakeholder-related risks, formal mechanisms for engagement and communication, and how we measure the quality of these engagements. The framework includes a matrix guiding our levels of engagement with each stakeholder group, which varies depending on our objectives, outcomes, timeframes and resources and stakeholders' level of influence or interest. The graphic below maps out the relationship between our stakeholders' influence and interest.



We are committed to improving the quality of our engagements with stakeholders so we can understand and respond to their needs. To this end, we regularly conduct assessments to ensure we meet their expectations and continue to create meaningful value.

Our Stakeholder Engagement Framework was last reviewed and approved in February 2023.

For more detail on our stakeholders, refer to our 2023 Integrated Annual Report.



Governing sustainability

HOW WE SUPPORT GOOD SUSTAINABILITY GOVERNANCE

- Ensuring our Group Chief Executive assumes responsibility for sustainability and implementing ESG topics within Discovery
- Assigning responsibilities at Board and executive level to deliver on our Integrated Sustainability Framework
- Assessing, managing and publicly disclosing ESG risks and opportunities across the Group
- Implementing financial and sustainability performance measures, including climate-related and ESG targets linking back to remuneration
- Reviewing our capabilities, organisational structure and remuneration to deliver on our ESG ambitions and goals

Good governance extends beyond compliance; it helps build an ethical culture and enhances leadership, risk management, performance management and transparency – all of which are crucial for effectively managing sustainability.

The Board of Directors (the Board) is committed to the principles of good corporate governance and following the guidelines set out in King IV™, and is dedicated to building a values-based and ethical culture based on the principles of non-discrimination, integrity, transparency and fairness.

King IV™ forms the cornerstone of our approach to governance, and we achieve our governance outcomes by supporting its goals:



Maintaining an ethical culture



Delivering good performance



Ensuring effective control



Maintaining legitimacy

Our stakeholder-inclusive approach to corporate governance – with the support of our risk and compliance functions – ensures the highest standards of risk management and compliance are embedded across the Group, including regarding sustainability matters.

GOVERNANCE STRUCTURES SUPPORTING SUSTAINABILITY

The Board delegates certain responsibilities to appropriately constituted Board committees, established in line with the requirements of the Companies Act and King IV™. The Chairperson of each Board committee is appointed by the Board and reports directly to the Group Board after each meeting. This enables the Board to monitor performance and ensure the committees are acting in line with the provided delegations.

GROUP BOARD

Responsible for the strategic direction of the Group's ESG strategy and monitoring its progress

SEC

Social and Ethics Committee

Assists the Board to implement and monitor ESG strategies, and integrate ethics and transformation across Discovery

RCC

Risk and Compliance Committee

Oversees Group risk and opportunity management (including those related to ESG matters), monitors risks and recommends mitigation plans

RC

Remuneration Committee

Oversees the Group scorecard, which includes financial and ESG performance measures linked to executive remuneration

GROUP EXECUTIVE COMMITTEE

Approves and monitors the progress of ESG strategies

ESG COMMITTEE

Develops the Group-wide ESG strategy and targets that leverage Discovery's unique capabilities for scaled impact, and ensures strategic implementation and reporting around the strategy and targets



For detail on corporate governance, including Board and committee responsibilities, see our 2023 Governance Report.



Managing ESG continued

Risk and compliance

Discovery's approach to risk is built on the strong foundation of our core purpose, nine key values and our proactive risk culture. We consider compliance with applicable laws, industry regulations, codes, and the Group's ethical standards and internal policies as integral to conducting business in line with our commitment to being a good corporate citizen.

The Board is committed to developing and maintaining the Group's strong compliance management capabilities and culture while providing appropriate protection to policyholders, clients and stakeholders. At the core of this approach is strong governance and a robust risk and compliance framework, supported by procedures and systems to ensure we adhere to high levels of personal and professional integrity.



Aligning with leading best practice

We bolster our commitment to ESG with our global memberships, index inclusions and commitments and by aligning with leading best practice. Through this, we enhance our transparency and ensure our stakeholders have the information they need to understand our ESG journey and make informed decisions. External recognition is one of the ways in which we measure our ESG progress, and 26% of our Group single incentive scorecard is linked to ESG-related targets, which includes Discovery's ESG ratings.

OUR KEY MEMBERSHIPS, INDEX INCLUSIONS AND COMMITMENTS

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

10 Principles of the United Nations Global Compact (UNGC)

Participant in the UNGC Target Gender Equality programme

UNGC Climate Ambition Accelerator

World Economic Forum Stakeholder Capitalism Metrics

Signatory and active participant of the United Nations supported Principles for Responsible Investment

Signatory to the United Nations' Principles for Sustainable Insurance

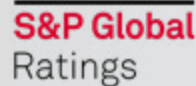
PARTNERING AS A FORCE FOR GOOD

Through our Health Funders Association membership, Discovery collaborates with the South African government to establish the necessary mechanisms to achieve a sustainable system of universal healthcare as outlined in the Presidential Health Compact.

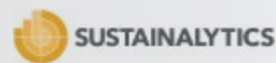
We actively collaborate with several regulatory bodies, such as the Health Professions Council of South Africa, South African Pharmacy Council and South African Nursing Council.

Together with over 130 CEOs of South Africa's largest companies, Discovery signed a pledge to work collectively to address the country's challenges, generate positive sentiment, and build an inclusive economy that creates jobs.

EXTERNAL RECOGNITION



S&P Global (Dow Jones Sustainability Index):
53 score in the 81% percentile for 2022 reporting cycle, reflecting an improved outcome



Sustainalytics risk rating:
19.4 score and a low-risk rating in 2023, reflecting an improved outcome



MSCI ESG Index:
A rating for the 2022 reporting cycle, reflecting an improved outcome



IRAS Sustainability Data Transparency Index (SDTI):
ranked first in the financial services - insurance and benefits sector in 2023



FTSE4Good

Constituent of the FTSE4Good Index Series following a review in June 2023



MATERIAL THEMES GUIDING OUR ESG APPROACH

As part of our commitment to our purpose and being a force for good, we must identify which external factors impact our ability to create and share value, as well as our impact on our stakeholders and broader society. The result is our material matters – grouped into themes – which then inform our ESG approach.

We determine our material matters annually through a robust double materiality assessment. Through this approach, we apply an outward lens to consider our impact on society and the environment, as well as an inward lens to determine what impacts our ability to create and preserve value for our stakeholders. The assessment enables us to identify a list of material themes and material matters for our Integrated Annual Report and Sustainability Report to ensure the messaging across our reports is cohesive.

As part of our FY2023 materiality determination process, we identified, prioritised and validated nine themes that influence enterprise value as well as Discovery's impact on the economy, environment and society at large. These themes, along with the associated material matters, address the concerns and needs of our stakeholders while supporting the delivery of our core purpose: making people healthier and enhancing and protecting their lives.

OUR MATERIAL THEMES RANKED BY THEIR IMPACT ON DISCOVERY, AS WELL AS ON SOCIETY AND THE ENVIRONMENT

1  Advance our disruptive Shared-value model

OUR APPROACH
We drive positive behaviour change for shared value, offering innovative products aligned with evolving needs, expanding into new markets and practising effective risk management.

TARGETS

- 1 billion healthy activities p.a. by 2030
- 50 million impacted lives by 2023
- 1 million Discovery bank clients by 2026

KPIs

- Life years saved
- Shared Value dividend to customers
- Responsible insurance product premiums
- # Global markets operated in

WHAT WE MEASURE

- Customer engagement levels

RELATED SDGs

-  **3 GOOD HEALTH AND WELL-BEING** Good health and well-being
-  **7 AFFORDABLE AND CLEAN ENERGY** Affordable and clean energy
-  **8 DECENT WORK AND ECONOMIC GROWTH** Decent work and economic growth

RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS

-  Make people healthier
-  Enhance and protect lives
-  Our capabilities
-  Our brand






 **FINANCIAL STRENGTH**

Our Integrated Sustainability Framework guides our ESG approach. As such, we mapped our FY2023 material themes against the framework's sustainability differentiators and good business enablers to ensure clear pathways for meaningful impact.

Sustainability differentiators

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

Good business enablers

-  Our capabilities
-  Our brand
-  Our purpose and values
-  Our people
-  Our governance



Our Integrated Sustainability Framework also depends on maintaining **sustainable financial health** across the Group.



For more information on Discovery's financial performance, refer to our 2023 Integrated Annual Report.



Material themes guiding our ESG approach continued

OUR MATERIAL THEMES RANKED BY THEIR IMPACT ON DISCOVERY, AS WELL AS ON SOCIETY AND THE ENVIRONMENT *continued*

2



Operate within a volatile socio-economic environment

OUR APPROACH

We monitor uncertain economic factors like geopolitical tension, energy instability and market volatility. We track economic pressure elements and address inequitable effects. Our Shared-value model supports strained healthcare systems. We adapt to societal shifts, including mental health challenges. Our systems are designed towards agile responses to global events.

WHAT WE MEASURE:

- Impact of economic conditions on persistency rates across product lines
- Impact of interest rates, currency and market volatility
- Impact of demographic and environmental conditions and risk factors on claims rates across product lines
- Response to grid failures and other power-related issues in SA
- Response to water limitations in SA

RELATED SDGs

- 3** GOOD HEALTH AND WELL-BEING
Good health and well-being
- 7** AFFORDABLE AND CLEAN ENERGY
Affordable and clean energy
- 8** DECENT WORK AND ECONOMIC GROWTH
Decent work and economic growth
- 10** REDUCED INEQUALITIES
Reduced inequalities

RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS

- Make people healthier
- Strengthen social systems
- Our capabilities
- Our governance



3



Ensure long-term financial sustainability

OUR APPROACH

We allocate capital for growth and sustainability. We drive sustainable performance aligned with our Shared-value model. We research and manage emerging and climate change risks to maintain resilience. Responsible investments incorporate ESG factors for societal impact and risk management.

KPI

- Research spend
- % lower cost for DHMS members vs other schemes
- DHMS fraud recovery amount
- Road Fatality rate

WHAT WE MEASURE

- Performance of Shared-value model across key risk and value indicators
- ESG investment criteria

RELATED SDGs

- 3** GOOD HEALTH AND WELL-BEING
Good health and well-being
- 13** CLIMATE ACTION
Climate action

RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS

- Make people healthier
- Enhance and protect lives
- Our capabilities
- Our governance



Sustainability differentiators

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

Good business enablers

- Our capabilities
- Our brand
- Our purpose and values
- Our people
- Our governance



Our Integrated Sustainability Framework also depends on maintaining **sustainable financial health** across the Group.

For more information on Discovery's financial performance, refer to our 2023 Integrated Annual Report.



Material themes guiding our ESG approach continued

OUR MATERIAL THEMES RANKED BY THEIR IMPACT ON DISCOVERY, AS WELL AS ON SOCIETY AND THE ENVIRONMENT *continued*

4 Ensure ethical governance and leadership

OUR APPROACH

We respect human rights, promote ethical business conduct and prioritise the effectiveness of our Board. We uphold good governance through ownership and control measures. Clients' fair treatment and consumer protection are paramount. Our reporting is transparent and discloses financials, ESG factors, taxes and socio-environmental impact. We monitor and manage supply chain impact and support fair remuneration.

TARGETS

- Board diversity targets
- Minimum wage

KPIs

- Vertical and diversity pay gaps (gender, ethnicity) with internal targets
- # Employees trained on ethical conduct
- Ethical incidents reported

WHAT WE MEASURE

- Board effectiveness reviews

RELATED SDGs



Gender equality

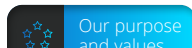
RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS



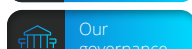
Restore the environment



Our people



Our purpose and values



Our governance



FINANCIAL STRENGTH

5 Leverage and manage technology and innovation

OUR APPROACH

We harness technological innovation and ensure governance in this space. Our technology platform safeguards against cyber threats, secures data privacy and promotes digital inclusion and equality.

KPI

- # Data breaches and cyber security incidents
- # Research publications
- Discovery Bank availability %

RELATED SDGs



Good health and well-being

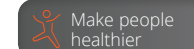


Affordable and clean energy



Industry, innovation and infrastructure

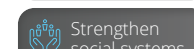
RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS



Make people healthier



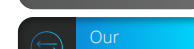
Enhance and protect lives



Strengthen social systems

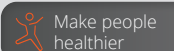


Restore the environment

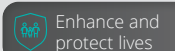


Our capabilities

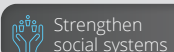
Sustainability differentiators



Make people healthier



Enhance and protect lives



Strengthen social systems



Restore the environment

Good business enablers



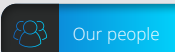
Our capabilities



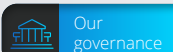
Our brand



Our purpose and values



Our people



Our governance



FINANCIAL STRENGTH

Our Integrated Sustainability Framework also depends on maintaining **sustainable financial health** across the Group.



For more information on Discovery's financial performance, refer to our 2023 Integrated Annual Report.



Material themes guiding our ESG approach continued

OUR MATERIAL THEMES RANKED BY THEIR IMPACT ON DISCOVERY, AS WELL AS ON SOCIETY AND THE ENVIRONMENT *continued*

6



Empower our people

OUR APPROACH

We aim to attract and retain motivated teams with job security, engaging benefits and wellbeing support. Workforce capabilities are enhanced for current and future demands. We value diversity, ensure equity, and foster a sense of belonging. We uphold labour standards, health, safety, and effective grievance management.

TARGETS

- Employment equity targets
- Senior female appointment targets (UK)
- Employee engagement % (Remuneration target)
- Staff retention % (Remuneration target)
- Skills development target

KPIs

- Workforce Vitality Age vs Actual age gap
- Workforce turnover and involuntary attrition
- Employee training hours/days
- Learning and development spend
- % of employees with active Vitality membership
- # Employees registered with Healthy Company

RELATED SDGs



Gender equality



Reduced inequalities

RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS

- Strengthen social systems
- Our people
- Our purpose and values
- Our governance

7



Expand and strengthen our social impact

OUR APPROACH

We address societal challenges through behavioural change, education and unique differentiators for shared value. Collaboration amplifies impact via philanthropy, volunteering, and partnerships. Economic development is supported through job creation and inclusive services. Inclusion and education drive healthcare and financial services accessibility.

TARGETS

- Impact 1 million lives in rural and underserved areas by 2026
- Train 600 medical specialists by 2026
- 20% Discovery ForGood annual target for employee volunteering levels

KPIs

- Pothole Patrol # repaired
- Enterprise supplier development disbursements
- Skills development and training for the unemployed
- Social investment
- Financial inclusion: number of lives covered by Keycare & Flexicare
- # Employees volunteering
- Rand value of employee volunteering activity
- Discovery Fund Essential healthcare services in rural communities
- Research grants for black medical public sector specialists
- Procurement spend on black-owned businesses

RELATED SDGs



Good health and well-being



Reduced inequalities



Sustainable cities and communities



Partnership for the goals

RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS

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

Sustainability differentiators

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

Good business enablers

- Our capabilities
- Our brand
- Our purpose and values
- Our people
- Our governance



Our Integrated Sustainability Framework also depends on maintaining **sustainable financial health** across the Group.



For more information on Discovery's financial performance, refer to our 2023 Integrated Annual Report.



Material themes guiding our ESG approach continued

OUR MATERIAL THEMES RANKED BY THEIR IMPACT ON DISCOVERY, AS WELL AS ON SOCIETY AND THE ENVIRONMENT *continued*

8



Safeguard and enhance our trusted brand

OUR APPROACH

We strengthen the Discovery brand and leverage Vitality as a global behaviour-change platform. We manage reputation through disclosure and stakeholder engagement, meeting transparency expectations, enhancing disclosures and aiming to improve ESG ratings recognition.

TARGET

- Client perception scores (Remuneration target)
- Top quartile ESG ratings

KPIs

- ESG ratings performance
- # Employees trained on anti-corruption
- # corruption and bribery incidents
- # whistle-blowing incidents
- # discrimination incidents
- Client complaints and resolution

WHAT WE MEASURE

- Brand recognition and perception
- Adherence to treating customers fairly regulations
- Stakeholder engagement effectiveness

RELATED SDGs



Partnership for the goals

RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS

Strengthen social systems

Our brand

Our people

Our purpose and values

FINANCIAL STRENGTH

9



Strengthen our environmental stewardship

OUR APPROACH

We reduce emissions for carbon neutrality and are growing awareness and management of environmental impacts and stewardship.

TARGETS

- Carbon emission Scope 1 and 2 targets: near-term and medium-term
- Net Zero by 2050 or earlier
- Zero Waste to Landfill by end of 2023

WHAT WE MEASURE

- Paper use
- Kilotres of water withdrawn from municipal water supplies

RELATED SDGs



Affordable and clean energy



Climate action

RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS

Restore the environment

Our purpose and values

Our governance



For more on our materiality determination process and material matters for each theme, refer to our 2023 Integrated Annual Report.

Sustainability differentiators

Make people healthier

Enhance and protect lives

Strengthen social systems

Restore the environment

Good business enablers

Our capabilities

Our brand

Our purpose and values

Our people

Our governance



Our Integrated Sustainability Framework also depends on maintaining **sustainable financial health** across the Group.



For more information on Discovery's financial performance, refer to our 2023 Integrated Annual Report.



CONTRIBUTING TO THE SDGs THROUGH OUR HEADLINE ESG TARGETS

We aim to make people healthier and reduce the cost of healthcare globally by engaging people in their wellbeing and preventive care. To do this, we need to set clear, measurable standards and create a global movement. With our technology and scale, we are in a unique position to lead global change. Following a rigorous research process, we established and verified four key metrics that align with the SDGs and enable synchronicity globally. In addition, we amplify the impact of our Integrated Sustainability Framework by incorporating our six priority SDGs and our ESG targets in our metrics.

ENVIRONMENTAL



- Science-based target aligned with 1.5 °C: 16.8% cumulative reduction in Scope 1 and 2 emissions against 2019 baseline by FY2023
- Carbon-neutral operations by 2025
- Net zero by 2050 or earlier
- Reduce waste to landfill to zero by 2023

SOCIAL



- 1 billion healthy activities per annum by 2030
- Impact 50 million lives by 2023
- Achieved 46% gender diversity in senior management in FY2023 (+2% vs prior year)
- Achieved 37% racial diversity in senior management in FY2023 (+1% vs prior year)

GOVERNANCE



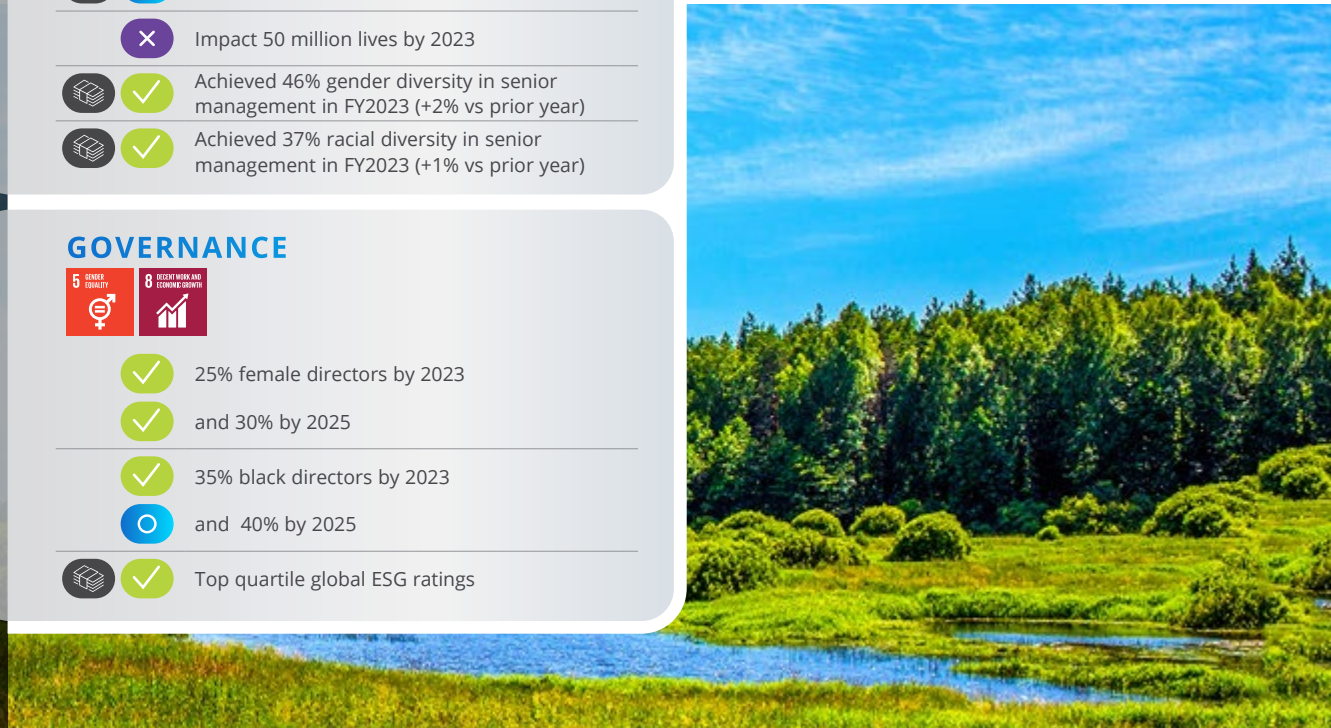
- 25% female directors by 2023
- and 30% by 2025
- 35% black directors by 2023
- and 40% by 2025
- Top quartile global ESG ratings

We continue to contribute meaningfully to the SDGs. We set out our contributions to our priority SDGs at the end of this document. Where our contributions take the form of progress against our ESG targets and metrics, these are denoted with

- ACHIEVED
- ON TRACK
- NOT MET

REMUNERATION ALIGNMENT

- We have embedded our ESG targets into our remuneration to ensure alignment



The background features a large-scale view of solar panels in the foreground, with wind turbines visible in the distance under a clear sky. A large, semi-transparent '3' is overlaid on the scene. The overall color palette is dominated by blues and greys, creating a clean, modern aesthetic.

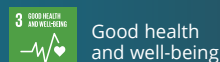
SUSTAINABILITY DIFFERENTIATORS



Make people healthier

Physical health

SUPPORTING THE SDGs



Good health and well-being

Our contribution is underpinned by the Vitality chassis, which supports:



Industry, innovation and infrastructure



Partnerships for the goals

RELATED MATERIAL THEMES



Advance our disruptive Shared-value model



Leverage and manage technology and innovation



Operate within a volatile socio-economic environment



Expand and strengthen our social impact



Ensure long-term financial sustainability

WHY DOES THIS MATTER?

As the first sustainability differentiator of our Integrated Sustainability Framework, **making people healthier links directly to our purpose and is the core of our business.** We apply a preventative lens to healthcare, enabling us to understand individual health risks and incentivise healthy behaviours scientifically proven to reduce those risks.

WHAT DO WE DO?

Our business is aligned with the health and wellbeing of our clients. By using leading **analytics, rewards and incentives**, we help clients **make healthier choices.** Moreover, by aligning our sustainability differentiators with positive social outcomes, we **maximise the positive impact of our business.** Ultimately, by being more competitive and effective in driving our Vitality Shared-value model, we also drive social good.

HOW DO WE DO THIS?

We focus on making people healthier by:

Understanding the healthcare context

Leveraging our Vitality platform to drive change

Improving personal and corporate health outcomes

GROUP-WIDE TARGETS TO INCENTIVISE HEALTHIER CHOICES:

1 billion healthy activities per annum by 2030

50 million lives impacted by 2023

KEY DEVELOPMENTS ON OUR JOURNEY TO MAKING PEOPLE HEALTHIER:

- Impacted **41 million** lives globally in FY2023¹
- Recorded **503 million** healthy activities during FY2023, including 97 million HealthyFood items purchased
- **>3 million** life years saved
- **2.3 million** screenings
- DHMS members pay an average of **12.2% less** than members of the subsequent seven largest open schemes (FY2022: 14.9%)
- Through our Hospital Care Initiative, members can compare hospitals' performance and make more informed choices. Among the **148 hospitals** rated, **27%** achieved a 'better than expected' rating
- Launched the **WELLTH Fund** and LA Health Wellness programmes
- Vitality UK launched **Vitality Next Best Action** to provide tailored support for high-risk members to quit smoking and lose weight

LOOKING AHEAD

- Expand access to high quality, private healthcare locally and globally
- Expand our Next Best Action initiative in South Africa

[See page 26 for more information.](#)

[See page 29 for more information.](#)

¹ Discovery achieved 41 million lives impacted in 2023, falling short of its target of 50 million lives. This was as a result of a restructure of the reinsurance arrangement with Ping An Life in China, resulting in 9 million lives not being eligible to be recorded at June 2023, compared with December 2021. As of June 2023, there were still 6 million reinsurance lives, which are expected to be derecognised from lives impacted in future years. Going forward, Discovery remains focused on growing its lives impacted, but has established the target of Healthy Activities, which is a more direct outcome-based measurement, which leads directly to the impact-based measure of life years saved that has been introduced as a KPI.



Make people healthier continued

UNDERSTANDING THE HEALTHCARE CONTEXT

The healthcare industry faces increasing challenges in providing access to affordable and quality healthcare. As non-communicable diseases (NCDs) rise amid lengthening life expectancies, multifaceted, cost-effective care is required. Regrettably, the available medical resources are insufficient to meet the growing patient demand. Patients also increasingly demand highly personalised experiences and shared decision-making in their healthcare journeys. Additionally, COVID-19 magnified challenges related to healthcare access, creating the urgent need to rethink the healthcare value chain to aid universal, cost-effective, remote access to care.

The digital revolution, however, is challenging the status quo. Digital connectivity can empower patients by giving them unprecedented access to personalised medical information and targeted treatment options. Furthermore, the ability of AI to seamlessly analyse Big Data has accelerated medical breakthroughs, reduced waste, and enhanced patient care through faster diagnosis. Leveraging AI enables us to dynamically curate and provide exceptional, hyper-personalised member experiences. Additionally, virtual care platforms are crucial to delivering care at scale and addressing the shortage of healthcare professionals in the context of universal healthcare.

Within this environment, healthcare is transitioning from volume-based to value-based care. This shift is critical as it enables healthcare organisations to prioritise clinical patient outcomes while optimising costs within the constraints of limited resources. Leveraging a wealth of patient data and cutting-edge medical technology enhances our capacity for patient-centred, value-based care, which is our ultimate goal. Furthermore, new digital medical technologies and health platforms have enhanced our understanding of illness and wellness while enabling us to reduce inefficiencies within our practices and, ultimately, better understand our patients.

Responding to emerging trends

The pandemic drove significant, sustained changes in global healthcare systems. Discovery continues to respond to these shifts with agility, seeking innovative ways to expand access to affordable, quality healthcare and find opportunities to create shared value.

Key trends influenced the healthcare industry in FY2023

Major restructuring of healthcare systems to improve access and ease of use

Increased healthcare costs are placing pressure on different industry players to innovate and find new ways to deliver care. In addition, the growing need for greater convenience and access is driving a shift in the places of care, with surgical, diagnostic and in-patient services now being delivered at home, retail clinics or freestanding ambulatory service centres as opposed to traditional hospitals. The rapid adoption of telehealth platforms (including telephonic and virtual video consults) has also enabled patients to access healthcare providers from a distance. As people increasingly accept and use digital healthcare, the burden on the overwhelmed healthcare systems will ease. In addition, globally, healthcare insurers are also redesigning their offerings to address the social determinants of health and enhancing access to care through seamless payment options, while Big Tech companies are increasingly investing in direct healthcare solutions. For example, Amazon is taking on direct healthcare, making several artificial intelligence, machine learning and life science tools; clinical systems; and patient and clinician solutions available on the cloud.

Our response

Discovery Health is investing in a range of sophisticated assets and capabilities to support healthcare system transformation and shifts in places of care and, ultimately, deliver cost-effective, high-quality care for our members. Our digital health platforms, including Connected Care and HealthID, also support an integrated healthcare ecosystem for personalised, remote access to world-class care.

Within the United Kingdom, VitalityHealth has led the market in the adoption of digital care. It took the lead in 2015 by being the first health insurer in the United Kingdom to offer a virtual GP service. In 2020, Vitality launched its online Care Hub, allowing members to request care, receive immediate authorisation, research and book consultants online. The two platforms are now integrated, providing customers with a fully digital pathway when making a claim.

+ See page 51 for more information.

Increasing prevalence of lifestyle disease

NCDs place an increasing burden on healthcare systems worldwide while, in South Africa, the prevalence and complexity of lifestyle diseases also continue to rise. Across our DHMS member base, chronic ratios have increased above 30%. Complex chronic cases are also on the rise, with the majority of risk costs driven by only 16% of members. As COVID-19 becomes endemic – no longer constituting a public health emergency of international concern – a significant recovery in non-COVID-19-related costs is evident, while new costs are emerging due to an increasing disease burden brought on by the pandemic.

The United Kingdom faces a similar trend in lifestyle diseases such as obesity, with one in three children overweight when they leave primary school. Despite improvements in life expectancy, the proportion of life spent in good health, or healthspan, is not keeping pace, indicating an increasing span of life lived in poor health. On average, women and men in the United Kingdom spend 16% and 13% of their lives, respectively, in poor health.

Our response

We provide integrated disease management interventions and have tailored programmes for high-risk populations living with chronic diseases to reduce overall costs. Through Next Best Action, Vitality UK members get recommendations driven by data to improve their health and build healthy habits around physical activity, nutrition and mental wellbeing. The programme will further expand during FY2024.

We also continue to contribute to understanding the long-term effects of COVID-19 on our member's health and wellbeing through data analytics. We invest in digital assets to extend the reach of and access to healthcare while improving the quality of care, enhancing member experience and driving personalised experiences.

+ See page 126 for more information on personalised care.



Make people healthier / Understanding the healthcare context continued

Key trends influenced the healthcare industry in FY2023 continued

Care backlogs and utilisation recovery to 2019 levels amid a heightened focus on patient and member experience

The COVID-19 pandemic significantly impacted healthcare utilisation trends. Suppressed screening and preventative healthcare since the onset of COVID-19 have had severe health implications, leaving people with undiagnosed risks. While there was also a decrease in elective surgical procedures and non-COVID-19-related medical admissions during the pandemic returned to pre-COVID-19 levels with healthcare utilisation continuing to increase.

Our response

DHMS is addressing the screening deficit through:

- Launching the WELLTH Fund benefit to boost members' screening and access to preventative healthcare services
- Actively encouraging and incentivising screening through the Vitality programme
- LA Health launched the LA Health wellness programme to increase screening rates across the LA Health population through a simple cash-based reward that is offered to members that complete their health checks.

+ See page 34 for more information.

Rapidly escalating mental health challenges

According to the World Health Organization, there has been a 25% increase in the prevalence of depression and anxiety globally following the pandemic. At Discovery, we witnessed increased mental health challenges through a rise in claims, costs and therapy, along with increased virtual consults and out-of-hospital care for these challenges. Likewise, there has been a dramatic rise in mental health claims in the United Kingdom, with a five-fold increase since 2015. Additionally, 2022 witnessed unprecedented mental health referrals to the National Health Service, underscoring the escalating mental health crisis. Emerging research has also highlighted the mental health conditions that long-COVID-19 patients face.

Our response

We support our members' and employees' mental wellbeing through various initiatives. We continue to improve mental health journeys, allowing for early identification and routing of high-risk members to the Mental Health Care programme for better care management. In FY2023, we also invested in a clinically validated digital therapeutic app for ongoing clinical support for members with mental health challenges.

In the United Kingdom, all VitalityHealth members have access to up to eight sessions of talking therapy (such as CBT or counselling) each year, as well as the mindfulness app, Headspace. In 2022, VitalityHealth also removed underwriting and medical exclusions for talking therapy within its network to broaden access to support further.

+ See page 31 for more information.

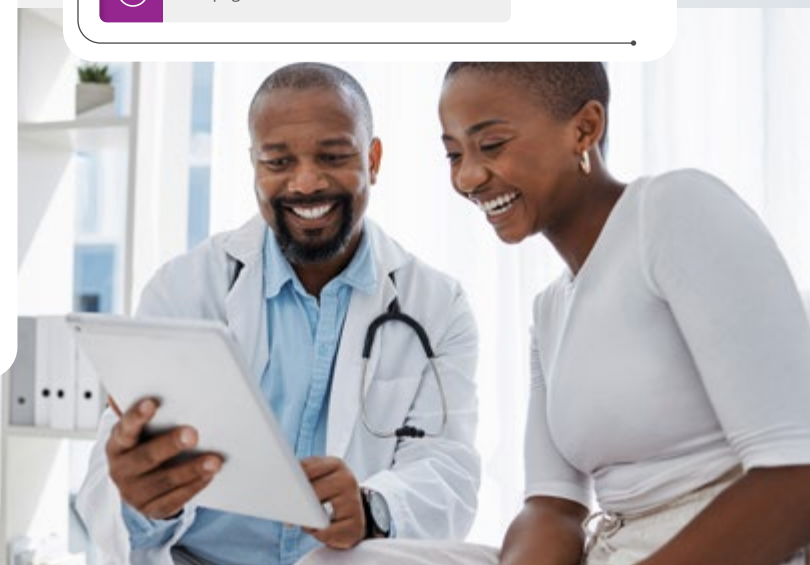
Accelerated scaling of value-based care payment arrangements

Value-based care is an approach to healthcare delivery based on a fee-for-value system. The system encourages healthcare providers to help patients prevent illness and chronic disease. In comparison, a fee-for-service system emphasises the volume of services instead of the value delivered.

Our response

53% of Discovery Health's current in hospital spend through value-based care contracts. We made significant progress in securing value-based care contracting arrangements, with approximately 53% of current in-hospital spending and roughly 54% of DHMS patients being treated in hospitals by healthcare providers with value-based care contracts with Discovery Health. We continue to scale the adoption of value-based care contracts across the country.

+ See page 50 and 52 for more information.





Make people healthier / Understanding the healthcare context continued

Key trends influenced the healthcare industry in FY2023 continued

The rise of the empowered healthcare consumer

The healthcare sector is witnessing the rise of empowered consumers who seek the same level of experience and rating functionality found in other sectors. This shift reflects a broader expectation for transparency, convenience and user-centric design in healthcare interactions. At the same time, there has been a notable proliferation of hospital rating tools worldwide. These tools, fostering transparency and promoting accountability, have been instrumental in improving care quality, allowing patients to make informed choices about their care providers while encouraging hospitals to strive for better performance standards.

Our response

Discovery's Hospital Care Initiative is the first in South Africa to provide consistent public ratings of private hospital performance, providing members with information on the quality of care, patient experience and cost from nearly 148 hospitals in the country. The rating system is based on a proven methodology endorsed by the Centres for Medicare and Medicaid in the United States and leverages our data to assess hospitals' performance across patient experience, cost-efficiency, mortality and readmission risk.

[See page 21 for more information.](#)

Affordability pressures intensifying

There is a clear discontinuity in healthcare access in South Africa, with approximately 26 million economically active South Africans in small, medium and microenterprises or the informal sector still uninsured. The COVID-19 pandemic has further exposed structural inequalities that limit access to healthcare for some citizens in SA, highlighting the need to adopt a universal healthcare model.

Our response

DHMS's product suite (inclusive of Flexicare, Prepaid and Trauma cover) currently caters for diverse healthcare needs across the affordability spectrum. The Essential Dynamic Smart Plan, introduced in 2023, also represents the most affordable plan in the Smart Series and the most affordable plan outside of the KeyCare range.

As government continues to drive universal access to healthcare through the NHI framework, Discovery remains in full support. We are actively collaborating with key stakeholders in the private and public sectors around effective NHI implementation in South Africa. The Low-Cost Benefit Option (LCBO) Framework also presents an immediate opportunity to address the issue of access to healthcare in South Africa, allowing us to grow non-scheme volumes in the short term.

[See page 125 for more SR information.](#)

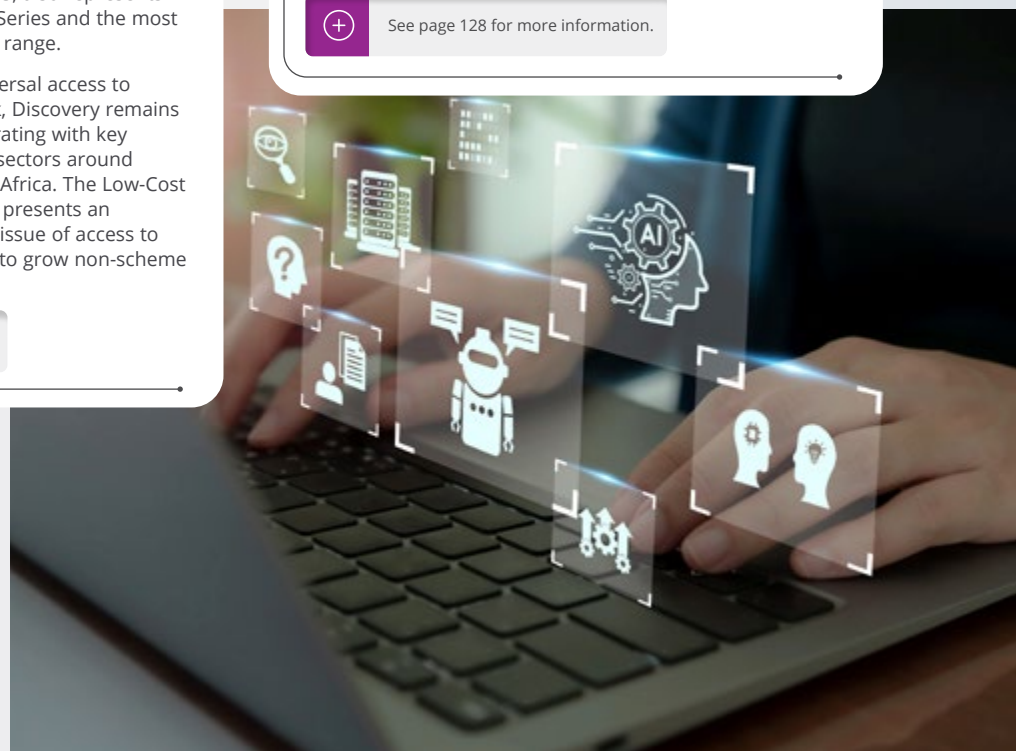
Advances in large language models

Large language model-powered services, such as ChatGPT, are increasingly shaping the world on a scale not seen since the iPhone revolution. The rapid uptake of large language models could also hold significant use cases for healthcare.

Our response

Discovery Health continues to evaluate opportunities to responsibly utilise large language models to increase our customer servicing capabilities. Throughout this process, upholding data privacy and maintaining the highest ethical standards remain integral.

[See page 128 for more information.](#)





Make people healthier continued

LEVERAGING THE VITALITY PLATFORM TO DRIVE CHANGE

How Vitality works

Vitality rewards members for taking steps to improve their health by combining behavioural economics, clinical science and financial incentives. The Vitality Shared-value model focuses on behavioural components that decrease risk by offering clients a range of personal pathways and rewarding them in the process. This creates a virtuous cycle – as people engage in Vitality and improve their behaviours, our business benefits, and society thrives.

We launched **Vitality Active Rewards 3.0** in FY2023 to increase and sustain engagement, with dynamic and improved Spend and Drive goals, rewards for overachievement and streaks, and the choice of an instant reward or gameboard play, on a massively expanded and personalised gameboard. Vitality Active Rewards 3.0 uses Discovery Bank's advanced technology to provide personalised rewards tailored to each member's level of engagement.

Vitality Active Rewards 3.0



R214 million

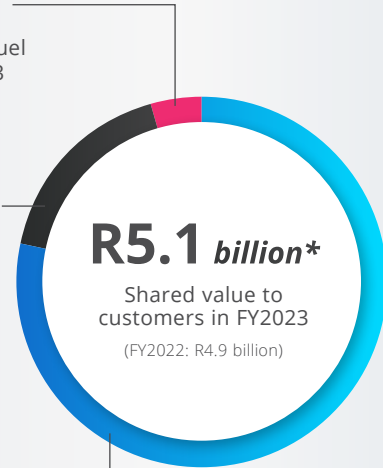
Premium discounts and fuel cash backs paid in FY2023

(FY2022: R223 million)

R886 million

Fee discounts, boosts and paybacks paid in FY2023

(FY2022: R1 billion)



R5.1 billion*

Shared value to customers in FY2023
(FY2022: R4.9 billion)

R4 billion

Premium discounts and cash backs paid in FY2023

(FY2022: R3.7 billion)

* The shared value returned excludes Discovery Bank, Vitality UK and Vitality Global contributions. These are included in the total shared-value dividend at Group level.

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

41 million lives globally

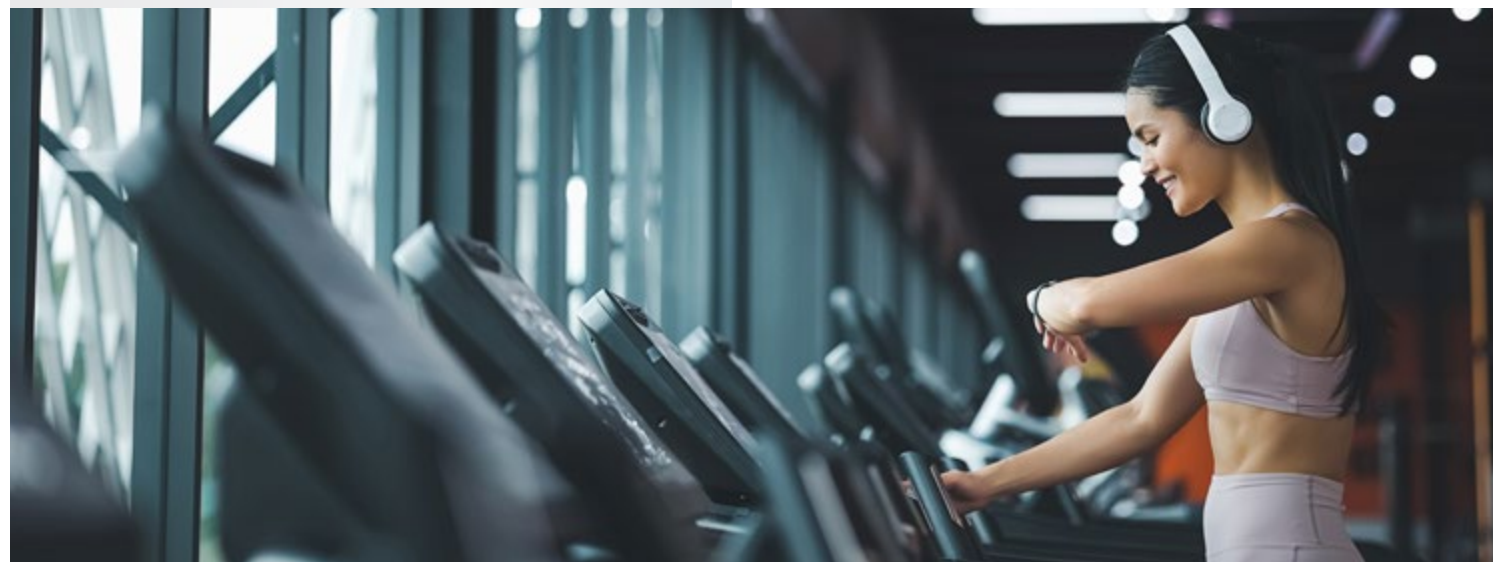
(FY2022: 39.7 million)

16 billion steps averaged per day

(FY2022: 12.9 billion)

4.5 million workouts logged on average per day

(FY2022: 3.72 million)





Make people healthier / Leveraging the Vitality platform to drive change continued



PERSONALISATION IN ACTION: IMPROVING HEALTH BEHAVIOURS THROUGH THE NEXT BEST ACTION PROGRAMME



With Next Best Action, Vitality UK members get data-driven recommendations to maximise their health. Next Best Action is a fully digital experience delivered seamlessly through the Vitality member app. It builds on the foundational pathway of the Vitality programme that targets the critical health behaviours of physical activity, nutrition and mental wellbeing.

Each Next Best Action corresponds to a curated health improvement experience tailored to each member's circumstances. For example, where our risk prediction models show that a member could benefit from increasing their physical activity level, we send weekly nudges to try an activity the following week. Completing the recommended activity earns additional Vitality points for their Active Rewards and Vitality status.

The initiative, first piloted in 2020, has shown substantial achievements, helping 10% of diabetic participants reverse their condition and enabling 40% to exceed their weight loss goal by losing more than 4% of their body weight. Furthermore, Vitality's data shows broader lifestyle improvements within the first year of membership, including a 27% reduction in fatty food consumption, an 11% increase in fruit and vegetable intake, and a 22% hike in physical activity levels. The success of this initiative forms part of a broader strategy to motivate members towards healthier lifestyle choices.

The Next Best Action programme will further expand during FY2024



Make people healthier / Leveraging the Vitality platform to drive change continued

Vitality status: Supporting improved health

By engaging in healthy behaviours, Vitality members earn Vitality points, which accumulate each year to give members their Vitality status, beginning with Blue. Members earn Vitality points and improve their status by performing healthy activities, such as getting a health check, buying healthy food or becoming physically active. The higher their status, the more rewards members receive – including discounts, miles and cash backs on various goods and services.

Each year, Vitality points reset to zero. This means members must keep earning points to maintain or improve their status, motivating them to become and remain healthy year after year.

VITALITY UK: CONTINUOUS STRIDES TOWARDS MAKING PEOPLE HEALTHIER

The Vitality programme supports and rewards healthier behaviour. Engagement in the programme remains high as we assist members in understanding and improving their health and receiving rewards.

In 2022, our members completed over 450 000 health reviews and 50 000 health checks; they purchased 60 000 discounted activity trackers, tracked almost 800 billion steps, and completed nearly one million mindfulness sessions. Furthermore, members benefited from nearly 70 000 discounted sports shoes, 1.6 million coffees, and over 700 000 movies – this delivered value of over £60 million in 2022.

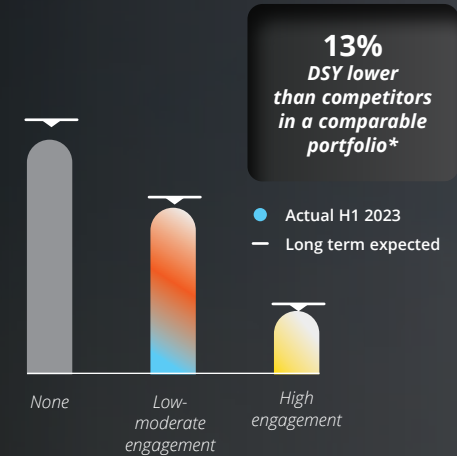
There is strong evidence that the programme helps change behaviour. In their first year with Vitality, our members, on average, improved their physical activity by 22%, increased their fruit and vegetable consumption by 11%, and reduced their consumption of fatty foods by 27%.

Measuring Vitality's impact

Discovery's Shared-value model serves as an enabler of unique risk management opportunities across our businesses. Through our deep and evolving understanding of the benefits of changing behaviour and healthy habit formation, the Vitality programme and incentivised engagement has proven to be a robust tool to both manage and meet our core purpose. Through Vitality, we can see that increased engagement leads to reduced mortality risk, increased longevity and enhanced quality of life.

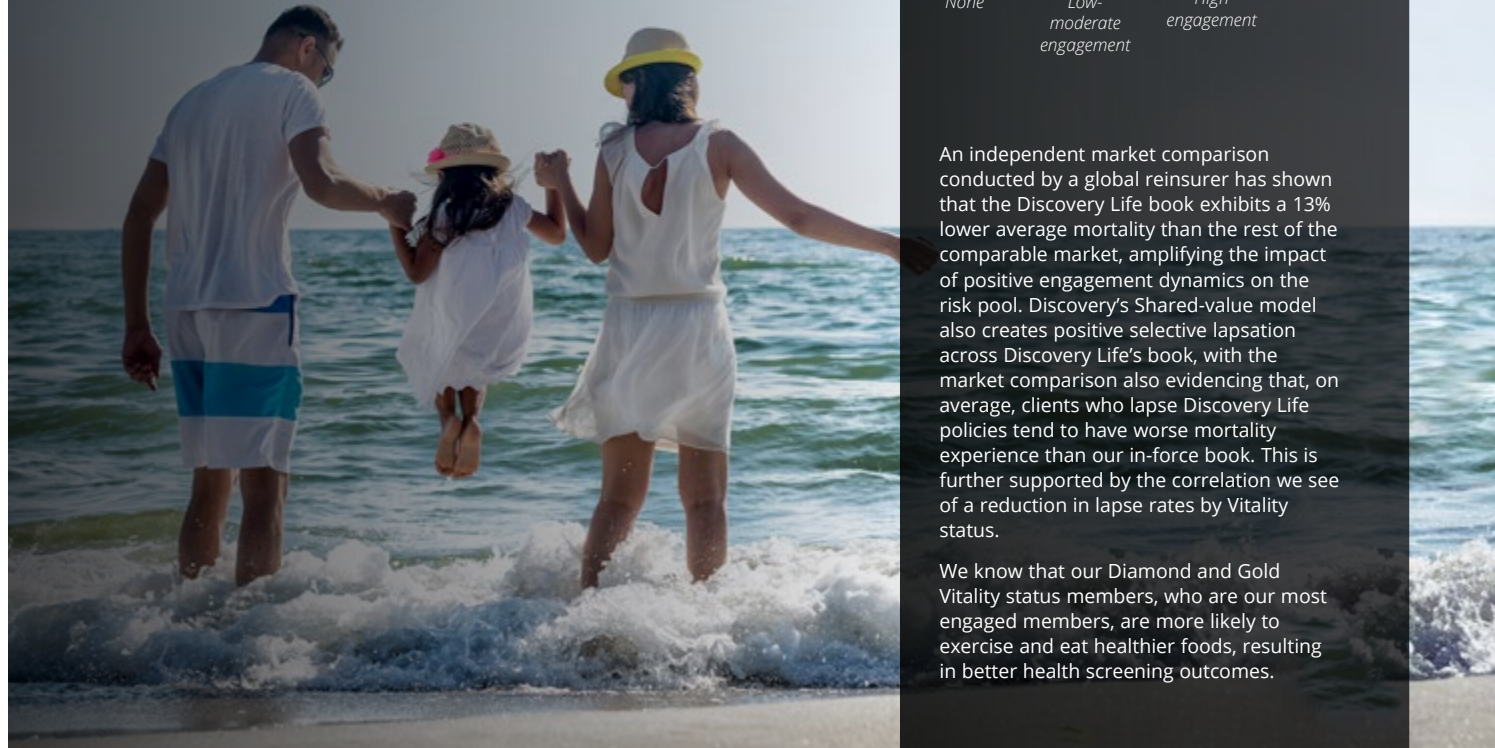
Across all ages, highly engaged Vitality members show lower average mortality risk than other Vitality members. Therefore, by incentivising people to become healthier, mortality experience improves as engagement levels increase, with Gold and Diamond status members showing significantly better mortality experience than those with lower statuses.

Mortality experience



An independent market comparison conducted by a global reinsurer has shown that the Discovery Life book exhibits a 13% lower average mortality than the rest of the comparable market, amplifying the impact of positive engagement dynamics on the risk pool. Discovery's Shared-value model also creates positive selective lapsation across Discovery Life's book, with the market comparison also evidencing that, on average, clients who lapse Discovery Life policies tend to have worse mortality experience than our in-force book. This is further supported by the correlation we see of a reduction in lapse rates by Vitality status.

We know that our Diamond and Gold Vitality status members, who are our most engaged members, are more likely to exercise and eat healthier foods, resulting in better health screening outcomes.





Make people healthier / Leveraging the Vitality platform to drive change continued

AN INTELLIGENT, SCIENCE-BASED APPROACH FOR ADVANCED CHRONIC DISEASE MANAGEMENT, REVERSAL AND PREVENTION

Vitality 3.0 creates a new category of wellness that incorporates complex wellness and deep chronic disease management into one hyper-personalised structure: an intelligent, science-based platform that follows an individual throughout their lives – regardless of age and changing health status – creating personalised chronic disease management, chronic disease reversal and prevention across all members.

With Discovery's vast data and technology capabilities, we codify complex clinical and lifestyle actions into simple, personalised pathways that lead members to better health. Advanced machine learning characterises our members' habits and preferences, contextualises where they are in their healthcare journey, and predicts their subsequent health risk. This allows us to offer every member the most relevant next-best action for health improvement, personalised to their unique health status, behaviour and needs throughout their lives.

Members are subsequently encouraged to engage in their personal pathway using a range of behaviour science techniques. These include hyper-personalised recommendations, compelling gamification and intelligent rewards to drive engagement in key actions which improve health and form healthy habits – ultimately leading to quantifiable health improvement across all members.

Our risk prediction models show that our members can benefit from increased physical activity. To further understand the relationship between physical activity and mortality, Discovery Health conducted an extensive retrospective study to determine how increased physical activity can improve an individual's mortality risk, and how this potential impact varies by age and starting level of activity. The study also aimed to identify the likelihood that an individual will sustain their level of activity over time to project the long-term impact of risk and our members' engagement levels.

The study, informed by the Habit Index and validated by a research team of the LSE in 2023, focused on South African members with **continuous Discovery Health and Vitality policies** between 2013 and 2019, and considered:

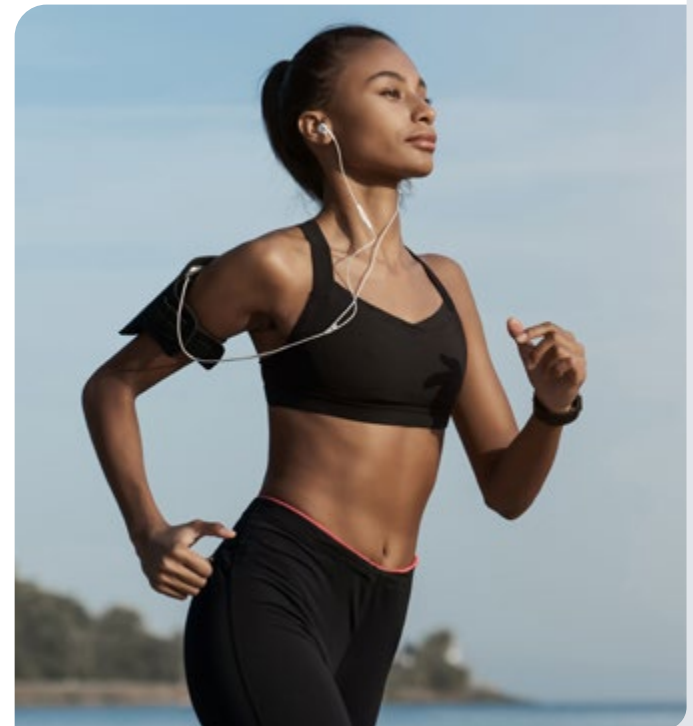
>500 000
members

3.5 million
person years¹

6 721
deaths

Physical activity was measured based on the average weekly points members earned based on the intensity and duration of their exercise. This validation indicates that there is strong evidence that physical activity predicts a delayed mortality and which is corroborated by additional evidence that frequency and intensity of exercise (with habit formation the key differentiator) appear to be the mechanism reducing the risk of death.

The study confirmed the causal relationship between increased physical activity and living a longer life. Because we combine our insights into behavioural economics with clinical science and data, we understand that our members are driven by rewards and incentives to positively change their behaviour. By tapping into the concept of hyperbolic discounting to promote, support and track long-term, positive behaviour change through our Vitality programme, we make it easy for our members to form good and healthy habits and increase their life years.



¹ Person years refers to our sample size, calculated as the number of people included in the study multiplied by the number of years of the study.



Physical health

Make people healthier / Leveraging the Vitality platform to drive change continued

Vitality interventions



PHYSICAL ACTIVITY

Through the **science of health behaviour change**, we encourage members to move more.



NUTRITION

Through **education, incentives and nudges**, Vitality helps members buy, cook and eat more nutritious meals.



MENTAL WELLBEING

The Vitality Mental Wellbeing programme uses assessments to determine **members' mental wellbeing** and rewards them for taking proactive steps to understand, improve and maintain their mental health.



SMOKING CESSATION

Vitality supports members who want to **quit smoking** with discounted access to the world's leading smoking cessation programmes.



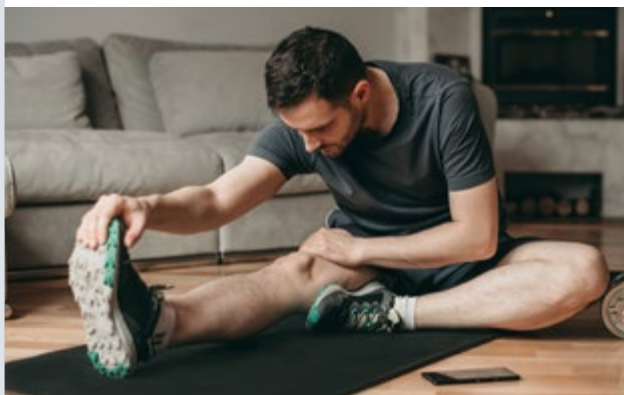
PHYSICAL ACTIVITY

Ground-breaking research from Vitality, published in the British Journal of Sports Medicine, found that regular exercise can reduce severe illness and/or death from COVID-19 by up to 42%.

As a behaviour-change platform, Vitality champions physical activity by removing barriers – such as cost, access to devices and lack of motivation – to get people into gyms, exercising outdoors and in groups to improve health outcomes. Members can exercise in a way that suits them while paying less when they get active.

The COVID-19 pandemic and associated lockdowns meant many people were unwilling or unable to go to the gym. To encourage the re-uptake of physical activities, we launched Vitality **Pay as You Gym**, which allows Discovery Pay and Vitality members to use gyms on a pay-per-visit basis with no contract or monthly subscription. We also aimed to engage the unengaged through **Vitality exercise group-based incentives**, encouraging active members to exercise with less-active members and increasing engagement and motivation. As a result of these interventions, along with our fitness device offerings, gym visits continued to escalate during the year, although not yet exceeding pre-COVID-19 levels. Total workouts, however, have exceeded 2019 levels.

Going forward, we plan to launch an exercise ecosystem enabling members to search for and book classes and personal trainers across Vitality's physical activity partners. This will also allow us to create tailored recommendations and offers based on our members' fitness journeys.



HELPING PEOPLE LIVE HEALTHIER, HAPPIER LIVES THROUGH SUMITOMO LIFE VITALITY

Since launching in July 2018, Sumitomo Life Vitality has owed its success to its agile response to customer needs by introducing innovations and adapting products. Since enrolling in Sumitomo Life Vitality:

79% of members feel their **quality of life improved**

53% lowered their blood pressure

47% lowered their fasting blood sugar level

50% lowered their LDL cholesterol

Members' mortality rate was **43% less than non-members**

Members' hospitalisation rate was **18% lower than non-members**

With 83% of Sumitomo Life customers utilising the Vitality programme to boost their physical activity, Sumitomo Life embarked on a broader societal promotion of physical activity by implementing team physical activity challenges, reviving ParkRun events and introducing night yoga events. All these activities encourage the participation of non-Sumitomo Life customers, aligning with the objective of having a broader impact on society by promoting increased physical activity.

This year, the Japanese Red Cross Society awarded Sumitomo Life the Golden Order of Merit due to donations secured through an initiative where Vitality customers can waive their Active Challenge reward (through the attainment of their weekly physical activity goal) in favour of a donation to the Japanese Red Cross Society, or other charities such as Japan Cancer Society, Ashinaga Foundation and WWF Japan.



Make people healthier / Leveraging the Vitality platform to drive change continued



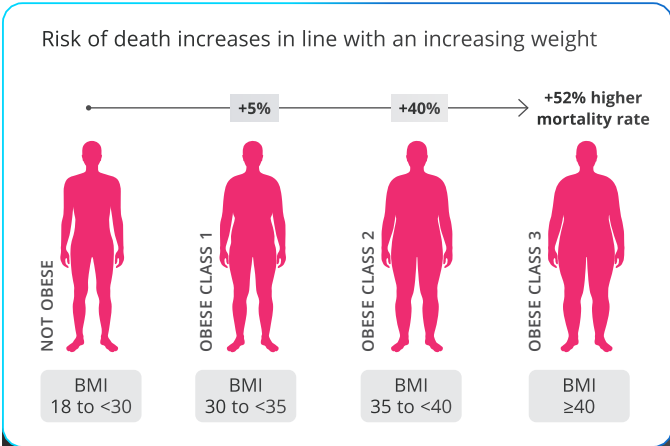
NUTRITION

Vitality's nutrition strategy aims to decrease the prevalence of lifestyle diseases and their associated long-term complications by influencing behaviour related to food choices and eating patterns. To comprehensively address nutrition, we focus on three key areas: encouraging and incentivising members to **buy better, cook more often and eat healthier.**

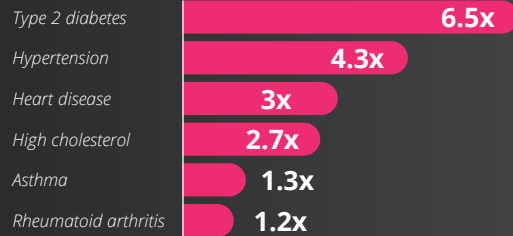
We select partners who share our values, offer a significant selection of healthier options, and are willing to work with us on the journey of positive behaviour change. As a result, Vitality members bought 72.6 million HealthyFood items in FY2023.

Personalisation in action: HealthyWeight programme

There is a global challenge around non-communicable lifestyle diseases, and the high number of people who are overweight or obese contributes significantly to the disease burden. Current projections indicate that over half of the global population will struggle with being overweight or obese by 2035 if current trends remain unchecked. Particularly troubling is the rapid rise in childhood obesity and the skyrocketing levels in lower-income nations. At present, health risks associated with excess weight account for almost three million lives lost worldwide annually.



Obese members are more likely to have a chronic condition compared to those with a health weight



R21.8 million

The additional cost of overweight and obesity to medical schemes in South Africa in 2022. Based on the medical scheme covered population in South Africa as at December 2021 (CMS annual 2021/2022 report), this translates into an average additional cost of **R2 444** per individual per year.

To create a touchpoint for the risk within our context, we analysed nearly 300 000 Vitality Health Checks completed in 2022 to rank South African cities according to the proportion of Vitality members within a healthy weight range. Our ObeCity Healthy Weight Ranking study results show that Vitality members in Cape Town have the healthiest weight, while Gqeberha has the most room to improve.

To enable more people to reach and maintain a healthy weight, Vitality launched a personalised Vitality HealthyWeight programme, with the primary goal of supporting members who face more significant health risks from being overweight or obese. In addition, the programme aims to reduce our members' risk of developing NCDs or assist those already diagnosed to manage their conditions.

The programme provides daily, on-demand support from a personal, qualified dietitian, weekly meal plans, easy recipes and shopping lists customised to suit members' lifestyles and tastes, and regular progress check-ins with assigned coaches. All Vitality members can access Vitality HealthyWeight at affordable rates, with all at-risk Vitality members receiving discounted rates to support participation. Vitality HealthyWeight went live in February 2023, and the efficacy of the programme in its early stages is encouraging.

63%
of overweight members and
59.6%
of obese members have lost
more than 4% of their weight
after the first 12 weeks of the
programme

Obese members lost an average of
5.2kg
after their first 12 weeks of
the programme

On average, after 16 weeks, members
of programme lost
6.3%
of their weight and an average of
6.8cm
from their waist circumference





Make people healthier / Leveraging the Vitality platform to drive change continued



MENTAL WELLBEING

The escalating prevalence of mental health issues, especially depression, is primarily fuelled by a mix of social, psychological and physiological factors, intensified by a taxing socioeconomic environment. Adversities such as financial stress, grief and traumatic experiences – including the widespread isolation and loss experienced due to the COVID-19 pandemic – often trigger depression. Alarmingly, according to the World Health Organization, depression now affects nearly 3.8% of the global population – approximately 280 million people – highlighting a profound and growing mental health crisis. Workplace wellbeing is also in decline, with work taking an increasing toll on employees' mental health – in a 2023 study conducted by Deloitte, the majority of workers surveyed indicated that their health had either declined or not improved.

In South Africa, Discovery Health has seen an increase in mental health claims, from 3% in 2016 to 3.43% in FY2023, with total generated costs for mental health reaching 4.33% in FY2023.

The Vitality Mental Wellbeing programme helps members gain a more detailed view of their overall mental wellbeing and rewards them for taking proactive steps to understand, improve and maintain their mental wellbeing. Members receive Vitality points for completing mental wellbeing assessments twice a year, enabling them to understand critical elements of their mental wellbeing by measuring resilience, depression, anxiety, overall wellbeing, alcohol consumption and sleep.



The outcomes of these assessments – green, amber or red – are used to identify in which clinical risk category members can be classified.



In 2022, approximately 240 000 Vitality members completed the mental wellbeing assessments.

The majority of members who completed assessment in 2022 were flagged as green.	For the 15% of members who completed the assessment in 2022 and was flagged as amber or red, psychologist referrals were recommended, with calls to the South African Depression and Anxiety Group offered.	Members who fall within the red category are contacted to ensure they receive the support they need as quickly as possible.
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Members activate the mental wellbeing module in the Vitality Active Rewards platform after completing the assessments. They are rewarded for tracking their mindful minutes and sleep goals using partner apps. Next year, the mental wellbeing pathways will be enhanced to strengthen engagement with at-risk members and deliver relevant, meaningful interventions

Vitality UK is the only insurer in the United Kingdom market to offer all our customers access to virtual GP, physiotherapy and talking therapies as part of their core cover. In 2022, Vitality UK became the first insurer to remove underwriting and medical exclusions for talking therapy treatment. These services are of growing importance and account for over half of all claims.

ENHANCING OUR COLLECTIVE UNDERSTANDING OF PHYSICAL ACTIVITY AND MENTAL WELLBEING

Globally, **280 million** people suffer from depression.

Furthermore, depression and anxiety cost the global economy **US\$1 trillion** each year, predominantly from reduced productivity.

Our latest research in partnership with Harvard University found a strong relationship between engaging in physical activity and reduced incidence of depression. The study showed that increasing physical activity can reduce depression in women by up to 19%. Improvements in mental wellbeing were achievable even with a slight increase in physical activity – in fact, increasing physical activity from low to moderate could prevent one in five cases of depression in women.

Vitality helps to incentivise these behaviours to support members' holistic wellbeing.

IMPROVING ACCESS TO GENDER-BASED VIOLENCE SUPPORT THROUGH #DiscoverYourVoice

Discovery supports its medical scheme members who experience gender-based violence and other traumatic crime through our #DiscoverYourVoice service. Members are encouraged to seek immediate and confidential trauma support and scheme benefits.

People who use the service connect directly with a dedicated specialist who takes them through a high-touch journey. Support is confidential and free to the individual seeking help.

Access the service at **0860 999 911** (the Discovery 911 emergency line operated by Netcare 911)

24 hours a day, seven days a week. (Press 5 to reach our dedicated trauma-related or gender-based violence support.)



Make people healthier / Leveraging the Vitality platform to drive change continued



SMOKING CESSATION

It is estimated that around 22% of the global population (1.3 billion people) currently use tobacco. According to the World Health Organization, smoking is one of the biggest public health threats the world has faced. The economic costs of smoking are substantial, particularly regarding healthcare costs. Estimates reflect that the global economy loses US\$1.4 trillion each year.

Data shows us that most smokers are aware of the negative impacts of smoking on their lives and want to quit. However, fewer than one in 10 smokers succeed each year.

Discovery Vitality understands that professional support and proven cessation interventions can significantly improve a smoker's chance of successfully quitting and offers tools to help tackle the addiction using **technology, psychology and pharmacology**. We have partnered with leading smoking cessation programmes to support members.

Allen Carr's Easy Way to Stop Smoking is one of the world's most successful smoking cessation programmes, focusing on mental addiction is endorsed by the Cancer Association of South Africa (CANSA) and has branches countrywide. Vitality members can attend the course at a massive 80% discount.

GoSmokeFree is available at participating Clicks and Dis-Chem pharmacies. Vitality members get up to 50% back on smoking cessation aids when using the GoSmokeFree programme with the Vitality HealthyCare benefit. The programme begins with a pre-quit assessment, where a smoker's readiness and motivation to stop smoking are determined before a quit date is set, followed by five weekly, one-on-one sessions with a nursing sister trained as a GoSmokeFree adviser.



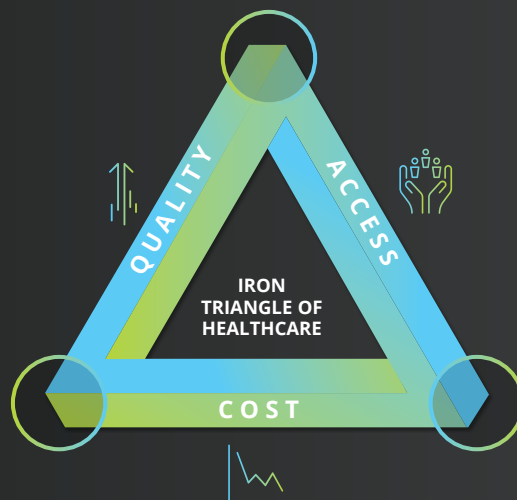
Improving personal health outcomes

Discovery Health is the leading medical scheme administrator in South Africa, providing administration and managed care services to over 3.8 million beneficiaries (FY2022: 3.7 million) while offering the broadest product range with premiums lower than our cheapest competitor on a benefit-adjusted basis.

To understand how Discovery Health creates value for stakeholders, it is essential to understand the traditional description of the healthcare paradigm – the iron triangle.

The iron triangle

Healthcare is traditionally presented as a trilemma between access, cost and quality: called the 'iron triangle'. The iron triangle describes how improvement in one aspect is expected to come at the expense of the others.



BREAKING THE IRON TRIANGLE

For Discovery, technological advances and disruptive innovations allow us to break the iron triangle and offer improved access to healthcare, reducing the associated costs without lowering quality.

Examples of affordable digital healthcare models Discovery has introduced to increase access to lower-cost, quality healthcare:

IMPROVING ACCESS

- Hospital at Home
- Flexicare
- Healthy Company
- Prepaid Health
- Connected Care
- KeyCare Start Regional
- Virtual Urgent Care
- Dynamic Smart Hospital network
- Ascenti Reach

IMPROVING QUALITY OF CARE

- Prepaid Health
- Hospital at Home
- Connected Care
- HealthID
- KeyCare Start Regional
- Point-of-Care (POC) pathology
- Virtual Urgent Care
- Hospital Scorecard rating
- Vitality GP (UK)
- Care Hub (UK)
- Consultant Finder (UK)

REDUCING COSTS

- Flexicare
- Prepaid Health
- KeyCare Start Regional
- POC pathology
- Next Best Action



Make people healthier / Leveraging the Vitality platform to drive change continued

REDUCING THE COST OF CARE THROUGH POC PATHOLOGY

Historically, doctors have utilised central laboratory testing, where a blood specimen is taken and sent to a laboratory for analysis. As an alternative to this type of testing, a smaller blood sample can be taken from your finger and tested wherever you are, such as at your general practitioner's office or home. This is called POC pathology.

We partnered with Nanolabs to address high pathology costs in South Africa through POC pathology. Through this partnership, we enhance accessibility and convenience for members and ensure faster turnaround times for doctors. Furthermore, we can reduce approximately 61% of private pathology testing, which could be done inexpensively through POC devices, with the ability to create significant cost savings that can be redirected to other parts of the healthcare value chain.

"We partnered with Nanolabs to address high pathology costs in South Africa through POC pathology."



Ongoing innovation and investment in technology optimise operational efficiency and service levels, supporting better business and member satisfaction and lowering healthcare costs.

Managed care services have a material impact on managing the cost of claims through rules-based programmes that use clinical and financial risk assessments to provide appropriate, quality and value-focused healthcare services.

Discovery's Shared-value model enables Discovery Health to ensure a sustainable medical scheme by reducing costs and retaining younger and healthier lives. A healthier membership has a material benefit to the scheme.

DHMS members pay an average of **12.2% less** than members of the subsequent seven largest open schemes (FY2022: 14.9%).

Discovery Health offered financial relief for its members during the COVID-19 pandemic through an innovative pricing strategy that delayed contribution increases in 2021 and 2022. The scheme continued to defer contribution increases on all health plans for the first three months of 2023. Combined, the scheme has now collectively lowered contributions by R8.6 billion for all members between 2021 and 2023.



Make people healthier / Leveraging the Vitality platform to drive change continued

SUPPORTING MEMBERS' WELLTH

Routine screenings for the early identification and management of conditions like cancer and lifestyle diseases can significantly enhance an individual's lifespan and healthspan – the duration of life spent in good health.

This proactive approach also benefits the scheme. Early diagnoses of cancer, diabetes and hypertension can reduce hospital stays by an estimated 131 000 days annually for DHMS members – translating into roughly R120 million in annual savings.

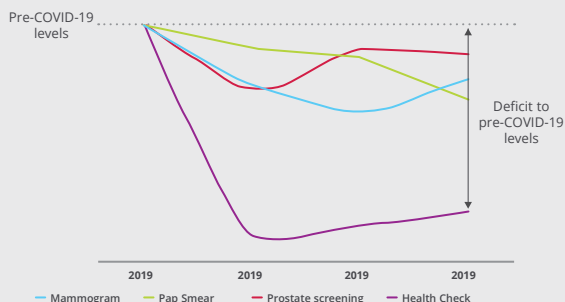
Unfortunately, pandemic-induced lockdowns, lifestyle shifts, and people's avoidance of public spaces have led to a significant drop in preventative screenings since the onset of COVID-19. This reduction, coupled with already suboptimal pre-pandemic screening rates, has created a concerning screening deficit, posing potential severe long-term health risks.



LIFESTYLE DISEASES

For lifestyle conditions such as diabetes and hypertension, regular screening to inform condition management is crucial for enhanced quality of life. For example, through effective screening and management a 40-year-old with diabetes is expected to increase their lifespan by five years, and their healthspan by eight years.

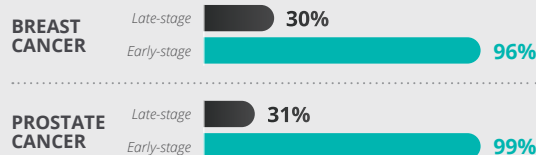
PROPORTION OF ELIGIBLE MEMBERS THAT WERE SCREENED



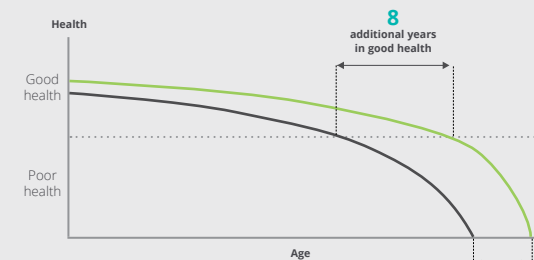
CANCER

The early detection of cancer through regular screening can have significant impact on expected life years. For example, a person diagnosed with early stage breast cancer has a three times higher likelihood of surviving five years post diagnosis and is expected to live 22 additional years, assuming an age of 40 at diagnosis.

5-year survival rate at age 40



Expected lifespan and healthspan at age 40



With this in mind, DHMS made its single biggest investment in the long-term health of its members by making excess solvency reserves available during FY2023 to fund screening and preventative healthcare through the newly launched **WELLTH Fund**.

The WELLTH Fund provides up to R10 000 per family to help members reset their understanding of their health status and empower them to manage and improve their health in the long term. This represents the best possible use of the scheme's reserves since the improvement in members' health leads to a long-term reduction in claims equivalent to nine times the funding of the screening and preventative healthcare through the WELLTH Fund.

As at FY2023
338 000 beneficiaries
have unlocked their WELLTH Fund and
have utilised
R201 million
of the available funds.

There has also been a
56% increase
in health checks completed, with more
people understanding their health status
and identifying possible health risks early.



Make people healthier / Leveraging the Vitality platform to drive change continued

Personalisation and digitisation

A trend facing the healthcare industry is the digitisation of healthcare and the adoption of telehealth platforms to connect with healthcare professionals (see trends on page 22). Digital platforms enable healthcare professionals to receive almost real-time access to a comprehensive set of clinical data relating to their patient population – from remote monitoring devices to pathology trend dashboards – which can be automatically analysed to flag predictive risk alerts that enable doctors to close the gaps in patient care quicker, leading to better health outcomes.

As part of our response, we leverage the Group's technology capabilities to broaden healthcare access. Our platforms – like Connected Care and Discovery Prepaid Health – enable individuals to digitally access high-quality, affordable care. Our digital strategy is one of a health system orchestrator, bringing together an ever-increasing number of third-party digital health solutions into an integrated ecosystem of seamless and holistic care journeys for our members and providers to navigate. We carefully curate all the solutions in the ecosystem to ensure access to a world-class, comprehensive set of features and capabilities.

Vitality UK is leading the market in developing digital care pathways in the healthcare space. Members can see a GP through our Vitality GP app, book physiotherapy, cognitive behavioural therapy and counselling online, and get an immediate referral for onward care. They can then research and book with specialists online through the Vitality Care Hub. This enables faster access to care through a seamless customer journey. Vitality delivers over 100 000 virtual GP consultations annually. We also provide cover for eligible home chemotherapy to give members more choice.

AWARDING-WINNING INNOVATION

Discovery Health won Gold in the Product and Service Innovation category at the EFMA-Accenture 2022 Awards for Hospital at Home.

This offering gives medical aid members access to various hospital benefits delivered through a personalised and highly skilled care team in the comfort of their homes. Discovery's Hospital at Home increases South Africa's total bed capacity by approximately 750 beds and catalyses disruptive change in the hospital sector.

CLINICAL OVERSIGHT 24/7 clinical oversight from a care team

A dedicated care team facilitates physical and virtual 24-hour care delivery, including doctors, nurses and allied healthcare professionals.

REMOTE MONITORING 24/7 real-time remote monitoring supported by cutting-edge digital healthcare technology

Access to a remote monitoring device that automatically sends information to a hospital-based care team 24 hours a day, seven days a week. Clinical oversight teams continually assess patients' health status, monitor their medical stability, track treatment compliance and recommend interventions when necessary.

HOSPITAL-LEVEL CARE Hospital-level diagnostics and interventions

Patients get access to a range of clinical diagnostic procedures and interventions to manage medical or post-surgical conditions with hospital-level care in their homes. We support this with extra benefits for which we pay from risk (not the patient's day-to-day benefits) to improve the member's experience.

DISCOVERY HEALTH'S HOSPITAL @ HOME EXPERIENCE IN 2022

4% vs 11%
30-day ED utilisation rate

29% - 47%
Lower CPE vs IH

6% vs 2%
30-day readmission rate

41%
Complete substitution



Make people healthier / Leveraging the Vitality platform to drive change continued

Personalisation and digitisation continued

OUTCOMES SINCE THE LAUNCH OF THE PROGRAMME

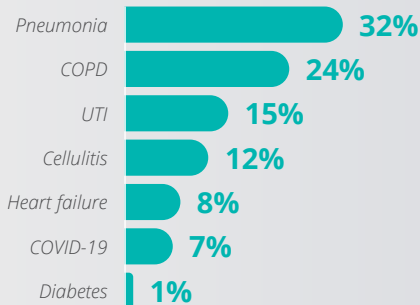
115 admissions

Significant reduction in cost per event

Zero 30-day readmission rates

5.3 days average length of stay

Conditions treated in the programme



8% care escalation

Improving chronic disease outcomes through personalisation

Discovery Health provides comprehensive, best-in-class interventions for high-risk populations to improve quality outcomes for members with chronic diseases while reducing healthcare costs. We achieve this through enhanced care coordination and access to best-practice care.

Discovery care programmes for chronic diseases are based on individualised clinical and lifestyle guidelines. Through the programme, patients and doctors agree on critical goals and track their progress through various digital dashboards on Health ID and Connected Care. This helps patients and doctors identify areas requiring attention to improve the management of their conditions and overall health.

The Discovery Care Maintenance Organisation works to significantly improve chronic disease clinical outcomes and healthcare costs and is founded on a fully integrated and unique approach to managing chronic disease.

201 318 members engaged in disease management programmes at year end.

Members in programmes are more regularly monitored (81% of members in a diabetes programme monitor glycaemic control regularly versus 55% not in a programme).

In 2023, Discovery moved beyond disease management by expanding the Care Programmes to include a disease prevention programme for members at high risk of developing diabetes. Using sophisticated predictive analytics, as at April 2023, 34 651 members have been identified for the programme. This is the first of a number of prevention programmes aimed at addressing the disease burden associated with non-communicable disease and mental illness.

Members in programmes have better controlled disease as demonstrated by outcomes for members linked to doctors who participate in the diabetes shared value programme. With increase in number of people achieving HbA1C 'In Range' targets from 56% to 59%.

Refer to page 126 to learn about our HealthID platform.

Refer to page 126 to read more on Connected Care and Prepaid Health.



Preventing chronic disease through preventative interventions

In FY2023, DHMS, in partnership with health professionals, introduced the Disease Prevention Programme Cardio Metabolism Risk Reduction programme – a disease prevention initiative that leverages a sophisticated risk prediction model, targeted health coaching and additional benefits to improve risk management and disease reversal.

To date, the model has identified 34 651 at-risk members that require proactive management.



Physical health

Make people healthier / Leveraging the Vitality platform to drive change continued

Increasing resilience through corporate healthcare

Investing in employees' health and wellness is good business. Studies show that, compared with those in poor health, healthy employees are 17% more productive, experience fewer motivational problems, are more resilient to change, and are more likely to engage with business priorities.

Our Shared-value model goes beyond the traditional insurance model by incentivising employees to remain in good health, reducing the cost of their insurance, and sustaining their health and productivity.



Healthy Company

Healthy Company is Discovery's digitally enabled, comprehensive employee assistance programme that identifies and proactively supports at-risk and healthy employees to improve overall wellbeing.

Healthy Company Coaches assess employees' physical, emotional, legal and financial wellbeing and refer them to professionals such as psychologists, trauma and debt counsellors or legal advisers.

The Discovery app and website provide a comprehensive overview of employees' health and wellbeing and access to wellbeing assessments and relevant interventions.

PROACTIVE CARE FOR EMPLOYEES THROUGH HEALTHY COMPANY

The COVID-19 pandemic has put unprecedented pressure on employees' physical, emotional and financial wellbeing. Using the Healthy Company mood capture tool, employees have reported 63% more anxiety or stress since the pandemic began, highlighting the need for practical and proactive interventions to help them cope.

The Healthy Company app offers employees a range of digital tools and services, including access to a suite of wellbeing risk assessments that automatically trigger appropriate interventions, a library of online educational content and the ability to chat with a coach. The interactive employer dashboard includes comprehensive reporting around the risk classification of employees, utilisation and engagement with all Discovery-related interventions, yearly trends and benchmarking.

IN 2023, WE RECORDED

9 572 interactions from 4 511 members

13 524 calls, 820 chats and 168 427 WhatsApp logins

32 235 moods, of which 81% were positive

13 842 emotional counselling sessions

IMPROVING EMPLOYEE PRODUCTIVITY AND PERFORMANCE WITH VITALITY

Productivity

Lower absenteeism: Gold and Platinum status employees work seven additional days

Sick days 46% fewer sick days

Service defects 23% fewer defects for engaged employees

Work engagement

35% greater work engagement

BRITAIN'S HEALTHIEST WORKPLACE

Britain's Healthiest Workplace is the UK's largest and most comprehensive workplace wellness study.

Funded and developed by VitalityHealth, this annual survey is conducted across seven countries, tracking employees' lifestyle, mental wellbeing, clinical risk and productivity factors. The survey provides important insights into productivity and employee health interventions.

Since its launch in 2013, 580 organisations and 193 000 employees in the UK have participated.

The initiative empowers organisations to support their employees' health, wellbeing and performance through insights and data and celebrates their successes.



Make people healthier / Leveraging the Vitality platform to drive change continued

IMPROVING HEALTH OUTCOMES FOR EMPLOYEES ACROSS AFRICA

NCDs, such as cancer, cardiovascular diseases, and diabetes, have emerged as the leading causes of death in Sub-Saharan Africa.

The World Health Organization projects that by 2030, NCDs will account for three times the mortality rate of infectious diseases in this region. This surge is attributed to increased urbanisation, insufficient physical activity and poor disease screening – leading to late-stage diagnoses. Mental illness, another critical NCD, has also raised increasing concern among African employers. With an estimated 100 million people suffering from clinical depression, employers require holistic screening and wellbeing solutions.

In 2022, Discovery utilised our extensive global experience in healthcare and wellness to introduce Vitality Health International to Africa, a platform designed to tackle the region's escalating health challenges through a Shared-value model. This model offers

comprehensive health insurance that incentivises healthy living, including a personalised wellness journey and a pioneering mental wellbeing programme, Vitality Healthy Mind. Vitality Healthy Mind focuses on improving mental health through various programmes, app recommendations, and insights on available health insurance benefits. It also encourages and rewards members for achieving personal mental health goals weekly.

The initiative has gained substantial momentum. Notably, 24% of eligible members have registered with Vitality, and the engagement rate is robust at 16%. Corporate Wellness Days, which offer screenings and preventative measures such as body mass index assessments, HIV testing, and blood glucose and cholesterol checks, have seen significant participation.

Vitality Health International is currently available in six African countries, and we intend to expand to new markets in 2023. The aim is to continue fostering health and wellness across the continent, especially concerning NCDs.

“Vitality Health International is currently available in six African countries, and we intend to expand to new markets in 2023.”

PARTNERING TO EFFECT CHANGE: GOODBYE MALARIA-VITALITY HEALTH INTERNATIONAL PARTNERSHIP

Malaria remains the most prevalent disease in Africa, significantly impacting the lives and livelihoods of the most vulnerable.

Recognising this, Vitality Health International embarked on a mission to effect change. In April 2023, on World Malaria Day, Vitality Health International announced a strategic partnership with Goodbye Malaria. This alliance underscores the shared ambition to reduce the burden of Malaria in Africa, where the disease's incidence remains high, including countries where Vitality Health International operates, such as Kenya, Nigeria, the Democratic Republic of the Congo, Zambia, and Mozambique.

Together, both organisations aim to mitigate the negative impact of Malaria, potentially saving countless lives across the continent. This focused initiative marks a significant step towards potentially eradicating this deadly yet preventable disease.




Enhance and protect lives

Holistic health

SUPPORTING THE SDGs

	Good health and well-being		Reduced inequalities
	Sustainable cities and communities		
Our contribution is underpinned by the Vitality chassis, which supports:			
	Industry, innovation and infrastructure		Partnerships for the goals

RELATED MATERIAL THEMES

	Advance our disruptive Shared-value model		Leverage and manage technology and innovation
	Operate within a volatile socio-economic environment		Expand and strengthen our social impact
	Ensure long-term financial sustainability		



WHY DOES THIS MATTER?

As the second differentiator of our Integrated Sustainability Framework, holistic health, **incorporates Discovery's broader view of health as interconnected and dynamic beyond the singular lens of physical health.** We know that the various states of health are interdependent; individuals and families that manage life and health risk, reduce accident and retirement risk and manage their money well experience greater wellbeing.

WHAT DO WE DO?

As a catalyst for behaviour change, we leverage Vitality to incentivise and reward our members to improve their health, driving and financial behaviours to generate greater wellbeing. This supports Discovery, our partners and networks through more business and less risk, and society through healthier and wealthier citizens.

HOW DO WE DO THIS?

We focus on enhancing and protecting lives by:

Revolutionising risk cover and providing **significant rewards** for healthy behaviours

.....

Incentivising **good driving**

.....

Helping members achieve **financial independence**

.....

Revolutionising banking through our Shared-value Banking model

TARGET

One million

Discovery Bank clients by 2026

KEY DEVELOPMENTS ON OUR JOURNEY TO ENHANCE AND PROTECT LIVES:

- R11.5 billion ESG integrated premiums for Discovery Life's responsible insurance products
- 25% lower average retirement drawdowns in post-retirement products for clients with boosts compared to clients without the boosts, improving preservation of savings
- Launched Vitality Drive 3.0 with greater emphasis on driving behaviour to ensure safer roads
- Road fatality rate of 10.10 per 100 000 compared with the South African rate of 22.2 per 100 000
- Recognised in the top five in Fortune Magazine's 2022 Change the World list for our Shared-value Banking model
- Discovery Bank's client base grew to 702 131 (FY2022: 470 220)
- Discovery Bank won the 2023 MyBroadband Award for Best Digital Bank and took first place in the BCX Digital Innovation Awards Corporate Category at the Sunday Times Top 100 Companies event
- Discovery Bank moved from fourth to first place in the banking sector on the Ask Afrika Orange Index, the broadest and most widely referenced service excellence benchmark in South Africa
- Discovery Life received the Best Client Experience in South Africa Award in the long-term insurance category at the 2022/23 Ask Afrika Orange Index Awards

LOOKING AHEAD

- Deepen the integration of responsible insurance products
- Looking to target a broader client base
- Rolling out products and features on the new Adviser 360 platform



Enhance and protect lives continued

REVOLUTIONISING RESPONSIBLE INSURANCE PRODUCTS BY PROVIDING SIGNIFICANT REWARDS FOR HEALTHY BEHAVIOURS

Discovery Life

For 23 years, Discovery Life has been trusted to make clients healthier and to enhance and protect their lives. Over this time, Discovery Life has paid out over R45 billion in claims and built market-leading products that cater to the ever-changing nature of risk. Our expertise enables us to maintain a leading position within the retail-affluent market, securing a 30% new business market share for the quarter ending June 2023. The past three years have introduced unprecedented uncertainty, primarily due to COVID-19, further highlighting the strength of Discovery Life's comprehensive benefit offering.

Discovery has pioneered the evolution of life insurance in three phases, with each phase embodying innovative products that meet clients' needs and create unmatched value while making them healthier and enhancing and protecting their lives. These phases are:

1

Separating risk from investment: Discovery Life was instrumental in transforming the South African life insurance market by separating risk and investment products.

2

Introducing the Shared-value model: By integrating with other Discovery products such as Health, Vitality and Bank, Discovery Life can incentivise and share the surplus generated by clients who manage their health, wellness and finances well.

3

Personalising the client experience through digitisation: The rapid acceleration in digital adoption, along with the Group's technology assets, facilitate a platform that enables insurance and shared-value to be experienced in real-time – creating a personalised journey for clients. This includes offering simplified, yet comprehensive, products enabled by digital channels, providing an easy understanding of benefits and access to rewards through digital platforms for financial advisers and clients.

Innovation

Globally, insurers are designing new products and services to meet the needs created by increasing longevity. Not only is the trend of longevity present within Discovery Life's client base, but it is also accelerating, given the impact that Vitality has on the life expectancies of our policyholders. Therefore, we focused on maximising value and sustainability in retirement as part of our **Discovery Life Plan**. This Life Plan enables clients to access the most comprehensive suite of risk protection benefits available in the market, unique rewards for positive health and financial behaviours, and the ability to engage with their policies through their mobile phones. This includes a simplified and augmented shared-value structure for premium discounts, PayBacks and premium sustainability, an enhanced integration with Discovery Bank, and a streamlined Cash Conversion benefit that allows clients to monetise their health and wellness management with a highly efficient method of supplementing retirement funding.

As a result of the latest advancements in Discovery Bank's products and Vitality Money, Discovery Life introduced **Bank Integrator 2.0**. With enhanced upfront discounts, clients can optimise their financial wellness and derive even more value for money in the Discovery Life Plan.

Discovery Life fully embraces the innovative new **Adviser 360 platform**, which went live in the first half of 2023. The platform houses the Discovery Life Plan and enables a client-centric, end-to-end digital sales process with real-time activation while simplifying the quoting and compliance processes through dynamic pre-population and digital acceptance. This allows streamlined onboarding and improved client

understanding and experience throughout the product's lifetime. We will continue to develop the platform and enhance functionality in the next financial year, extending the functionality across our product range.

Along with Discovery Health, Discovery Life ran a diabetes coaching pilot programme where specialised diabetes nurse educators help clients manage lifestyle factors that could contribute to the risk of becoming diabetic. The results from the pilot have been promising, from both a clinical and client satisfaction perspective.





Enhance and protect lives / Revolutionising risk cover and providing significant rewards for healthy behaviours continued

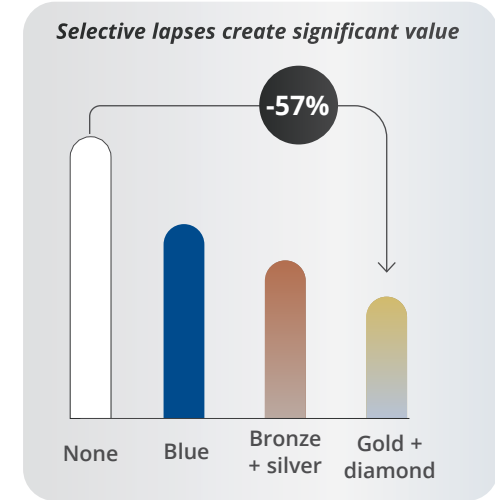
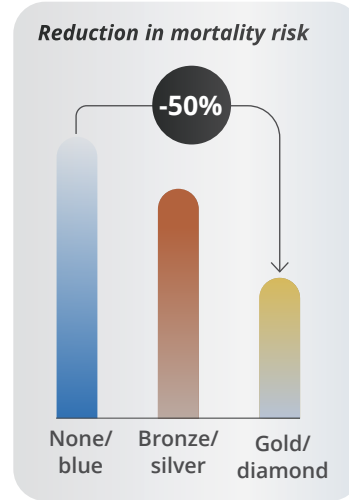


Discovery Life continued

The results: healthier clients with lower risk profiles

By integrating Vitality into our life insurance offering, there is a pronounced reduction in mortality risk for engaged clients and better persistency, which allow us to share the positive actuarial surplus with policyholders through shared-value mechanisms such as premium discounts, PayBacks, Cash Conversion and premium sustainability benefits, among others.

POSITIVE ENGAGEMENT HAS HELPED DRIVE POSITIVE OUTCOMES



POSITIVE ENGAGEMENT CREATES SIGNIFICANT CLIENT VALUE

Annual integrated premium savings

R1.9 billion
saved in FY2023

Total PayBacks paid to date

R12.7 billion
(R1.3 billion annually)

Total Cash Conversion paid in 2023

R590 million

CLAIMS PAID IN 2022:

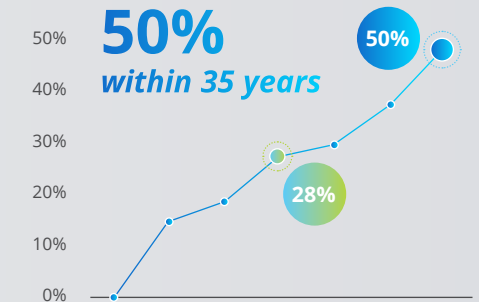
Death cover

R3.4 billion

Disability, illness and income protection

R3.3 billion

PayBacks and Cash Conversions relative to total claims





Enhance and protect lives continued

INCENTIVISING GOOD DRIVING

Discovery Insure

Inflation, extreme weather conditions and loadshedding increased pressure on South Africans during FY2023. Discovery Insure responded to these challenges by enhancing the value we offer clients. Our shared-value model underpins Discovery Insure, which uses incentive-based insurance principles to encourage behaviour change and reduce insurance risks. Using world-class technology, Discovery Insure offers comprehensive, flexible and affordable home and car insurance backed by innovative service features, rewards, and benefits.

With over a decade of experience, our business and product offerings continue to grow as we find new ways to innovate and offer even more value to our clients. With an in-force annual premium income of over R6 billion and billions of our clients' assets on the book, we continue to provide exceptional value to our clients through claims and benefit pay-outs, standing by our shared-value ethos.

Vitality Drive 3.0

Since its launch in 2011, Discovery Insure has successfully applied a behaviour-based insurance model to the motor insurance industry – ultimately reducing accidents and saving lives. This work reflects our commitment to SDG 3.6: Reduce road injuries and deaths.

We continuously enhance our product platform to align with our core purpose of creating a nation of great drivers. Two years ago, we introduced Vitality Drive 2.0, which was underpinned by the concept of loss aversion – a behavioural economics principle that refers to the human tendency to prefer avoiding losses over acquiring an equivalent gain, thereby encouraging people to change their behaviour. With Vitality Drive 2.0, the data showed that the new programme motivated our clients to be better drivers.

FIVE BEHAVIOURS LEAD TO THREE KEY CAUSES OF ACCIDENTS, WHICH COMPRISE 60% OF ALL MOTOR FATALITIES.

Five driving behaviours

- Drinking and driving
- Cellphone use while driving
- Excessive speeding
- Aggressive driving
- Lack of vehicle care.

Three leading causes of accidents

- Distracted driving
- Loss of vehicle control
- Reduction in vehicle safety.

60%
of fatal accidents

The next generation of Vitality Drive – Vitality Drive 3.0 – was designed to leverage these benefits with an improved focus on the specific driving behaviours that directly impact risk. Furthermore, we are removing unnecessary hurdles to ensure clients maximise their fuel cash back earned for being a better driver.

Vitality Drive 3.0 is based on four key concepts:

1 BEHAVIOURAL ECONOMICS



The Vitality Drive programme is designed around the concepts and science of behavioural economics. It provides clients with unrivalled value and rewards for driving well and is also dynamic – allowing it to adapt to an ever-changing environment. The programme demonstrates that people can improve their driving by understanding how they drive, with the tools to help them improve, and by receiving the appropriate incentives to drive better.

2 POINTS STRUCTURE



Vitality Drive 3.0 aligns more closely with Discovery Insure's core purpose to create a nation of great drivers. Accordingly, points focus on the aspect that influences a client's risk the most – their driving behaviour. We also removed point-earning activities that are less correlated to risk. Therefore, with Vitality Drive 3.0, 60% of Vitality Drive points are allocated to controllable driving behaviours.

3 REWARDS

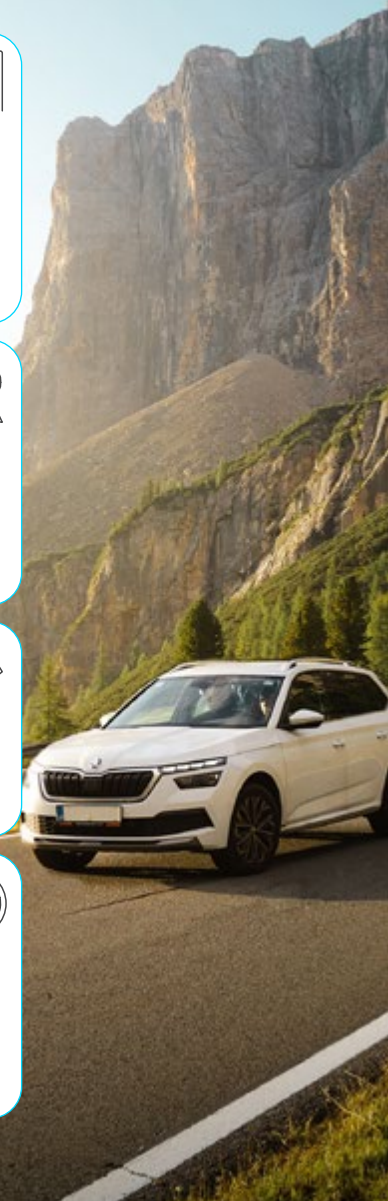


Vitality Drive rewards encourage sustained engagement and improved driving. Now, in conjunction with Discovery Bank, Vitality Drive clients can experience a more gamified Vitality Active Rewards platform and earn exclusive rewards for engaging with Vitality Drive.

4 STATE-OF-THE-ART TELEMATICS TECHNOLOGY



Vitality Drive uses the latest telematics technology to collect information about our clients' driving behaviours. By combining the data from the technology and our insights from behavioural economics, we analyse the driving data to develop a measure of driving behaviour. This translates to a Vitality Drive status that provides clients with an objective and easy way to understand how well they drive and how to improve.





Enhance and protect lives / Incentivising good driving continued

Holistic health

Discovery Insure continued



Innovation

With over a decade of experience, our business and product offerings continue growing as we find new ways to innovate and offer more value to our clients.

Impact Alert keeps clients and their families safe by providing immediate emergency assistance when they detect a severe impact on their vehicle.

When clients join Discovery Insure and activate the smartphone-enabled DQ-Track, they can use their smartphone power button as a **panic alert**. The Discovery Insure call centre will try to contact the client or individual listed on their policy. If the call centre cannot get hold of the client, they immediately dispatch an emergency response team to assist with the vehicle emergency.

Motion Alert uses telematics technology to identify when an individual's phone is not in the vehicle when the vehicle is moving, alerting them to possible vehicle theft.

Discovery 911 is an emergency medical service that ensures you receive the necessary emergency care. Our call centre is available 24 hours a day, seven days a week.

Using weather data provided by the South African Weather Services and location data, we warn clients of **imminent bad weather** by SMS.

The COVID-19 pandemic has had a knock-on effect on global inflation through shipping and manufacturing delays, resulting in record-high inflation in motor vehicle costs. This led to the risk that the retail value clients receive at the claims stage may not be enough to cover the cost of replacing their vehicle.

Retail Value Booster is an innovation that helps manage this risk by paying clients the retail value of their vehicle plus 15% on a total loss event. However, we recognise that within the current inflationary context, this may not be enough, which is why clients can choose to receive the retail value PLUS 15% or 25% when they choose the Retail Value Booster Optional Benefit, giving clients more choices and helping them beat inflationary pressure.

The results: safer roads for clients and other drivers

The Vitality Drive programme enables behavioural change. Over the years, we have seen that, by using incentives, our clients become better drivers – with a lower road fatality rate than other South Africans and fewer and less severe accidents. This leads to claims savings and improved loss ratios for us as the insurer and safer roads for all South Africans.



Creating exceptional value for clients



Discovery road traffic fatality rate of **10.10** per 100 000



Compared with the South African road traffic fatality rate of **22.2** per 100 000



Over **R305 million** in fuel cash back with Vitality Drive



R2.2 million Vitality Active Rewards drive goals achieved for good driving



R11.8 million in Uber discounts



R29.8 million in tyres funded



Enhance and protect lives / Incentivising good driving continued

Holistic health



Discovery Insure continued

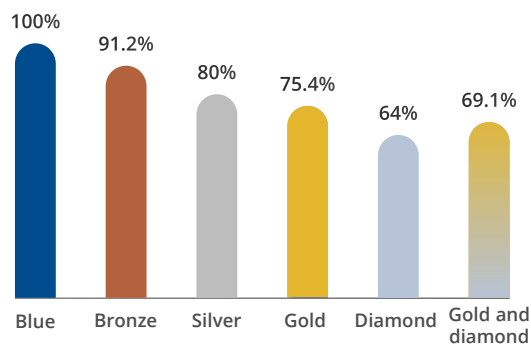
The more people that drive well, the better the results

Based on our data analytics and actuarial dynamics, we found that if all South Africans were on Gold or Diamond Vitality Drive status, the number and cost of road incidents could be reduced by 90%. In addition, this would result in significant financial and healthcare cost savings and societal benefits.

BETTER DRIVERS HAVE LESS SEVERE ACCIDENTS

Relative average car accident claims by Vitality Drive status

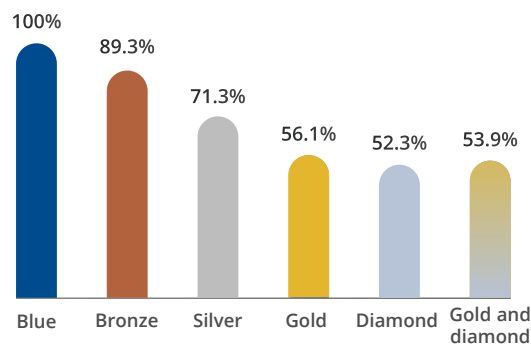
Relative vehicle accident severity



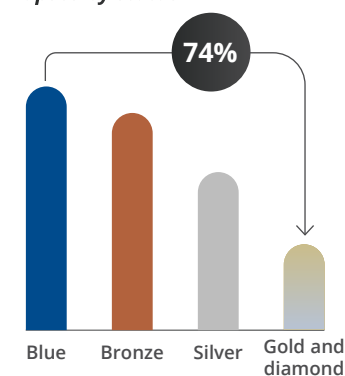
BETTER DRIVERS HAVE FEWER ACCIDENTS

Relative number of accident claims by Vitality Drive status

Relative vehicle accident frequency



Lapses by status



Protecting businesses

We assist our clients by offering them comprehensive insurance and solutions that promote business continuity, such as our bespoke products tailored to the needs of specific sectors. Discovery Business Insurance believes businesses that take proactive steps to grow, have lower insurance risks. This provides an opportunity for shared value to benefit clients, Discovery and society.

Core to our business model is our offering of comprehensive commercial insurance cover, including enhanced cover for emerging risks and the ease of doing business, as well as strong stakeholder relationships. This is all underpinned by our shared-value insurance principles. These elements have allowed us to expand our offering, grow our business and become a strong competitor in the commercial insurance market.

Through the driver behaviour programme, Vitality Drive for Business uses telematics technology and incentive-based insurance principles to encourage and reward good driving behaviour. Discovery Drive's Motion Alert extends to fleets and heavy vehicles, giving business owners peace of mind. Drivers can also be rewarded through Driver Active Rewards, earning rewards from one of our partners. Last year, we introduced the superior Vitality DriveView device for heavy commercial vehicles to improve driving behaviour in this industry. We are excited to now offer the Vitality DriveView device to all commercial vehicles on Vitality Drive for Business. Furthermore, we introduced a self-service functionality for fleet managers, providing critical information at their fingertips to help improve driving behaviour.





Enhance and protect lives continued

ENABLING BUSINESS SUSTAINABILITY THROUGH BESPOKE OFFERINGS

We launched our first bespoke product, the Restaurants product, at the height of the COVID-19 pandemic in FY2021.

We did this to support the restaurant sector and promote business continuity. Using our experience and commercial market expertise, our bespoke product offering now includes tailored products for heavy commercial vehicles, fuel retailers, healthcare professionals, lawyers and accountants.

During the year, we extended our bespoke offering, underpinned by technology, fast claims services and key innovations, to include our:

- **Residential Sectional Titles Product:** Comprehensive insurance at an affordable premium that includes automatically embedded cover relevant to residential sectional title schemes and innovative benefits designed to help manage the unique risks faced in the sector.
- **Tradespersons' Product:** Comprehensive insurance at an affordable premium and includes relevant embedded cover and innovative benefits designed to help clients work efficiently and support business continuity.

HELPING MEMBERS ACHIEVE FINANCIAL INDEPENDENCE

Discovery Invest

Discovery Invest provides the only Shared-value Investment platform in South Africa that rewards healthy financial behaviour by incentivising clients to save more, save longer and draw down as little as possible during retirement. Integrated with other Discovery products, we give our clients bonuses on their investments if they live healthier and manage their finances well. This Shared-value Investment model is underpinned by reputable local and global asset managers who manage our clients' money.

Innovation

Discovery Invest seeks new ways to add value for our clients. Therefore, during the year, Cogence, a partnership between Discovery and BlackRock, was launched as the first truly global discretionary fund manager in South Africa that fully models retirement solutions, taking health experience into account. As part of this offering, we produce a holistic retirement pathway for our clients, including personalised recommendations to improve their health in retirement.

Cogence also utilises the investment management expertise of RisCura, with an intimate understanding of the local market within a global context. This means that clients are provided with a pathway to a quality retirement with insights on improving their replacement ratios, living longer and having more healthy years in retirement.

We also launched a new feature on our Living Annuity where clients can choose to add boosts for neurological conditions that are more prevalent later in life and can significantly impact their quality of life in retirement. These clients could receive an enhanced income boost of up to 100% if diagnosed with one of the specified neurological conditions.

Discovery Invest is building its entire product range into the new Adviser 360 platform. This allows streamlined onboarding and improved client experience. The first sets of products are already live, with the full rollout of products to continue over the next financial year. It enables an end-to-end digital sales process, simplifies the quoting and compliance processes, and provides streamlined digital acceptance. A complete end-to-end digital experience was introduced for advisers and investors when processing withdrawals on certain products. It incorporates all compliance requirements, including investor consent, digitally.

THE RESULT: DRIVING SMARTER CHOICES

R5.3 billion

in benefits paid to clients and R12 billion accrued to clients*

(FY2022: R4.5 billion in benefits and R9.8 billion accrued to clients).

25% lower

average retirement drawdowns in post-retirement products

for clients with boosts compared to clients without the boosts, improving preservation of savings.

16% increase

in retirement savings

terms for clients receiving upfront boosts compared to clients without the boosts.

These figures demonstrate shared value in action. By rewarding smarter choices, clients receive more value and invest more with Discovery for longer. This enhances the sustainability of our business and allows us to continue innovating and rewarding smarter choices that have a positive societal impact, such as closing the retirement gap.

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



For detail on our approach to managing investments, see responsible investment on page 99.



Enhance and protect lives continued

REVOLUTIONISING BANKING THROUGH OUR SHARED-VALUE BANKING MODEL

Discovery Bank

Discovery Bank has firmly established itself as one of the fastest growing banks in South Africa, operating as a full-service digital bank through its banking app that caters to the full spectrum of the retail market and drives high levels of client engagement, utilisation and value. This value is reflected in the 1.6 million accounts held by over 700 000 clients.

Discovery Bank is built to improve financial behaviours with our Shared-value Banking model that leverages our proprietary behaviour-change programme. Vitality Money measures how financially healthy clients are, drives positive financial behaviours and engagement, and rewards clients for managing their money well.

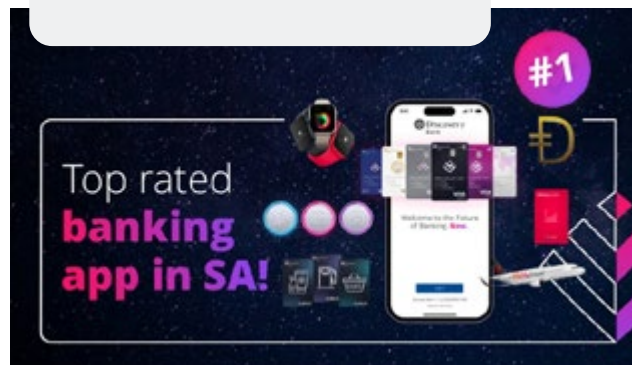
A Shared-value Banking model provides an effective platform to initiate and sustain the change clients need to improve their financial health. By offering incentives for better financial decisions, this approach can generate higher savings levels, lower the risk of over-indebtedness, and increase wealth and financial resilience for society.

Conceived with a forward-thinking mindset, Discovery Bank has championed environmentally friendly principles. Our model is predominantly digital, operating as a full-service digital bank, a strategy designed to minimise environmental impact.

THE DISCOVERY ECOSYSTEM - POWERED BY DISCOVERY BANK

Clients can now access and interact with their Discovery products and enjoy significantly enhanced benefits and rewards, all through a single, digital-first user interface in Discovery Bank.

Furthermore, built off the Discovery Bank app, Vitality Active Rewards 3.0 consolidates all three behavioural change programmes – Vitality Money, Vitality Health and Vitality Drive – with personalised rewards and enhanced journeys, aligning the goal mechanism of the Vitality Money spend ring with the Vitality Health and Vitality Drive rings.



Vitality Money

Vitality Money is about how people use their money to build financial independence and resilience in the long term. Using behavioural science and research, Vitality Money shows how changing five behaviours can improve overall financial health:

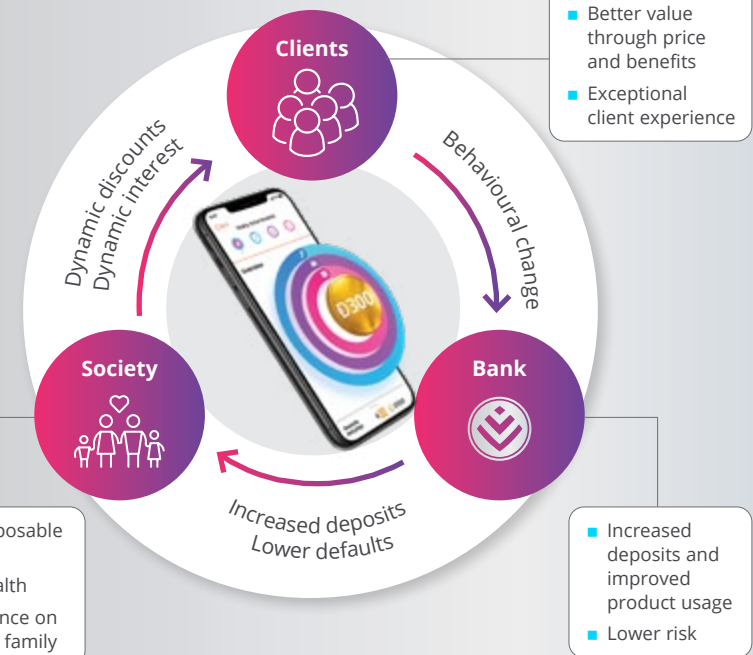
Spending less than you earn

Saving for emergencies

Saving for retirement

Having the right types of insurance

Managing property debt well



Discovery Bank uses these behaviours to measure a client's financial health, and not their level of income, and award them a Vitality Money status – Blue, Bronze, Silver, Gold or Diamond. Vitality Money status is a good predictor of financial health, indicating that clients manage their money well and have a lower risk of credit defaults.



Enhance and protect lives / Revolutionising banking through our Shared-value Banking model continued

Holistic health



Discovery Bank continued

Clients are rewarded for responsible money management:

- They receive **dynamic interest rates** based on their **financial health**.
- They pay **lower interest rates on borrowings** than typical, based on their socioeconomic status. Clients can reduce their rates across income segments by managing their money well.
- They **receive higher interest rates on their savings**. Clients who manage their money typically save more for longer periods. Through our shared-value model, Discovery Bank rewards clients with demand and short-term deposits with higher interest rates based on how well they manage their money.
- Clients with **better behavioural alignment and engagement** can earn multiples of their monthly fees in rewards by using their accounts and managing their money well.



For information on Discovery Miles and how they work, please visit our website.

Vitality Money adoption continues to increase significantly in line with the growth of Discovery Bank -

539 546 clients

have activated the programme, representing 94% of the eligible base.

Innovation

ENHANCING WELLBEING THROUGH BANKING

Vitality Active Rewards 3.0 was launched through the Discovery Bank app in March 2023.

Since then, engagement has been promising, with over 1.59 million gameboard plays used, over 436 million Discovery Miles earned, and over 152 000 Instant Reward vouchers redeemed as at 30 June 2023. Active Rewards 3.0 also provides engaged members with greater value: average miles earned per gameboard play is 29% higher in Active Rewards 3.0 than in Active Rewards 2.0. The enhanced gameboards and new features - such as rest weeks and improved Vitality Money algorithms - are expected to encourage client engagement.

Discovery Bank gives clients control **with dynamic interest rates**. **Discovery Pay** is our digital payments capability for real-time payments, including Health Pay - which enables DHMS members to seamlessly pay for out-of-pocket medical expenses. **Vitality Pay as You Gym** is an innovative initiative making physical activity more accessible to those members with a Discovery Bank account linked to Discovery Pay, giving them access to Discovery Vitality's network of health and fitness partners on a pay-as-you-go basis.

Vitality Money unlocks personalised benefits for all Discovery Bank clients. Clients can earn up to 75% discount on flights, gain access to a rewards currency that is more valuable than cash, and achieve all their weekly Vitality Active Rewards exercise, drive or money goals.

The results: healthier financial behaviour

Banking with Discovery Bank drives healthier financial behaviour, fundamentally transforming how clients engage with their money. As clients effectively manage their money, they reduce risk, as evidenced by our credit loss ratio versus that of the market average. We, in turn, share this value with our clients through improved interest rates and increased rewards. This positive impact becomes evident among clients with a higher Vitality Money status, who not only display strong signs of financial resilience - evidenced by higher spending levels, larger deposits, and lower credit arrears - but also enjoy the enhanced value of rewards, engage more actively with their financial management, and successfully navigate their credit journeys.

DISCOVERY BANK CLIENTS ON GOLD AND DIAMOND VITALITY MONEY STATUS:

- Lapse rates and default rates are near zero for clients with Diamond status
- Have over 200 times more savings as a proportion of gross monthly income
- Diamond clients spend over 10 times more than unengaged clients across all income levels
- 99% lower credit loss ratio for clients on Diamond Vitality Money status vs Blue Vitality Money status





Discovery Bank continued

Disrupting banking to support financial education and break down barriers to financial inclusion

Banking has stayed the same for hundreds of years, with a client's risk primarily determined by their socioeconomic status. But as a shared-value bank, Discovery Bank understands that the nature of risk in banking is as much behavioural as it is socioeconomic. Assessing financial health based on behaviour removes the dependence on statically evaluating an individual's financial position by income level. Moreover, Discovery Bank is designed to share the value clients create by managing their money well back through unprecedented interest rates and rewards.

Our Discovery clients can access their Discovery Account without incurring any monthly fees, while non-Discovery clients can open a Discovery Bank account for as little as R10 a month. And, through the Vitality Money programme, we offer clients incentives to make better financial decisions with the money they have. As clients manage their money well, they reduce their risk and generate more value, which we share through improved interest rates and rewards.

Better interest rates mean more earnings on savings and lower debt payments, leading to more deposits into savings accounts and fewer loan defaults. And in a country with one of the lowest savings rates in the world, where almost 78% of household income is spent on debt, this is a significant shift towards creating a savings culture and reducing national debt levels.

Through our dynamic and accessible tools, incentives and rewards, we are working towards increasing wealth and financial resilience for society as a whole.

SHARED-VALUE BANKING DRIVING FINANCIAL INCLUSION

Discovery's digital banking platform, with its zero-rated data, democratises access across all socio-economic groups.

In South Africa, a large majority of individuals across cultures face the following constraints:

Lack of financial knowledge, skills and literacy

Race, class and family values prevent women from taking responsibility for their finances

Lack of access to urban spaces where financial institutions are situated

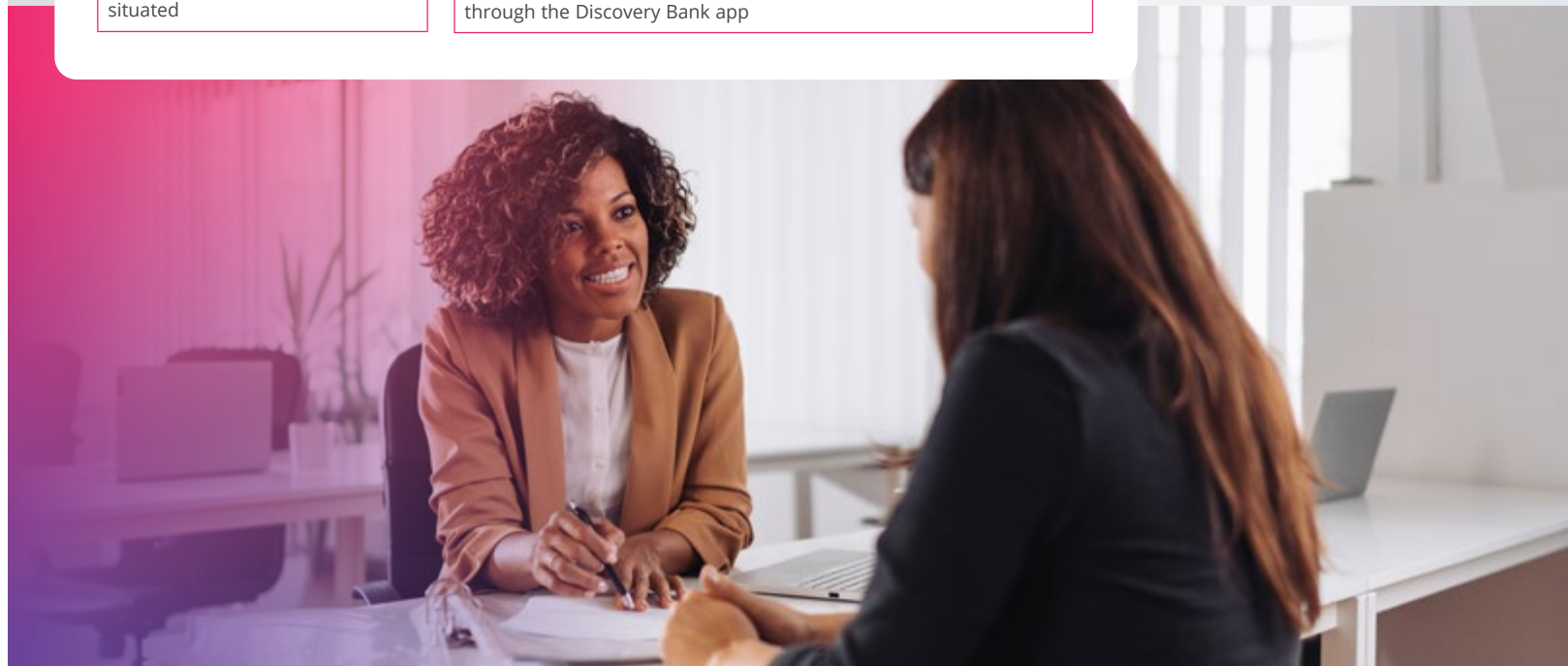
How we address these barriers to inclusion:

We believe financial education should be part of your banking experience. Our Vitality Money programme encourages clients to make better financial decisions with their money. We also offer other targeted financial education tools to grow our client's knowledge

For more information, see page 49.

We believe individuals should be able to bank anywhere and anytime with a bank branch in their hands. We have made this possible through the Discovery Bank app

"Through our dynamic and accessible tools, incentives and rewards, we are working towards increasing wealth and financial resilience for society as a whole."





Enhance and protect lives / Revolutionising banking through our Shared-value Banking model continued

Discovery Bank continued

FINANCIAL EDUCATION

Our Shared-value model is founded on the premise that empowerment with incentivisation leads to meaningful change. As noted in the previous section, clients who manage their money well are rewarded for these choices. To help our clients manage their finances, we recognise that financial education and empowerment are critical to their ongoing financial journey. We know that the first step towards improving one's financial position is accurately understanding what it is.

Discovery Bank offers several financial education tools and services to help clients become financially stronger. We partnered with **Worth**, a financial education provider that shares our values about the importance of financial education. Worth offers a range of practical personal finance courses for individuals and couples. Discovery Bank clients can sign up for these online courses at a discounted price through the Discovery Bank app.

WORTH
make your money matter

“Discovery Bank offers several financial education tools and services to help clients become financially stronger.”

The Vitality Money Financial Analyser

28 522 clients have set budgets to date

The Financial Analyser uses advanced analytics and data processing to give clients personalised information about their income, savings and spending habits. It helps clients set spend alerts, know when they are overspending and allow them to save more by helping them understand their spending trends. Clients can generate an automated budget based on their **spending trends** or create their own, and they can develop personal segments for their personal needs.

Spend Trend Report

Spend Trend generates personalised reports for engaged Discovery Bank clients with a credit card account, transaction account or full banking suite that provide a fun, shareable snapshot of their spending habits. Qualifying clients can access their **personal Spend Trend reports** in their banking app.

PARTNERING TO ENHANCE COLLECTIVE INSIGHT

In a landmark collaborative initiative, Visa and Discovery Bank compiled the research report to uncover and understand behavioural changes and spending insights among consumers in South Africa.

Key trends:

- Total spending on travel is currently higher than in 2019, with various factors leading to consumers spending more on average per trip.
- The mass market client group is feeling the economic strain driven by the higher inflation, with an increased proportion of spending on essentials like groceries.
- We expect the trend towards online purchases to continue as retailers improve their offerings, especially for groceries.
- There is an opportunity for contactless card payments and digital wallet adoption rates to increase as consumers become more comfortable with these emerging payment methods.

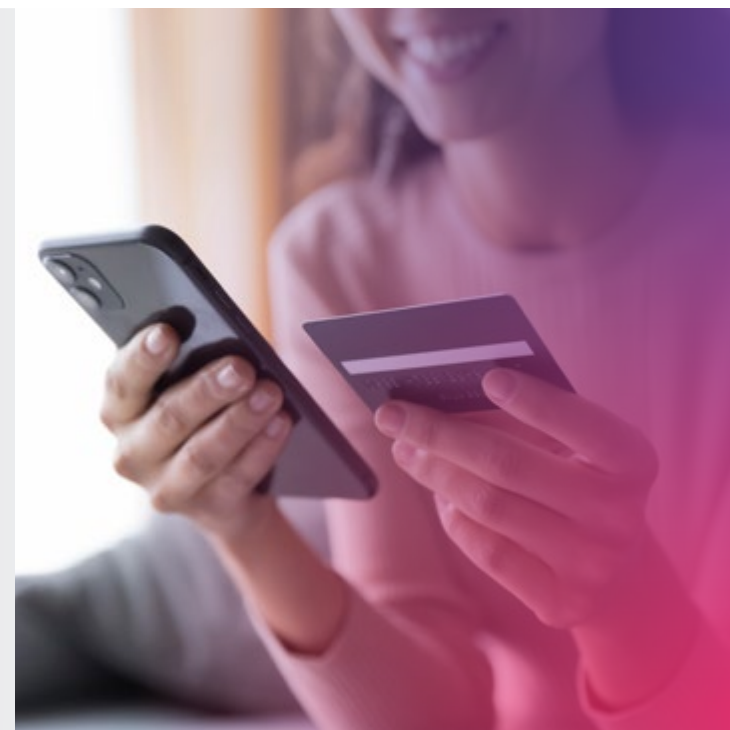
Vitality Money education videos

These videos help clients understand how improving their financial behaviour will help them attain better financial health.

Calculators

Our retirement calculator measures an individual's progress towards their retirement goals.

Our risk capacity calculator measures clients' long-term financial health and capacity to take investment risks.






Strengthen social systems

Collective health

SUPPORTING THE SDGs

- 5 GENDER EQUALITY** Gender equality
- 8 DECENT WORK AND ECONOMIC GROWTH** Decent work and economic growth
- 10 REDUCED INEQUALITIES** Reduced inequalities
- 11 SUSTAINABLE CITIES AND COMMUNITIES** Sustainable cities and communities
- 13 CLIMATE ACTION** Climate action
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE** Industry, innovation and infrastructure
- 17 PARTNERSHIPS FOR THE GOALS** Partnerships for the goals

Our contribution is underpinned by the Vitality chassis, which supports:

RELATED MATERIAL THEMES

- Operate within a volatile socio-economic environment
- Leverage and manage technology and innovation
- Empower our people
- Expand and strengthen our social impact
- Safeguard and enhance our trusted brand



WHY DOES THIS MATTER?

Strengthening social systems is the third pillar of our Integrated Sustainability Framework, recognising that, for **Discovery to deliver on its core purpose, there needs to be systemic resilience within our operating ecosystems.**

WHAT DO WE DO?

We drive greater resilience across our networks through strategic and targeted interventions that bolster the strength of the overall system.

We strive to look at ecosystems holistically and identify critical interventions that will reinforce overall resilience. We make strategic investments in the healthcare value chain that directly support the broader public. For example, the actions we take to improve the physical health of our members have an impact on related public health systems – by improving the physical health outcomes of our members, we contribute to reducing the burden on these systems. Furthermore, through the Discovery Fund and Discovery Foundation, we strengthen the public health system through training and service innovation to improve access to quality healthcare, especially in rural and underserved areas.

As the largest medical scheme administrator, we can also strengthen the system by managing costs, improving quality outcomes, and investing in training and development in the broader healthcare system. By leveraging technology and innovation, we offer more affordable cover to more people without compromising quality.

HOW DO WE DO THIS?

We focus on strengthening social systems by:

Expanding **access to quality healthcare** at a **reduced cost**

Enhancing **public safety**

Leveraging **corporate social investment** to build capacity

Encouraging **employee volunteerism and skills transfer**

TARGETS TO STRENGTHEN SOCIAL SYSTEMS:

Train and support **600 medical specialists and institutions** by 2026

KEY DEVELOPMENTS ON OUR JOURNEY TO STRENGTHEN SOCIAL SYSTEMS

- Filled >190 000 potholes since inception through Pothole Patrol
- Invested ~R100 million in social initiatives during the year through corporate social investment, community upliftment initiatives and skills development for the unemployed
- Participated in public-private collaboration in healthcare delivery, including proposals for South Africa's NHI Bill
- Assisted in addressing the critical shortage of medical graduates and specialist skills through our Discovery Foundation
- Discovery Foundation awarded 550 awards towards training medical specialists and institutions to date
- Invested R46 million in corporate social investment during the year through the Discovery Fund and Foundation (FY2022: R43.7 million)
- Contributed R20 million to the SA SME Fund

LOOKING AHEAD

- Extend our existing public safety programmes to maximise our impact
- Invest in digital capabilities that extend reach and access to quality, affordable healthcare
- Invest in benefits that provide exceptional value
- Ensure sustainable future price increases without shocks or benefit corrections
- Create unique, hyper-personalised experiences that exceed customers' expectations and meaningfully impact their lives
- Accelerating the scaling of value-based care arrangements to guarantee quality



Strengthen social systems continued

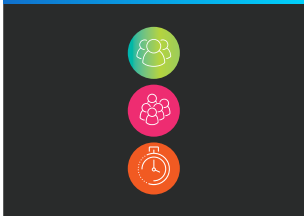
STRENGTHENING THE ECOSYSTEMS IN WHICH WE OPERATE

By understanding the interconnected nature of the healthcare system, we can use our scale, insights and capabilities to support and strengthen its overall resilience. Our commitment to nation-building underpins our efforts to strengthen social systems. Core to our history, values and success to date, has been pride in the countries we operate in and a commitment to playing a nation-building role. Central to this optimism is embracing transformation at all levels, which is vital to the country's progress, and to creating an economically inclusive future for all.

How we support the ecosystem and who benefits



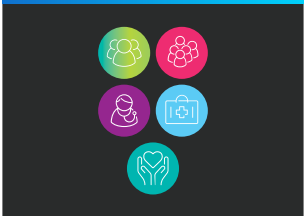
Incentivising healthy choices



- + Make our people healthier (page 21).
- + Leveraging corporate social investment to build capacity (page 57).
- + Increasing resilience through corporate healthcare (page 37).



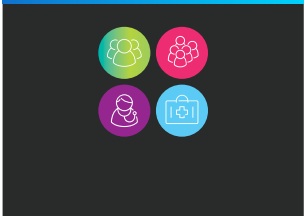
Addressing critical skills shortages



- + Connect and develop great minds (page 90).
- + Leveraging corporate social investment to build capacity (page 57).
- + Aiding the healthcare system (page 58).



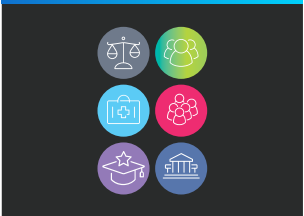
Leveraging our capabilities to offer innovative product offerings that improve quality, reduce cost and increase access



- + Innovate for impact (page 62).



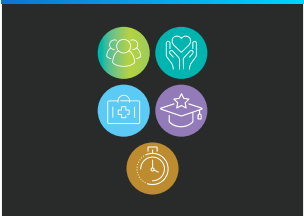
Collaboration to support constructive policy development



- + Emerging risk and research (page 111).



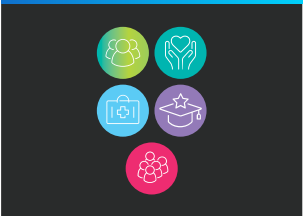
Supporting cost control and quality management across the system



- + Emerging trends and how we are responding (page 22).
- + The iron triangle (page 32).



Research, data analytics and thought leadership



- + Emerging risk and research (page 111).





Strengthen social systems continued

EXPANDING ACCESS TO QUALITY HEALTHCARE AT A REDUCED COST

Discovery Health's strategic objective is to become the lowest-cost healthcare administrator. Our ongoing investment in technology to optimise operational efficiency and service levels supports better business and member satisfaction and lowers healthcare costs.

Value in medicine is about achieving the best clinical outcomes and patient experience (quality) at the lowest cost (directly and indirectly). Our ability to expand access to quality healthcare at a reduced cost depends on leveraging our expertise and technological innovation. Currently, DHMS members pay an average of 12.2% less than members of the subsequent seven largest open schemes (FY2022: 14.9%).

+ Refer to page 48 to read about financial inclusion through our product offerings and how we innovate through impact.

Value-based care

Globally, value-based care is transforming the healthcare system positively by ensuring patients receive the best possible healthcare outcomes at the lowest possible cost while aligning healthcare professional incentives to promote the provision of clinical best practice. By focusing on patients' needs rather than what healthcare providers can supply, collaboratively, we can lead the transition to improving value for patients – which means improving the outcomes that matter to patients.

A fee-for-service approach is unsustainable, contributing to rising healthcare costs. It increases utilisation, encourages over-servicing, provides no incentive to reduce costs while fostering fragmented care with duplication, and fails to reward quality or efficiency of care delivery.

To maximise patient value, we must move from a supply-driven healthcare system oriented around what doctors do to a needs-driven system based on patients' needs. Value-based care is not at odds with profitability: groups that provide value-based care will see increased volumes and enter contracting agreements from a position of strength. Transformation to a value-based care system must come from within the healthcare profession, particularly from doctors. However, Discovery is currently taking the lead towards this approach with partners.

To reduce healthcare costs and provide greater value to members of medical schemes, Discovery Health developed and implemented a range of value-based care initiatives and programmes across various domains, including cardiology, orthopaedics, maternity, day clinic and in-room procedures. The business also developed a hospital value-based care contracting model that creates a framework for contracting with hospital partners based on a range of cost-efficiency and quality metrics.



Low-cost benefit options

Affordability constraints prevent many people from accessing private healthcare. They must either fund private care or pay for public care according to their financial means, as the Department of Health uses a means test to determine who is eligible for free or discounted fees at public facilities. This burden could be significantly eased in the short term by implementing a low-cost benefit option (LCBO), which would grant access to tax credits under South Africa's tax regulations. Furthermore, it would facilitate preventative care and care coordination, benefiting the nation's health and productivity while easing the burden on public healthcare systems. This aligns with South Africa's path to Universal Health Coverage.

Discovery has been an active advocate for the introduction of LCBOs since the onset of these policy discussions in 2005. From as early as 2008, DHMS has made several applications to the Council for Medical Schemes (CMS) to register LCBOs, with a recent application made in 2022 to register these benefit plans for the 2023 benefit year. The CMS indicated that the LCBO framework is a priority for 2023, and the industry is working to support and contribute to this work.

Discovery believes the introduction of LCBOs will provide an opportunity to improve access to quality primary healthcare for all South Africans and that the LCBO framework is consistent with the strategy of mixed funding pools implemented in other low and middle-income countries at similar points of economic development as South Africa.

+ Refer to page 115 to read more about our engagements with the NHI legislative process.



Collective health



Strengthen social systems / Expanding access to quality healthcare at a reduced cost continued

South Africa's NHI

Public-private collaboration in healthcare delivery is vital to maintaining a resilient healthcare system, and the NHI Fund can be a valuable tool to build on these partnerships developed during the COVID-19 pandemic. There is a strong and valid social imperative for universal health coverage, and we remain in full support of achieving this to address inequities and strengthen the health system in South Africa. This includes the aspirations of the NHI Bill, which allows for broader access to equitable healthcare for all South Africans.

Since the publication of the NHI Bill in 2019, Discovery Health has taken several steps to address stakeholder concerns, including the following:

- Providing detailed submissions to the National Department of Health, the Parliamentary Portfolio Committee and the National Council of Provinces recommending key amendments to the NHI Bill
- Presenting to the Parliamentary Portfolio Committee
- Supporting BUSA dedicated Health Policy Subcommittee to lead business engagement with government
- Collaborating with the Health Funders Association to make industry-wide constructive submissions and engagements
- Communicating widely with all stakeholders, especially healthcare professionals, to maintain calm and thoughtful engagements

In addition to the above, Discovery Health also established a health policy-related project with Business for South Africa (B4SA) and BUSA to:

- Consolidate work done on a workable NHI framework, along with the implementation trajectory, to demonstrate a viable alternative to the proposed single-fund framework
- Develop a common narrative on the NHI Bill to ensure cohesive input from the private sector
- Advance recommendations for public-private collaboration and progress towards universal health coverage, including the use of private sector training platforms, contracting for capacity and the LCBO framework
- Consolidate legal inputs on various aspects relating to the NHI Bill



Despite the complex environment, it is important to stress the quality and strength of South Africa's private healthcare system. It is a unique national asset and critical in supporting the public healthcare system. Although the envisaged implementation of NHI is incremental and long term, we will continue to argue for a more collaborative approach with a role for medical schemes and private healthcare when the NHI is fully implemented, recognising it is the only way to make the NHI workable for all South Africans.

+ Refer to page 115 to read more about our engagements with the NHI legislative process.



Strengthen social systems / Expanding access to quality healthcare at a reduced cost continued

KEEPING OUR DOCTORS HEALTHY

Vitality Active Rewards for Doctors is a customised incentive-based programme that uses the science of Vitality and behaviour change to encourage doctors to improve their physical fitness and overall health.

The programme is part of the Discovery Doctor Resilience Suite, which has a range of complimentary wellness resources for registered doctors in South Africa to support their wellness and resilience.

Since implementation, we have seen high and increasing levels of take-up and engagement. The programme has grown to include public and private sector doctors, and to date, approximately 7 185 doctors have joined the programme, representing over half of all doctors in private practice.



Doctors outperform the Vitality member base, with data* showing that they are:

4.4% more engaged
than the Vitality base

4.4% more physically active
than the Vitality base



Highly engaged doctors on the programme are*:

113% more engaged
than the Vitality base

71% more physically active
than the Vitality base

These results are especially significant when we consider the positive effects of physical activity on reducing the risk of co-morbid diseases. In addition, doctors' engagement with the programme also positively affects their patients. When doctors are engaged and physically active, their patients are more likely to follow suit.



Patients of highly engaged doctors are*:

6% more engaged
than the non-engaged doctors

2% more physically active
than non-engaged doctors

* as at September 2022



Bridging finance for doctors

Discovery partnered with Merchant Capital to explore an innovative approach to working capital finance for healthcare professionals and their practices. WELL by Merchant Capital offers healthcare professionals a document-free application process, funding within 48 hours and a flexible 'pay-as-you-practice' repayment solution. Since inception, nearly 700 doctors have utilised the WELL by Merchant Capital offering. This partnership has strengthened over time, forming part of the extended Doctor Resilience Suite provided to doctors.



Strengthen social systems continued

ENHANCING PUBLIC SAFETY

We forge strategic partnerships that advance our purpose of enhancing and protecting lives. This way, we create shared value for our clients, business and nation through enhanced public safety.

Paving the way for safer roads

As our roads continue to deteriorate, potholes present a growing risk to motorists. Pothole Patrol – a groundbreaking data-driven initiative rolled out in partnership between Discovery Insure and Avis Southern Africa, continues to identify and manage the repair of potholes in Johannesburg.

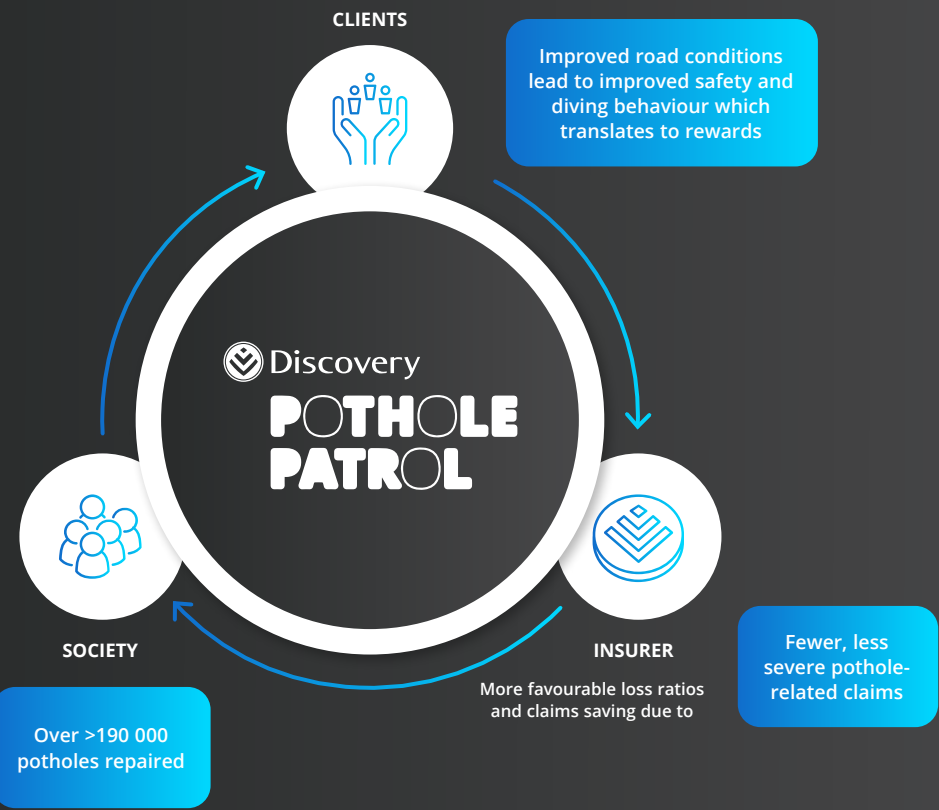
The initiative aligns with our broader purpose of enhancing and protecting lives and making roads safer by contributing to the reduction of road safety incidents and positively impacting insured and non-insured road users.

We aim to help the Johannesburg Roads Agency repair 1 000 potholes per week. This year, we also expanded the impact of Pothole Patrol by repairing a 75km stretch of road between Johannesburg and Sun City in the North West province.

Discovery Insure and Avis also launched the Discovery Pothole Patrol Academy as part of a larger shared-value initiative to not only improve road safety in Johannesburg, but also to be a force for social good. The academy is a skills development programme aimed at empowering youth from nearby communities with viable skills that can be used immediately after the training and to improve their income generating prospects.



>190 000
potholes have been filled to date.



Discovery Safe Journey to School

Following the end of our partnership with ChildSafe in FY2022, the Safe Travel to School initiative was rebranded during the year to the Discovery Safe Journey to School programme in partnership with Afrika Tikkun. The programme was relaunched in the Western Cape and expanded into Gauteng.

Discovery Safe Journey to School aims to encourage good driving behaviour for drivers responsible for transporting learners to and from schools using innovative telematics technology, making transport safer for children, particularly in underserved areas. During the year, an awards ceremony was held to recognise the best drivers in safely transporting children to and from school.

551 drivers

are currently enrolled in the programme, utilising Discovery Insure's innovative technology to improve driver behaviour. More than 11 000 children have been transported daily to school safely between January 2023 and July 2023, with zero fatalities reported



Strengthen social systems / Enhancing public safety continued

PARTNERING TO BUILD THE NATION

Under the umbrella of BUSA, which through its structure Business for South Africa (B4SA), brought together CEOs from over 130 of South Africa's leading corporations to sign a pledge underpinning their collective belief in South Africa and their determination to assist in realising its potential to build the nation.

The scale, diversity and depth of the companies and CEOs behind this pledge is unprecedented, operating across all sectors of the South African economy, with the values of the listed entities exceeding R11 trillion, employing more than 1.2 million people.



“As South African business leaders, we firmly believe in the immense potential of our country. We are committed to building it and have come together to address the current challenges with the aim of achieving sustainable, inclusive economic growth. Through strategic partnerships and focused interventions, we have the power to make a significant and positive impact on our nation, creating hope for all South Africans. We are resolutely committed to being a force for good”.

THE CEO PLEDGE

Through this pledge, business is committing to using its collective resources and expertise to partner, assist, build and bolster initiatives aimed at rapidly turning the flywheel and changing our country's direction. Clear governance and oversight structures have been established, and the work is directed through the government-led committees. The partnership will report to the President every six weeks to ensure progress and unblock issues as they emerge. Furthermore, research is being conducted on how best to accelerate job creation – recognising that economic growth is the primary enabler – and identifying potentially effective and scalable initiatives.

“This CEO pledge is not just a symbolic gesture, but a concrete commitment to drive change in key sectors that are essential for our economic recovery. With a growing number of CEOs on board, representing a wide range of industries, the magnitude of this pledge cannot be underestimated. By translating these partnerships into a collective action plan, the transformative power of these actions can extend beyond mere statistics – it can profoundly impact our nation, our communities, and each individual citizen”.

Adrian Gore, BUSA Vice President and Discovery Group Chief Executive



Strengthen social systems continued

LEVERAGING CORPORATE SOCIAL INVESTMENT TO BUILD CAPACITY

We aim to strengthen the public health system through training and service innovation and improve access to quality healthcare, particularly in rural and underserved areas.

Through the Discovery Fund and Discovery Foundation, we aim to:

Support the training of

600 medical specialists and institutions

by 2026 – we already disbursed R307 million, exceeding our target spend of R300 million

OVERVIEW OF OUR IMPACT ON HEALTHCARE HUMAN RESOURCES

1 056 healthcare workers trained for rural and underserved areas

550 awards to date to specialists and institutions

255 medical doctors have graduated to date

WE FOCUS ON THE FOLLOWING SIX TARGET AREAS TO ACHIEVE OUR DESIRED IMPACT

- 01 Increasing human resources for health through training, including specialist training
- 02 Supporting service delivery in rural and underserved communities
- 03 Supporting health service innovation through technology and developing and replicating successful health models to increase access to service in rural and underserved areas
- 04 Engaging and forging strategic partnerships with other industry players
- 05 Supporting programmes that address the racial bias in the South African healthcare system
- 06 Promoting gender transformation in the health workforce



Discovery Foundation

Increasing human resources for health through training, including specialist training

The South African Department of Health's 2030 Human Resources for Health Strategy highlighted the inequity in the distribution of skilled health professionals between the public and private health sectors. This inequity exacerbates shortages in the public health sector that cares for most of the South African population, with an extraordinarily complex disease burden. Significant additional investments in the health workforce will be required to improve health service access, quality and equity.

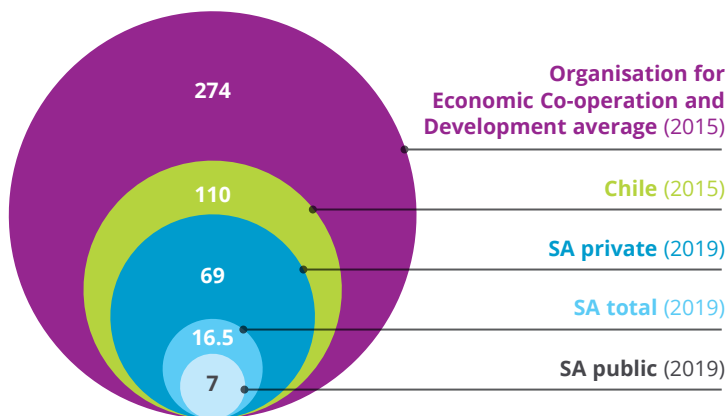


Strengthen social systems / Leveraging corporate social investment to build capacity / Discovery Foundation continued

Addressing the critical shortage of medical graduates and specialist skills

The Discovery Foundation is an independent trust that aims to address critical skills shortages by disbursing grants to train specialists, develop academic medicine and research centres, and increase the number of sub-specialists in the country to adequately meet South Africa's healthcare needs.

Research commissioned by the Discovery Foundation in 2019 shows that, in South Africa, there are 7 specialists per 100 000 people in the public sector and 69 specialists per 100 000 people in the private sector, with an average national level of 16.5 per 100 000 – a significant difference from the Organization for Economic Co-operation and Development (OECD) average of 274 per 100 000. The figure below illustrates the number of full-time equivalent specialists per 100 000 population relative to international benchmarks. The specialist surgical workforce density in South Africa in 2019 was 10.5 per 100 000 population, which falls short of the minimum specialist workforce density of 20 per 100 000.



To help address this critical issue, the Discovery Foundation has invested R307 million since its inception to support academic medicine through research, development and training. To date, 59% of medical specialist grants have been awarded to black doctors in the public sector.

In FY2023, the Discovery Foundation awarded over R12 million in research and training grants to some of South Africa's top doctors, researchers and future healthcare leaders (FY2022: R11.1 million). These contributions are significant in the wake of the COVID-19 pandemic, which emphasised the critical shortage of healthcare professionals. The grants will boost academic, specialist and rural medicine in critical areas, including surgery, anaesthesiology, radiology, obstetrics and gynaecology.

Moreover, the country has a significant gap in most surgical specialities and radiation oncology. Therefore, during the year, the Discovery Foundation trustees made a special concession to support sub-specialist training posts in surgery to address this critical shortage.

Medical Student Loan Guarantee Fund

The Medical Student Loan Guarantee Fund, implemented in partnership with Standard Bank and the Universities of Pretoria and Witwatersrand, seeks to mitigate the financial challenges faced by current and future medical students.

The fund aims to support 800 students by 2030. Discovery's role is to provide surety for students who would otherwise not have access to loan funding to support their undergraduate medical training. The fund targets the missing middle, namely students who neither qualify for bursary funding nor have access to enough capital to be eligible for a student loan.

459
(FY2022: 456)
students have received support, and of these students,
255
(FY2022: 175)
completed their studies

To date,
11
(FY2022: eight)
students have exited the programme





Strengthen social systems / Leveraging corporate social investment to build capacity / Discovery Foundation continued

Engaging and forging strategic partnerships with other industry players

Funders and corporates support various programmes and projects with similar objectives. Typically, these industry leaders work in silos, disconnected from one another's interventions and strategies. However, more could be achieved if resources were coordinated.

We work closely with healthcare industry bodies to develop new approaches and forge partnerships for service delivery. Furthermore, we strengthen healthcare systems through regular engagement with regulatory, industry and governmental stakeholders, where we participate in knowledge sharing, consultation and other engagements to contribute to increased understanding and cooperation.



Refer to our 2023 Integrated Annual Report for information on our stakeholder engagements as well as key developments in our regulatory universe.

Supporting programmes that address the racial bias in the South African healthcare system

The Discovery Foundation has several interventions in place to achieve its mandate of ensuring 75% of financial support reaches black people. These include our focus on targeting historically disadvantaged institutions and underserved and rural areas.

OVERVIEW OF OUR IMPACT IN ADDRESSING THE RACIAL BIAS IN THE SOUTH AFRICAN HEALTHCARE SYSTEM

82% of grants awarded to BEE beneficiaries

R11.3 million awarded to BEE beneficiaries to date



Promoting gender transformation in the health workforce

More than a quarter, or 26.7%, of registered medical practitioners are female, while 73.3% are male. In the public health sector, more than 35.9% of general practitioners and 27.3% of specialists are female, although there are provincial differences in female employment.

Addressing the gender gap amongst specialists in the health system has been a key focus of the Discovery Foundation since inception.

OVERVIEW OF OUR IMPACT IN PROMOTING GENDER TRANSFORMATION IN THE HEALTH WORKFORCE

59% of grants awarded to female beneficiaries

R8.3 million awarded to female beneficiaries in FY2023





Strengthen social systems / Leveraging corporate social investment to build capacity continued



OVERVIEW OF OUR IMPACT IN SUPPORTING SERVICE DELIVERY IN RURAL AND UNDERSERVED COMMUNITIES

46 organisations supported

12 808 community members reached

R33 million in support of service delivery in rural and underserved communities

4 971 pregnant women received antenatal care

5 051 children five years old and younger received health services

Discovery Fund

Supporting service delivery in rural and underserved communities

In South Africa, rural provinces have significantly lower densities of health professionals, including medical specialists, nurses and community health workers. As a responsible corporate citizen, we play a facilitating role among non-profit organisations (NPOs) in our broader ecosystems and, through the Discovery Fund, we bring essential healthcare services to rural and underserved communities.

The Discovery Fund improves South Africans' quality of life by providing primary healthcare services in communities that do not have access to adequate healthcare. During the year, the fund contributed R33 million (FY2022: R27 million) to various NPOs, such as the Umthombo Youth Development Foundation and with the Breast Health Foundation, that provide essential healthcare services in rural and underserved communities. Our impact areas through the fund are mother and child health, community health and human capital and skills development.



Strengthen social systems / Leveraging corporate social investment to build capacity / Discovery Fund continued

UMTHOMBO YOUTH DEVELOPMENT: TRAINING TO SECURE HEALTHCARE PROFESSIONALS IN RURAL AREAS

South Africa has a critical shortage of qualified healthcare staff at rural hospitals, a challenge exacerbated by high disease burdens in rural communities.

The Umthombo Youth Development Foundation addresses healthcare staff shortages at rural hospitals by identifying, training and supporting rural youth who have the ability and interest to qualify as healthcare professionals and undertake to serve their communities once graduated. In this way, Umthombo enables primary healthcare services in rural areas while providing opportunities for youth in these communities to become economically active health professionals.

To date, 580 health science graduates covering 18 different health science disciplines have been produced, of which 54% are women, 223 (38%) are doctors, with 51% of the doctors being young women. Of the 172 students supported by the Discovery Fund in 2022, 158 passed all their subjects, resulting in a 92% annual pass rate.



BREAST HEALTH FOUNDATION: PARTNERING TO EXPAND ACCESS TO BREAST HEALTH SERVICES

One in 28 South African women will develop breast cancer in their lifetime. Unfortunately, many of these women do not survive owing to late detection and a shortage of healthcare professionals with appropriate screening skills. Of the 400 000 registered nurses in South Africa, fewer than 1% work in breast care.

Recognising that public-private partnerships provide a unique opportunity to drive access to affordable healthcare, the Discovery Fund joined forces with the Breast Health Foundation to enhance training and advocacy in the public and private sector. This partnership is making a significant impact in the detection, diagnosis and referral of breast cancer patients in South Africa.

In 2017, our existing partnership with the Breast Health Foundation joined forces with Hlokomela – an award-winning HIV/Aids educational programme – to establish the **Hlokomela Women's Health Clinic** in rural Limpopo. Discovery donated funds to the Breast Health Foundation to treat Hlokomela-referred patients and raise breast cancer awareness in the region. By early 2019, awareness and screening helped detect breast cancer in 12 farm workers, with Discovery funding travel and accommodation to Johannesburg for patients and their closest relatives.

Another highlight in our partnership has been the establishment of a **breast, cervical and oncology screening unit** for women at Tintswalo Hospital in Mpumalanga. As a result, women in the area have access to proactive screening and prevention services without having to sacrifice their work and time to travel to hospitals in other areas.



Strengthen social systems / Leveraging corporate social investment to build capacity / Discovery Fund continued

Supporting health service innovation through technology and developing and replicating successful health models to increase access to service in rural and underserved areas

The healthcare needs of underserved communities in South Africa are vast and urgent. These communities can benefit significantly from technological advancements that increase access to healthcare services. Through Discovery Fund’s partnership with Hlokomela, we are leveraging our digital capabilities to develop innovations that help close the healthcare access gap.

HLOKOMELA: INNOVATING TO DELIVER QUALITY HEALTHCARE IN RURAL AREAS

Hlokomela started as an innovative HIV/Aids educational and treatment programme on a single farm. Now, it supports quality primary healthcare delivery for farmworker communities across almost 100 farms in Limpopo and Mpumalanga.

Each month, Hlokomela provides approximately 1 700 people access to HIV testing services, and 2 000 people living with HIV receive antiretroviral therapy at three wellness clinic sites and seven mobile sites. Hlokomela’s public awareness campaigns provide information about HIV and AIDS to the entire community.

To close the critical human-capital gap for medical treatment in rural Limpopo and strengthen the diagnosis and care offered to farmworker communities, Discovery Fund is collaborating with Hlokomela to pilot a digital health programme. The programme leverages TytoCare smart digital devices as a diagnostic tool to provide primary screening in lieu of a full-time on-site doctor, and supports a referral process when needed. If this pilot is successful, it can be replicated in other rural settings to enable access to medical care in rural communities.

We also piloted a fee-for-service model at the clinic, through which employers contribute to the cost of health services accessed by employees. Once fully implemented, this model will expand access to quality healthcare for farmworkers and bring clinic facilities closer to work and home. The farming community has shown great interest in adopting this model, and negotiations are under way to roll out this initiative.





Strengthen social systems continued

ENCOURAGING EMPLOYEE VOLUNTEERISM AND SKILLS TRANSFER

Our people are inspired and motivated by Discovery's purpose, acting as a force for good in their communities.

OVERVIEW OF OUR EMPLOYEE VOLUNTEERISM IMPACT

1 646 employees volunteered during the year
(FY2022: 2 094 employees)

7 439 hours in volunteering activities
(FY2022: 6 811 hours)

Rand value of the total number of volunteers hours was

R1.6 million
(FY2022: R1.5 million)

Discovery ForGood

Discovery ForGood is our employee volunteerism programme that aims to leverage the capabilities of our employees to help build healthier communities. Given Discovery's wide range of skills, we work with communities to understand their needs and match them to the skills and resources provided by our volunteers.

Discovery ForGood aims to have 20% of Discovery's employees volunteer annually. In FY2023, 17% of our employees volunteered (FY2022: 20%). We also set a 70% cumulative engagement target for 2019 to 2023, which we are on track to achieve, attaining 82% (FY2022: 71%).

Mentorship With Purpose

Mentorship With Purpose is a global mentorship programme to strengthen leadership capacity, small businesses and civil society. We believe mentorship is an integral way to share skills and enable organisations to grow, succeed, and stimulate economic growth.

We launched the first phase of our Mentorship With Purpose Programme in FY2021 with a five-day programme of masterclasses providing insight on various topics and bringing together global thought leaders. The initiative is being extended to expand mentorship capacity. 58 Discovery employees are actively participating in the programme, providing mentorship to 40 diverse beneficiary organisations.

VISIONARY LEADERSHIP FORGING THE WAY FOR COLLABORATIVE ACTION

Discovery was built organically through an entrepreneurial culture. As such, we recognise the crucial role entrepreneurs play in building our nation and unlocking South Africa's true potential. Our Chief Executive, Adrian Gore, has long been a proponent of positive leadership, arguing that while South Africa faces many challenges, only a vision-based leadership that is both clear-sighted and hopeful will solve them. Beyond his position as founder and Group Chief Executive of Discovery, his role as Chairman of the SA SME Fund embodies this vision-based leadership and demonstrates the power of collaboration.

In 2016, the R1.4 billion SA SME Fund was set up under the auspices of the CEO Initiative, funded by 50 of South Africa's largest corporates and the Public Investment Corporation (PIC), to support small business and entrepreneurship. The Fund has been instrumental in helping scale innovative businesses and creating jobs, which are crucial to realising our country's potential. The Fund allocates investment capital to accredited fund managers (currently 16 funds) – venture capital, debt, and growth-oriented equity funds – that invest directly in or provide debt to SMEs. Today, the SA SME Fund is a significant player in both the SME debt market and the venture capital market – with a new R300 million SMME Crisis Partnership Debt Fund launched last year and an almost R1 billion Venture Capital Fund of Funds launched in May 2023. Through its partners the Fund is now managing nearly R3 billion of capital.

“This ability to adapt and innovate are hallmarks of successful entrepreneurs. Entrepreneurs are not reliant on booming economies. Rather, they are economy agnostic and thrive in highly dynamic environments. Economic cycles come and go. When economies turn down, entrepreneurs turn up.”

Adrian Gore, Discovery Group Chief Executive and SA SME Fund chairman



Restore the environment

Planetary health

SUPPORTING THE SDGs

7 AFFORDABLE AND CLEAN ENERGY Affordable and clean energy

13 CLIMATE ACTION Climate action

Our contribution is underpinned by the Vitality chassis, which supports:

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE Industry, innovation and infrastructure

17 PARTNERSHIPS FOR THE GOALS Partnerships for the goals

RELATED MATERIAL THEMES

- Strengthen our environmental stewardship
- Expand and strengthen our social impact
- Leverage and manage technology and innovation
- Ensure ethical governance and leadership

WHY DOES THIS MATTER?

Discovery recognises environmental responsibility as one of our guiding principles. Balancing environmental, social and economic responsibility is critical and, as the final differentiator of our Integrated Sustainability Framework, restoring the environment links our purpose to our goal of maintaining an environment that enables and sustains good health. We recognise that a person's physical environment has a direct and indirect impact on their health, and we cannot achieve our purpose of making people healthier and enhancing and protecting their lives without considering the impact of the physical environment on their health and wellbeing.

WHAT DO WE DO?

We endeavour to have and demonstrate a positive impact on the environment. We play a significant role in influencing clients' health and financial behaviour and share the value of this behaviour change with our clients and society. In addition, we continue our work to reduce our own environmental footprint, enhance our understanding and responsiveness to environmental challenges and how they impact our business, and drive behaviour change by increasing employee awareness and training.

HOW DO WE DO THIS?

We have an opportunity to apply our purpose and values and be part of the climate change solution by extending our Shared-value model into the environmental space. We focus on:

Refining and meeting our **environmental commitments**

Innovating and sharing environmental value through **Discovery Green and Discovery Bank**

Defining our **climate change** position and goals

Responsibly using **natural resources**

TARGETS AND GOALS

Short-term target:

Reduce Scope 1 and 2 emissions by **16.8%** in FY2023 against our 2019 baseline

Medium-term goal:

Carbon neutral operations by 2025

Long-term goal:

Net zero by 2050 or earlier

KEY DEVELOPMENTS IN OUR JOURNEY TO RESTORE THE ENVIRONMENT:

18.5% cumulative reduction in **Scope 1 and 2 emissions** against a 2019 baseline**

57 715 tonnes CO₂ emissions (tCO₂e) (market-based) in Scope 1, 2 and 3 (FY2022: 53 563 tCO₂e)**

5% waste to landfill* (FY2022: 8%) in support of reaching zero waste to landfill accreditation

92 240 kl water used (FY2022: 87 465 kl)*

56 564 kg paper used (FY2022: 74 160 kg)*

* SA only
** Discovery Group

- Established and met an annual short-term climate-related goal for FY2023 to achieve a cumulative 16.8% reduction in Scope 1 and 2 emissions against a 2019 baseline
- Commissioned and installed rooftop solar at 1 Discovery Place – which is renewably generating 3% of total energy savings – and our Port Elizabeth office
- Completed the net-zero procurement process and commenced work on setting Scope 1 and 2 targets and creating reduction strategies
- Developed a Discovery Green energy wheeling proposition, which launched in September 2023
- Discovery Bank partnered with Rubicon to offer financed solar energy solutions
- Became a signatory to the United Nations Principles for Sustainable Insurance (PSI) in March 2023, which forms part of the United Nations Environment Programme Finance Initiative (UNEP FI), in addition to being a signatory to the Principles for Responsible Investment (PRI), following the Code for Responsible Investing in South Africa 2 and maintaining our membership to the WWF South Africa Business Network
- Maintained ISO 14001:2015 certification at 1 Discovery Place (various elements of our environmental management systems were internally audited in FY2023)
- Published our third TCFD Report
- Enhanced employee awareness of Discovery's environmental initiatives



Restore the environment continued

DISCOVERY GREEN



LOOKING AHEAD

- Providing enrolled businesses with renewable and affordable energy from 2026 through Discovery Green
- Assessing and quantifying the Group's Scope 3 emissions and investigating reduction strategies
- Establishing more near-term science-based targets, which will be reported in our Net-Zero Transition Plan to be published in 2025
- Rolling out and implementing the ISO 14001 (environmental management) standard at our Cape Town offices in FY2024 and the ISO 50001 (energy management) standard at our Port Elizabeth office, as well as recertifying 1 Discovery Place under ISO 14001
- Investigating solar installations at our other properties following the success of 1 Discovery Place
- Receiving our zero waste to landfill accreditation

Influencing our supply chain

Our ESG supplier mapping exercise, which we piloted in FY2022 and continue to roll out through a sustainability scorecard, ensures we procure goods and services from socially and environmentally responsible suppliers subscribing to core values in the areas of human rights, labour standards, the environment and anti-corruption.

Our Procurement Policy was reviewed and approved in FY2023, and sets out that – as a United Nations Global Compact (UNGC) signatory – we aim to conduct business with suppliers that align their business practices to the 10 principles of the UNGC. We updated the policy during the year to provide for sustainable procurement processes to ensure our procurement evaluation criteria identify proposals that present the optimal combination of quality, price and sustainability. Our evaluation criteria include establishing whether suppliers have ISO 14001 or equivalent compliance certification and whether they monitor and reduce their direct environmental impact, among other criteria.

In the United Kingdom, as a health and life insurer, our supply chain emissions are heavily influenced by our hospital providers who provide care for our members and the carbon intensity of the healthcare sector. We developed a supplier engagement framework to create an initial materiality analysis which, in turn, will enable us to focus on those suppliers that are most material to reducing our Scope 3 emissions, such as hospital providers. We have a collaborative approach to working with these suppliers, aiming to understand the emissions associated with our demand and considering options for a more sustainable supply chain. As a result, we aim to reduce the carbon footprint of both our business and that of our suppliers through engagement, thereby embedding our Shared-value model into our supply chain.



ENVIRONMENTAL COMMITMENTS

Driven by the Group's core purpose and our value of being a force for good, we are committed to restoring the planet within our influence and impact. We recognise that, to achieve this, we must conduct business in an ethical, accountable, and transparent way and uphold and support environmental laws, the Paris Agreement and the United Nations Sustainable Development Goals.

Discovery is committed to reducing its environmental impact and continually improving our environmental performance as an integral part of the Group's business strategy. We recognise environmental risks and opportunities impact the key strategic competencies that create and deliver value to our business model, enabling us to be a force for good. We therefore endeavour to:

- Comply with all relevant regulatory requirements and other compliance obligations
- Continually monitor and reduce our direct environmental impact – including greenhouse gas (GHG) emissions – by improving our energy use efficiencies, water usage and waste management
- Monitor and reduce the indirect impacts associated with our supply chain
- Understand and respond to environmental risks and opportunities and how they impact our stakeholders and the society in which we operate
- Incorporate environmental factors into business decisions
- Increase environmental awareness and training for employees
- Build and protect Discovery's reputation across all aspects of our business by delivering on our core purpose



RENEWABLE ENERGY WHEELING WITH DISCOVERY GREEN

Discovery Green is a tangible manifestation of our commitment to being a force for good in society and an extension of our Vitality Shared-value model. By making renewable energy accessible, we benefit business and our clients but also broader society.

Our green proposition, which was originally slated to be a behavioural programme to incentivise sustainable behaviour, expanded this year into Discovery Green, a renewable energy wheeling platform launched in September 2023. While we will continue building our future sustainable behaviour incentive programme, the renewable energy platform is our main focus until we start providing businesses with renewable energy in 2026.

Discovery Green enables electricity wheeling, an established mechanism that connects large-scale renewable energy plants in the most resource-rich parts of South Africa to businesses of various sizes over the national grid. This platform will help organisations meet their decarbonisation goals and provide savings and certainty to the cost of electricity by overcoming the challenges of fluctuations in supply and the country's reliance on fossil-fuel-based electricity.

Through the benefits of scale – as well as the Group's actuarial and technology capabilities – the Discovery Green platform will provide access to affordable, renewable power; with more certainty in expenditure and a mechanism to meaningfully reduce their carbon emissions. Over time, the platform will help combat the national electricity shortfall.

By procuring between 400 MW and 1 GW of wind and solar energy from a curated list of leading local and international independent power producers, Discovery Green will stimulate an investment of between R20 billion and R25 billion in South Africa's energy infrastructure (enough to establish 2 700 rugby fields of solar farms or 200 to 250 wind turbines). The impact of 1 GW in renewable energy generation represents a saving of 2.75 million tCO₂e per year – the equivalent of 100 times the Scope 2 emissions of a business Discovery's size.

“Discovery Green was built with our goal of being carbon-neutral by 2025 in mind. It addresses a fundamental issue of renewable energy – that energy is only generated when the sun shines or the wind blows, yet businesses consume based on their individual needs. With the benefit of aggregation, modelling and diversification, Discovery Green can offer products that are completely different to the market's share-of-plant approach.”

Andre Nepgen, Head of Discovery Green

We committed about R35 million of seed capital to fund research and development and product development related to Discovery Green.

How Discovery Green will work

The platform places the administrative management with our expert team, backed by Discovery's 30 years of experience in bringing innovations and actuarial expertise to market for positive change.

An **actuarial and data science pillar** provides insights on the best renewable energy solutions for businesses. Matching energy consumption needs with renewable energy purchases ensures that using renewable energy comes with the highest possible cost saving, greater certainty in electricity costs and maximum benefits to meet business goals.

A **technical pillar** ensures businesses have access to the best-in-class engineering, legal and financial expertise in the industry, enabling sophisticated due diligence and connection to the grid.

The latest technology supports these pillars and provides the foundation for sophisticated systems that ensure ample operational capability, quick and efficient contracting and accuracy in energy use and cost savings.

This combination and platform allow Discovery Green to offer business a larger energy frontier, higher financial savings and a greater reduction in overall emissions.





Restore the environment / Environmental commitments continued

DISCOVERY BANK'S SOLAR ENERGY SOLUTION IN PARTNERSHIP WITH RUBICON

Discovery Bank partnered with Rubicon – South Africa's leading provider of solar and off-grid solutions – to supply South Africans with high-quality solar products through flexible funding.

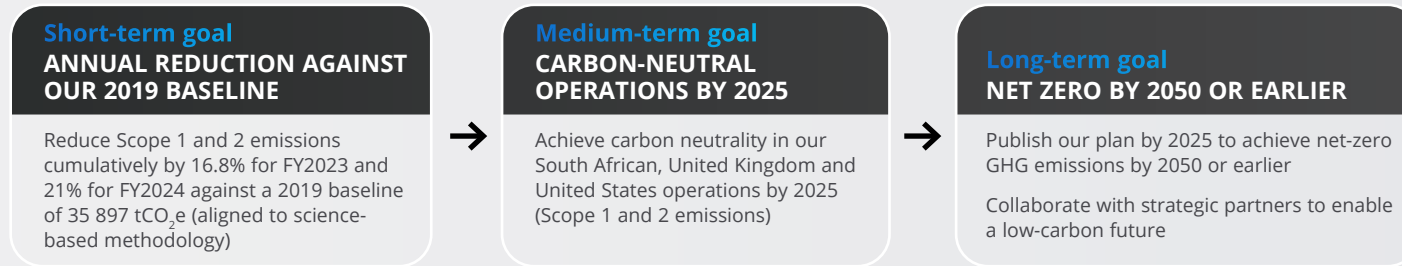
The model aims to simplify going solar by eliminating technical jargon, offering a variety of quality options and providing solar-as-a-service and rent-to-own options. In this way, Discovery Bank and Rubicon are joining forces to empower South Africans to power their homes with renewable energy and provide the best-in-market pricing.

The partnership leverages Rubicon's advanced technological capabilities and Discovery Bank's competitive financing model to offer clients solar solutions that will reduce carbon emissions and escape loadshedding.

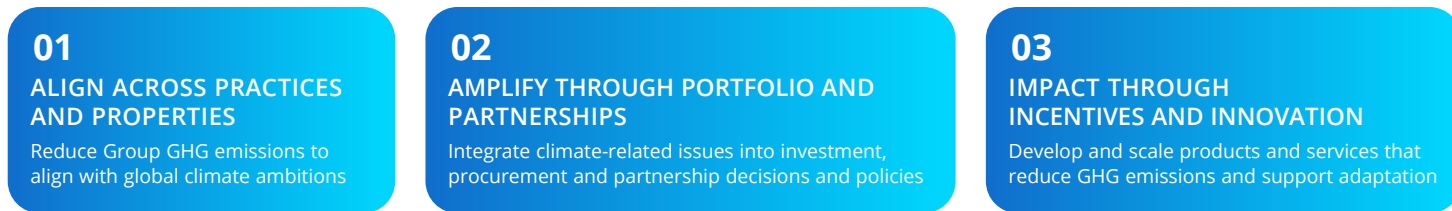


DISCOVERY'S CLIMATE CHANGE POSITION AND GOALS

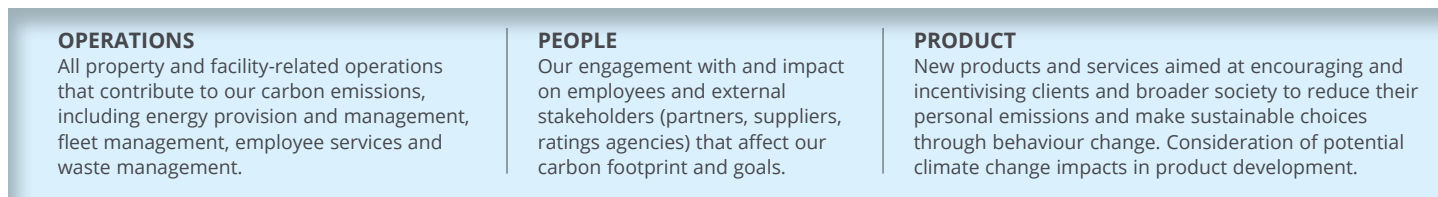
As a global financial services organisation, we recognise that our ability to do business is fundamentally linked to the sustainable wellbeing of the communities in which we operate. We are dedicated to protecting our planet and have committed to the following climate-related goals, which informs our GHG emissions reduction targets and action plans, as outlined in our climate change strategy.



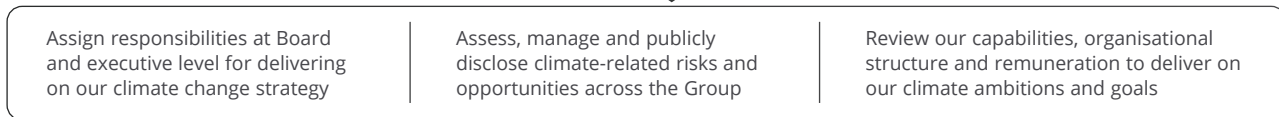
These goals are enabled by three pillars, each with specific commitments:



These pillars come to life through three dedicated workstreams to help us reach our climate change goals:



These strategic pillars and workstreams are underpinned by the following governance commitments:



The Group's strategy and its activities align with our broader approach to ESG-related issues. We will continue to assess, report on and update our goals on an ongoing basis to ensure we adhere to the latest science-based recommendations for business and industry transformation.



Restore the environment / Discovery's climate change position and goals continued

Progressing against our climate-related goals

Our three climate-related goals form the bedrock of our response to climate change. We established our short-term goal with our advisory partners by compiling a matrix of science-based targets from 2023 to 2030. We will continue tracking progress against this goal annually until 2030, reducing emissions in line with the Paris Agreement. Thereafter, we will focus on our long-term goal to achieve net zero by 2050 or earlier. Our medium-term 2025 carbon neutral goal will run in parallel to this, with our reduction in carbon emissions driven by our short-term goal playing a significant role in helping us meet our medium-term and long-term targets.

Short-term goal: Reduce Scope 1 and 2 emissions against our 2019 baseline

In 2022, we introduced a short-term climate-related goal aligned with science-based methodology. Through this target, we will work to reduce our emissions in line with global scientific pathways to keep temperature increases below 1.5°C.

Our short-term goal is to cumulatively reduce the Group's Scope 1 and 2 emissions by 16.8% in FY2023 and by 21% in FY2024 against our 2019 baseline. We achieved the FY2023 goal, with Scope 1 and 2 emissions of 29 249 tCO₂e against a target of 29 866 tCO₂e, compared with the 2019 baseline of 35 897 tCO₂e.

Discovery measures GHG emissions in its South African, United Kingdom and United States operations. Our emissions are generated primarily through electricity and gas consumption, fugitive emissions and vehicle fuels (diesel). Due to Scope 1 and 2 GHG emissions' profiles, our reduction targets are largely focused on electricity consumption-based emissions in the South Africa region.

A third party provides assurance for Discovery's GHG emissions in accordance with the ISO 14064-3 specification with guidance for the validation and verification of GHG assertions.



For details, see the independent verification statement.

UNGC Climate Ambition Accelerator programme

Two of our employees participated in this six-month programme delivered through the UNGC Learning Platform. It was designed to equip companies with the knowledge and skills to accelerate progress toward setting science-based emissions reduction targets aligned with the 1.5°C pathway.

WHAT IMPACTS OUR SHORT-TERM CLIMATE-RELATED GOAL?

While our annual emissions are within our target range, it is important to recognise the factors that could negatively affect our ability to achieve our short-term goal which, in turn, would negatively impact our medium-term and long-term goals. These factors include the following:

- **Increased loadshedding in South Africa:** Our diesel consumption during FY2023 was the highest it has been in three years, driven by the use of generators during loadshedding to keep essential business services running.
- **Our data centres' energy demand:** Our data centres continue to drive emissions for the Group. Given the centrality of data to the organisation and the complexity of migrating servers and infrastructure, an all-encompassing short-term solution is challenging. This is further exacerbated by the data redundancy equipment roll-out at data centres, which increases energy demand but is crucial to bolster business continuity in case of disaster or outage.

To continue meeting our short-term climate-related goal, we are scaling our initiatives and investment. Our teams continue to look for ways to save energy and reduce emissions in response to the challenges we face in our external environment, including:

- Reducing our reliance on generators through solar installations at 1 Discovery Place and our Port Elizabeth office
- Optimising our in-office working structures to allow for work flexibility while ensuring efficient energy use
- Tweaking light schedules and other energy-dependent resources to coordinate with operational requirements
- Responsibly sourcing carbon offsets for unavoidable emissions
- Exploring potential aisle containment and more efficient hardware for our data centres (while considering the cost against the positive emissions impact)

Our energy-efficiency efforts positively impact Discovery's payable carbon tax, which is very low. We will continue to implement energy-efficiency projects, which include adjusting settings to optimise energy efficiency in cooling and heating, an LED lighting retrofit, base load reduction, and replacing of heating, ventilation and air conditioning systems.

“Our teams continue to look for ways to save energy and reduce emissions in response to the challenges we face in our external environment.”





Restore the environment / Discovery's climate change position and goals continued



RESTORING THE ENVIRONMENT AT OUR UNITED KINGDOM AND UNITED STATES OFFICES

Vitality UK and Vitality US share our Group-wide commitment to restoring the environment.

The Vitality UK office:

- Has transitioned almost half of its fleet of Vitality nurses' cars to plug-in hybrid electric vehicles and is planning to transition the rest of its fleet to self-charging hybrids
- Sources almost all of the electricity in its office buildings from renewable sources, with plans to transition to 100% renewable electricity
- Purchases part of its gas from renewable sources and offsets the remainder through credible carbon offsets bought by its gas supplier
- Is improving the data it collects around its waste and water use to ensure maximum visibility of its consumption

During the year, the Vitality US office:

Developed a video to educate our people on day-to-day waste disposal, which contributed to 5 259 pounds compost we diverted from landfill during the year – the equivalent of driving 5 216 miles.

Saved 236 gallons of gas to date.

Switched to compostable single-use cups and plates and worked with caterers to provide compostable cutlery and serving equipment.

Moved to a new building, which is Leadership in Energy and Environmental design (LEED) certified and close to major transportation hubs (which cuts down on employees' transport emissions).

EMPLOYEE AWARENESS AND TRAINING

We are increasing our environmental employee awareness and training to drive behaviour change from within the business. During the year, we:

- Ran an employee awareness campaign at 1 Discovery Place centred around World Environment Day. The campaign aimed to communicate our progress against our goals and highlight our activities and included:
 - WastePlan, our Waste Management partner, joining us to reiterate the importance of recycling correctly
 - Woodrock Animal Shelter sharing how to make pet toys from recycled waste
 - The World Wildlife Fund (WWF) screening Our Planet in the auditorium
 - An indoor pop-up forest with 450 living plants
 - A community clean-up in Diepsloot
 - Stalls and information sessions from other sustainability-focused organisations
- Held an information session on energy saving across Discovery properties and how employees can combat loadshedding in their homes
- Engaged on the results of the 2022 Employee Travel Survey, including a call to action for the 2023 survey
- Continued to update our employee network with communication and resources on climate change, including practical tips and challenges to motivate our employees to partner in our environmental journey

In the United Kingdom, we:

Created a dedicated sustainability education module focused on the importance of building a healthier and greener planet, and shared Vitality's net-zero ambition and green roadmap. We also asked employees to complete their carbon footprint at the end of the module to help us understand our collective carbon footprint.

Partnered with Pawprint, a leading eco-engagement tool enabling employees to complete their carbon footprint and to provide educational tips and resources, as well as access to eco-discounts.

Ran a month-long challenge that galvanised employees to make carbon savings across their energy, waste and consumption, diet and travel. We ran a weekly team-based leaderboard and incorporated eco-based incentives and giveaways. We also hosted several educational workshops, such as How to live a Sustainable(ish) Life.

Launched a carpooling scheme in our Bournemouth and Stockport offices to help reduce employee emissions from driving – over 100 employees have registered to date.

Continued sharing eco-tips and handy resources on our intranet's Green Hub.

Continued championing Vitality's green agenda through our network of Green Champions, who share eco-tips through blogs and videos and speak in-person to employees about their green journeys.

Reminded employees of our electric car leasing scheme through a workshop as part of World Environmental Day. As part of this scheme, employees can lease an electric or hybrid vehicle at a reduced cost.



Restore the environment / Discovery's climate change position and goals continued

Medium-term goal: Carbon-neutral operations by 2025

Our medium-term goal is to be carbon neutral in terms of Scope 1 and 2 emissions by 2025. Our energy-efficiency efforts to meet our short-term goal, as detailed on page 68, will help us reduce emissions in support of our medium-term carbon-neutral goal.

In addition to our progress against our short-term goal, we continued to investigate and advance the following initiatives during the year to achieve carbon neutrality by 2025:

- **Installing rooftop solar at 1 Discovery Place and our Port Elizabeth office:** The 1 Discovery Place rooftop solar installation continues to assist with energy provision since it was completed in October 2022, saving around 3% of total energy and providing approximately 360 kWh per day. The rooftop solar installation at our office in Port Elizabeth went live in June 2023. The structure consists of 2 160 panels that can generate 1 MW per day (the equivalent of the electricity use of 650 average homes), with an estimated annual production of 1 807 MWh.
- **Actively exploring renewable energy wheeling:** Discovery is planning to sign a wheeling agreement with the new Discovery Green proposition by the end of 2023, which will provide between 60% to 80% of 1 Discovery Place's energy – which itself accounts for 62% of overall emissions – by 2026. Currently, wheeling is only possible for 1 Discovery Place, but the Group will investigate wheeling for other properties once regulation changes to allow wheeling in smaller properties.

During the year, we held an in-depth workshop with our strategic and advisory firm to map our way forward on this goal by discussing our forward-looking strategy, additional metrics to track, and optimal reporting structures and formats.

VITALITY UK'S CARBON OFFSET OFFERING

Vitality UK's Good Driving Programme includes a carbon offset offering that helps clients reduce carbon emissions.

When clients drive well (as measured against acceleration, harsh braking, fast cornering, distracted driving and speeding), we offset up to 100% of their miles. In FY2023, our members logged over 1 million car-free days, and Vitality offset the carbon emissions of over 17 million miles.

We incentivise our members to, firstly, reduce the number of trips they take by car by offering maximum Vitality points for car-free days as part of our Vitality programme. However, if members do need to take a car journey, we encourage them to drive more smoothly and safely, thereby using less fuel which in turn, means they emit less carbon. Our data also shows that the safest drivers – those with the fewest acceleration and braking events – have 19% lower fuel consumption than the least safe drivers due to their smoother driving style.

We partnered with a Quality Assurance Standard (QAS) certified carbon offset provider. We fund a portfolio of projects in the United Kingdom and around the world which are internationally verified and adhere to globally recognised and leading standards such as the Verified Carbon Standard, Gold Standard Verified Emission Reduction and Certified Emissions Reductions.



Long-term goal: Net zero by 2050 or earlier

Our journey to achieve net zero by 2050 or earlier is supported by our short-term and medium-term goals. Our net zero-specific work includes gaining a comprehensive understanding of our Scope 3 emissions which, along with Scope 2 emissions, is where our opportunities for reductions lie. Our Scope 3 emissions totalled 28 466 tCO₂e in FY2023 (FY2022: 23 230 tCO₂e), which increase as we gain an understanding of our Scope 3 emissions and report on them.

Central to achieving our long-term goal is to publish our Net-Zero Transition Plan by 2025. In June 2022, we undertook a detailed bidding process for specialist providers to assist us with formulating and executing our net-zero plan and strategy. We appointed two specialist providers.

This work will cover the entire Group, and the project will continue until we publish our Net-Zero Transition Plan in 2025. It will include a decarbonisation strategy for Scopes 1, 2 and 3, including energy reduction pathways and new technologies. As a starting point, we will set Scope 1 and 2 targets and create reduction strategies for the remainder of 2023, followed by a comprehensive Scope 3 analysis in 2024. The final plan, including consolidated targets and science-based reduction trajectories, will be completed by 2025 – when our public commitment is due.

In an FY2022 Scope 3 relevance assessment, we identified investments, capital goods, employee commuting, and purchased goods and services as highly relevant to our business.

Reporting and disclosures

Along with this report, Discovery's Integrated Annual Report, CDP submission and TCFD Report all contain information on our climate-related goals and progress.

TCFD REPORT

Our TCFD Report provides detail against the recommendations of the TCFD in terms of governance, risk management strategy, metrics and targets, and our operational performance.



Read more in our 2023 TCFD report.

CDP

Discovery provides annual public disclosures on climate change to the CDP, which runs the global environmental disclosure system that supports entities to measure and manage their risks and opportunities on climate change, water security and deforestation. We maintained our B rating for the 2022 reporting cycle (2021: B).

Measured on a scale from A to D, a level B rating indicates management of climate-related issues. Although our rating remained the same this year, we are committed to improving our rating by better understanding which categories require attention as we progress towards improving environmental stewardship.

- Value chain engagement: **C** (2021: C)
- Scope 1 and 2 emissions: **A** (2021: A)
- Risk management processes: **C** (2021: B)
- Risk disclosure: **C** (2021: A-)
- Emission reduction initiatives: **C** (2021: A)
- Business strategy: **B** (2021: A-)



Restore the environment continued


RESPONSIBLY USING NATURAL RESOURCES


In addition to managing our carbon emissions through our three climate-related goals, Discovery also manages its water, waste and other natural resources, recognising that all natural resources are inextricably linked to climate change. The following section offers a snapshot of our performance in this regard.

Managing water

Water is a critical resource, and we aim to improve efficiencies in all our operations. Local municipalities predominantly supply our South African offices' water, which is supplemented with grey water (a combination of underground water, wastewater from showers and rainfall discharged from roofs into the stormwater pipes). We direct overflow from rainfall to the municipal stormwater system.

We predominantly use:

 **POTABLE WATER:** withdrawn from potable holding tanks to all taps or drinking outlets and used in heating, ventilation and air conditioning systems for the cooling towers and to wash filters (with discharge directed to grey water holding tanks)

 **GREY WATER:** withdrawn from water sources and directed to the water closets, urinals and garden irrigation

We track and report water usage, and we investigate and close out any water wastage not due to overflow from rainfall. We record any significant water impacts as incidents, report on them and take corrective action, as required by the ISO 14000 standard.

Our total water consumption increased by
5.5%
to 92 240 kl
 in FY2023
 (FY2022: 87 465 kl)

The technical services team continuously assesses opportunities to reduce water consumption through projects like:

- **Recycling water** used for washing, only topping up with potable water when required, and using the recycled water in our car wash
- Using **water reducers** and **sensors** on taps
- Maintaining **reporting platforms** so any incidents of water wastage can be reported and corrected timeously
- Ensuring the **output from our grey water plant is maximised** through **ongoing monitoring** and **regular maintenance** to avoid failures

ADVISORY COMMITTEE ON ENVIRONMENT AND SOCIETY

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



Managing waste

We set a goal of zero waste to landfill for all our main offices in South Africa by 2023. We continue to work towards achieving zero landfill waste and aim to receive zero waste-to-landfill accreditation. In FY2023, we recycled 92% of the Group's waste, with 5% going to landfill. While waste forms a small part of our impact from an emissions point of view, reducing landfill waste to zero has other benefits, including:

- Reducing pollution and demand for raw materials
- Conserving natural resources
- Protecting ecosystems and wildlife

We continued to launch and implement several initiatives during the year to help meet our goal, including:

- Rolling out more recycling stations at 1 Discovery Place in common areas and our tenant space
- Communicating our progress against our waste management goals and highlighting our activities as part of our employee awareness campaign in June 2023
- Analysing the results of our FY2022 audits through a waste management partner and exploring suitable solutions

Our overall waste management approach includes partnering with suppliers to dispose of hazardous waste that consists of fluorescent tubes, globes, incinerated waste and medical waste. Our incinerated waste makes up 3% of total waste.



Restore the environment / Responsibly using natural resources continued

Conserving biodiversity

Discovery recognises biodiversity loss as a global risk and, as such, it is a materiality factor in our ESG strategy. Ninety-One – a global asset management firm that manages most assets directly under our management – is developing investment frameworks around biodiversity. We are investigating ways to further our biodiversity conservation impact.

We understand urgent action is needed to protect nature, especially since climate change is a key driver of nature loss, as well as nature-based solutions being our strongest natural defence from climate change. Therefore, we are beginning to understand our exposure to nature-related risks and opportunities (including forestry and water) and plan to have Board-level oversight of nature-related issues within the next two years. Following this assessment, we will begin to consider how to reduce our exposure and capitalise on opportunities as part of our risk assessment processes through our ERM Framework. We will explore target setting once guidance is available.



Green Star-certified buildings

Discovery Place has a six Green Star rating from the Green Building Council of South Africa. Green Star Certification is an objective measurement for green buildings in South Africa and Africa. It is an internationally recognised and trusted mark of quality for the design, construction and operation of buildings, interior fit-outs and precincts. Six stars are the highest rating, denoting a score of 75 and above (out of 100), which places the building or precinct in the 'world leadership' category.

Our Sable Park head office in Cape Town has a five Green Star rating, and we are in the process of certifying our KwaZulu-Natal office. Our goal is to certify our remaining South African buildings by 2025.



Sustainable insurance and responsible investment commitments

During the year, we became a signatory to the UNEP FI PSI as part of our ongoing commitment to environmental sustainability and leadership. We are working towards turning the four principles for sustainable insurance into practice and playing our part in strengthening the insurance industry's contribution to sustainable development as risk managers, insurers and investors.

Vitality UK's Chief Sustainability Officer has been involved in a working group for Global Health and Life insurers and co-led a UNEP FI PSI research paper citing the benefits of health risk prevention and initiatives to help close the protection gap. The research paper was launched at the Vitality office in London, bringing together the life and health insurance industries and focused on amplifying sustainability action and ambition in these industries.

We continue to be a signatory to the United Nations PRI. Through our asset managers, we engage in active ownership through proxy voting and management engagement. We incorporate ESG issues into our investment practices through our Group Responsible Investment Policy.

[Read more about our approach to responsible investment from page 99.](#)



GOOD BUSINESS ENABLERS



OUR PURPOSE AND VALUES



When Discovery was established as a small, specialist health insurer over three decades ago, we made a clear and profound promise: to make people healthier. Driven by constant innovation over the years, we created a multi-faceted, integrated financial services organisation and expanded our original promise to also enhance and protect lives. Since then, this promise evolved into our core purpose to frame our ambition, strategy and business methodology.

OUR PURPOSE

Discovery was built organically with an entrepreneurial culture which, as we firmly believe, helps us achieve our ambition and fulfil our core purpose. This purpose manifests through our pioneering Shared-value model, and we use our understanding of behavioural economics to help people change the behaviour that most influence risk and, in doing so, create long-term value for the insurer, our clients and society. We are intent on bringing our purpose to life by creating and sustaining value for all the lives we impact.

Our purpose – making people healthier and enhancing and protecting their lives – is a crucial enabler of our Integrated Sustainability Framework.

OUR VALUES

We believe Discovery's values are fundamental to the authenticity of our business. Our values are rooted in our core purpose and, together, they underpin every decision we make. They are also crucial enablers of our Integrated Sustainability Framework by ensuring that, at all times, value creation is balanced with value preservation.



Great people



Liberate the best in people



Intellectual leadership



Drive, tenacity and urgency



Innovation and optimism



Business astuteness and prudence



Customer, customer, customer



Integrity, honesty and fairness



Force for good

Refer to page 95 for more information on ethics.

Force for good

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

Adrian Gore

We have always understood the power of shared value in driving sustainability. We included our ninth value – being a force for good – to align our efforts to nurture and sustain an organisational culture with a positive scaled impact on our stakeholders and minimise our environmental impact. We believe this value empowers our people to make informed decisions, professionally and personally, in their actions to do good.

WE WANT TO BE A POWERFUL FORCE FOR GOOD BY:

Building brilliant businesses that disrupt industries

Strengthening our foundation with our pioneering Shared-value model

Enhancing our social, environmental and financial impact through innovative products and programmes and aligning our business and sustainability strategies

For the Group's strategic performance against our good business enablers, see our 2023 Integrated Annual Report.

We reinforce the Group's values through our ethics management strategy. Refer to page 96 for more information on ethics.

CASE STUDY

CHANGING THE WORLD THROUGH THE POWER OF PURPOSE AND VALUES

We continually work to embed our purpose and values in all Discovery business units. Pleasingly, in FY2023, Discovery Bank joined 54 global companies recognised in Fortune Magazine's 2022 Change the World list. The seminal list features organisations from around the globe that have had a positive social impact through activities that form part of their core business strategy.

We ranked fourth on the list for our Shared-value Banking model, which helps people adopt better financial behaviours – and rewards them for it. We believe this recognition validates our ongoing focus on making people healthier in all aspects of life, in line with our core purpose, and positions us alongside other leading companies on a global stage.

Increasingly, the data is validating the model's impact. An analysis of 300 000 Discovery Bank clients shows that those on higher Vitality Money statuses are:

- 96% less likely to be in arrears
- Have deposits more than seven times the average
- Are three times more likely to engage, regardless of their income level

By giving individuals incentives to make better financial decisions, Discovery Bank has helped generate higher savings levels, lower risk and increased wealth and prosperity for society as a whole. That is the impact of shared value and a model steeped in purpose and values.



OUR PEOPLE



RELATED MATERIAL THEMES

- Ensure ethical governance and leadership
- Empower our people
- Safeguard and enhance our trusted brand
- Expand and strengthen our social impact



Our employees enable us to deliver on our Integrated Sustainability Framework, create value for our stakeholders and be a force for good. They are the life force of our Shared-value model, and we continually improve our people strategies to ensure our employees' wellbeing and create a future-proof, purpose-led and diverse workforce.

OUR APPROACH TO OUR PEOPLE IS GUIDED BY FOUR PRIORITIES:

01

Build a best-in-class workforce

02

Make our people healthier

03

Value diversity, equity and inclusion

04

Connect and develop great minds

To deliver on our long-term strategic objectives, we seek to employ the best person for every role, celebrate the lived experience of each employee, and create a diverse and inclusive work environment for everyone. This has never been as important as it is in the rapidly evolving post-pandemic world of work, which presents a unique set of challenges and opportunities. During the year, our four people-related priorities continued to guide our approach to navigating critical industry skills shortages, evolving employee expectations and a changing regulatory context.

Our FY2023 highlights

Certified as a **top employer** by the **Top Employer's Institute** for the fourth consecutive year

The Top Employer Institute is a global authority that recognises companies for their excellence in ways of work and people practices.

Won the **Excellence in Incentive Travel: Asia Pacific** category of the Society for Incentive Travel Excellence (SITE) Crystal Awards for **our Star Awards**

The SITE Crystal Awards recognise creative, practical and memorable incentive programmes that keep employees engaged while also driving business results.

Recognised as one of the **top three Best Employer Brands on LinkedIn** by LinkedIn Talent Awards

Launched Discovery People Day – an annual day during which all business units launch innovations that develop unique service offerings for our employees

Developed a **Group-wide People Statement** recognising that great people are the foundation of our success

Vitality US was placed on **Ragan's Workplace Wellness Hot List**

Vitality US was recognised as **one of Chicago's 100 Best Places to Work** of 2023 by Crain's Chicago Business

Recognised as an **employer of choice in insurance for graduates** by the **South African Graduate Employers Association (SAGEA) Employer Benchmark Survey 2022**

SAGEA is dedicated to advancing graduate employment and provides a standard for the recruitment and development of graduates.



01 Build a best-in-class workforce

KEY METRICS (SOUTH AFRICA)

Retention rate: **86%**
(FY2022: 86.42%)

Employee Experience Score: **80%**
(FY2022: 83%)

Employee engagement score: **91**
(FY2022: 87)

OVERVIEW OF OUR WORKFORCE

Discovery is a global organisation with over 13 700 employees and a footprint in 39 markets. We believe our people's diverse backgrounds and distinctive personal experiences enhance our ability to deliver innovative products.

Global workforce of **>13 700**
(FY2022: >13 450)

South Africa* **10 928**
(FY2022: 11 380)

United Kingdom **2 566**
(FY2022: 2 342)

United States **249**
(FY2022: 229)

Men **42%**

Women **58%**

South Africa

The majority of our workforce is based in South Africa, where we were founded and continue to have a dominant presence across various sectors.

	FY2023	FY2022
Headcount		
Total number of employees	10 919	11 380
Full-time ¹	10 468	10 914
Part-time ²	450	466
Full-time to part-time employee ratio	26:1	23:1
New hires		
New hires	1 438	1 344
New hire rate	13.7%	11.6%
Overall turnover⁵	14.0%	13.6%
Voluntary	1 304	n/a ³
Involuntary	165	n/a ³
Retention rate⁴	86.0%	86.4%
Terminations: permanent¹	1 469	1 727
Absenteeism rate⁶	2.8%	3.1%

United Kingdom

Our success and learnings in South Africa allowed us to launch Vitality UK with great success, and our United Kingdom workforce continues to grow.

	FY2023	FY2022
Headcount		
Total number of employees	2 566	2 342
Full-time ¹	2 249	2 033
Part-time ¹	317	309
Full-time to part-time employee ratio	7:1	7:1
New hires		
New hires ¹	805	767
New hire rate ¹	32.5%	34%
Overall turnover	23.5%	25.8%
Voluntary ¹	424	464
Involuntary ¹	157	115
Retention rate¹	83.9%	81.3%
Terminations: permanent¹	581	579
Absenteeism rate¹	2.9%	3.3%

United States

Through Vitality Global, we expand our Shared-value model outside South Africa and the United Kingdom into 37 other markets. In the United States, we have a dedicated workforce through Vitality US.

	FY2023	FY2022
Headcount		
Total number of employees	249	229
Full-time	248	227
Part-time	1	2
Full-time to part-time employee ratio	248:1	114:2
New hires		
New hires	42	51
New hire rate	15%	21%
Overall turnover	13%	21%
Voluntary	26	44
Involuntary	6	3
Retention rate	87%	79%
Terminations: permanent	32	47
Absenteeism rate¹	71%	50%

1 Includes permanent employees (permanent and medically boarded). Agents with benefits was excluded from the employee numbers for FY2023.
 2 Includes those contracted by Discovery, fixed-term contractors, learners, and interns contracted by Discovery.
 3 Not reported before FY2023.
 4 Attrition rates include permanent employees only; contractors are excluded due to contracts having expiry periods.
 5 Attributed to professional transitions, family obligations and personal wellbeing.
 6 Permanent South Africa-based employees.
 * Includes expats.

1 Includes all pay rolled employees (permanent and fixed-term contracts).

1 An increase in formal requests for sick leave since employees were encouraged to return to office from October 2022, has been noted. Prior to this, formal sick leave entries were lower as more employees worked from home.



Build a best-in-class workforce continued

ATTRACTING AND RETAINING THE RIGHT PEOPLE

At our core, we know our people and their talent enable us to pursue our purpose: the more exceptional our people are, the greater impact we will have. In a highly competitive post-pandemic world of work, the skills Discovery needs to deliver on its core purpose – most notably in the data sciences, analytics and IT disciplines – are critically scarce. In response, we continually work to:

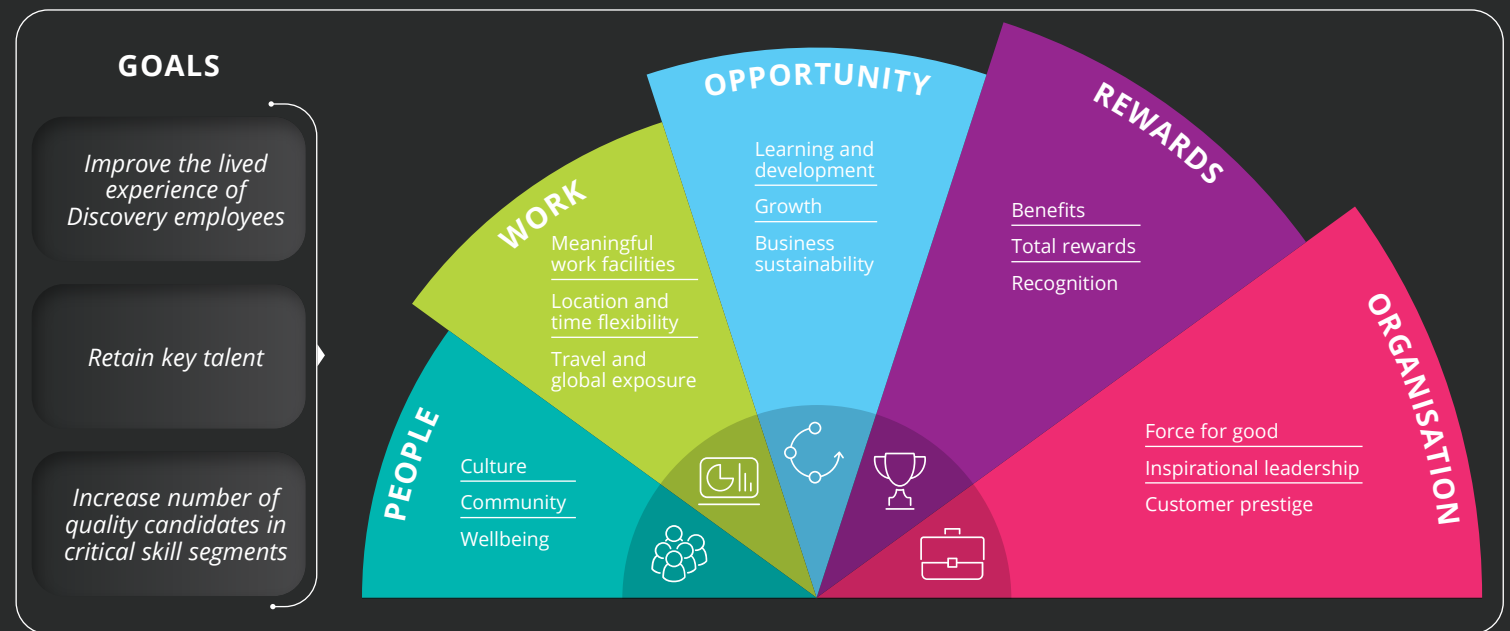
- Ensure we attract and retain the best person for every role
- Offer our people a best-in-class, Human Deal employee value proposition
- Build a pipeline of talent
- Invest in skills development for our people and potential recruits
- Capitalise on internal talent mobility to develop critical skills in high-potential employees

Our human resources teams are implementing a comprehensive talent attraction, strategic sourcing and retention strategies to further ramp up our efforts in this regard.

The Human Deal at Discovery

We continue to strengthen our employee value proposition to position Discovery as a global employer of choice and retain critical talent.

Cultivating and communicating a human-centric experience that captivates the hearts and minds of employees and potential candidates



ALIGNMENT WITH DISCOVERY'S CORE PURPOSE



Build a best-in-class workforce continued

CREATING AN EXCEPTIONAL EMPLOYEE EXPERIENCE

The Human Deal at Discovery provides an exceptional holistic life offering over and above the work experience, and it focuses on the feelings, not just the features, that match employee needs. We aim to continually improve the employee experience through meaningful engagement and innovation, and we measure our impact through our annual Employee Experience Survey. In FY2023, we scaled our employee advocacy programme – which enables employees to share their lived experience at Discovery – from 18 employees to 91 employees.

The purpose-led Discovery employee journey

RECRUITMENT

Our recruitment process ensures we bring the right people into the business from a purpose lens. Our assessments are structured to assess for the 'Discovery Person'.

ONBOARDING

Our updated onboarding journey puts a renewed emphasis on Discovery's purpose, enhances the overall new-joiner experience and helps to reduce turnover.

ONGOING MEASURING AND IMPROVEMENT

We are diligent about measuring the employee experience, which we do through our annual Employee Experience Survey and people dashboard.

Employee engagement

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

We remain focused on measuring and encouraging engagement and collaboration as we continue to evolve our hybrid working model. Our SAP Jam employee engagement platform plays an important role in encouraging employees to share and collaborate on tasks and complete deliverables while working remotely, as well as fostering continuous engagement and wellbeing.

For more detail on our employee engagement during the year, see our 2023 Integrated Annual Report.

Employee Experience Survey

Our annual Group Employee Experience Survey, which is based on advanced employee experience research, is an important barometer of employee sentiment. The anonymous survey enables us to identify and respond to opportunities and challenges which, in turn, creates an exceptional employee experience and drives sustainable performance. Each business unit uses the survey results to develop engagement plans aimed at addressing identified areas for improvement. We present the results at executive-level committees, while our management committees are responsible for actioning any salient points.

This year's Employee Experience Survey provided rich feedback with improvements from last year across most categories. In comparison with the financial services industries in the markets in which we operate, we have significantly outperformed or maintained ratings in most categories. This year's survey marked the highest ever participation in a Discovery engagement survey, with 89% of employees responding.

Advances made in employee wellbeing over the past two years were reflected in a favourable score of 71%. We continue to explore ways to improve, particularly in the scores related to stress, burnout, anxiety and general mental wellbeing. Our overall employee experience score for FY2023 is 80%.

Best performing categories	Best performing areas against the South African norm
Company purpose and innovation 92% (FY2022: 91%)	Innovation 92% (SA norm: 89%)
Engagement 91% (FY2022: 87%)	Engagement 91% (SA norm: 88%)
Immediate management 82% (FY2022: 79%)	Employee experience 80% (SA norm: 77%)
Job satisfaction 88% (FY2022: 88%)	Career development 78% (SA norm: 76%)

Lowest-performing categories	Lowest-performing categories against the global high-performance norm (GHPN)
Advocacy 50% (FY2022: 51%)	Diversity and inclusion 84% (GHPN: 90%)
Corporate social engagement 61% (FY2022: 56%)	Leadership 76% (GHPN: 81%)
Wellbeing 71% (FY2022: 68%)	Ethics 78% (GHPN: 82%)



02 Make our people healthier

KEY METRICS (SOUTH AFRICA)

Employees' average Vitality age:

40 years

(versus employees' actual average age of 37 years) (FY2022: 39.89 years versus actual age of 37 years)

81%

employees with active Vitality membership

9 625

employees registered with Healthy Company (FY2022: 11 252 employees)

KEY INITIATIVES

Launching our *mental wellbeing strategy*

Piloting the *Discovery Allyship Programme*

Creating an *Employee Resource Group Framework*

Our employees' wellbeing is paramount to our success: people who are mentally, physically and financially healthy are more productive – which contributes to the value we create for our clients – and are happier in their personal and home lives. Our role is to educate, enable and empower employees, leaders and executives to be role models and provide the right level of support, along with an environment for sustainable and holistic wellbeing.

Three principles form our employee wellbeing strategy:

PERSONALISATION

We promote a self-driven wellbeing programme with a holistic and targeted approach. This helps employees be at their best.

STORYTELLING

We model compelling storytelling and our shared-value rewards system. This helps to inspire behavioural change.

DATA

Our wellbeing approach is data-driven and high-impact, with efficient preventive, episodic and ongoing screening measures.

These three principles are underpinned by our employee wellbeing pillars:

Physical wellbeing

Mental wellbeing

Financial wellbeing

Social wellbeing

OUR FY2023 EMPLOYEE WELLBEING INITIATIVES

We continued to ramp up our employee wellbeing initiatives this year, with a targeted increase in our mental wellbeing-related initiatives.

Our Losing Weight, the Healthy Way webinar shared insights from Vitality's Obesity Index and discussed losing weight in a healthy and sustainable way, including how Vitality can support our employees' weight loss journeys.

Increased Healthy Company engagement.

In the United Kingdom, we supported physical wellbeing through our September campaign.

We developed our mental wellbeing strategy, which guided the following mental wellbeing programmes and initiatives:

- Leveraging our Degreed learning platform to create a skills plan that generates awareness by providing learning pathways on the top mental health conditions
- Providing leaders with a practical and Discovery-specific online toolkit that supports them on the job and helps them navigate mental wellbeing in their teams
- Creating a concise reference guide to support leaders in building awareness in their teams and providing guidance quickly
- Facilitating regular mental wellbeing webinars by industry experts, as well as internal and external storytelling and fire-side chats with leaders and employees to offer additional support and tools to identify and deal with mental wellbeing in the workplace

In the United Kingdom, we provided employees with access to a network of 51 trained mental health champions, cognitive behavioural therapy and counselling through our mental health panel, mindfulness apps and employee assistance programme, Health Assured. We supplemented this with mental health awareness sessions for managers and monthly mental health workshops available to all employees.

[+](#) Read more about our employee mental health approach on page 81.

We developed a financial wellbeing series hosted by Worth in July 2023.

In the United Kingdom, we enhanced our financial wellbeing support by launching a new benefit – advance pay – and paid a cost-of-living supplement of £75 per month to lower-earning employees. A differentiated approach to the annual pay review awarded higher increases to lower paid employees than those approved for higher paid jobs. We also delivered a range of workshops aimed at helping employees lead financially fit lives.

We piloted the **Discovery Allyship Programme** to help participants understand the concept of allyship, equipping them with strategies to be allies and create accommodating and inclusive environments inside and outside our business.

We created an **Employee Resource Group Framework** to guide the formation of employee resource groups. These groups provide support, awareness and information-sharing for participants based on specific identities (including race, gender or sexuality) or common ideas, interests or backgrounds, and can be used to affect positive change in the business.

We repurposed our London office for hybrid working and have similar plans for our other two offices. We ensured our employees in the United Kingdom feel connected in our new hybrid working world through lunchtime leadership runs and walks at each of our offices, 'getting to know you' sessions for new joiners with executives, and CEO floor walks, among other initiatives. Our three employee resource groups – the Women's Forum, Race Forum and LGBTQ+ Forum – are regularly consulted on initiatives to strengthen diversity and inclusion.

Vitality UK enhanced its parental leave policy by offering primary and co-parents equal time off.



Make our people healthier continued

HEALTHY COMPANY

We believe employee wellbeing is the bedrock of better business. Healthy Company, Discovery's digitally enabled employee assistance programme, forms an important part of our value proposition by proactively supporting employees' wellbeing. Healthy Company offers various levels of interventions, from prevention and education to episodic or ongoing management across physical, emotional and financial wellbeing, as well as legal support.



Our employees*, their immediate families and dependants, have access to:

- Benefits and support through the app, website, telephone or face-to-face consultations
- Wellness centres, including a resident medical doctor, nursing sister, dentist, optometrist, physiotherapist and chiropractor
- Flu vaccination and opportunities to donate blood
- Wellness support after illnesses, including chronic and severe illness management, incapacity and disability management
- Emotional wellbeing assessments and support
- Financial wellbeing assessments
- Financial experts for debt counselling or assistance with debt management services
- 24-hour emergency legal support
- Professional drafting of legal documents, uniquely tailored to their circumstances and delivered within 24 hours of a request being received

NUMBER OF REGISTERED EMPLOYEES AT END JUNE 2023*

9 625

Engagement rate**

51%

Total interactions

66 905

Onsite clinics

All four of Discovery's campuses in South Africa have onsite clinics for employees, including doctors, dentists and other specialist services, such as physiotherapists, chiropractors and optometrists. Primary healthcare services at the onsite clinics are free for general practitioners, and allied healthcare services are on a fee-for-service basis at Discovery Health Medical Scheme rates minus 10%.

TAKING CARE OF THE BASICS

Flu vaccinations are critical to strengthen immune systems and protect people from potential infection – this is particularly important in a post-pandemic era. In FY2023, we purchased flu vaccines for our employees and offered vaccinations across all our campuses during April 2023.

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

** The number of engaged employees is calculated based on the number of registered members.

Wellness days

Our Discovery Wellness Days continued in FY2023 at all campuses in February and March 2023. These are free of charge to all employees and include a set of essential health screenings and preventive tests, including blood pressure, glucose, cholesterol or lipogram, weight assessment or body mass index (BMI) assessment, and non-smoker's declaration.

REGIONAL CAMPUS	TOTAL PARTICIPANTS
Gauteng	1 576
KwaZulu-Natal	370
Eastern Cape	521
Western Cape	258
Total	2 725



Refer to our ESG Databook for detailed disclosure about the benefits provided to our employees, including our leave policies.





Make our people healthier continued

“Our newly formed mental wellbeing strategy builds on our employee wellbeing strategy, acknowledging that mental wellbeing is a crucial part of overall wellbeing.”



OUR APPROACH TO EMPLOYEE MENTAL WELLBEING

Although years of work have embedded our employees’ physical and financial wellbeing needs into our employee wellbeing strategy, FY2023 heralded an increased focus on solidifying mental wellbeing in our strategy. #mindmatters, a leadership mental wellbeing session featuring mental health experts that we facilitated during the year, reinforced the importance of this by highlighting the adverse consequences – to employees and the business – of not proactively managing employees’ mental wellbeing.

Our newly formed mental wellbeing strategy builds on our employee wellbeing strategy, acknowledging that mental wellbeing is a crucial part of overall wellbeing.

OUR MENTAL WELLBEING STRATEGY

OBJECTIVES

Individual level: All employees know when to ask for support and feel safe enough to do so.

Team level: Leaders feel equipped to identify and support their employees, and team members feel equipped to support each other and their leaders.

Organisation level: Educate, enable and empower employees, leaders and executives to role model and provide the right environment for sustainable and holistic mental wellbeing.

PRINCIPLES

Shared responsibility

Psychologically safe teams

Data-driven insights

Regular monitoring

Leverage Discovery’s capability and data

ROOTED IN

Data

- A high-impact data-driven approach for efficacy in preventive, episodic and ongoing screening measures
- Predictive analytics to identify potential high-risk teams
- Regular trend reporting

Awareness

- Meaningful and easy-to-consume support programmes
- Leaders equipped to effectively support their teams
- Webinars and masterclasses
- Weekly newsletter content

Support

- Creating awareness of the available support channels:
- Healthy Company
 - Employee clinical services
 - Onsite clinics and counsellors
 - Early intervention by Group Risk
 - Mental health first aiders

Tools

- Easy to understand content:
- Infographics
 - Leadership toolkits
 - Access to a catalogue of services for team-specific interventions



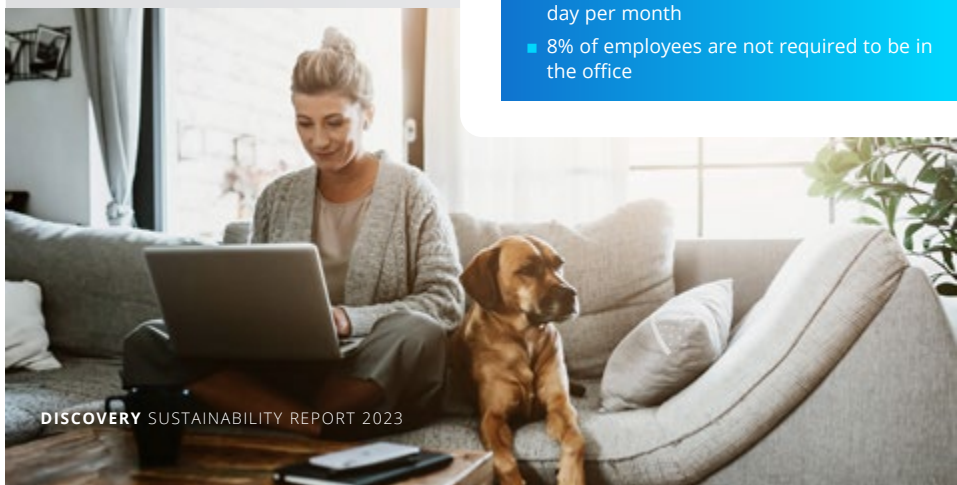
Make our people healthier continued

MONITORING EMPLOYEE WELLBEING

We monitor employee wellbeing through our Vitality Health Checks and Vitality Mental Wellbeing Programme, as well as an Employee Wellness Survey included in our annual Employee Experience Survey.

Vitality Health Checks are a simple, effective and convenient set of essential health screenings and preventive tests, such as blood pressure, glucose, cholesterol and weight assessments, among others. The Vitality Mental Wellbeing Programme consists of a curated set of holistic mental wellbeing assessments that help our people gain a more detailed perspective of their overall state of mental wellbeing. Once they complete the assessments, we provide helpful tools and suggestions aimed at enabling them to make proactive and positive changes in their lives.

We track the advances we make in employee wellbeing through our annual Employee Experience Survey, which helps us assess how we can improve our wellbeing programmes.



AN UPDATE ON OUR HYBRID WORKING MODEL

We launched our pilot hybrid working model in FY2022 to support the diverse needs of our employees.

This year, we worked to revise and stabilise the hybrid working model as our new normal, focusing on driving engagement and collaboration in the hybrid space while protecting our organisational culture and enhancing our employee value proposition. All employees have now been linked to a work model, and distribution and adherence to these models are reported monthly.

KEY HYBRID INSIGHTS ACROSS OUR BUSINESS

South Africa

South Africa has several different work models:

- 25% of employees work from the office permanently
- 4% of employees are typically in the office for 50% - 80% of the month
- 38% of employees spend a minimum of two days in the office per week or eight to 10 days per month
- 10% of employees are typically in the office between three and five days per month
- 16% of employees are in the office one day per month
- 8% of employees are not required to be in the office

Vitality UK

Vitality UK's hybrid working model requires most employees* to spend at least two days per week in the office.

* Exclusions: permanent home workers

Vitality US

Vitality US's hybrid working model requires most employees* to spend at least two days per week in the office.

* Exclusions: employees classified as work from home.

VITALITY UK

Vitality UK's ambition is to have the healthiest, happiest high-performing employees in the country. We want to liberate the best in our people and ensure they are strong brand advocates who serve our customers brilliantly.

Our three people-related performance indicators

In FY2023, we adopted three people-related performance indicators that feature in our corporate scorecard and, in turn, determine the bonuses paid to all employees twice a year.

Happy employees (employee net promoter (eNPS) scores)

FY2023 performance:

+31

in October 2022 and

+37

in April 2023

Target:

+23

by December 2022 and

+28

by June 2023



Healthy employees

FY2023 performance:

56.4%

of our employees earned 12 activity points in a week, twice per month

Target:

52.5%

of our employees earning 12 activity points in a week, twice per month



Inclusive workplace

FY2023 performance:

54%

female external appointments to £50 000+ roles

Ongoing target:

60%

female appointments to £50 000+ roles



Read more about Vitality UK's work towards an inclusive workplace on page 86.



Make our people healthier / Vitality UK continued

Focus areas during the year

Embedding our purpose and values and bringing our Shared-value model to life for employees:

- 180 wellbeing events for employees
- Mental health training for 165 managers
- 208 000 free meals for employees
- 1 685 display screen equipment (DSE) assessments

Attracting, developing and retaining great people:

- 52 employees mentored by executives
- 261 people signed up for 'Personal best' learning pathways

Enabling line managers to liberate the best in their people:

- 65 managers completed the Everyday coach training programme
- 145 managers completed leadership competency assessments

Making data-driven decisions and leveraging new technologies:

- New recruitment platform launched
- Power BI People dashboard published

Providing personalised employee experiences:

- Multiple wellbeing interventions and benefits offered

Facilitating diversity and inclusion:

- LGBTQIA+ forum established to supplement our Women's Forum and Race Forum
- Development programme delivered for female middle managers

Equipping our people for the future world of work:

- 40 employees enrolled for our data apprenticeship programme

Making our offices great places to be:

- Our new London office was designed for hybrid working, with similar plans in place for our Bournemouth office
- Breakout area introduced at our Stockport office



VITALITY US

Vitality US is the only subsidiary within Vitality Global that Discovery manages. Our Group-wide focus on promoting our people's holistic health and fostering a strong sense of community flows through to our team in the US. After embracing a hybrid work model in FY2022, we continued working to keep employees connected, engaged and healthy during the year.

To support this, we focused on:

- Forming a return-to-office committee to define and clearly communicate policies and procedures around our new work model
- Offering access to our onsite gym and workout rewards for employees who log 100 workouts on their Vitality account
- Rewarding employees for their healthy activities by lowering their insurance premiums
- Hosting our first post-pandemic onsite wellness fair, including free biometric screenings for employees and virtual health screening technology
- Offering free annual Divvy (Chicago bike sharing) memberships to employees who bike in the city
- Investing in onsite and hybrid mental wellbeing activities, including recharge hour (which employees can use to decompress), massage chairs, exercise classes and meditation

- Providing healthy catered onsite lunches twice a week for employees
- Recognising employees' significant effort in launching new products through a campaign to thank employees and give them the opportunity to pause and reset in the workday
- Introducing Fuel Fridays, through which employees get two hours of dedicated learning and development time every third Friday
- Expanding our parental leave policy by increasing leave from 12 weeks to 16 weeks, changing the waiting period from one year to nine months and changing the pay approach
- Keeping our employee engagements consistent through our SoWell (our internal wellness committee) initiatives

Employee volunteerism

We strongly encourage employee volunteerism and charitable giving. To reward employees for participating, we award 50 Vitality Points up to four times per year to employees who submit proof of volunteering or charitable giving through their Vitality account.

In FY2023, we encouraged employees to participate in a volunteer raffle, in which they logged volunteer hours and donations of goods and money to charitable causes.



03 Value diversity, equity and inclusion

KEY METRICS (SOUTH AFRICA)

Gender diversity at senior management level:

46%

(FY2022: 44%)

Racial diversity at senior management level:

37%

(FY2022: 36%)

KEY INITIATIVES

Embedding our transformation vision into business processes

Developing a People with Disabilities Management Strategy and Framework

Developing an **Employee Resource Group Framework**

We promote diversity, equity and inclusion through these focus areas:



We consider promoting diversity in the workplace a moral imperative – it is critical to driving performance and innovation considering the diverse views and needs of our stakeholders. We aim to be representative of the communities in which we operate and believe that promoting inclusivity and representation in our teams enriches and benefits our products and services.

Discovery supports the principles of employment equity. We promote equal opportunity for, and the fair treatment of, all employees and applicants for employment. At Discovery, equal opportunity means providing all individuals with an equal chance to:

- Learn of employment opportunities
- Apply for employment opportunities
- Compete fairly for employment opportunities
- Function successfully in employment
- Advance in employment

Equal opportunity asserts that certain categories of people might be treated differently to ensure equity – particularly to redress inequity or disadvantage – so that all groups have an equal chance.

We developed and implemented various strategies and initiatives in FY2023 to support our commitment to creating an inclusive workplace, including:

- Launching our people with disabilities management strategy to support current and future employees with disabilities
- Formulating an Employee Resource Group Framework to support the employee resource groups emerging within the business aimed at crafting and enhancing business strategies to ensure a sense of belonging

- Developing and rolling out an online and in-person diversity and inclusion introduction programme to share Discovery's transformation vision and mandate, as well as embed transformation into business processes
- Launching an initiative to integrate the use of inclusive language in our diversity, equity and inclusivity, and marketing programmes
- In the United Kingdom, establishing a forum for LGBTQIA+ employees – who make up 4.68% of our workforce – to provide input into our diversity, equity and inclusion strategies and plans
- In the United States, facilitating Understanding Transgender and Gender Non-Binary Identities and Allyship training

We continue to elevate awareness of unconscious bias, educate managers on inclusion and exclusion behaviours, especially in a hybrid world of work, and upgrade regional infrastructure to improve mobility and access for people with disabilities.





Value diversity, equity and inclusion continued

ADVANCING OUR TRANSFORMATION OBJECTIVES

Discovery is intentional about advancing its transformation objectives through supporting ethnic, racial, gender and ability diversity.

During FY2023, we continued to offer a suite of diversity, equity, inclusion and belonging coaching programmes for employees, being a signatory to the United Nations Global Compact's (UNGC) Women Empowerment Principles and Target Gender Equality programme. Through this, we aim to advance our gender diversity agenda and offer leadership development to our black high-potential employees.



Our Employment Equity Plan

Discovery aims to make incremental progress towards a workforce that reflects South Africa's national economically active population (NEAP) at every level. We review performance against targets twice a year and base our measures on our Employment Equity Plan launched in 2020. Through this plan, we focus on inclusion and higher weighting for African, Coloured and Indian employees, as well as people with disabilities, at management level.

As at June 2023, Discovery Group's employment equity score against our FY2023 target is **98%**



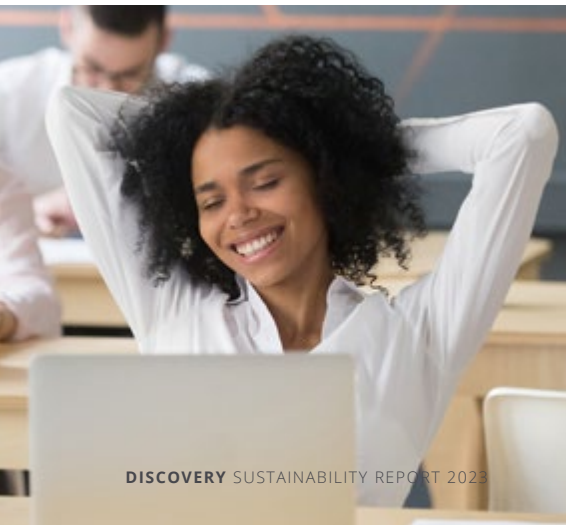
Refer to our ESG Databook for a detailed breakdown of our diversity profile per employee category, our employment equity targets, and our three-year performance against plan.

We also developed transformation ambition targets that emerged from robust transformation acceleration discussions to advance black representation at top and senior management, with specific targets towards female representation at General manger level.

SOUTH AFRICA'S EMPLOYMENT EQUITY AMENDMENT BILL

In early 2023, President Ramaphosa signed into law the Employment Equity Amendment Bill of 2020 (EE Amendment Bill). The EE Amendment Bill seeks to advance transformation of South Africa's workforce by setting equity targets for economic sectors and geographical regions and requiring enterprises to develop transformation plans.

The EE Amendment Bill has several implications for South African businesses' employment equity approaches, including sector targets, definition changes, psychological testing, equal pay and state contracts. We are committed to improving our employment equity ratings in line with the spirit of the EE Amendment Bill and await the publishing of the actual targets for employers in the financial sector to finalise our updated Employment Equity Plan. Several initiatives are currently under way to drive progress towards our EE plans.



We measure our workforce's perception of how inclusive our culture and environment are through the annual Employee Experience Survey and, at an executive level, with 360 reviews. We are proposing an adapted management incentive system score model for the transformation key performance indicator (KPI) as a behavioural incentive.

At a Group level, the Remuneration Committee remains committed to ensuring Discovery's remuneration is market-related, fair and free of any prejudice. This approach is embedded in management processes, including job grading, annual salary benchmarking and annual income differential analysis (considering gender and race differentials).



For detail on remuneration, see our 2023 Remuneration Report.



Value diversity, equity and inclusion / Advancing our transformation objectives continued

Supporting ethnic and racial diversity

South Africa

In South Africa, job creation is the greatest lever in B-BBEE. We had a meaningful impact on transformation in FY2023 by ensuring 89.4% of new jobs went to black candidates, contributing to our efforts to better reflect South Africa's economically active population.

Our senior leadership teams are responsible for the employment equity composition of their respective business units, directly impacting their short-term performance incentives. Most business units continue to perform well against their set Employment Equity Plan targets. As a result, the Group achieved a 96% performance score each quarter since the plan's inception.

We continue to leverage structures like our Social and Ethics Committee and the Employment Equity Consultation Forums to partner with respective business areas in formulating on-demand solutions that will retain, attract and promote the best people in line with our transformation ambition. This is achieved through learning and development offerings that create advancement opportunities.

Representation of black people across our South African operations increased from 75.6% in FY2022 to 78.1% in FY2023, and to 37% in FY2023 from 36% in FY2022 at senior management levels. We emphasise recruiting black leaders at team leader level and above, and in FY2023 our recruitment percentage increased to 79% from 77% in FY2022, though

African senior management appointments is at 18% for financial year 2023. We use our talent management process to identify high-potential black talent, discuss the development needs of these individuals and support their development and progression towards leadership levels and opportunities.

Our Employee Experience Survey includes a diversity and inclusion index that tracks specific diversity and inclusion questions over time. The diversity and inclusion index score, together with our employment equity score, contributes 15% towards our management incentive system.

SOURCING SENIOR BLACK TALENT

Our Recruitment Policy articulates our approach to sourcing local senior black talent and considers the hiring of function heads. Majority of our senior role sourcing is performed by Discovery's internal talent acquisition specialists, who leverage human resources technology platforms the business has invested in. Discovery's Head of Transformation and Head of Talent support these strategic sourcing efforts.

The rest of our senior role sourcing is performed by recruitment agencies who are on our preferred supplier lists, which have been vetted by procurement for compliance with defined B-BBEE criteria.

Vitality UK

Vitality UK is committed to diversity, equity and inclusion because it benefits our employees, our business and society. We want all our people to bring all of themselves to work, so that they can liberate the best in themselves. We know diversity fosters innovation, which is part of our DNA. And we believe that inclusive diversity promotes social cohesion, which benefits society. In line with Group values, Vitality UK is committed to increasing the number of black, Asian and minority ethnic (BAME) employees in senior leadership roles and fostering a strong talent pipeline with this in mind.

Vitality UK's diversity and inclusion ambition is to be the most inclusive and diverse company in the UK financial services sector. We aim to achieve this ambition by ensuring representation, promoting inclusion and taking a stand.

VITALITY UK PROMOTES DIVERSITY AND INCLUSION THROUGH:

RACE FLUENCY TRAINING

Our Positively Different People – Let's Talk Race programme is a blended learning pathway to encourage race fluency in our employees. During the year, the programme included a digital learning module on unconscious bias, a live virtual event on allyship, a live interview with David Olusoga (author of the bestselling book Black and British) and videos from Vitality employees from different ethnic backgrounds sharing their personal experiences. The programme concluded with a team learning consolidation and action planning session facilitated by team managers. 1 861 employees have enrolled in the programme since inception.

RECRUITMENT PARTNERSHIPS

We proactively seek partners who provide diverse candidate shortlists, and we welcomed nine interns (FY2022: three interns) as part of the United Kingdom's #10,000blackinterns initiative. In FY2024, we will also participate in the #10,000ableinterns initiative, focused on increasing opportunities for people with disabilities.

LEADERSHIP COMPETENCY ASSESSMENTS

We continue to use a leadership competency framework to ensure our selection process is objective, and strategic talent reviews and succession plans are analysed through a diversity and inclusivity lens. During the year, 145 managers completed leadership competency assessments.

RACE AT WORK CHARTER

We are a signatory to the charter and have an executive sponsor for racial diversity. We consult our Let's Talk Race Forum on diversity-related topics and signed a petition urging the government to make publishing of ethnicity pay gaps compulsory for business.

DIVERSITY AND INCLUSION HUB

Our diversity and inclusion hub celebrates our diverse workforce. It details our diversity and inclusion journey to date and is home to employee stories and a wealth of resources. The hub receives an average of 565 visits per month.

Other Vitality UK initiatives to promote diversity and inclusion include:

- Child-minding and menopause support benefits for employees, as well as fertility and new parents support services, and a buddy system for employees returning from parental leave
- We partnered with Everywoman, a company specialising in helping female talent navigate the challenges they face when advancing into senior management roles

ETHNICITY AND GENDER PAY GAPS

We publish our gender and ethnicity pay gaps each year. Our pay gaps are lower than the sector averages, with our average gender pay gap declining by almost 12 percentage points in the past five years to 19.6%. Our average ethnicity pay gap is 4.5%, while the median pay gaps are 9.8% and -2.8%.

A recent audit confirmed that we practise our policy of equivalent pay for equivalent work: differences in pay for the same role are explained by differences in experience, length of service, performance and location (London-based roles attract a pay premium). Gender and ethnicity are not a factor in these differences in pay.



Vitality US

Vitality US is committed to maintaining a diverse and inclusive workforce through mindful actions and informed policies. Our diversity and inclusion working group, consisting of a diverse group of employees, has multi-year priorities to ensure long-term and meaningful progress in this regard. Several initiatives are under way to advance diversity and inclusion in our US workforce, including:

Establishing the Inclusivity, Diversity, Equity, Accountability and Liberating the best in our people (IDEAL) Committee

Included demographics in our talent mapping to increase visibility of high-performing diverse employees

Partnering with the Professional Diversity Network, which assists in recruiting diverse candidates by targeting diverse networks

Partnering with diversity, equity and inclusion programmes in South Africa to align initiatives in the US

Updating our job posting template for a more inclusive recruitment process

Building programmes and processes to highlight diverse talent and provide development opportunities to drive diversity at higher levels in the organisation

Launching a mentorship programme to highlight diverse talent and perspectives in Vitality

Launching our Diversity, Equity and Inclusion Ambassador Programme to welcome new hires to Vitality and act as a first resource for any diversity-related questions

We established a baseline understanding of Vitality's diversity, equity and inclusion through training. This understanding and training enables us to continue educating our people.



“Vitality US is committed to maintaining a diverse and inclusive workforce through mindful actions and informed policies.”



Value diversity, equity and inclusion / Advancing our transformation objectives continued

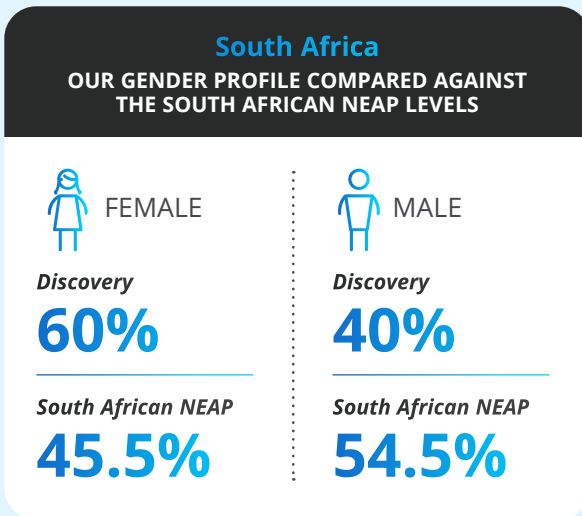


Supporting gender diversity

We are signatories to the UNGC Women's Empowerment Principles and Target Gender Equality programme and signed a statement promoting gender equality. During the year, we ramped up our commitment to gender balance and equality, including engagement initiatives that highlight issues related to the gender pay gap and equitable representation of women at executive and management levels, among others, and how we can address them.

Female representation across group categories

	FY2023	FY2022	FY2021
Representation across the Group	58%	58%	58%
Representation at Board level	38%	28%	28%
Representation in senior positions	46%	44%	44%



Our gender profile compared with South Africa's NEAP continues to paint a positive picture. However, we recognise that we must achieve a more equitable gender balance in our senior leadership positions across all our businesses. Currently, women comprise 46% of senior management (FY2022: 44%). We continue to emphasise achieving greater female representation at senior levels and building pathways for women to move into more senior leadership roles, helping build the pipeline in the levels below, as well as effectively deal with the organisational and transitional barriers.

Following roundtable sessions in FY2021, where female deputy general managers and general managers highlighted the challenges women felt still needed to be addressed within the Group, we launched **Discovery Women Move** in FY2023 during women's month. This initiative is an employee resource group serving as a platform for women, by women, to foster growth, inclusion and belonging through networking, role modelling, sponsorship and mentorship.

In support of gender equity and equality, our South African Executive Committee has committed to the following bold ambitions:

- Accountability on the world stage through our participation in and accountability to the **UNGC Target Gender Equality programme**
- Growing gender representation at a **general manager** level to **40% women** by 2026
- Growing gender representation within **business units** and **South African Executive Committees** to a **minimum of 40% women** by 2026

In driving towards these ambitions, we work to strengthen our supporting structures. We commit to equality in human resources processes through:

- Ongoing pay parity reviews at the intersection of gender and race and transparency on the process
- Building clear structures for support, sponsorship, mentoring and coaching of women leaders
- Creating an environment that liberates the best in women with zero tolerance for discrimination

Addressing the gender pay gap

Discovery emphasises greater female representation at senior levels in our succession planning processes. We conduct annual income gap analyses for gender and race. Where there is a gap, we provide interim salary increases during the year, except where gaps are due to qualifications, experience, performance and market-related benchmarks.

In FY2023, Discovery closed the gender pay gap to **~0%** for same roles

For detail on remuneration, see our 2023 **Remuneration Report**.

For details on the Vitality UK pay gap, please see our 2022 **gender and ethnicity pay gap report**.



Value diversity, equity and inclusion / Advancing our transformation objectives continued

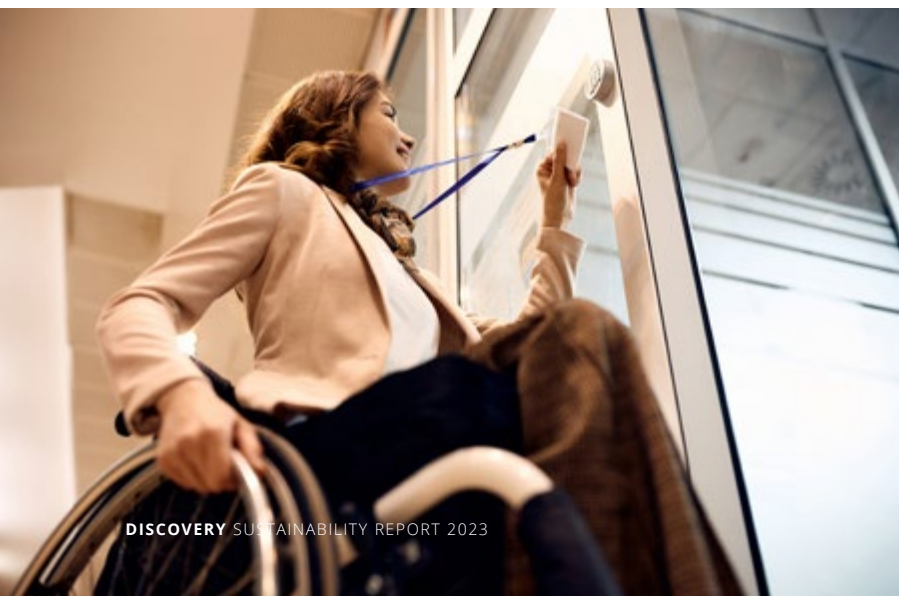
Supporting people with disabilities

We continue to provide meaningful employment opportunities for people with disabilities by promoting employment equity measures within our recruitment practices and establishing strategic relationships with organisations who focus on recruiting and retaining people with disabilities.

We made good progress during the year by strengthening the structures that support our current and future employees with disabilities. We launched an end-to-end People with Disabilities Management Strategy and Framework to guide how Discovery supports and develops differently abled individuals. Our strategy consists of the following pillars:

- **Attracting, recruiting and retaining** people living with disabilities in meaningful roles across Discovery
- **Supporting business partners** in recruiting and supporting employees with disabilities with adequate tools and knowledge
- **Providing wellness and clinical support and guidance** to business partners and people with disabilities
- **Guiding the business in providing our employees with disabilities with continued skills development** opportunities

In FY2023, Discovery employed 82 people with disabilities, representing 0.8% of our total workforce (FY2022: 79 employees, representing 0.7% of total workforce). People with disabilities representation continues to be a focus area for Discovery as we are below the financial services industry (Financial services: 1.3%; Discovery: 0.8%).



PREVENTING DISCRIMINATION

Discovery is committed to a fair, dignified, inclusive and equitable work environment, free of unfair discrimination and harassment, including gender-based harassment, with the aim to create a safe workplace. We recognise that discrimination is a human rights violation as well as a barrier to equity and equality in the workplace. Discovery takes a zero-tolerance approach to discrimination, and we regard any instances of unfair discrimination, harassment and abuse of power as unacceptable, serious misconduct.

Discovery's values of integrity, honesty and fairness are demonstrated through our culture of inclusiveness and tolerance. We support the just, equitable and considerate treatment of all people. We do not engage in child, forced or compulsory labour.

We ensure our employees know their rights through the Employee Policy Handbook, and our grievance procedures – including our confidential ethics hotline and EthicsDefender app – are clearly communicated. We treat individual grievance cases with the utmost care and deliver regular progress reports until issues are resolved.

*The **10** incidents that were reported via our Ethics Defender portal for Discovery in FY2023, these were all dealt with and successfully resolved*

Our guiding policies

Discovery has several policies in place prohibiting unfair discrimination, harassment (including sexual harassment), gender-based violence and workplace bullying. We updated our policy and complaints procedure in June 2023, which guides us to effectively prevent and eliminate discrimination, all forms of harassment in the workplace and documents Discovery's approach and complaints procedure should breaches occur.

Our Human Rights Statement expresses our commitment to ensuring employees are equitably remunerated, and that we fully comply with applicable laws regulating minimum wage, maximum working hours and healthy and safe working environments. Although Discovery employees do not belong to a trade union, nor are they covered by a collective bargaining agreement, our Human Rights Statement upholds their rights to elect to join labour unions and engage in collective bargaining.

Our zero-tolerance approach is enhanced by our Grievance Policy. We encourage incidents of discrimination to be reported. Once reported, incidents are addressed promptly and are handled formally and informally to promote engagement.



Refer to our ESG Databook for additional disclosures on discrimination.



04 Connect and develop great minds

KEY METRICS (SOUTH AFRICA)

Learning and development spend:

R1.3 billion

(FY2022: R1.2 billion)

94.3

training hours
(12.58 days) per employee
(FY2022: 135.12 training hours
(18.02 days))

KEY INITIATIVES

Strategic workforce planning for emerging and critical skills

Implementing an enterprise-wide view of talent and a global talent mobility approach

Developing contextual leadership programmes to enable leaders in the new work context

Developing high-potential talent for critical roles and bench strength

EMPLOYEE TRAINING AND DEVELOPMENT AT A GLANCE



R1.3 billion

spent on learning and development
(FY2022: R1.2 billion)

Total B-BBEE training spend on learning and development

R941 million

(FY2022: R946 million)

Amounting to

75.2%

of total training spend
(FY2022: 76.57%)



1 049 009

hours total training time
(FY2022: 1 533 195 hours)

Employees received an average of

94.3 hours

(FY2022: 135.12 hours), or

12.58 days

(FY2022: 18.02 days), of training



An average of

91

hours of training per female employee
(FY2022: 141.94 hours)



An average of

99.5

hours of training per male employee
(FY2022: 125.66 hours)





Connect and develop great minds continued

CREATING A WORKFORCE FOR THE FUTURE

Our philosophy has always been that developing the great minds who work at Discovery is key to our success. Connecting these minds through our internal structures and fostering intellectual leadership helps sustain our organisation and future-proof our business in the evolving world of work. In the post-pandemic world, competition for talent is fierce as employee expectations increase and critical skills shortages abound.

In response, we promote a work environment built on trust through flexible work models and collaboration led by forward-looking leaders, equipping our people with future-ready skills and capabilities. Discovery follows a talent management approach where critical roles and scarce skills are identified within industry and the business units. Successors and high-potential talent are developed to address critical and scarce skill requirements internally, and strategies are in place to build the talent pipeline. These strategies are incorporated into the business unit talent development plans, individual development and workplace skills plan. This is supported by the provision of employee bursaries and employee feedback to enhance our processes and procedures.

Our commitment to transformation guides our focus on developing scarce and critical skills for black employees to build further capacity in our skills pipeline. As part of our talent review process, high-potential black employees have been identified and are being proactively developed and retained.

SUPPORTING INTERNAL TALENT MOBILITY

We recognise that the key to a future-proof workforce in an evolving world of work lies within. In addition to our development plans for key talent, in FY2023 we ramped up our focus on supporting internal mobility opportunities across the business.

Through our emphasis on internal talent mobility, we identify employees – particularly employees in roles at the risk of becoming redundant – who show an aptitude for critical skills and work with them to develop the skills the business requires. The benefit is twofold: our people develop their skillsets and our business gains critical and competitive skills amid the war for talent.

In FY2023,
14%
of open positions were filled
by internal candidates

The Group set bold targets in its Ambition 2023, ensuring that our people continued to learn and develop to meet the demands of business and keep us competitive and relevant in a global market.

In FY2023,
839 employees
(FY2022: 565 employees)
received
R16 million
(FY2022: R14 million)
in bursaries



Leveraging people analytics

Discovery leverages people analytics to create a workforce for the future. We use the SAP SuccessFactors human capital technology platform, SmartPeople, to enable key talent processes within the People function and employee life cycle, including recruitment and retention. Our people analytics dashboard, integrated with SuccessFactors, provides data analytics and insights that inform critical decision-making in terms of recruitment, assessments, performance management, learning and skills development.



Connect and develop great minds / Creating a workforce for the future continued



Supporting career development

We empower our employees to manage their own skills development by providing focused development solutions and encouraging joint responsibility with their teams and managers. All employees are encouraged to complete an individual development plan, which we use to inform our training plans and development initiatives. This approach provides a basis for life-long learning and the tools to adapt to a rapidly changing world.

Our self-directed approach incorporates wellbeing and is driven by employees and supported by leaders. It is implemented through a standardised, transparent and objective process hosted on our human capital enabling technology platform. Throughout the year, employees are encouraged to schedule regular time with their leaders to discuss their performance against objectives and their wellbeing. They are also encouraged to request feedback from various stakeholders at any point.

The approach used focuses on growth, development, employee aspirations and aligning performance objectives to business strategy and values. Although we hold continuous performance discussions, formal performance reviews take place in six or 12-month intervals, depending on the business unit. Here, employees and leaders discuss performance against objectives and capture ratings on the performance module on our enabling technology platform.

Each business unit **identifies its development and progression needs.**

We focus on **leveraging the talent bench available** for promotions or filling leadership roles.

This year, 5.5% of employees were promoted internally

(FY2022: 6%)

DEVELOPING THE SKILLS OUR INDUSTRY NEEDS

Discovery aims to attract top talent and address industry scarce and critical skills. Through the following programmes, we develop the people our industry needs:

ADRIAN GORE MENTORSHIP AND FELLOWSHIP PROGRAMME:

The Adrian Gore Fellowship Award programme (AGFA) for actuarial graduates has run for the past 10 years with great success. Building on the AGFA programme's success, and in line with our values of great people and liberating the best in our people, we launched the Adrian Gore Mentorship Programme for African and Coloured actuarial professionals at Discovery. This internal programme is supplemented by an external mentorship programme that provides support to African and Coloured actuarial professionals outside of Discovery, in partnership with the Association of South African Black Actuarial Professionals and the South African Actuaries Development Programme.

DISCOVERY GRADHACK:

GradHack gives 50 IT students from South African universities an immersive work experience solving real challenges through technology opportunities in the Discovery environment. In FY2023, 27 candidates were offered employment at Discovery through GradHack.

STUDENT BURSARIES:

We awarded three accounting students from University of Johannesburg with bursaries in partnership with the Insurance Sector Education and Training Authority (INSETA), and we committed to awarding five black actuarial students with bursaries in partnership with SAADP.

Read about our learnerships and internships from pages 93 to 94.



Connect and develop great minds continued

LEARNING SOLUTIONS AT DISCOVERY

Leadership development programmes

Number of employees who completed leadership development programmes

1 652 in FY2023

(FY2022: 2 121)

We encourage leadership development through management and leadership development programmes in collaboration with Henley Business School and the University of Cape Town (UCT) Graduate School of Business.

- **Foundation Management Leadership Development Programme (FMLDP) (National Qualifications Framework (NQF) 5 aligned and certificated):** UCT Graduate School of Business Accredited Future Leaders Programme
- **Advanced Diploma in Management Practices (ADMP) (NQF 7):** UCT Graduate School of Business Accredited New Manager Programme
- **Advanced Management Leadership Development Programme (AMLDP) (NQF 8):** Henley Business School Accredited Advanced Diploma in Management Practice
- **Advanced (NQF 8):** Henley Business School Accredited Postgraduate Diploma in Management Practice
- **Other programmes:**
 - High-Impact Leadership Programme
 - Executive Leadership Development in the New World of Work
 - Leading with Empathy
 - Leader as Coach
 - Coaching Circles
 - Lead the Discovery Way

Self-led business programmes

Number of employees who completed business programmes

11 829

in FY2023

(FY2022: 402)

We give employees access to formal and informal business skills learning through online learning platforms, including Udemy, LinkedIn Learning and Degreed. Formal functional and business skills learning paths include:

- Building resilience
- Critical thinking
- Data analytics in Discovery
- Hybrid work
- The new era of customer experience



NUMBER OF EMPLOYEES ON LEARNING PLATFORMS:

UDEMY BUSINESS

1 707

employees

(with an activation rate of **100%** (FY2022: 98%))



LINKEDIN LEARNING

1 709

employees

(with an activation rate of **86%** (FY2022: 86%))



DEGREED

10 643

employees

(with an activation rate of **46%** (FY2022: 69%))



Employees viewed

45 174 LinkedIn Learning, Udemy and Degreed programmes (FY2022: 1 501 learning programmes),

equating to

18 359 hours of learning from LinkedIn Learning and Udemy platforms (FY2022: 5 658 hours of learning) and an

an average of

3 hours 20 minutes (LinkedIn) and

6 hours 27 minutes completed per active user (Udemy)



Connect and develop great minds / Learning solutions at Discovery continued

Learnerships and internships

Number of employees who participated in learnerships, creating a pipeline of talented black people for employment into future roles

226 in FY2023
(FY2022: 206 people)

Number of interns deployed into our business, addressing sector skills gaps for insurance agents, actuaries, programmers, software developers, ICT system analysts, legal, human resources and insurance claims administrators

84 in FY2023
(FY2022: 80 interns)

We partner with programmes funded by the Insurance Sector Education and Training Authority and Banking Sector Education and Training Authority to provide workplace experience opportunities to matriculants and graduates to address scarce skills in the insurance sector.

Learnerships are structured as 12-month training programmes, through for which learners receive a nationally recognised accredited qualification. Internships are structured as 12-month programmes, offered to unemployed graduates to give them workplace experience relating to their qualification.

Learnerships and internships are a pipeline of talent into various roles within Discovery, and we consider the absorption of learners and interns into the business as a testimony to the skills our programmes develop in them.

<p>UNEMPLOYED LEARNERSHIPS</p> <p>174 learners (FY2022: 206)</p>	<ul style="list-style-type: none"> ■ Further Education and Training Certificate: Long-term Insurance (NQF 4) ■ National Certificate: Short-term Insurance (NQF 4) ■ National Certificate: Wealth Management (NQF 5) ■ Further Education and Training Certificate: IT Technology Support (NQF 4) ■ Further Education and Training Certificate: IT Systems Development (NQF 5)
<p>EMPLOYED LEARNERSHIPS</p> <p>41 learners (FY2022: 34)</p>	<ul style="list-style-type: none"> ■ National Certificate: Wealth Management (NQF 5) (Discovery Health)
<p>UNEMPLOYED SKILLED PROGRAMMES</p> <p>11 learners (FY2022: 43)</p>	<ul style="list-style-type: none"> ■ National Certificate: Wealth Management (NQF 5) (Discovery Connect and funerals)

89% of learners were absorbed into Discovery post-learnership
(ended 31 December 2022)
(FY2022: 91.11%)

100% of interns were absorbed into Discovery post-internship
(ended 31 January 2023)
(FY2022: 97.56%)

Professional programmes

Number of employees who completed professional programmes

7 845 employees in FY2023
(FY2022: 115)

Professional programmes aim to develop career competencies that are attained beyond the coursework necessary to earn or maintain a professional qualification.

- **The People Academy:** develops our human resource professionals' skills to increase the impact of our delivery against Discovery's strategic ambition and modernise, reposition and future-proof talent management in the Group. The Academy is currently in its third year and receiving positive engagement from its third cohort.
- **Group Information Services Academy:** supports information services professionals cross-functional skills, business skills, and coaching and mentoring.

Executive coaching

Number of employees participated in the executive leadership programme, including executive coaching circles

26 in FY2023
(FY2022: 120)

Our coaching programme aligns individual leadership effectiveness with outstanding organisational performance. The focus for coaching in Discovery is to improve the skills and performance of line managers, and it is provided on an as-needed basis for individuals and teams.

LEADER AS COACH
22 individuals

COACHING CIRCLES
61 individuals



OUR BRAND



RELATED MATERIAL THEMES

- Advance our disruptive Shared-value model
- Operate within a volatile socio-economic environment
- Ensure long-term financial sustainability
- Leverage and manage technology and innovation
- Safeguard and enhance our trusted brand



The Discovery brand continues to be recognised for its intellectual leadership, innovation and purpose-led Shared-value model. Our strategy is to drive scaled impact through our business and be recognised as best of breed.

WE BUILD OUR BRAND ON A SOLID FOUNDATION OF:

01

Upholding our ethics

02

Preventing harm

03

Cultivating trust

Our brand is synonymous with our core purpose of making people healthier and enhancing and protecting lives, and we are committed to applying high global standards for responsible business conduct wherever possible. Our focus goes beyond adherence to legislation – we aim to build and maintain a strong culture of compliance and ethical behaviour across the Group to ensure the sustainability of our business.

01 Upholding our ethics

KEY METRICS

10
discrimination incidents,
with 100% resolved

0
corruption and
bribery incidents

34
whistleblowing incidents
received, with 100% resolved

6 041
ethics-related training
courses completed

Discovery upholds ethics deliberately and comprehensively by implementing an Ethics Management Framework that builds trust with stakeholders and promotes the Group's long-term success.

We establish clear standards and expectations for ethical behaviour, provide safe reporting mechanisms for employees to report ethical violations or concerns, and promote transparency in our operations and decision-making processes.

Our Ethics Management Framework includes a comprehensive governance framework and management process to drive our ethics strategy across the Group. This strategy focuses on several key areas, including:

- **Leading by example** and setting a positive example for ethical behaviour at leadership level
- **Reinforcing Company values** and promoting a culture of ethical conduct throughout the Group
- **Promoting open and honest engagement around ethical issues and concerns** and providing channels for employees to raise questions or report ethical concerns
- **Ongoing communication, training and awareness** to ensure all employees are equipped to make ethical decisions

Our core purpose and values also guide appropriate conduct across the Group. We have dedicated ethics policies in place to interpret and describe the standards for appropriate conduct at an operational level. These policies are available in Discovery's official business language.

We perform an internal audit of the Group Ethics function, the Ethics Charter and Ethics Management Framework every three years – most recently in August 2022 – to align with best practice and provide a structure to help identify potential ethics risks to Discovery.

Our FY2023 highlights

Became a member of the **United Nations Environment Programme Finance Initiative**

Continued behavioural ethics and ethics ambassador training and awareness for employees

Rolled out **leadership and ethics culture training**

Updated our Whistleblowing Policy and expanded the scope of our anonymous hotline to include reporting from third-party providers and brokers

Achieved and maintained the ISO 27001 certification within applicable business areas across the Group



Upholding our ethics continued

RESPONSIBILITY FOR ETHICS

The Board, which leads ethically and effectively, is responsible for governing ethics while setting an ethical direction for the Group. In addition, the Board establishes proactive management processes and structures, ensures organisational ethics risks are mitigated and integrates and prioritises an ethical organisational culture.

The Board is assisted by the Social and Ethics Committee to mandate and oversee the Group Ethics Office which, in turn, manages and implements the Ethics Management Plan throughout the Group.

Group Ethics Office

The Group Ethics Office supports the Board, executives, management and employees to cultivate and strengthen the ethical culture across the business. The Group Ethics Office implements the Ethics Management Framework by:

- Assessing ethics risks and opportunities
- Implementing the ethics management strategy
- Designing ethics standards aligned to Discovery's core purpose and values
- Integrating ethics into the organisational culture
- Monitoring adherence to ethics standards and reporting on ethics management and performance
- Providing advisory and consultancy services to businesses and management

As a multinational organisation, Discovery operates in business environments with different ethical standards and cultural norms. The Group Ethics Office develops ethics standards at a Group level, which also apply to all wholly owned subsidiaries across the business – including Vitality UK and Vitality Global. These standards are further tailored by the subsidiaries to consider the local business and cultural norms in the jurisdictions in which they operate. While each jurisdiction has its own dedicated ethics resources, the Group Ethics Office oversees the overall implementation of the Ethics Management Framework.

The Group Ethics Office's focus areas for FY2023 were to:

- Strengthen ethical standards to ensure these remain relevant and effective
- Refine training and awareness programmes
- Enhance the Ethics Ambassador Programme through ongoing support and recognition
- Expand advisory services to the Group's Executive Committee and other business areas

The Group Ethics Office is also actively involved in addressing developing ethical issues. In FY2022, the Office partnered with an international advisory firm to develop an ethical decision-making framework to guide complex and strategic decisions. A draft of this framework was presented to the Group Executive Committee in FY2023, and we are considering its integration.

The Group Ethics Office also continues to partner with Stellenbosch University's Institute for Future Research to identify potential future ethics risks and opportunities that could impact the Group and, in turn, assist management in developing innovative, long-range decision-making competencies for competitively mitigating risk and sensing opportunities. As part of the project, we remain updated on emerging trends and developments in the global environment to ensure we can integrate emerging global ethics developments into our strategies and daily operations.

One such developing trend identified was the use of language as a dimension of inclusivity, and the Group Ethics Office engaged with Discovery's People and Group Marketing functions to develop mechanisms for addressing language inclusivity within Discovery. We also established a Group forum to develop responsible guidelines for the use of artificial intelligence (AI) to ultimately ensure a coordinated, multi-stakeholder and multi-departmental approach to adopting ethical AI and machine learning.



Ethics Ambassador Programme

To expand its reach and further entrench Discovery's ethical culture, the Group Ethics Office introduced the Ethics Ambassador Programme to support the implementation of the Ethics Management Plan across the Group. Through this programme, employees informally:

- Promote ethical culture in their respective business areas
- Help create and maintain awareness of ethics in their areas of influence
- Assist in identifying and addressing the potential ethical consequences of business decisions

The Ethics Ambassador Programme is well established – we conducted a survey among our Ethics Ambassadors to determine the effectiveness of the programme, and recorded an overall satisfaction rate of 87%.

Ethics Ambassadors from each business unit meet every second month to discuss questions raised by employees, challenges experienced, support required, emerging trends and other relevant matters. At a Group level, we hold meetings quarterly or twice a year where Ethics Ambassadors can share best practice, experiences and challenges. Guest speakers also attend these meetings to discuss topical issues such as data ethics.

There are

214

active Ethics Ambassadors representing all Discovery's business units, including Vitality Global. Vitality UK is in the process of nominating its Ethics Ambassadors.



Upholding our ethics continued

CULTIVATING AN ETHICAL CULTURE

Discovery is committed to a culture of transparency and accountability to prevent unethical behaviour and to address such behaviour when it does occur. The Group Ethics Office reminds employees of their responsibility to report ethical concerns or infractions – or information or concerns relating to criminal or other irregular conduct in the workplace – and our Safe Reporting Framework establishes safe, confidential and effective mechanisms for this disclosure.

Our Whistleblowing Policy outlines various channels for employees to safely report criminal or unethical behaviour. This is enabled through independently managed and accredited channels, including an independently managed whistleblowing hotline and the real-time EthicsDefender app. EthicsDefender allows employees to interact anonymously with an Ethics Officer in real time and provides a dedicated ethics reporting email address. We constantly monitor and assess these channels to identify any improvements.

The Whistleblowing Policy prohibits retaliation against employees by providing reassurance that those who report criminal and unethical behaviour in good faith will have the necessary protection and that their confidentiality will be safeguarded. Harassment, occupational detriment or victimisation of a reporter is not tolerated, and disciplinary action will be initiated against any employee guilty of such conduct. The policy also provides for minimum standards relating to the reporting, investigation, escalation and governance of the Group Safe Reporting Framework.

We updated our Whistleblowing Policy during FY2023. As part of this, we widened the scope of our anonymous hotline to allow reports from external stakeholders – including suppliers, third-party providers and brokers. We also updated standard operating procedures in South Africa, the United Kingdom and the United States.



Our Whistleblowing Policy is available on our website.

We continue to highlight our speak-up culture and Whistleblowing Policy through a whistleblowing awareness campaign. This campaign also serves to highlight the safe reporting mechanisms available to employees and, specifically, the EthicsDefender app.

We have a dedicated ethics page on our employee engagement platform, SAP Jam, which includes the latest information on the services provided by the Group Ethics Office. A new group is used to communicate, share, interact and create an interactive learning forum for employees.

Ethics training and awareness

Training is fundamental to integrating and driving ethical behaviour and awareness. The Group Ethics Office maintains a comprehensive training and awareness programme to assist and guide employees towards behavioural norms aligned with Discovery's core values.

New employees receive ethics awareness training during their induction, and all employees complete online ethics awareness training on a regular basis. Our training is aimed at providing employees with a shared ethics vocabulary and explaining their role in respecting and upholding the Group's ethical standards. In addition, training modules include ethics awareness, the importance of ethics in Discovery, how our core values guide our ethical decision-making, the role of the Group Ethics Office, and how to report unethical behaviour.

Employees in leadership roles complete behavioural ethics training that aims to improve their ethical decision-making capacity while helping them understand how their behavioural make-up may make them unconsciously susceptible to unethical behaviour, influence and decision-making.

6 041
courses completed
in FY2023



For more details on how we govern ethics, refer to our 2023 **Governance Report**.

“New employees receive ethics awareness training during their induction, and all employees complete online ethics awareness training on a regular basis.”



Upholding our ethics / Cultivating an ethical culture continued

Participation in surveys

Annually, we appoint an independent party to facilitate an anonymous Employee Experience Survey. The survey includes a dedicated ethics category which, in FY2023, achieved a score of 78 – unchanged from FY2022. The outcome of the Employee Experience Survey is shared with the Executive Committee of each business, highlighting the most and least positive perceptions and behaviours per unit. The Chief People Officer, supported by the Group Ethics Office, is responsible for follow-up actions and surveys and updating the Board on progress regarding action plans.

The Ethics Office is developing new training material for FY2024 based on topics identified in the Employee Experience Survey.

Responding to ethical incidents

The Group Ethics Office received 118 substantiated reports of incidents and requests for guidance and advice related to ethics during the year (FY2022: 126). Reports are referred to the relevant business units or agencies for investigation, to ensure a fair investigation process.

Most of the incidents reported during FY2023 related to conflicts of interest, business practices and human resources. In response, we provided advisory services, resolved conflict through management interventions and managed consequences through human resources or industrial relations.

Reports recorded in FY2023

EMAIL
56
complaints and advice
(FY2022: 62)

ETHICS HOTLINE
13
complaints and advice
(FY2022: 19)

ETHICSDEFENDER
ONLINE TOOL
21
complaints and advice
(FY2022: 12)

WALK-INS
4
complaints and advice
(FY2022: 2)

TELEPHONICALLY
23
complaints and advice
(FY2022: 26)

REFERRED BY
FORENSICS
1
complaints and advice
(FY2022: 5)

Email remains the preferred channel to report incidents, which speaks to the psychological comfort most reporters experience with the process.





02 Preventing harm

HUMAN RIGHTS

As an organisation that continuously seeks to uphold good corporate citizenship, we acknowledge our responsibilities enshrined in national laws and regulations and universal human rights standards. Our commitment is informed by the UN Guiding Principles on Business and Human Rights, International Bill of Human Rights (including the Universal Declaration of Human Rights), International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact (UNGC) Principles, of which Discovery is a signatory. In our annual Communication on Progress, we communicate our progress on implementing the UNGC Principles. We monitor any changes in disclosure requirements and adapt our Communication on Progress accordingly. We also follow the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

We are committed to respecting the rights of people involved in and impacted by our business, our employees, partners, supply chain, clients, shareholders and society. We strive to meet and surpass, where possible, the progressive realisation of the laws that govern human rights in the markets where we operate, and to comply with laws regulating minimum wage, maximum working hours, the rights of our employees to join labour unions, and healthy and safe working environments.

We strongly oppose forced labour, child labour, human trafficking or any form of slavery in any part of our organisation and supply chain, as well as all forms of bullying, harassment or unlawful discrimination on any grounds, including age, race, ethnic or

In FY2023, we adapted Discovery's Human Rights Policy into a Human Rights Statement, which still provides for the necessary disclosures that reflect our commitment and processes relating to human rights and ESG requirements. Our Human Rights Statement was approved in July 2023.

national origin, religion or belief, caste, colour, mental or physical health conditions (including HIV/Aids status), disability, pregnancy, gender or gender expression, gender identity, sexual orientation, marital status or other domestic circumstances.

Human rights violations or concerns are reported through the ethics hotline and EthicsDefender app, which are independently managed by a third party. We have processes in place to act immediately in instances where abuses may occur, and will continue to educate and create awareness among our stakeholders and encourage them to report any suspected human rights violations or concerns through our various reporting mechanisms.

We seek to enter relationships with organisations that demonstrate similar commitments to ours. We monitor how our business partners share their commitment to the statement. In addition, our Procurement Policy is intended to ensure we procure goods and services from socially and environmentally responsible suppliers who subscribe to values aligned with upholding human rights, anti-corruption measures, labour standards, the protection of the environment, and sustainability. In addition, our sustainability procurement evaluation criteria include compliance with regulatory requirements related to human rights.



Refer to our website for our Human Rights Statement.

RESPONSIBLE INVESTMENT

Discovery aims to build a sustainable business that benefits future generations by delivering on our core purpose of making people healthier and enhancing and protecting their lives. The Board recognises that responsible investment across the Group requires material ESG issues to be recognised, evaluated, and incorporated into investment analysis and decision-making processes, including through active ownership policies and practices.

Most of our investments are held on behalf of clients who have purchased linked policies such as retirement and living annuities. Discovery's own investments are held in government and corporate debt instruments, collective investment schemes, pooled funds and bank deposits.

Discovery also holds investments to meet future policyholders' claims and solvency requirements, and to provide a buffer for unexpected events. Our stakeholders – including clients, lenders and shareholders – place their trust and confidence in us to manage and protect their interests. Therefore, we must invest responsibly. This approach is guided by our Responsible Investment Policy, which was updated in July 2023 and applies to all internally and externally managed funds and asset classes.

OVERVIEW OF DISCOVERY'S ASSETS UNDER MANAGEMENT*

R185.7 billion (FY2022: R168.4 billion) assets under management. In line with our Responsible Investment Policy, we apply ESG criteria across 100% of our AUM. We made a socially responsible impact investment into the SA SME Fund.

Our assets under management consist of:

45%
listed equity

34%
fixed income

21%
Cash and money market securities

* All listed equity and fixed-income assets are managed by external asset manager partners.

11%
managed internally

89%
managed externally by asset managers





Our Responsible Investment Policy principles

External asset managers and internal Discovery employees responsible for investing assets must incorporate ESG into their investment process.

External asset managers must be active custodians of the assets they manage, which includes voting on proxies and engaging with the management of investee companies on material ESG matters.

We are committed to public disclosure about our Responsible Investment Policy and its implementation.

In FY2023, we focused on the transition from a policy level – ensuring that appropriate foundations, awareness and governance structures are established – to implementing our Responsible Investment Policy, integrating it into our overall investment philosophy and ensuring it is fit-for-purpose. Each Discovery business must attest to its adherence with the Responsible Investment Policy. Any breaches or non-compliance must be disclosed timeously and addressed by our Board subcommittees.

Alignment with principles and frameworks

Discovery is a signatory to the UNGC and subscribes to the Sustainable Development Goals, which call for strategies and operations to align with universal principles that advance societal goals. We are also a signatory to the UN Principles of Responsible Investment (PRI). We remain signatories to the 2022 Global Investor Statement to Governments on the Climate Crisis, urging governments to act and ensure Nationally Determined Contributions align with the goals of the Paris Agreement.

We carefully consider whether the initiatives we align with or get involved in agree to our corporate strategy and goals while following the correct governance structures to ensure appropriate approvals are in place.

Responsibly selecting external asset managers

When selecting and appointing external asset managers to manage the assets under our control, we consider the extent to which responsible investment is embedded in their investment and ownership practices. In addition, the asset managers we appoint are subject to their own respective responsible investment policies, which we confirm these align with Discovery's stated policies and objectives.

In addition, we require that our asset management partners consider ESG impacts associated with their portfolio companies to deliver on their mandate. ESG is therefore included in our dialogues with our external managers in our defined appointment and monitoring process. As part of the implementation of Discovery's Responsible Investment Policy, we monitor and engage with asset managers to ensure any proxy voting or ESG engagements are conducted in line with Discovery's policy.

Most of our external asset managers were already appointed when we started implementing our Responsible Investment Policy, as well as when we became a signatory to the PRI. As such, we focused on strengthening monitoring by requesting reports and feedback sessions and reviewing their ESG and responsible investment policies.

The majority of the Group's assets under management in South Africa are managed by Ninety One, which is on the leading edge of responsible investing as outlined on page 101. Some of our bond holdings are managed by ALUWANI Capital Partners, which applies ESG principles, although the bulk of these holdings are government bonds, and therefore Discovery has limited influence over the application of ESG principles.

We assessed the capabilities of Ninety One regarding ESG stewardship and the application of ESG principles in active ownership through questionnaires and meetings and found them to be leaders in the fields of responsible investing and reporting. We will continue to perform the same assessment for our existing minority asset managers and incorporate ESG in the selection of new asset managers.

Offshore funds are advised by BlackRock, which has a leading ESG programme – as a signatory to the PRI since 2008, BlackRock scored either four or five stars across almost all models of the PRI Assessment Report in 2021. Offshore share portfolios are managed by Goldman Sachs, which also has a comprehensive ESG programme. Recognised as an asset manager with a long-standing commitment to sustainable finance, Goldman Sachs is a signatory to the PRI, earning an A or A+ score across all categories of the PRI annual assessment in 2019, and is a member of the Sustainable Markets Initiative.

Although we do not actively engage with underlying portfolio companies, we play an active oversight role over all assets entrusted to us, thereby ensuring alignment with our values.

The PRI guides our approach to using external asset managers. We focus on three criteria:

SELECTION

All actions that lead up to choosing an external investment manager (shortlisting, questionnaires, meetings)

APPOINTMENT

Formalising the relationship by setting the investment mandate through legal documentation

MONITORING

Regularly reviewing and assessing the quality of the external investment manager's activities during the investment period



Visit our website for our Responsible Investment Policy.



Preventing harm / Responsible investment continued

Discovery's responsible investment through Ninety One

In South Africa, Discovery has delegated the management of the majority of the Group's fixed income assets and collective investment schemes to Ninety One, a global asset management firm that has been a PRI signatory since 2008. Ninety One aligns with investment codes of good practice in South Africa and the United Kingdom and is a founding supporter of the Impact Investing Institute in the United Kingdom. We believe Ninety One is on the leading edge of responsible investing and, accordingly, we actively decided to continue partnering with them to achieve our sustainability goals in a way that aligns with our Responsible Investing Policy, as well as the desired investment outcomes for our clients.

As an active investor, Ninety One has a targeted approach to prioritising those engagements where it can exert influence. This supports our belief that asset managers should vote on proxies and engage with the management of investee companies on material ESG matters.

ENGAGEMENT THROUGH Ninety One

As asset owners, we enhance our engagement with investee companies through Ninety One by identifying adequate and regular reporting mechanisms that consider how they incorporate ESG factors into their investment process and active ownership through proxy voting and engagement. On behalf of Discovery, Ninety One participated in 29 engagements with investee companies related to ESG in FY2023:

10 <i>environment-related engagements</i>	3 <i>social-related engagements</i>	16 <i>governance-related engagements</i>
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After meeting with numerous management teams on various Environment, Social and Governance issues Ninety One, on behalf of Discovery, has kept management accountable with meaningful movement towards better remuneration and governance policies, decarbonisation and improved health and safety at the workplace.

For its year ended 31 March 2023, with 816 distinct company meetings available to vote, all were voted on by Ninety One on behalf of Discovery.

We receive quarterly reports from Ninety One on how it implements responsible investment and stewardship practices across our portfolios. We also schedule ad hoc meetings to specifically unpack:

- How they integrate ESG considerations into their investment decision-making processes
- Developments in their approach to responsible investment and stewardship across various asset classes
- Their approach to and specific activities related to collaboration and escalation

[View Ninety One's Sustainability and Stewardship Report.](#)

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

Refer to [Ninety One's website](#) for more information on their [approach to responsible investing](#).



Preventing harm / Responsible investment continued

Incorporating ESG factors into the investment process

The Board is responsible for directing how Discovery approaches and conducts responsible investing, particularly when external asset managers are appointed. Our Social and Ethics Committee is mandated to oversee our approach to responsible investment. Our Group Chief Actuary oversees the implementation of responsible investment and provides updates to the Social and Ethics Committee, which includes our alignment with the PRI. Our Capital, Currency and Investment Committee oversees the implementation of our Responsible Investment Policy, which includes oversight of our asset managers. Furthermore, any direct political engagement is presented to our Group Executive Committee for approval prior to engagement.

All our internally managed investable assets consider ESG-related factors, including those of ESG ratings agencies and indices, which are monitored by the Capital, Currency and Investment Committee.

These factors apply across our equity, cash, corporate and non-corporate fixed income as part of the investment process.

Aligned with Discovery's values, we made an impact investment of R20 million in the SA SME Fund which, in turn, invests in small and medium enterprises with the growth potential to create sustainable employment with South Africa. This aligns with our core value of enhancing and protecting people's lives. The SA SME Fund has funded 480 SMEs with over 80% of the financing being made to black entrepreneurs.

As part of our responsible investment processes, we:

- Monitor and assess reports provided by our investment managers to ensure they consider ESG factors and show active ownership
- Monitor and review progress made by investment managers in considering ESG factors in their investment decisions, and recommend remedial action where necessary
- Ensure external asset managers and internal Discovery employees responsible for allocating investments consider ESG factors when identifying risks and opportunities associated with their investments
- Review and monitor of investments to assess whether investment strategies, including sustainability considerations, are aligned with objectives

ISS

Primary ESG data sources for ESG application procedures for asset management and own investments

Asset management	Procedures
MSCI ESG (including for our own investments)	Ratings, controversy flags, business-involvement screens: Used to support ESG research and investment-risk monitoring
RepRisk	Data and news: Used to support ESG research and investment-risk monitoring
ISS ProxyExchange	Vote execution service and research: Considered in the voting decision
CDP	Carbon-related data: Used to assess and understand exposure to climate change-related risks
Bloomberg	Various datasets: Used to support ESG research

During the year, we supported and participated in the quarterly PRI information platforms for Africa. We also continued to participate in forums or initiatives that address relevant emerging issues. This includes South Africa's National Treasury discussions on a just transition and green taxonomy – where we provided input on the draft response to the South African Green Finance Taxonomy consultation, the JSE's Climate and Sustainability Disclosure guidance, the ISSB's draft standards on general sustainability-related and climate-related disclosure requirements via the Integrated Reporting Committee and the ISSB's Consultation on its Agenda Priorities. We also provided commentary to the drafting of the Second Code for Responsible Investing in South Africa, which became effective for reporting publicly from 1 February 2023.

As part of our commitment to responsible investing and in line with our responsible investment policy we met with most of our asset managers over the financial year engaging them on their responsible investment processes and inclusion of ESG in their process. As a signatory to the UN PRI we have completed our submission for the 2023 reporting period and are awaiting a rating.

Exclusions

We recognise that some clients have strong positions on investing in particular sectors or companies based on specific social issues. Similarly, some investments and entities may not align with Discovery's investment criteria and ethical standards.

In FY2023, Discovery appointed a globally recognised ethics consultancy to consider our approach to investing in the tobacco industry, among other health-harmful industries – such as sugar, alcohol, coal and fast food – that do not wholly support our core purpose of making people healthier and enhancing and protecting lives. The analysis found that tobacco is ethically unique, especially in terms of its reliance on addiction and its substantial and directly harmful effects.

We maintain a list of excluded sectors, industries and counterparties, which is reviewed and updated as needed, subject to approval by the Social and Ethics Committee. Particularly, our Responsible Investment policy now excludes investment into the tobacco industry for our shareholder funds. The implementation of this exclusion within our policy has no immediate impact on our current portfolio, as we do not have any own funds invested in the tobacco-related industry. We also adhere to the precepts of the Institute of Asset Management, including its exclusion policy for manufacturers of controversial weapons.

EXCLUDED SECTORS, INDUSTRIES, AND COUNTERPARTIES

From all investment portfolios:

- Companies directly involved in the manufacture and production of controversial weapons that include cluster munitions, antipersonnel landmines, and biological and chemical weapons
- Companies in direct contravention of the UNGC principles on human rights, labour, anti-corruption, and environmental responsibility
- Counterparties identified through the Discovery Risk Management and Compliance Programme, including:
 - Potential and existing clients in terms of the sanctions screening process who have been sanctioned by the United Nations Security Council and, in certain instances, other sanctions

From all direct investments within our shareholder portfolios:

- Companies not aligned with our values as a health and wellness company, including:
 - Companies that manufacture tobacco products
 - Companies where 25% or more of revenue is generated through distribution and retail of tobacco products



03 Cultivating trust

KEY METRICS

9.0
client perception score

36 substantiated complaints of breaches of client privacy

Consumer trust is a valuable intangible asset, supporting client acquisition and retention and driving increased market share in the countries where we operate. Our brand equity has driven growth in new business through distribution support from financial advisers. To build and maintain trust we must remain true to our values of integrity, honesty and fairness and demonstrate our performance as an active corporate citizen by playing a meaningful role in the broader business community and society.

Client satisfaction metrics

	2023 target	June 2023	June 2022	Move
DISCOVERY HEALTH				
Member-based rating	8.7	8.87	8.81	0.68%
DISCOVERY INVEST				
Service levels	8.5	8.73	8.75	0.23%
DISCOVERY INSURE				
Member-based rating	8.9	8.78	8.54	2.81%
VITALITY SOUTH AFRICA				
Member-based rating	8.7	8.99	8.85	1.58%
DISCOVERY BANK				
Client-based rating	9.3	9.58	9.61	-0.31%
DISCOVERY LIFE				
Member-based rating	8.5	8.90	8.88	0.2%

PRODUCT GOVERNANCE

Consumer protection and responsibility

Discovery aims to establish a culture that prioritises the fair treatment of clients. Through our Treating Customers Fairly (TCF) principles, we consider the treatment of our clients at all stages of the client relationship – from product design and marketing to the advice, point-of-sale and after-sale stages. In addition, we demonstrate how we consistently treat clients fairly through management behaviours and monitoring.

Our TCF Framework drives the delivery of clear and measurable fairness outcomes through the following principles:

Clients can be confident they are dealing with a company where their fair treatment is central to its culture

When clients receive advice, the advice is suitable and takes account of their circumstances

Products and services marketed and sold are designed to meet the needs of identified client groups and are targeted accordingly

Clients are provided with products that perform as companies have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect

Clients are given clear information and are kept appropriately informed before, during and after the time of contracting

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

The TCF principles apply to all products within Discovery; however, the extent of implementation differs depending on regulatory oversight and specific business operations. These principles also form part of induction and ongoing training across the Group.

Our TCF Subcommittee assists the Group Risk and Compliance Committee to ensure the fair treatment of clients is embedded

in Discovery's strategy, culture, day-to-day operations and products. This includes oversight over the Group's subsidiaries to ensure management implements appropriate processes and controls. The subcommittee also assists the Social and Ethics Committee from time to time in discharging its obligations for the fair treatment of clients.

The TCF Subcommittee's terms of reference, as well as the TCF Framework, were reviewed and updated in FY2023. The TCF Subcommittee's scope extends to all Group subsidiaries.

Following an analysis of the TCF principles, we developed Customer Conduct Frameworks for Discovery's business units to define the requirements for key processes during the product lifecycle. The implementation of these Customer Conduct Frameworks is overseen by the TCF Subcommittee and supported by Customer Conduct Forums (CCFs) to:

- Ensure Discovery's TCF and client conduct objectives are defined and reviewed annually
- Consider and review management's feedback on performance against the client conduct objectives, and ensure the appropriate steps and actions are in place to address any concerns proactively
- Review and identify any material developments, breaches, market conduct risks or trends impacting clients, and consider the actions taken by management to address these

TCF product development assessments for each product or benefit enhancement are presented to CCFs for review and approval at the quarterly meetings, or as and when required at a special meeting. These assessments consider the product design, target audience and operational processes to ensure the fair treatment of clients is considered for each key process.

Discovery has an innovative annual cycle of new product launches or enhancements to existing products. As part of this, we carefully consider ESG-related risks and opportunities and conduct impact and risk assessments to identify the potential social impacts of our products and services. The CEO of each business is responsible for product development.

For more information on our product innovation, please refer to pages 122 and 127.



Cultivating trust / Product governance continued

Transparent information

We aim to communicate in a way that is comprehensive and transparent, using clear and uncomplicated language wherever possible. We use a multi-channel approach to communicate with our clients, ensuring they are aware of pertinent information relevant to their policies and products.

We consider the following criteria when drafting and distributing communications across the Group:

TRANSPARENCY OF THE CONTENT

Discovery aims for our communications to be concise and relevant to ensure clients understand the subject matter without becoming distracted by irrelevant content.

COMMUNICATION METHOD

Discovery uses a wide range of communication methods, including digital platforms (our mobile app and website), emails, SMS messages, letters and our salesforce.

FREQUENCY OF COMMUNICATION

Discovery communicates with our clients annually and more frequently with ad hoc communications as and when necessary. Marketing content is also delivered through television, radio and digital channels, including social media and print advertising.

RESPONSIBILITY FOR COMMUNICATION

While responsibility is spread throughout the organisation depending on its nature, specific approvals are required by key managers across the marketing, technical marketing, communications and systems teams, as well as other areas where necessary.

Communications generally fall into two categories. While the substance of the content is similar, the tone and nature vary:

MARKETING COMMUNICATION

- Focused on product positioning
- Financial advice is not provided
- Detail at a high level for a cursory understanding of the product features
- Material is distributed through intermediaries and is available on the Discovery website and app

CONTRACTUAL COMMUNICATION

- Comprehensive disclosure on product workings, providing a full understanding of benefits, costs, policy changes, exclusions and loadings
- Communications have a consistent structure, tone and language
- Includes quotes, policy schedules, product guides and letters
- Includes relevant information, such as contact details, complaints procedures and claims processes
- Sent to clients at appropriate points during the client lifecycle
- Material is distributed through intermediaries or directly by Discovery



Marketing communication is approved by relevant business area managers and Group Compliance. With each product launch, we consider the six outcomes of our TCF principles. Products are also reviewed and approved by Group Compliance and our CCFs, which consider relevant regulatory requirements and marketing elements related to the product and report to the TCF Subcommittee.

Our marketing approach is governed by regulations aimed at protecting the interests of consumers. This includes policyholder protection rules, TCF legislation, the Protection of Personal Information Act, No 4 of 2013 (POPI Act) and the Financial Advisory and Intermediary Services Act, No 37 of 2022 (Financial Advisory and Intermediary Services Act) general code of conduct rules. We also consider specific sector-based codes and directives, such as guidelines issued by the Council for Medical Schemes (CMS) in healthcare insurance. We assess all client communication against the legislative requirements as applicable.

Plan guides, policy documentation and terms and conditions are available to members and clients through our digital platform, and large-print or braille copies of documentation are provided on request.

In the UK, Vitality aims to supply clients and members with comprehensive, regular and transparent communications, annually and where necessary, through an omni-channel approach in language that is as simple as possible. The relevant Product Governance Committee provides approval before each product launch to ensure Vitality continues to abide by regulatory rules. In addition, Vitality ensures all communications are reviewed and approved by the relevant stakeholders and signed off by the financial promotions marketing team to ensure our messages are clear, fair and not misleading.

*Cultivating trust / Product governance continued*

Fair advice

It is crucial that Discovery's representatives comply with all applicable legislative requirements, as well as our core values. Representatives, such as financial advisers, must adhere to the highest standards of care and ensure our clients are treated fairly. In addition, our representatives must be fit and proper and give sound advice when providing financial services on behalf of the Group.

Discovery has several policies and procedures in place to ensure our representatives comply with the Financial Advisory and Intermediary Services Act, adhere to our Code of Conduct and provide suitable advice to our clients. Representatives complete annual fit-and-proper declarations to confirm they continue to operate with honesty and integrity. We also maintain a competency register to ensure representatives continuously comply with fit-and-proper requirements.

To ensure representatives are appropriately skilled and have the requisite knowledge of existing legislation and product information, they are required to complete annual product training, class-of-business training and continuous professional development. Our compliance and training departments offer several training initiatives for representatives throughout the year. We have systems in place should representatives be found not to comply with these requirements.

A dedicated team of due-diligence and compliance officers ensures the compliance documents and financial services provided to our clients adhere to the requirements of the Financial Advisory and Intermediary Services Act and the General Code of Conduct for Financial Services Providers and Representatives. Discovery's Group Compliance function acts as an independent second-line function, providing oversight through planned and ad hoc monitoring reviews, guidance notes and regulatory change programmes, among others.

In the UK, in addition to initial due diligence, Vitality has robust broker-risk processes in place, which include the appropriate identification and treatment of consumers who exhibit vulnerability.

We continue to provide product training to support product launches and upskill our employees in operational business teams.

12 635

employees completed 6 266 product training programmes in FY2023

DATA SECURITY AND CLIENT PRIVACY

Data is a key enabler for our Shared-value model – it provides us with a deep understanding of the nature of risk and enables us to track and incentivise health behaviours and measure whether these behaviours are achieving real impact. By leveraging our extensive data assets, we can provide our clients with access to a range of pathways and incentives to lessen their personal risk, improve their behaviour and become healthier.

However, we understand that our reputation depends on how we use and manage the data our clients entrust us with, and we are committed to protecting our clients' data and digital lives. The data we collect and process is sensitive in nature, and it is therefore imperative that we ensure the responsible collection, use, security, retention and sharing of personal information to operate ethically and preserve the trust of our clients and partners. To further enhance our Shared-value model and value that we bring to our clients, we have revised our privacy statements to create a single Discovery Group Privacy Statement. The Group Privacy Statement informs clients, in a transparent and user-friendly manner, how we collect, use, and share their personal information. Our revised Group Privacy Statement was approved in 2023.

During the year, both Discovery Information Governance and Security and Vitality UK obtained ISO 27001:2013 certification as a further demonstration of our commitment to protect the digital lives of our clients and members. Vitality Global also renewed its ISO 27001:2022 certification, and completed a SOC 2 attestation that measures Vitality Global's policies, procedures and controls to protect data across five principles (security, availability, processing integrity, confidentiality, and privacy). The process was also conducted in FY2022, which found no material inaccuracies or flaws in Vitality Global's systems and that its controls were designed and working as intended.

We are unique in terms of the types and volumes of data we collect and analyse, and to protect client information we ensure robust processes to control access to systems and databases. Our data-centric model ensures vital information is safeguarded as we build, enhance and deliver innovative products.

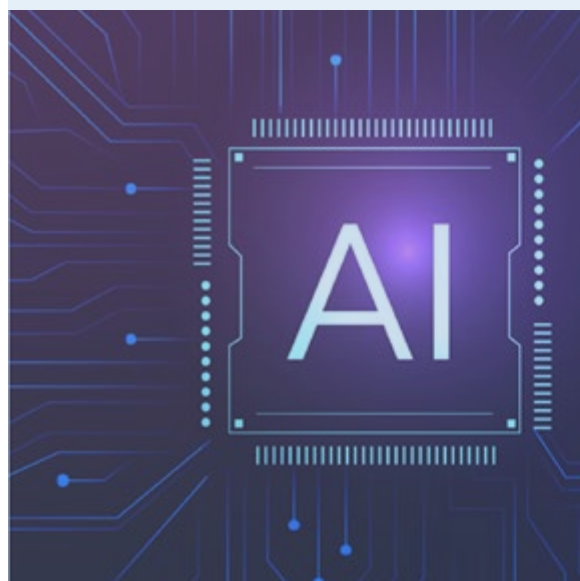
We have a fiduciary duty to protect the data we collect and have implemented appropriate measures across the Group to support data integrity, privacy and security. We apply strict data sharing and identity protection policies in our interactions with service providers and only share data when necessary and with client consent.

Information security and privacy is conducted as a central Group function to leverage the full capability and resources available across the business, and effectively and efficiently manage information security.

Our comprehensive Data Privacy Framework and Data Governance and Data Management Policy suite cover all aspects of collecting, using and retaining data and our data governance and data privacy forums respectively oversee the implementation of the framework. In addition, our Group Compliance function develops and implements data-privacy programmes through a multi-disciplinary approach aligned with local and international principles and best practice.

The information governance and security team develops and maintains a trusted and secure platform for engagement with clients. Technological solutions, mature processes and skilled employees contribute to ensuring that clients who engage with Discovery do so with ease and trust. Information security activities and responsibilities include physical security and environmental controls, firewalls and internet gateways, organisational security including policies and standards, end-user computing, governance, incident management and business continuity, systems development and cloud security.

Various business areas oversee these aspects, including businesses through the Group Chief Information Security Officer, the Group Chief Privacy Officer and Deputy Information Officers, as well as specialised functions such as Compliance, Risk, Legal, and Human Resources. The Group Privacy Office is responsible for engaging with clients and employees on privacy matters.





Data protection and privacy



PRIVACY POLICIES, STATEMENTS AND PUBLICLY AVAILABLE INFORMATION

Our Group Privacy Statement is available on Discovery's website, along with the Privacy Statements of each business unit. Our website also provides details on:

- Our commitment to protecting our clients' personal data
- How we use this data
- Access to information manuals for each of our businesses
- Forms and documents related to access to information and the protection of personal information
- Contact details for complaints and queries, including the contact information for Discovery's Group Information Officer

The Group Ethics Office provided input to ensure ethical considerations are integrated in the principles of the Privacy Statement.

Our Human Rights Statement acknowledges that, due to the nature of our business, we must collect personal information from our clients and that we have a responsibility to ensure we protect their rights to privacy and, in turn, their inherent dignity flowing from it.

We are in the process of developing a supplier standard that aligns with our Privacy Policy.

We published Group-wide Data Governance, Data Management and Data Loss Prevention Policies, as well as Group-wide Information Security and Application Security Policies. We have an Information Security Risk Insurance Policy in place, which was renewed in FY2023. Our data protection policies are applicable to all business lines and subsidiaries.

Our commitment to notify data subjects promptly in case of policy changes or data breaches is defined in relevant legislation (including the POPI Act) and referenced in our relevant policies and statements.

In South Africa, the POPI Act – which sets out a comprehensive set of conditions for governing the collection, processing, storage, communication and disclosure of personal information – has been in effect since July 2021.

Discovery aims to comply with the requirements of the POPI Act as far as it relates to the protection and processing of the personal information of suppliers. We completed a POPI Act compliance risk management review in FY2023 to determine the completeness and appropriateness of our controls and action plans, and we communicated the process to all businesses. In addition, our Board members received training on the requirements of the POPI Act. We will conduct a monitoring review in FY2024 to establish whether the controls captured were adequately addressed. Privacy impact assessments form part of our product development lifecycle to ensure privacy and information security requirements are included.

Discovery also adheres to the privacy requirements as set out in United Kingdom and United States laws, including the Health Insurance Portability and Accountability Act of 1996 (United States) and the Data Protection Act of 2018 (United Kingdom). We are rolling out a privacy information management platform to our United Kingdom and United States businesses to further our commitment to meet and operationalise our legislative requirements globally. In instances where Discovery does not meet specific standards set in terms of international best practice, mitigating control plans have been implemented to manage known risks.

Incidents

We commit to notifying all affected clients if their information is breached based on the notification process stipulated in their contract with Discovery and as required by data privacy legislation to the appropriate regulating bodies.

Unfortunately, Vitality US was one of many of Progress Software's clients who suffered a critical zero-day vulnerability in June 2023, when a malicious actor exploited the zero-day vulnerability and exfiltrated a limited amount of data hosted on the MoveIT File Transfer application. Discovery and Vitality's cyber-security incident response team responded immediately, successfully containing, mitigating and subsequently remediating the vulnerabilities. In addition, further controls were adopted to reduce future risk, and the notification processes to the relevant stakeholders were followed and completed.

Cyber risks

Group-wide, the risks of cyber-security attacks and data loss remain key concerns. We have made significant progress in managing these risks; however, given their constantly evolving nature, these risks remain above appetite and heightened monitoring and remediation plans are in place.

Remote working continues to pose a challenge in terms of cyber-security risks, which we mitigate by enhancing our security, privacy and data loss perimeters. We have mandatory cyber-security education and awareness programmes in place, which all employees must complete. We also have quarterly awareness campaigns aimed at employees, as well as contractors with access to information assets within the Group. New employees receive security and privacy training during their induction process, while the rest of our employees complete refresher sessions annually.

Cyber-threat activity is driven by increased phishing and scam campaigns. There has been a rise in exploit toolkits, used by cyber criminals to attack vulnerabilities in systems to distribute malware. We have also faced significant phishing and credential-stuffing attacks. In response, we have multi-factor authentication mechanisms in place across our client channels to mitigate credential-stuffing attacks, and we advanced our security capabilities to deter the ever-present phishing threats. Our teams remain alert to and continuously monitor potential threats.



For detail on the impact of cyber risks, see our 2023 Integrated Annual Report.



Cultivating trust / Data security and client privacy continued

IT governance

Our Group Risk and Compliance Committee, supported by our Group Chief Information Officer (CIO), Group Chief Information Security Officer (CISO) and the Board Information Technology Committees (Bitco) for each of the UK Composite, SA Composite and Discover Bank, are responsible for technology and information governance. The Group Chief Risk Officer monitors, assesses and reports on data risks. The Group CISO is ultimately responsible for governance, information privacy, security services, cyber security, risk and compliance.

During the year, we established The Information Technology (IT) Subcommittee, which assists the Group Risk and Compliance Committee (GRCC) to:

- Aggregate, review and interrogate IT governance and risks in the Group
- Ensure adherence to Group IT policies
- Review and approve IT policies and standards
- Monitor that all IT risks are being addressed and mitigated
- Provide a consolidated IT risk report, along with recommendations, to the Board

The subcommittee meets at least four times a year, with additional meetings convened as and when needed. Agenda items are reported at every GRCC meeting, with material matters arising discussed and taken to the Group Board as needed.

Members of the IT Subcommittee are also members of Discovery's Board. The subcommittee is chaired by an independent, non-executive expert, who is not a member of Discovery's Board, and includes the Group CIO, Group Chief Information Security Officer and Group Chief Compliance Officer among others. Its membership comprises at least two Independent Non-executive Directors.

We also established a technology working group, chaired by an independent non-executive expert, to consider and advise Discovery's Board on areas relating to technology innovation and investment.

The IT team regularly reports to the Board in support of initiatives that drive our strategic shift towards an identity and data-centric cyber-security model. In addition, the Board and Executive Committee oversee our compliance with the standards of the European Union General Data Protection Regulation and the POPI Act in South Africa.

The Group CIO Forum's mandate aligns with King IV™ practices and emphasises data governance and privacy. Risks are classified under the ISO 27001 information security standard and the National Institute of Standards and Technology Cybersecurity Framework. Both frameworks drive the security programmes we implement to enhance our systems and processes. Our dynamic technology environment supports the unique requirements of each business unit, and every CIO is part of the Group CIO Forum. This ensures alignment with Group initiatives and data and cyber-security standards.

We have an IT Governance Framework, and associated Terms of Reference, in place. Our Cyber Remediation Programme governs associated enterprise programmes and projects, and business-unit-specific improvement initiatives.

We have business continuity and contingency plans, as well as incident response procedures, in place for which independent external audits are conducted at least once every two years.

Policies

Security policies are held at Group level. These provide a comprehensive governance environment across acceptable use, application security, cloud computing, incident response, data governance and data management, passwords, mobile device management, removable media and technology equipment disposal, among others.

Auditing and training

Our Group Internal Audit function conducts multiple internal audits across varying services, functions, capabilities and high-risk mitigating controls. There are, on average, six audits in a financial year and all functions are generally covered in a three-year rotating cycle.

Internal and external audits are conducted regularly on security policies, systems and processes. Training on compulsory cyber-security awareness is conducted for our developers, long-term contractors and employees quarterly, while information security awareness and privacy training are conducted twice a year. From FY2024, training on information security awareness will be conducted twice a year. Our training is tailored for financial advisers and business consultants, who also complete modules on data and compliance. Privacy and security training is provided to new employees. Data ethics is also a subject of discussion in Ethics Ambassador meetings.

We simulated a targeted attack in FY2023, which demonstrated the ability of our infrastructure and technology to withstand external attacks. We run continuous vulnerability scans across our business. Depending on how critical the vulnerabilities identified are, these are reported to the relevant CIOs and Information Security Officers for remediation in line with our Vulnerability Management Standard. Each year, we appoint a different third party to conduct a penetration test on our primary customer-facing applications.





Cultivating trust / Data security and client privacy continued

Our control environment

Logical and physical access management is controlled by an end-to-end lifecycle process integrated with Discovery's human resources systems and processes. We have appropriate structures, forums, programmes, directives and controls in place to ensure information security and data governance, and internal and external reviews are conducted periodically to measure the adequacy of the implemented controls on infrastructure and platforms processing confidential data.

Organisational security includes the following measures:

- Employees complete mandatory security-awareness training conducted through videos and assessments
- A dedicated information-security team reports to the Group CISO
- Employees are required to sign a confidentiality agreement
- A background check is done for new employees, including credit checks, criminal records, previous employment and verification
- Physical and logical access is promptly removed for terminated employees
- All third-party service providers must undergo a stringent due-diligence process
- All changes are managed through a change-control process, reviewed weekly and formally approved by management

Changes to the environment that processes personal confidential data adhere to strict change-management protocols and processes. Any changes to Discovery's infrastructure and platforms that process client data are

communicated to the extent that the change introduces a new risk.

Incident management capability forms part of Discovery's compliance framework, and defined processes and technology have been deployed to ensure these compliance measures are checked and validated. Members of our Executive Committee, as well as the GRCC Chairperson, are aware of their responsibilities in relation to incident response processes. All employees directly responsible for incident response have received the appropriate training.

KEY MANAGEMENT ACTIVITIES INCLUDE:

Information governance: Providing ongoing oversight, management and performance measurement of all information privacy, data governance, security, compliance and risk activities. This includes formulating policies and standards, driving awareness and training initiatives and mitigating risks.

Information privacy: Ensuring Discovery's information, as well as the data of our stakeholders, is protected, lawfully processed and managed across its lifecycle.

Information security services: Proactively protecting and defending the Group from threats and preventing the occurrence and recurrence of incidents commensurate with our risk appetite.

Cyber security: Monitoring ongoing operations and actively searching for and detecting adversaries, and promptly responding to and reporting instances of suspicious events and unauthorised actions. We also provide ongoing actionable threat intelligence and perform resilience exercises to continuously improve our posture.

Risk and compliance: Ensuring we are accountable for appropriate controls which are validated for the governance of information assets, including the successful adoption of risk-mitigating capabilities. We also ensure procedures and activities comply with regulatory requirements and internal policies, standards and processes.



Cultivating trust continued

FUTURE FOCUS AREAS GRI

We aim to optimise our data and technology environment for affordability, quality and cost by:

- Simplifying and automating processes to empower people, reduce costs and engage digitally with employees, members and partners
- Reducing downtime, enhancing operations, improving cyber security and increasing developer productivity

Aligning data and technology spend to business needs:

- Developing strategic supplier relationships
- Providing services internally on a commercially transparent basis
- Enhancing data and technology governance and risk management

We will also prepare our data and technology environment for future needs and market forces. This includes a fully digital experience, federal innovation and disruptive technology, where we:

- Scale our use of data and artificial intelligence for operational and risk management purposes beyond the early successes we have achieved in specific areas of our business
- Continue to transform our skills base in technology to cloud-first, digital business-enabled, data-centric and artificial intelligence-embedded capabilities in every aspect of our technology and software development operations and digital business
- Continue to improve governance and oversight of our technology risk and technology strategy by leveraging our IT Subcommittee and our Group Technology Working Group to further align technology with our business ambition and best-in-class global practices



OUR CAPABILITIES



RELATED MATERIAL THEMES

- Advance our disruptive Shared-value model
- Operate within a volatile socio-economic environment
- Ensure long-term financial sustainability
- Leverage and manage technology and innovation



Our capabilities are a strategic imperative for Discovery and a critical pillar in our strategy and Shared-value model. We leverage our data and technological capabilities to create an integrated experience for our clients across all businesses and to drive our expansion globally.

WE BUILD OUR CAPABILITIES BY:

01

Managing risk

02

Innovating to drive impact and financial inclusion

03

Leveraging our tech platform

Our FY2023 highlights

Our Group Chief Executive received the International Insurance Society's 2023 Vanguard Market Development Award, which recognises those who have substantially advanced the development of insurance in an underserved market or emerging economy

Discovery Health was awarded the **Best Domestic Contact Centre and Best Contact Centre Support Professionals by the Contact Centre Management Group**. Vitality received the award for **Best Technology Innovation**

Discovery received the **bronze Global Innovator Award at the 2023 Efm-Accenture Innovation in Insurance Awards**

Discovery Bank won the **2023 MyBroadband Award for Best Digital Bank** and took first place in the **BCX Digital Innovation Awards Corporate Category at the Sunday Times Top 100 Companies event**

01 Managing risk

KEY METRICS

>R70 million
ESG research spend

R532 million
fraud recovery

15 087 people
trained in financial crime

Risk management is critical to our business, as is identifying and managing ESG-related risks across the Group – including risks in our supply chain. We have comprehensive mechanisms in place to identify, manage, report and aggregate risks. We drive a top-down risk management approach by factoring risk into decision-making and a bottom-up approach as part of our day-to-day processes and projects.

Our Enterprise Risk Management (ERM) Framework details the appropriate principles and processes to manage risk within the business. In Discovery's universe of risks, those that relate to ESG are classified as a strategic risk, and the potential short, medium and long term impacts are integrated into our risk management process.



Managing risk continued

OUR ESG-RELATED RISKS

- 2** NATIONAL HEALTH INSURANCE BILL
- 5** CYBER CRIME AND CYBER SECURITY
- 6** ENERGY CRISIS
- 7** COMPLEX AND CHANGING REGULATORY LANDSCAPE
- 10** TECHNOLOGY RESILIENCE
- 11** HUMAN CAPITAL CAPABILITIES
- 12** CLIMATE CHANGE

For more information on our Group risks, refer to our 2023 Integrated Annual Report.

Refer to our 2023 TCFD Report for detail on climate-related risk.

The ERM Framework defines how we manage, identify, measure, report and monitor sustainability, business, credit, insurance, strategic, regulatory, operational, market and liquidity risks. The objective of the ERM Framework is to align business strategy, risk strategy, capital management, business processes, people and technology to evaluate and manage business opportunities, uncertainties and threats in a structured and disciplined manner. Risk management is a dynamic process, and we continue to refine the sustainability risk and management approaches within the ERM Framework.

Our ERM Framework is clearly defined and embedded across the Group. It enforces consistency within our set risk taxonomy across all entities and includes a risk-rating matrix scaled for each entity to assess and rank the likelihood of risks and their impact. We apply our three-lines-of-defence model – which is core to our operating model – to identify and manage material risks. Our risk appetite and limits are set at business entity and Group levels, with clear accountability and reporting requirements.

The Board is ultimately responsible for risk governance within the Group and is assisted by the Group Risk and Compliance Committee to implement processes that ensure risks are identified and managed within Board-approved risk appetite and limits. The Group Risk and Compliance Committee oversees the implementation of the ERM Framework and reports regularly to the Board. The committee meets six times a year to ensure material risks that could affect the Group are identified, evaluated and effectively managed. Committee meeting findings are reported to the Board for review and discussion.

Discovery's ERM Policy was updated and approved during FY2023, while our ERM Framework will be reviewed and updated as needed during FY2024.

We annually reflect on the effectiveness of our robust risk-management system in the Own Risk and Solvency Assessment. This assessment provides a holistic view of the risks we are exposed to, as well as how these risks affect capital, solvency and business strategy. Furthermore, we regularly measure risk culture across the Group and use these assessments to identify areas for enhancement.

In FY2023, the Group Ethics Office partnered with Stellenbosch University's Institute for Future Research to identify future risks and opportunities that may impact the Group.

Refer to our 2023 Integrated Annual Report for more detail on our risk management approach.

EMERGING RISKS AND RESEARCH

We track and respond to ESG-related risks in the ordinary course of our business, including those linked to health issues and broader trends, such as the effects of an ageing population. ESG risks are treated in the same manner as all risks set out in our Group-wide risk taxonomy. ESG risks that impact the health of our clients are managed as part of our business.

Incentivising healthy behaviour lies at the core of our business and, for nearly 20 years, Vitality has been operating and developing a lifestyle-based health insurance proposition that provides an integrated wellness engagement programme that encourage healthy behaviour. This, in turn, positively impacts society – healthier people place less pressure on public health services. In addition, our vast dataset on health and related behaviours allows us to assess and respond to geographic health trends, such as levels of diabetes, in different markets.

Refer to our 2023 Integrated Annual Report for more detail on our risks and opportunities.

Refer to our 2023 TCFD Report for information on climate-related risks.

Opportunities arising from ESG risks

Some emerging risk themes have opportunities linked to existing or potential products that benefit members, our continued market relevance and society. For example, Discovery:

- Supports technological advances in healthcare, such as delivering remote care to clients through the Connected Care platform to safely and securely link patients with providers
- Actively engages with stakeholders in the healthcare ecosystem to assess and support (where these deliver safe, effective, and cost-effective care) technological advancements in treatments and advances in medical treatment options

- Launched Discovery Green to revolutionise the energy landscape in South Africa, enable local businesses to access affordable renewable energy generated by independent power producers
- Identifies and manages the repair of potholes in Johannesburg in partnership with Avis Southern Africa to reduce the severity and prevalence of road accidents. This, in turn, leads to more favourable loss ratios and claims savings – not only for Discovery, but all insurers whose clients also benefit from the improved road conditions in Johannesburg

Industry players in the insurance sector have an important role to play in fostering a resilient and inclusive society. By leveraging our technological capabilities, we can develop innovative solutions for emerging health issues like obesity and mental wellbeing – as well as risks stemming from the impact of environmental changes, urbanisation trends and an ageing population – to ensure people maintain their health and wellbeing.

For more information, refer to page 112.

Risks related to mortality and morbidity can be reduced by modifiable lifestyle choices. Increasingly, evidence points to the link between Vitality engagement levels and wellness, while other product enhancements related to emerging trends stand to deliver shared value for our members, Discovery and society. Discovery Health, Discovery Life, Vitality UK and Vitality Global track these risks as part of their business-as-usual processes. As clear trends emerge in the data, these risks move from a macro level to defined risks with clear opportunities for mitigation and product development or enhancement.



Managing risk / Emerging risks and research continued

Research on ESG risks

Discovery's rich evidence-based research covers behavioural science, preventative medicine, nutrition and workplace health, among others. Since 2005, we have published almost 50 papers in academic journals in partnership with leading researchers, universities and institutions. We also conduct internal research we compile into Discoverers - our form of white papers - for our broker partners. Internal research is ongoing to support evidence-based decision-making.

Research spend in South Africa in FY2023:

R68.5 million

(FY2022: R57.81 million), including R35 million of seed capital to fund research spend for Discovery Green

Research spend for Vitality UK in FY2023:

~£75,900

(FY2022: £80 025)

Research conducted or contributed to during FY2023 included the following:

Vitality UK was the co-lead and co-sponsor of a paper titled "Health is our greatest wealth" produced by the UN PSI Initiative's Life & Health Working Group - which comprises 10 leading insurers and reinsurers from Africa, Asia, Europe and North America - focused on the importance of addressing the health insurance protection gap and promoting preventative healthcare.

In a landmark collaborative initiative, Visa and Discovery Bank partnered to publish the SpendTrend23 report, which presented insights from Visa's world-class data set in combination with deep analytics from Discovery Bank. This was to identify and understand shifts in consumer spending behaviour before, during and after COVID-19.

Discovery Health continues to contribute positively to research and thought leadership on vaccine efficacy (in collaboration with the South African Medical Research Council) and the effects of long-COVID-19. Discovery has been an active participant in the COVID-19 task team of the Actuarial Society of South Africa.

Discovery Health contributed to a study on the association between regular physical activity and the protective effect of vaccination against COVID-19 in South Africa.

Discovery Bank and the Boston Consulting Group researched what to expect for the future of retail banking in South Africa, which supported the possibility that South African retail banking can become fully digital in five years.

Discovery Life's internal research shows clients who are members of a medical scheme administered by Discovery Health have 22% lower mortality rates on average than those who are not. This demonstrates the impact that access to quality healthcare has on our clients - enabling them to live longer, healthier lives.

A comprehensive analysis of the Social Determinants of Health (SDoH) was undertaken for Discovery to inform business-specific responses to SDoH risk mitigation and management.

Discovery contributed to the 2023 Behavioral Economics Guide.



Refer to our website for additional insights and white papers.





Managing risk continued

MANAGING FINANCIAL CRIME RISK ISS

Discovery is committed to preventing financial crime, including money laundering, bribery and corruption, fraud, theft and market abuse, and the funding of terrorist activity. Our risk-based internal procedures, systems, controls and policies – including our Group-wide Anti-Bribery and Corruption Policy, Group-wide Sanction Policy, Whistleblowing Policy, Financial Crime Risk Management Policy and Risk Management and Compliance Programme (RMCP) – ensure we maintain high standards of awareness and crime prevention across the Group.

Entities within Discovery may elect to have its own policies in respect of anti-bribery, corruption and sanctions, provided these are consistent with our Group-wide policies. Any deviation needs to be approved by the Board. The Group has a zero-tolerance approach to corruption, including bribery. We expect our permanent and temporary employees and contractors, as well as all functions and units of the Group, to adhere to policy requirements.

We comply with all relevant anti-money laundering and counter-terrorist-financing laws and regulations in the jurisdictions where we operate and may, based on our risk tolerance, adopt more exacting standards. Our South African businesses comply with the requirements set out in the:

- Financial Intelligence Centre Act, No 38 of 2001
- Prevention of Organised Crime Act, No 121 of 1998

- Prevention and Combatting of Corrupt Activities Act, No 12 of 2004 (PRECCA)
- Protection of Constitutional Democracy Against Terrorist and Related Activities Act, No 33 of 2004

The RMCP, applies to our South African entities and sets out the high-level risk-based principles, requirements, controls, procedures, systems and standards of management of financial crime risks (including money laundering, terrorist financing, proliferation financing and sanctions breaches) that all employees must adhere to. This ensures all operations are conducted in compliance with the regulatory framework. Non-compliance is reported regularly to the Risk and Compliance Committee and relevant executive committees.

All employees must be aware that PRECCA, the United Kingdom Bribery Act of 2010 and the United States Foreign Corrupt Practices Act of 1977 prohibit and criminalise bribery and corruption and have extraterritorial application. Employees are also required to complete anti-money laundering, terrorist-financing and proliferation-financing-and-sanctions training at a level deemed sufficient for their position.

Beyond compliance, Discovery aims to mitigate and reduce the potential risk of its clients using its products, services and delivery channels to launder the proceeds of illegal activity, fund terrorist activity or perform transactions in breach of sanctions.

We understand that a breach of relevant sanction regimes can have significant consequences – not only from a regulatory standpoint, but also from a reputational perspective. As a responsible corporate citizen, Discovery is committed to compliance with global sanctions as this is critical to maintaining our reputation and the trust of our clients, partners and stakeholders. Accordingly, we adhere to legislation applicable in a specific country, while also maintaining compliance with the following sanctions regimes:

- United Nations Security Council
- United States Office of Foreign Assets Control
- HM Treasury, United Kingdom

Discovery's Group Sanctions Policy sets out our approach to complying with the sanctions regimes applicable to our business activities and appropriately manages all associated risks. To manage the Group's sanctions risk, we implement a range of procedures and controls to remain alert to sanctions red flags, which are reported to our Group Compliance function as soon as reasonably possible.



We mitigate financial crime risk by:

CONDUCTING DUE DILIGENCE

We perform client due diligence, enhanced due diligence and ongoing due diligence measures on a risk-based approach. This includes identification, verification and screening. We use the World-Check database to identify individuals and entities listed on sanctions or politically exposed persons lists. Clients operating in high-risk countries are flagged for investigation and an enhanced due diligence process.

ENCOURAGING REPORTING

We encourage all internal and external stakeholders – including employees, clients and partners – to report fraud, bribery, corruption, money laundering and unethical behaviour to our whistleblowing hotline. Reports can be made anonymously.

Discovery implemented several platforms in addition to the whistleblowing hotline, including reporting criminal or unethical behaviour to the relevant Board committee, Human Resource function, the financial sector regulators, a law enforcement agency or recognised professional body. These platforms are facilitated and monitored by Group Forensics, the Group Ethics Office and the Financial Crime Office.

We have a Whistleblowing Policy and Financial Crime Risk Management Policy in place that we review regularly. Processes and procedures have been implemented and are monitored across all business areas to facilitate adherence to the principles of these policies.

Discovery has a standard operating process to guide employees on reporting a suspicious transaction or activity to the Money Laundering Compliance Officer and Financial Intelligence Centre. The process is accessible on the central policy portal on the Group intranet, along with comprehensive detail on all aspects of the Risk Management and Compliance Programme.



Managing risk / Managing financial crime risk continued

We mitigate financial crime risk by *continued*:

PROVIDING TRAINING AWARENESS SESSIONS

Employees are appropriately trained in anti-money laundering and counter-terrorist-financing, corruption, financial crime and sanctions regulation according to their level of engagement with client onboarding and transactions. Training is compulsory for all employees, and we provide refresher training annually and conduct awareness sessions on an ongoing basis.

IMPLEMENTING ROBUST POLICIES AND PROCESSES

Through our RMCP and our Anti-bribery and Corruption, Sanctions, Whistleblowing and Financial Crime Risk Management policies, we encourage a zero-tolerance attitude towards financial crime and empower employees to raise matters of concern. All employees are made familiar with these policies and programmes, which set out their obligations towards the prevention of bribery and corruption practices.

15 087 people

(FY2022: 7 796) received training related to financial crime, including anti-money laundering, anti-bribery and anti-corruption.

Core employees are required to complete anti-money laundering training (new employees receive training as part of their induction, and existing employees receive training on an annual basis).

0

confirmed incidents (FY2022: 0) of corruption in which an employee was dismissed or disciplined in South Africa.

Refer to page 95 for information on whistleblowing incidents.

Anti-competitive practices

Discovery's business practices are premised on principles of open competition. Discovery prohibits anti-competitive behaviour and has a firm compliance strategy and frameworks in support of this.

Our Board and Executive Committee attended externally facilitated anti-competitive behaviour training during the year. Our South African executives received training on the Competition Act, No 89 of 1998 (Competition Act) in FY2023. This was rolled out to all employees in 2023.

ISS

Discovery's Share Trading and Price-sensitive Information Policy has clear rules regarding insider dealings and regulates securities trading. Reminders on prohibition of trading in securities during defined or cautionary closed periods are communicated to all employees, and employees have been provided compulsory training in this matter.

Our Conflict of Interest Policy provides a framework for preventing conflicts of interest wherever possible and provides guidelines on dealing with unavoidable conflicts ethically and responsibly to mitigate potential risks. This includes information on employees accepting gifts, favours or entertainment. Compulsory annual training is provided to employees. A new online conflict of interest declaration and attestation process was launched in July 2022. This entails a compulsory requirement for all employees and contractors to attest to being aware of the Conflict of Interest Policy, have read it and abide by its requirements. It further requires employees and contractors to answer questions about potential, or perceived, conflicts of interest and, when answered in the affirmative, are guided to a register to make the necessary declarations.

Ongoing Group-wide awareness emails and newsletters are sent to all staff to raise awareness about the new online platform for Conflict of Interest and Gifts/Entertainment declarations.



Monitoring policy compliance

Group policies are reviewed every second year or when there are any material legislative or operational changes. Any breach of, or non-compliance with, these policies must be communicated to the policy owner as soon as reasonably practical. All instances of non-compliance with these policies are included within the regular risk and compliance reporting processes and reported to the relevant board or committee.

The Company Secretarial implemented a policy portal available to employees. The portal prompts business units to review policies timeously, ensuring the correct committees, or the Board, review and approve the policy according to the process. Group Compliance supports Company Secretarial to ensure regulatory components align with policies' content and intention. It also makes recommendations and ensures the relevance and quality of the policies.

“Group policies are reviewed every second year or when there are any material legislative or operational changes.”



Managing risk continued

MANAGING FRAUD, WASTE AND ABUSE IN THE MEDICAL SCHEME ENVIRONMENT

Fraud, waste and abuse in the medical scheme environment poses a material risk to the sustainability of medical schemes. Considering escalating medical inflation and increasing costs of healthcare, medical schemes have an obligation to manage these challenges and protect the integrity of the healthcare system. Discovery Health invests substantial resources to fairly and responsibly address and manage fraud, waste and abuse to preserve the schemes it administers for the benefit of its members.

Discovery's Group Forensic function has a specialised team of over 100 analysts and professional investigators who use forensic software systems to identify unusual claim patterns. Many incidents result from external complaints from members, other practitioners and third-party whistleblowers. Discovery Health prioritises every case arising from a tip-off.

Discovery works to reduce fraud in the healthcare system on behalf of medical scheme clients and increase recoveries. Our fraud investigation processes are objective, impartial and fact-based, comply with legislation and have been tested or approved through external legal reviews, senior counsel opinions and court judgments.

R532 million

recovered and saved in FY2023



Refer to page 118 for detail on our regulatory engagements in respect of the Health Practitioners Reference Group and the Fraud, Waste and Abuse Tribunal.



If you would like to report any suspicious behaviour relating to fraud, waste and abuse, please call 0800 00 45 11 (toll-free) or email discovery@tip-offs.com.

Discovery encourages reports related to fraud, including an incentive for whistleblowers to receive up to 10% of monies recovered by contacting 43477 via SMS, calling 0800 004 500 toll-free or emailing forensics@discovery.co.za.

MANAGING REGULATORY RISKS

We are committed to proactively managing regulatory and emerging regulatory risk. Below, we highlight some key developments identified during the year.

NATIONAL HEALTH INSURANCE

The Bill was passed by the National Assembly in June 2023 and sent to the National Council of Provinces (NCOP) for further debate. Public submissions on the NHI Bill were due on the 15th of September 2023. Discovery has made a submission to the NCOP and has participated in preparing the submissions made by the Health Funders Association and Business Unity South Africa.

In its current form, the NHI Bill reflects some key principles which present some challenges and risks:

1

Section 33 of the Bill sets out that when the NHI is fully implemented, medical schemes would not be allowed to provide cover for services covered by the NHI. This statutory limitation on the role of private health cover does not exist anywhere in the world. For example, in the UK there is a significant (and increasing) role of private health insurance which fills the gaps not covered well by the NHS – an important protection mechanism for citizens. Discovery is concerned that this framework does not encourage collaboration between private and public sectors, and negatively impacts the policy objectives of around expanding access to care.

2

The single fund model is unlikely to be equitable since cross subsidies cannot be properly managed. It also poses the risk of driving away health sector investments and the opportunity to access innovative healthcare delivery models. Discovery Health supports a multi-fund framework as this is less risky, faster to implement and ensures that cross subsidies are managed to ensure that social solidarity is achieved.

3

NHI funding remains unclear and the Money Bill, which is the complementary financing legislation from the National Treasury has not been published. The NDoH has indicated that the NHI will require R200 billion in additional tax funding per year, however Discovery Health is concerned that this additional burden on a small tax base is unsustainable and the total funding available per person would likely not be substantial enough for a comprehensive benefit package.

Discovery Health recognises the need for structural change in the healthcare system in South Africa, in order to address the access and equity gap that currently exists. We aspire to a healthcare system availing high quality and affordable healthcare to all in need, in line with our constitutional obligations. In order to achieve this, Discovery Health recognises the need for simultaneous change in the private and public healthcare legislation with supporting regulations to achieve this. We therefore believe that collaboration between the public and private sectors is critical to developing a workable NHI framework, and we continue to advocate for a feasible NHI framework on a multi-fund basis to allow for faster expansion of access to care with lower fiscal risk.



Refer to page 53 to read more about South Africa's NHI and our engagements with stakeholders on this issue.



*Managing risk / Managing regulatory risks continued***SUSTAINABILITY DISCLOSURE STANDARDS IN THE UNITED KINGDOM**

As part of its 2023 green finance strategy, the United Kingdom laid plans to establish the first two Sustainability Disclosure Standards (SDS), which will set out corporate disclosures on sustainability-related risks and opportunities based on IFRS S1 and IFRS S2. The government established two committees to help guide this process. The Sustainability Disclosure Technical Advisory Committee – which will assess IFRS SDS on a technical basis and provide independent recommendations – and the Sustainability Disclosure Policy and Implementation Committee, which will provide advice on, among others, the implementation of the SDS and existing legislation and regulation. It is expected that the endorsement decisions on the first two SDS will be finalised by July 2024.

PRUDENTIAL AUTHORITY: CLIMATE-RELATED RISKS

South Africa's Prudential Authority (PA) provided its initial views on climate-related risks and their potential impact on the financial institutions it supervises, including banks and insurers. The PA highlighted that supervised institutions with a comprehensive understanding of the impact of climate risk will be better positioned to implement processes to enhance financial resilience and inform appropriate strategic and business decisions. The PA subsequently issued guidance for industry consultation on climate-related risks and disclosures, including how climate risks should be integrated into risk management, governance and reporting processes. We continue to participate in engagements with the PA on this subject via workshops and industry forums and evolve our understanding of the impact of climate risk.

**STATEMENT ON SUSTAINABLE FINANCE AND PROGRAMME OF WORK**

South Africa's Financial Sector Conduct Authority (FSCA) noted increased urgency to support sustainability in public and private operations that contribute to economic growth and development and, accordingly, adopted sustainability as part of its values and commitment to contribute to South Africa's 2050 climate change goal. Regulatory and supervisory frameworks will be evaluated to ensure sustainability-related financial risks and opportunities are integrated into mainstream financial decision-making processes while promoting investor and customer confidence and trust. The FSCA published the final Sustainable Finance Roadmap in 2023.

INFORMATION SECURITY

The FSCA and PA published a revised draft Joint Standard in December 2022, detailing the IT risk management-related requirements financial institutions must comply with. At Discovery, we acknowledge robust IT risk governance and the implementation of measures to mitigate significant adverse technology failures are fundamental to achieve strategic and operational objectives and support its sustainable business practices. We participated during both consultation processes through industry bodies. A Draft Joint Standard on cyber security and cyber resilience was also published requiring financial institutions to have adequate cyber-security and cyber-resilience measures in place to manage cyber risks and adopt cyber-security fundamentals to preserve confidentiality, integrity and availability of data and information technology systems. Discovery participated in the public consultation and workshops via industry bodies. Discovery supports the need for cyber security and resilience measures and currently adopts global best standards and practices.

FINAL STRATEGY FOR PROMOTING FINANCIAL SECTOR TRANSFORMATION

In March 2023 the FSCA published its final strategy for promoting the transformation of the financial sector within the current legislative framework in line with its Regulatory Strategy 2021 – 2025. The Insurance Act sections relating to transformation will be repealed and incorporated in the Conduct of Financial Institutions Bill. Although the Departments of Labour and Trade, Industry and Competition drives transformation, the FSCA will support this by furthering reporting and progress in the financial sector. Licensed financial institutions are required to uphold the commitments set out in their transformation plans.

GENERAL LAWS (ANTI-MONEY LAUNDERING AND COMBATING TERRORISM FINANCING) AMENDMENT ACT, NO 22 OF 2022

The Act, published on 31 December 2022, amended various laws including the Companies Act, 2008, Financial Intelligence Centre Act, 2001 and Trust Property Control Act, 1998.

Discovery, along with Tshikululu Social Investments (which manages the Discovery Fund and Discovery Foundation), submitted comments in February 2023. Comments raised related to the practicality and adherence to South African trust law principles of the beneficial ownership (BO) changes and obligations placed on trustees. The changes became effective in April 2023.

In addition, the Act's main purpose is to respond to the deficiencies identified by the Financial Action Task Force's (FATF) peer review of South Africa. These requirements will place additional disclosure and reporting requirements regarding the ultimate BO information on both Discovery's legal entities and its clients. Discovery supports measures to strengthen regulatory frameworks to address corruption and fraud and has participated in regulator and industry engagements during the consultation phases from September 2022. We have implemented measures to facilitate adherence to these requirements.

TWO-POT RETIREMENT SYSTEM

South Africa's Minister of Finance announced, in his 2022 budget speech, the proposed two-pot retirement system, which is set to take effect on 1 March 2024. Further, draft legislation was issued in June 2023 to provide for legislative amendments required to implement the first phase of the two-pot system. Discovery has participated in the consultation via industry bodies. While Discovery supports National Treasury's retirement reform objectives, we had, in our commentary, highlighted some of the practical challenges to consider on the road to implementation. Discovery is closely monitoring the industry implementation of this system and, internally, has begun building the functionality to timeously implement the system.



Managing risk / Managing regulatory risks continued

EMPLOYMENT EQUITY AMENDMENT ACT

The Employment Equity Amendment Act, which President Ramaphosa assented to in 2023, notably empowers the Minister of Employment and Labour to determine sector targets which employers must include in their employment equity plans. In May 2023, draft regulations were published under the amended Act, which set out the proposed employment equity sectoral targets, including for the financial and insurance sector. All designated employers are still required to implement the five-year goals and annual targets for semi-skilled and unskilled levels in their employment equity plans, which are separate from the sector targets.

Since the publishing of the Bill in 2020, Discovery has actively participated in industry engagements via industry body associations in consultation with the Department of Employment and Labour, to position ourselves to meet the requirements once effective. Discovery supports the drive to advance equitable representation of designated population groups towards a more equitable representation.

FINANCIAL CONDUCT AUTHORITY: NEW CONSUMER DUTY

The UK's Financial Conduct Authority (FCA) launched the Consumer Duty Rules, designed to increase customer protection when dealing with financial service companies. For new and existing products or services open to sale or renewal, the rules came into force on 31 July 2023, and, for closed products or services, the rules will be effective from 31 July 2024.

Vitality UK assessed the new Consumer Duty Rules against current practices and engaged with all business stakeholders. Vitality UK's Board approved Vitality's Consumer Duty project plan for implementation. In South Africa, we will take a proactive approach by reviewing Treating Customers Fairly (TCF) principles and regulatory frameworks and considering how this regulatory development may, in future, apply to South Africa.

FINANCE FOR POSITIVE SUSTAINABLE CHANGE DISCUSSION PAPER

The FCA's finance for positive sustainable change discussion paper discusses how governance arrangements, incentives and competencies can support the delivery of firms' sustainability-related objectives. The paper forms part of the FCA's commitment to supporting the United Kingdom's target of an economy-wide transition to net-zero emissions by 2050, tackling greenwashing and boosting confidence in ESG standards. Vitality UK awaits the proposed rules in the forthcoming consultation. We will also consider these developments at a Group-wide level across Discovery and inform our ESG initiatives and climate change strategy.

GLOBAL REGULATORY DEVELOPMENTS IN AI

The United Kingdom's Prudential Regulatory Authority, the FCA and the Bank of England published a discussion paper on AI and machine learning for consultation. The paper seeks views on the benefits and risks of AI within financial services and supervisory intervention to manage and mitigate potential risks AI may have on markets, consumers and companies. The European Union's AI Act is progressing through the European Union parliament and aims to protect fundamental rights, provide legal certainty and stimulate innovation. Discovery keeps abreast of and is informed by global developments in this environment and has a proactive approach to responsible AI adoption.



“The FCA’s finance for positive sustainable change discussion paper discusses how governance arrangements, incentives and competencies can support the delivery of firms’ sustainability-related objectives.”



Managing risk / Managing regulatory risks continued

Regulatory engagements

We work to ensure our engagements with regulators are constructive and supportive. Our notable regulatory engagements during the year are outlined below.

FSCA

Discovery attended two executive meetings and the annual insurer supervisory (market conduct) meeting. We participated in various FSCA forums and engaged with the FSCA on applications, exemptions, complaints responses, statutory returns, information requests and notifications.

PA

Discovery executives and our Group Compliance function met with the PA through monthly, bi-annual and annual meetings, as well as ad hoc meetings when required. We participated in PA forums and engaged on applications, key person change notifications, information requests and statutory returns.

LOW-COST BENEFIT OPTION ADVISORY COMMITTEE

Discovery has actively advocated for the introduction of low-cost benefit options (LCBOs) since the onset of policy discussions in 2005 and is committed to engaging with the Low-Cost Benefit Option Advisory Committee established by the Council for Medical Schemes (CMS). We provided input to the draft framework document released by the CMS in September 2022 and the DHMS has applied to register an LCBO option.

The exemption status of existing insurers after 1 April 2022 has not been confirmed and Discovery continues to offer primary care insurance cover in partnership with Auto and General while pushing for medical schemes to be able to offer such cover. The Health Funders Association (HFA) also continues to advocate for medical schemes to be allowed to participate in the exemption process, while the Board of Healthcare Funders' litigation against the CMS to compel the implementation of the Low-Cost Benefit Option Framework is ongoing.

Discovery has put in place the necessary planning for a smooth transition from the insurance products to LCBOs once the framework is approved.

Refer to page 52 to read about our approach to low-cost benefit options.

SECTION 59 INVESTIGATION PANEL AND THE CMS FRAUD, WASTE AND ABUSE TRIBUNAL

Discovery notes that the interim report of the Section 59 Investigation Panel confirmed that Discovery's forensic processes are legally sound and there is no evidence of explicit racial bias, however the Panel relied on statistical analysis to conclude that there is implicit racial bias. Discovery Health and DHMS submitted detailed analysis demonstrating that the panel relied on flawed statistical analysis for findings of implicit racial discrimination. The submission was independently reviewed by former Statistician General Dr Pali Lehlohla. We established a Health Practitioners Reference Group (HPRG) to engage with professional societies on key concerns regarding forensic processes. This led to Discovery implementing several process enhancements, including a dispute-resolution mechanism. The professional societies participating in the HPRG support the need for forensic processes and the enhancements relate to matters such as the tone and content of communication and engagement. We shared the HPRG learnings with the CMS legal team and provided constructive input on the proposed CMS Fraud, Waste and Abuse Tribunal via the HFA.

The Section 59 Investigation Panel indicated that it intends to finalise its report, later in 2023, after a long delay following the publication of the interim report in January 2019. Discovery Health has made follow up inputs to further demonstrate that the statistical analysis relied on by the Panel for the finding of implicit racial bias.

DEVELOPMENTS RELATING TO THE ROAD ACCIDENT FUND

In August 2022, the Road Accident Fund (RAF) issued a directive to stop funding medical expense claims to road accident victims who are members of medical schemes. In consultation with the HFA, Discovery Health took immediate action by applying to have the RAF directive declared invalid. The High Court then ruled that the RAF directive was unlawful, a ruling that was upheld at both the High Court and the Supreme Court. The RAF have now taken the matter to the Constitutional Court, and this is yet to be heard.

Despite this ruling, the RAF failed to start processing claims of medical scheme members. Discovery Health then filed a Section 18(3) application in the urgent court to compel the RAF to resume claims processing of medical scheme members' legitimate claims. In July 2023, the North Gauteng High Court dismissed our application. Discovery Health is appealing this judgement and making representations to the Constitutional Court for the benefit of all medical scheme members. We remain optimistic that the Constitutional Court will find in our favour - as well as those of medical scheme members to ensure fairness and equity.

In September 2023, the Department of Transport gazetted the draft RAF Amendment Bill for public comment. The draft Bill proposes several changes to how the RAF will operate in South Africa, including a new set of limitations related to claims. More broadly, the Bill aims to give effect to findings and recommendations made by the RAF Commission and reorganise the power and functions of the RAF. Discovery will be providing inputs on these proposals.



Managing risk continued

MANAGING SUPPLY CHAIN RISKS

Discovery's approach to supply chain management is aligned with our mission to be a powerful force for social good, and we endeavour to conduct business with entities that are in good standing with relevant authorities.

Discovery supplies financial services and products across seven businesses:



The main elements of our supply chain as they relate to the activities, primary brands, products and services of our businesses are:

Operational input into our business

- Technology infrastructure, including software purchase and licensing, computer leasing and maintenance
- Ongoing banking enhancements
- Technology partners
- Professional and management services
- Building/facilities services
- Marketing services
- Non-discretionary fees for licences with regulatory bodies and sector-related associations

Serving our clients and members

- Brokers
- Financial advisers
- Discovery and Vitality platforms, including our apps and website
- Call centres
- Claims processing and provider payments

Value-added partners

- Healthcare professionals, including doctors and specialists
- Hospitals
- Third-party service providers for Discovery Insure (including building contractors, contents replacement and repair providers, Active Rewards partners and assessing partners)
- Retail partners (including our Tier 1 partners of gyms, HealthyFood partners, pharmacies, sports gear and equipment, fitness devices, leisure, travel, flights and fuel)
- Other partners (including retail and lifestyle and fitness platforms and communities)

Applicable businesses



Applicable businesses





Managing risk / Managing supply chain risks continued

Risk awareness and management measures in supply chain management

Our Group Procurement function is responsible for managing risks relating to the Group's supply chain and setting, monitoring and reporting on key performance indicators as part of its business-as-usual activities.

Group Risk Management periodically assesses these risks, including strategic objectives and any process changes. It also identifies risks and formulates, tracks and reports on applicable controls and related actions.

Process owners are subject to assessment to ensure relevant management teams consider risk awareness and proactively manage risk.



As a financial services entity, Discovery has a minimal requirement for raw materials (which, in other industries, would constitute production inputs). The procurement of goods is, however, aligned with our value of being a force for good and as a signatory of the United Nations Global Compact (UNGC).

Prospective suppliers are subject to a comprehensive screening process and expected to comply with applicable Group policies, including the Anti-bribery and Corruption Policy, which extensively covers what the Group expects of vendors regarding anti-corruption.

As part of our supplier screening and due diligence processes, we consider potential economic risks and ESG factors and, for each supplier:

- Confirm valid tax details through the South African Revenue Service
- Fraud incidents, finalised or pending (South African Fraud Prevention Services)
- Identify any legal judgments
- Comply with the Companies and Intellectual Property Commission
- Complete ESG assessments
- Ensure compliance with B-BBEE requirements

The Group Procurement mandate and key performance indicator performance assessments are linked to the successful ESG metrics assessment.

In FY2023, we enhanced our supplier screening process and criteria to:

- Introduce an online system to assist Discovery in managing its third party risks (including information security and data privacy).
- Introduce a system for screening in relation to sanctions, adverse media and politically exposed persons.
- Use an online system to confirm the validity, match and history of tax numbers. Discovery's Tax function can now confirm taxpayer compliance status.

The supplier mapping exercise and policy review to maximise ESG considerations in Discovery's procurement process are currently under review.

A confidential and anonymous whistleblowing helpline is available to supply-chain workers.



Managing risk / Managing supply chain risks continued

Preferential procurement

Discovery's Procurement Policy outlines the procedures and safeguards in place to ensure we apply best procurement practices to source goods and services of requisite quality at the right price from suitably qualified suppliers.

We increased our procurement spend on designated groups, focusing on black youth-owned businesses, and provided support by identifying suitable companies and facilitating access within the Group to give them greater exposure and broaden their networks across the organisation.

Discovery aims to comply with preferential procurement targets as stipulated by the Department of Trade and Industry in the B-BBEE Act, the Codes of Good Practice as amended and applicable Sector Codes. Discovery's procurement spend must be with companies that are B-BBEE-compliant. For a supplier to be B-BBEE-compliant, they must have a valid rating certificate issued by an accredited B-BBEE rating agency or a sworn Exemption Affidavit as applicable.

We procure goods and services from socially and environmentally responsible suppliers that subscribe to values that align to those of the Group in the areas of sustainability, including human rights, labour standards (workers' rights, grievance reporting mechanisms, and alignment to international principles on rights at work including on child and forced labour) data security and privacy, the environment and anti-corruption. To ensure our suppliers improve in these areas, and increase their B-BBEE ratings, we engage with them and agree on predefined milestones that must be achieved over the contract term. While our primary objective is to optimise value for money, we maintain minimum requirements for awarding contracts. We request supplier progression plans with clear objectives and timelines and hold suppliers accountable. We also leverage relationships between Discovery business managers and suppliers to encourage supplier transformation at the equity level.

We commit to maintaining fairness and integrity when awarding and managing contracts. We work closely with internal teams to ensure we clearly define the scope of work and transparency in the criteria we use to evaluate bidder proposals. To protect the integrity of the process and ensure fairness, the sustainability requirements are non-biased and do not hinder competition. When evaluating proposals, the assessment and analysis match the significance of the procurement: tenders require a more comprehensive analysis than sourcing exercises for once-off, ad hoc or low value goods or services.

IN FY2023, WE SPENT

R3.4 billion

on procurement of black-owned businesses, focusing on black youth-owned businesses. (FY2022: R2.73 billion; FY2021: R1.62 billion; FY2020: R1.57 billion)

R2.7 billion

(actual spend) on SMEs (FY2022: R2.58 billion; FY2021: R1.66 billion; FY2020: R1.1 billion)

~R1.9 billion

(actual spend) on 30% black women-owned enterprises (FY2022: R1.58 billion; FY2021: R864 million; FY2020: R947 million)

R10.2 billion total procurement spend

(FY2022: R8.94 billion; FY2021: R7.24 billion; FY2020: R5.7 billion)

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

B-BBEE Scorecard indicators

- Spend on all B-BBEE empowering suppliers
Spend on qualifying small enterprises empowering suppliers
Spend on exempted micro enterprises empowering suppliers
Spend on empowering suppliers that are at least 51% black-owned
Spend on empowering suppliers that are at least 30% black female-owned

Bonus indicators

- Spend on black stockbrokers and black fund managers
Spend on designated group suppliers with at least 51% black ownership B-BBEE Scorecard indicators

RECOGNISED SPEND

Table with 3 columns: %, Amount, Points. Rows include B-BBEE Scorecard indicators and Bonus indicators.

TARGET

Table with 3 columns: %, Amount, Points. Rows include B-BBEE Scorecard indicators and Bonus indicators.



02 Innovating to drive impact and financial inclusion

KEY METRICS

95 298

Flexicare retail memberships

6 797

bookings made on Connected Care

4 368

registered doctors on HealthID

Our innovations are inspired by the societal challenges we face and the opportunities we identify to deliver on our core purpose. Discovery promotes financial inclusion in the markets where we operate by:

- Developing suppliers in our ecosystem
- Facilitating access to quality healthcare
- Innovating through product provision

+ Refer to page 123 to read about how we expand access to quality healthcare at a reduced cost.

DEVELOPING SUPPLIERS IN OUR ECOSYSTEM

Promoting the growth of businesses is critical to ensuring the sustainability of our supply chain. We work to transform the economic landscape in South Africa by developing black participants – particularly those with entrepreneurial drive – leading to innovation, job creation, new commercial frontiers and a broadened asset base. We leverage our impact on the economy through the vast network of suppliers that support our business.

It is critical that there is a continued increased focus on sourcing and investing in current and potential suppliers. The Group's Enterprise and Supplier Development (ESD) and Procurement teams streamlined our investment assessment process to ensure all potential investment opportunities are channelled through the appropriate internal process to assess for maximum investment and compliance potential.

New and creative ways for engaging entrepreneurs, innovators and new updates and information in the health, wellness and finance industries are under way to ensure cost efficient targeted access to a pool of credible potential ESD beneficiaries.

We target enterprises with over 51% black ownership and a turnover of less than R50 million as our ESD beneficiaries – giving preference to black women-owned and youth-owned enterprises – and provide financial support in the form of loans and grants. We also provide non-financial support, such as business development support, training and mentorship opportunities.

The total value of ESD loans on our books is over

R96 million

(FY2022: R74 million)

We supported

46 entrepreneurs in FY2023

(FY2022: 149)

WE PROVIDED GRANTS TO THE FOLLOWING ESD BENEFICIARIES IN FY2023:

Mohau Private Equity

Grant: R2.2 million

Our arrangement with Mohau Equity Partners forms part of our broader empowerment transaction financing. Discovery's Board agreed to support the firm in setting up a black-empowerment enterprise over a five-year period, and provided business development support until November 2022. Discovery funded the operating expenses of Mohau Equity Partners and provided working capital and office space.

Jabulani Safe Hub

Grant: R3.99 million

We have supported the Jabulani Safe Hub in Soweto since 2018 and, in October 2021, signed an agreement to support them for another five years. The Safe Hub is a physically and emotionally safe space, providing young people with daily access to holistic learning and personal development through a sports, arts and culture-based after-school programme that focuses on health, safety, education and employability.

Highlights in FY2023 include:

- 343 permanent employment opportunities created by partner organisations and within the precinct
- 78 internships and 58 learnerships facilitated
- 18 start-up enterprises incubated

In FY2023, we officially launched a pioneering Business Process Outsourcing project: the Jabulani Contact Centre. The centre represents a significant achievement for partners, who came together around a shared commitment to address youth unemployment and poverty by accelerating the development of a vibrant Jabulani economy.

Young MD

Grant: R48 100

Young MD is a consultancy that designs and delivers a suite of human resource and technology products to clinicians to empower their experience as key stakeholders and healthcare enablers in the healthcare system. Discovery provided business development to support Young MD through Enterpriseroom, a third-party supplier.





Innovating to drive impact and financial inclusion / Developing suppliers in our ecosystem continued



B-BBEE

Since its promulgation in April 2004, the B-BBEE Act has formed the basis of the South African government's regulation of BEE. Discovery embraces this, as we recognise the importance of transformation in our society for a growing and healthy economy.

Discovery maintained level 1 contributor status in its annual B-BBEE audit on 29 September 2023 to 28 September 2024.



View our full B-BBEE certificate online.



Refer to page 85 for information on our employment equity initiatives.

FACILITATING ACCESS TO QUALITY HEALTHCARE

Access to quality private healthcare is limited in South Africa, where most of the population relies on an over-extended public health system. Discovery recognises the need to extend access to quality healthcare to more people at an affordable price. For this reason, Discovery Health continues to invest in building a product suite that caters to a diverse set of healthcare needs across the affordability spectrum. By strengthening and expanding access to quality private healthcare, Discovery Health reduces the burden on the public healthcare system.

In addition, through Vitality Health International, we aspire to become a leader in innovation for African healthcare beyond the role of the traditional insurer. Vitality Health International operates in countries with overburdened public healthcare systems that exacerbate the stress of the most vulnerable. Within this context, there is an opportunity for us to reduce the burden by making quality, private healthcare accessible.

Furthermore, Vitality Health International provides comprehensive healthcare coverage based on shared-value insurance, which encourages people to make healthier choices a habit and shift behaviours to maintain and improve good health. These healthy behaviours have subsequent positive effects on the long-term health outcomes of the health insurance members. The result is a virtuous cycle, which shares material benefits between the funder (lower healthcare claims), members (improved health outcomes) and society (lowered healthcare costs and a healthier, more productive workforce).

It is imperative that Vitality Health International amplifies its efforts to deliver affordable healthcare solutions in these markets and ensure more citizens enjoy quality, private healthcare. We continue to innovate to reduce the barriers to healthcare for vulnerable members of our society. We plan to launch low-budget benefit plans that leverage cost effective healthcare providers and clinical pathways to make private healthcare affordable to a wider range of the population across Africa.



Refer to page 38 for information on Vitality Health International.

LOWERING THE COST OF ACCESS TO MALARIA DIAGNOSES

Malaria remains the most prevalent disease in Africa, but the current clinical pathway for malaria is expensive and inefficient. A malaria episode generally begins with a GP visit, then numerous pathology tests and finally receiving medication. This is necessary for high risk or immunocompromised people, however simpler and more cost-effective pathways should exist for healthy lives who are low risk.

By utilising malaria self-test kits, more people can receive diagnoses quickly and affordably. There is no need to visit a GP, and tests can be housed at the employer's office - thus making them easily accessible. This pathway is better suited for the majority of Vitality Health International's population, as they are young and healthy with an average age of 23.

Malaria self-test kits and over-the-counter anti-malaria medication are provided on all Vitality Health International plans. Malaria screening takes place through in-country wellness days, which are hosted three-months post-onboarding at company premises. The expanded use of screening and self-test kits is expected to reduce the cost per malaria case by up to 63%.



Refer to page 38 to read about how we have partnered with Goodbye Malaria to reduce the burden of the disease in Africa.





*Innovating to drive impact and financial inclusion /
Facilitating access to quality healthcare continued*

Our **Join in Minutes** digital journey allows individuals seeking medical scheme cover to purchase it online and activate it for immediate cover within minutes. This end-to-end digital activation journey is enabled through years of investment in automated underwriting and new business systems. In addition, the journey incorporates a recommender function to advise the prospective customer of the ideal plan choice.

In the UK, engagement with digital healthcare journeys is at record high levels, giving members faster and more seamless access to care. Care Hub engagement has seen a significant increase in users: the platform has grown to over 35 000 unique visitors per month. About 50% of members visiting Care Hub use it to request care, while others make use of other functionalities – including the ability to view their condition history, plan details and excess.

CARE HUB IN FY2023:

Over

100 000

virtual health consultations

Approximately

80%

of talking therapy consultations are now digital

60%

of physiotherapy care is via a digital triage journey

We also enhanced access to preventative healthcare through our three-month free Vitality offer to incentivise healthier behaviour. To date, 73 802 members have utilised this offer.

SMART ACCESS TO QUALITY CARE

The Dynamic Smart Hospital Network became available in FY2023 and was created by combining sophisticated analysis of the quality and efficiency of clinical care in the Smart Hospital Network with personalised insights from the health records of Smart members into data-driven care algorithms.

Members have access to Ask Discovery, which will dynamically guide them to the most efficient hospital in our network, given their healthcare needs at a specific point in time. Through this personalised healthcare journey and by following the pathway recommended by Ask Discovery, members can avoid co-payments and deductibles on hospital admissions.

The efficiencies of the Dynamic Smart Hospital Network enable the new Essential Dynamic Smart plan. It is the most affordable plan in the Smart Series, priced at R1 565 per principal member in 2023. The plan provides DHMS with a compelling offering in a growing price segment of open medical schemes.

We also partner with multiple organisations globally across digital care, technology platforms and knowledge-sharing networks to leverage Discovery Health and Vitality's assets, capabilities and intellectual property to deliver exceptional care to our members. Through these strategic partnerships, we help to develop affordable digital healthcare models in developing countries.

Our partnerships extend to Asia and our years-long Ping An Health Insurance collaboration, and, to unlock growth, we partnered with AIA in Asia through Amplify Health. Discovery Health also partnered with BioFourmis – an international healthcare data and information technology company – to implement the BioBeat device to support our Hospital at Home programme.



Refer to page 52 to read more on expanding access to healthcare at a reduced cost.





Innovating to drive impact and financial inclusion continued

INNOVATING THROUGH PRODUCT PROVISION

Discovery continues to innovate in delivering healthcare and financial services, and we constantly strive to create new and appropriate product offerings that will increase opportunities to reach underserved demographics.

The following sections detail some of these innovative offerings geared at increasing access and improving financial inclusion.



We invest significant resources into proactively understanding society's healthcare needs and driving innovation around new ways of accessing private healthcare for as many South Africans as possible. Over time, we have built strong private healthcare networks and gained a deep understanding of the healthcare system. Leveraging our data analytics capabilities, we identify the intersection of optimal, quality healthcare and affordability – ideal for the currently uninsured market.

FLEXICARE

Flexicare is a unique healthcare product – powered by Discovery and underwritten by Auto and General – providing access to quality private healthcare, wellness management and a world-class suite of digital tools to lower-income members and their families at an acceptable cost.

From February 2023, Flexicare was made available to the consumer market – thereby increasing access to private healthcare for people who cannot afford to join a medical scheme. This development forms part of our bold ambition to extend quality primary healthcare solutions to one million South Africans by 2025.

Flexicare provides access to a comprehensive nationwide network

4 524
dentists 

2 167
general practitioners 

2 680
pharmacies 

2 136
optometrists 

Flexicare Retail membership covers unlimited general practitioner consultations with a Flexicare network doctor, medicine as prescribed by a general practitioner, chronic medicine for 27 conditions, basic dentistry and basic optometry. Flexicare Retail members have the option to add trauma benefits and funeral cover.

95 298
lives covered by Flexicare
(FY2022: 68 013)
an increase of
40%

KEYCARE

KeyCare is an affordable medical aid option that does not compromise on the quality of care, providing unlimited cover for hospital admissions, full cover in hospital for specialists on the KeyCare network, day-to-day cover, full cover for chronic medicines, extensive cover for healthcare services for maternity and early childhood, and screening and prevention benefits.

Quality network arrangements are in place to ensure our members receive the best care available at an affordable price. These arrangements are tailored to different levels of cover, so members do not incur out-of-pocket expenses when they need to be hospitalised. By introducing payment arrangements with a network of providers and facilities, members have full cover – in line with their plan benefits – while keeping the monthly premiums affordable.

Through KeyCare Start Regional, medical scheme coverage is extended at the lowest price in the industry for individuals in specific regions. The lower entry point is facilitated through a close partnership between DHMS, Mediclinic and Intercare, enabling efficient, coordinated care for members.



Average number of lives covered by Keycare is
387 447



Innovating to drive impact and financial inclusion / Innovating through product provision continued

PREPAID HEALTH

Discovery Prepaid Health is a digital platform that allows anyone living in South Africa – irrespective of whether they have other Discovery products – to buy vouchers at a discounted rate, then load and redeem them for high-quality, private, primary healthcare services, including face-to-face and virtual general practitioner consults.

Launched in 2020, the platform is free-to-use and accessible through a web-based app or WhatsApp. By using the latest digital technology, Discovery Health ensures minimised associated mobile data costs.

Employers can now also bulk-buy Prepaid Health vouchers for their employees, extending access to quality healthcare services to employees and their families.

In August 2022, CMS initiated a High Court proceeding to halt the ongoing marketing, distribution and operations of the Prepaid Health product. Discovery Health filed a responding affidavit. Discovery Health is focusing on re-engaging the market and leveraging Prepaid Health to expand access to healthcare in FY2024.

As at 30 June 2023,

11 338 vouchers

have been purchased, with over

188 000

registered users of the Prepaid Health product

CONNECTED CARE

Connected Care is Discovery's telehealth solution for online doctor bookings, and serves as an integrated healthcare ecosystem of benefits, services and connected digital capabilities providing healthcare to medical scheme members across the care continuum.

Members can book virtual, telephonic and in-person healthcare consultations with their doctors, manage and purchase Prepaid Health, access reliable Mayo Clinic content from a digital healthcare repository and enhance chronic care management support by connecting them to a digital community of patients living with the same healthcare condition through MyHealthTeams.

3 721
providers
registered

(FY2022: 6 565)

Virtual consultation
bookings made by
members

6 797

Providers registered

3 721

Member logins

50 997

Provider logins

254 193



HOSPITAL@HOME

Discovery's Hospital@Home service provides qualifying members that suffer from low-acuity disease the option of hospital-level care at home instead of being hospitalised, or the option of early hospital discharge to home-based care.

This innovation increases South Africa's hospital bed capacity by around 750 beds and catalyses disruptive change in the hospital sector.

Our Hospital@Home offering is a transformative product that provides medical aid members access to a range of

benefits delivered through their personalised care team in the comfort of their homes. It provides a seamless healthcare experience for patients – integrating world-class telehealth capabilities, digital tools, and sophisticated remote monitoring devices to enable real-time and continuous tracking of clinical progress.

In 2022, Discovery Health partnered with BioFourmis – an international healthcare data and information technology company – to implement the BioBeat device to support our Hospital@Home service. The device is a clinically proven and internationally validated device that enables real-time remote clinical monitoring and includes sophisticated AI systems that allow for advanced risk prediction.

HealthID

HealthID is Discovery's electronic health record, available to all users, that shares important information with patients' selected healthcare professionals.

These records provide a more complete view of patients' health history and test results, improving patient care and reducing the likelihood of serious medical errors, and decreasing the administrative burden for doctors.

We revamped the interface of HealthID in FY2023, extending access to holistic care for members through multi-disciplinary teams.

3.2
million cumulative HealthID users

(FY2022: 2.9 million)

Average of
2 348
active doctors and practitioners logged monthly

(FY2022: 2 428)



Innovating to drive impact and financial inclusion / Innovating through product provision continued



Discovery Bank is a global leader in self-service and branchless distribution, leveraging our integrated web and app channels. We continue enhancing customer journeys and experiences, and new banking clients enjoy an intuitive and simple onboarding process which takes less than five minutes, after which their virtual card is live and immediately available to use.

We successfully launched share trading to the public following the successful pilot integration of Discovery Bank's app with EasyEquities' trading and settlement platform. We also launched Google Pay, enabling members to make payments with Android phones, tablets or watches.



Essential Plan

Our Essential Plan provides affordable insurance cover for, particularly, the price-sensitive market.

The plan has lower limits on embedded benefits than the Classic and Purple Plans, but still offers comprehensive insurance cover with unique driving rewards and state-of-the-art safety features with Vitality Drive at a competitive price.

Pay-As-You-Drive

Pay-As-You-Drive and Pay-How-You-Drive products are designed for young, low-mileage drivers.

Clients pay a base premium and a rate per kilometre, which varies based on their Vitality Drive status.



Funeral insurance

In the dynamic South African life insurance market, providing a comprehensive funeral plan product has emerged as a crucial and impactful service. A funeral product not only underscores a profound cultural significance when considering the importance of funerals within communities, but also addresses fundamental challenges and a growing awareness of the need for financial preparedness amid life's uncertainties. With policyholders demonstrating significant differences in mortality risk – combined with minimal underwriting – large cross-subsidies are inherent in the market today and present a clear opportunity for disruption.

While there are definite similarities between life and funeral cover, the acute differences are not always obvious to consumers in this market – even if the need exists for both. There is a significant opportunity to engage with and educate consumers on the value of adequate

financial planning to understand their inherent needs. Accessing this market would therefore go a long way in creating a more inclusive and accessible entry for all South Africans into the world of protection products, ensuring everyone can enhance their quality of life through financial security and profound peace of mind.

Accordingly, through **Funeral Plan 2.0**, we bring shared value to the funeral insurance market by serving individuals with limited income. It is tailored for distribution through extensive channels, including 98 tied agents and 380 independent financial advisers to date who target this specific demographic.

This funeral product offers several benefits, including extended cover support for spouses, automatic baby cover and enhanced accidental death benefits – thereby protecting our members from financial and emotional burden during difficult times.

Consumer financial education

DISCOVERY BANK believes in empowering clients with knowledge so they can change how they manage their money for the better. To this end, it offers financial education tools and services, including the Vitality Money Financial Analyser, the Retirement Calculator and the Risk Capacity Assessment.

Since May 2021, Discovery Bank has offered clients access to the Worth Financial Education curriculum at a highly reduced cost. Client uncertainty about how to manage their financial situation reduced by 97% upon completion of the course, and clients who completed the course save three times more per month than those who did not complete the course.

DISCOVERY INSURE is a member of the South African Insurance Association (SAIA), which conducts ongoing consumer education projects targeting young adults, South African households and SMEs.





03 Leveraging our tech platform

Technology is a strategic enabler that supports our Vitality Shared-value model and provides our clients with an integrated experience across all platforms. Most of our solutions are developed in-house, which allows us to optimise our systems for the current environment while preparing for the emerging digital world.

Research and development drive innovation throughout the business, while our use of data positions us as a global leader in behaviour change linked to insurance. By leveraging our technological capabilities, we remain at the forefront of digital trends and innovation, enabling us to expand our global footprint. Intelligent data aggregation and classification models enable a deeper understanding of every Discovery member, creating advanced risk and behaviour profiles.

We continue to develop intuitive technology channels and adopt client-centric processes to meet the needs of the business, clients, intermediaries and healthcare providers. We optimise our data and technology environment for affordability, quality and cost by simplifying and automating processes to empower people and engage digitally with

employees, members and partners. This further supports our efforts to reduce downtime, enhance operations, improve cyber security and increase the productivity of developers. We also align data and technology spend to business needs by developing strategic supplier relationships, providing services internally on a commercially transparent basis, and enhancing data and technology governance and risk management.

In FY2024, we will continue preparing our data and technology environment to address future requirements, including a fully digital experience where we:

- Drive innovation in key business technology areas, including digital channel architecture, client relationship and experience, digital skills and digital technology foundation
- Create a learning effect through communities of practice in digital innovation, culture and practices, and governance
- Enable and scale early success in Agile platforms, Cloud Era skills, prototyping and business use cases and composable architecture

“We continue to develop intuitive technology channels and adopt client-centric processes to meet the needs of the business, clients, intermediaries and healthcare providers.”

Key developments during the year

Discovery further strengthened its ability to obtain feedback from social media platforms by using data science to increase the level of personalisation across our value chain. We incorporated this into our managerial reporting to inform decision-making, as well as our customer relationship management platform to ensure our agents are fully informed about our social sentiment when providing service to members, providers and intermediaries.

Our customer relationship management platform – which we developed in-house – incorporates data-science elements such as customer sentiment, social sentiment and Next best Action onto the agent desktop.

We launched our integrated data repository to collect servicing interactions from all digital channels to provide an omnichannel servicing experience to members. In doing this, Discovery Health – which uses specialised systems platforms – can continue innovating in a federal model while sharing relevant and authorised data.

Our Strategic Technology Enhancement programme was approved by our SA Executive Committee, which aims to increase the targeted systems’ availability levels and significantly improve resilience against business interruption. The programme is informed by our members’, partners’ and intermediaries’ increased reliance on digital interactions and increased risks in the environment – particularly the risk of business interruption due to power outages.



Refer to our 2023 Integrated Annual Report for more details on how we are investing in and leveraging technology.



OUR CAPABILITIES

Leveraging our tech platform continued

Ethical data management and the use of technology

Given our access to personal and other information, we place a high value on responsible data stewardship. We embrace our fiduciary duty to protect the data we collect from our clients and have appropriate measures to support data integrity, privacy and security – ensuring we maintain stakeholder trust.

With rapid advances in technology and big data, we are working to ensure data management includes consideration of ethics and fair use in how our products are delivered. Supported by the Group Ethics Office, we aim to anticipate ethical issues and proactively build solutions into our products.

The Group Ethics Office advises on megatrends that may impact the Group, including the ethical implications of AI and automation. Due to the pace of advancement in these fields, a more proactive approach to ethics is critical to protect the interests of our stakeholders, including clients and employees, and remain true to how we do business. We are committed to ensuring we adopt AI ethically and responsibly in line with Discovery's core purpose and values.

Refer to page 105 for information on how we manage our cyber security and protect our customer's data and privacy.

Discovery Bank

Discovery Bank drives utilisation and engagement through a market-leading, robust financial services data and machine learning ecosystem, enabling data-driven decision-making based on comprehensive data and robust insights. Current use cases include prompting clients to complete their Next Best Action, leveraging clients' optimal channel, time, message and incentive. Other short-term to medium-term applications include open banking, enhanced servicing experiences, integrated and personalised client communications and geo-location to prevent fraud.



"We are committed to ensuring we adopt AI ethically and responsibly in line with Discovery's core purpose and values."

Discovery Invest

Discovery Invest's technological capabilities play a vital role in driving business innovation by enabling new ways of operating, creating efficiencies, enhancing customer experiences and unlocking new opportunities.

Cogence

Cogence, a partnership between Discovery and BlackRock was launched during the year, as the first truly global discretionary fund manager in South Africa that fully models retirement solutions, taking health experience into account. Advisers can now access the power of the advanced analytics and reporting capabilities of the Aladdin Wealth™ technology, an industry-leading investment and risk platform. In our quest to enhance the value already added by the platform, we have ongoing projects to create further value through the use of technology for Cogence clients and for our distribution environment.

Adviser 360

Adviser 360, our new virtual sales platform, provides an integrated and centralised sales platform across multiple businesses in Discovery – advisers also have a holistic view of their client's current financial portfolio within the Discovery universe, allowing them to effectively give their clients an all-inclusive view of their portfolio. Further development of the platform is underway to enhance the current value generated by the platform for our clients and advisers.

For more information, please refer to page 45.



OUR GOVERNANCE

RELATED MATERIAL THEME



Ensure ethical governance and leadership

Good governance enables us to deliver on our sustainability differentiators by ensuring responsible and ethical behaviour and enhancing accountability. It is a critical component of value creation and promotes strategic decision-making while balancing short-, medium- and long-term outcomes to reconcile the interests of the Group, our stakeholders and society.

The principles and recommendations contained in the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™) are entrenched in our governance 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 and our ability to be a force for good.



Further detail on Discovery's governance can be found in our 2023 Governance Report.

WE UPHOLD A STRONG GOVERNANCE CULTURE TO SUPPORT ESG THROUGH:

- 01 Our governance philosophy and framework
- 02 Board diversity and effectiveness
- 03 Fair and responsible pay

Our FY2023 highlights

Approving the updated Group Governance Framework to further embed consistent and effective governance across Discovery

26% of our Group balanced scorecard includes **ESG-related metrics**

Exceeding our FY2023 voluntary minimum **Board diversity targets**

Achieved top quartile ESG ratings across the three specified rating agencies (Sustainalytics, S&P Global and MSCI)

Narrowed pay gaps through focused actions across SA and UK

01 Our governance philosophy and framework

To help Discovery deliver its 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. We recognise that entrenching these principles without unnecessary bureaucracy is fundamental to Discovery's ability to achieve our ambitions.

STRENGTHENING THE GROUP'S GOVERNANCE FRAMEWORK

Discovery's subsidiaries operate across different jurisdictions and industries with varying levels of regulatory oversight. With this in mind, we reviewed and enhanced our Group Governance Framework in FY2023 in consultation with our subsidiaries. This will bolster our governance approach and help optimise our Group structure across our three composites – Discovery in South Africa, Vitality UK and Vitality Global.

Through the updated Framework, we aim to ensure that sound governance practices are cascaded consistently and effectively across the Group, along with an effective chain of oversight and harmonious governance system. The Framework now includes the following guidance:

- Each subsidiary is regarded as a separate and independent juristic person managed by its board in the interest of the subsidiary, the Group and Discovery's purpose – meeting all legislative obligations and Group requirements
- Governance structures are balanced, proportionate and diverse, embedded across the Group in a uniform though flexible manner to ensure they are fit for purpose and reduce complexity and cost
- Each subsidiary's governance structure is based on its level of materiality as determined by its nature, scale, complexity, extent of regulatory requirements and the requirements of the International Financial Reporting Standards (IFRS)
- Each subsidiary places appropriate focus on diversity, equity and inclusion based on best practice, context and demographics in its jurisdiction
- Potential intra-group and stakeholder conflicts of interest are addressed collectively.



Our governance philosophy and framework continued

ESG RESPONSIBILITIES

The governance of sustainability-related matters is integrated into our established governance structures across the Group. This ensures sustainability-related matters are managed by the business in day-to-day operations and communicated to the Board.

Board

Our Group 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™. The Board reviews the strategies formulated and implemented by management and approves and oversees strategy plans. Regular reports are provided to the Board on the sustainability of our business and its impact on the environment, communities and other stakeholders.

We continually assess the training and development requirement of our Board and provide training on key issues as needed. In FY2023, this included training on updates to key environmental, social and governance-related matters, including challenges facing the financial sector and the impact of ESG on the insurance industry. In the UK, Board training supports climate fluency. Given the important and evolving nature of environmental matters and related reporting standards, we will continue to focus on training for the Board and its committees in this regard.

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

The implementation of our sustainability strategy cascades throughout the businesses and functional areas of the Group in the same way as other strategies, with defined reporting channels and independent reporting back to the Board. The Group Board retains ultimately accountability for our sustainability strategy and our Group Chief Executive, along with the executive team, are responsible for the implementation of our economic, environmental and social related strategies.

The Board has delegated some of its ESG responsibilities to appropriately constituted committees as outlined below.

Social and Ethics Committee

The Social and Ethics Committee assists the Board with implementing and monitoring strategies related to social, economic and sustainable development, stakeholder relations, labour and employment practices, transformation and ethics across Discovery. The committee makes recommendations to the Board on good corporate citizenship, the Group's Climate Change Strategy, environmental health and safety and an inclusive economy. Our Social and Ethics Committee is also tasked with ensuring an inclusive approach to stakeholder engagement and assists the Board with monitoring our stakeholder relationships as a standing agenda item.

The Social and Ethics Committee is chaired by an Independent Non-executive Director and consists of five members, three of whom are Independent Non-executive Directors.

Risk and Compliance Committee

The Risk and Compliance Committee is responsible for ensuring:

- Material risks – including ESG risks – are identified, evaluated and effectively managed and reported
- The Group's policies and processes are adequate to ensure compliance with the required legislative and regulatory requirements
- Adequate systems of financial crime management are in place
- Processes and controls that manage business continuity and disaster recovery within the Group are in place.

Remuneration Committee

The Remuneration Committee provides oversight to the Group scorecard encompassing financial and sustainability performance measures, such as ESG-related targets, which are linked to executive remuneration. The Remuneration Committee retains the discretion to consider performance holistically and, if needed, adjust any formulaic outcomes to ensure final remuneration awards align with Discovery's sustainable performance and our core purpose. The Group's Single Incentive Plan measures performance over the short and long term, and considers management performance at a Group, business and individual level.



See our 2023 Remuneration Report for our full Group scorecard and more information on our approach to remuneration.



Details on the roles, responsibilities and functions of our Board committees can be found in our 2023 Governance Report.

Executive management

Group Executive Committee

The Group Executive Committee is responsible for formulating and implementing ESG strategies, policies and risk management plans. This includes integrating sustainability-related issues into the business model and strategic priorities, and driving the delivery of the stated operational, strategic and innovation goals. Updates on these issues are provided to the Social and Ethics Committee quarterly and to the Board as necessary.

ESG Executive Committee

The ESG Executive Committee is a subcommittee of the Group Executive Committee and works closely with the Social and Ethics Committee. It is responsible for establishing and embedding the ESG strategy across the Group. The committee facilitates collaborative Group thinking across our South African, Vitality UK and Vitality Global markets to ensure close regional alignment, focused execution of strategy and authentic and scaled impact across operations.

The ESG Executive Committee's specific responsibilities include:

- Establishing the strategy and aligned near-term targets and long-term aspirations to drive and demonstrate scaled impact, aligned with the UN SDGs
- Monitoring actual performance against the established targets
- Challenging the Group's businesses to drive greater impact on societal and environmental outcomes through its operations
- Inspiring deeper research into the aspects of ESG that will drive thought leadership in critical areas
- Ensuring the Group's internal and external ESG reporting standards remain high
- Providing oversight for the implementation of Discovery Green
- Monitoring reputational matters linked to ESG, including advising the Board on significant stakeholder concerns relating to ESG matters
- Aligning on corporate social investment, philanthropy and political contributions and other public policy matters relevant to the Group
- Positively influencing stakeholders around critical ESG issues, particularly in areas where the Group holds leadership positions

As of April 2023, a report from the ESG Executive Committee is tabled at each Social and Ethics Committee meeting for due consideration.



Our governance philosophy and framework continued

EMBEDDING ETHICS IN OUR GOVERNANCE PROCESSES

Discovery's commitment to deliberately and comprehensively uphold ethics is embedded in our corporate governance approach. Our Ethics Management Framework includes a comprehensive governance framework and management process to drive our ethics strategy across the Group, including a focus on leading by example and setting a positive example for ethical behaviour at leadership level.

See page 95 for more information on how we embed and uphold ethics in Discovery.



02 Board diversity and effectiveness

KEY METRICS

38% *black Directors*, exceeding our voluntary minimum target of 35% by FY2023

38% *female Directors*, exceeding our voluntary minimum target of 25% by FY2023

73% *of our Board are Independent Non-executive Directors as at September 2023*

Separation of duties between Chairperson and Group Chief Executive

Appointment and rotation of Directors

Board effectiveness review

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 brings unique ideas, strategies and solutions informed by varying outlooks, perspectives and experiences, all of which makes prudent business sense.

Our Board Diversity Policy outlines our approach, which is informed by corporate governance best practice and meets regulatory compliance. The policy describes our targets regarding race and gender representation. The Nominations Committee considers this policy when identifying and recommending suitable candidates for Board appointments.

BOARD COMPOSITION



Male **53%**
Female **47%**



White **53%**
Black **47%**

In FY2020, we set voluntary minimum targets to achieve 35% black and 25% female Board representation by FY2023 and 40% black and 30% female Board representation by FY2025. During the year, we exceeded our FY2023 targets, and also appointed two new Non-executive Directors subsequent to year end.

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 Non-executive Director to Executive Director ratio.

Four Executive Directors stepped down as members of the Board during FY2023 to focus on their respective business composites and their associated boards and structures.

Refer to our 2023 Governance Report for more information on our Board's composition.

Board effectiveness

The Board oversees the application of corporate governance principles, supported by specific statutory and other Board committees. The Board holds its Directors accountable for their integrity, competence, responsibility, fairness and transparency. The Board Charter – which we review annually – sets out the Board's roles and responsibilities. We also regularly review the Board's composition and succession planning and take remedial actions where necessary.

We clearly define delegation of authority to management to ensure effective exercise of authority and responsibilities. The role of the Board Chairperson and the Group Chief Executive are not held by the same person, ensuring no individual has unrestricted decision-making power. The Board, assisted by the Nominations Committee, is ultimately responsible to appoint new Directors, who are appointed through formal, transparent processes by ordinary resolution at a shareholder meeting or the Annual General Meeting. Non-executive Directors are appointed for a period not exceeding three years and are subject to re-election on a rotational basis.

The Board annually assesses Directors' circumstances and performance to ensure independence in fact and perception. 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.



03 Fair and responsible pay

KEY DEVELOPMENTS

Continuous monitoring of developments in **fair and responsible remuneration**

Increased the Discovery minimum annual wage to

R180 000

from 1 September 2023

Achieved

SA:

~0% gender pay gap

for the same role size

UK:

54% female appointments

to GBP 50K+ roles (FY2022: 50.5%)


Discovery is committed to remunerating all our employees fairly, responsibly and transparently. The Remuneration Committee assists the Board with this by ensuring our remuneration is market-related, fair and free of any prejudice. Our remuneration approach, including job grading, annual salary benchmarking and annual income differential analysis, is embedded in our management processes.

The Remuneration Committee oversees the Group's remuneration philosophy, which is aligned with Discovery's strategy and linked to individual performance through

appropriate objectives. The committee considers advice from external advisers on improved remuneration policies, salary and incentive benchmarking and good remuneration governance practices.

As part of the Group's approach to fair and responsible pay, the Remuneration Committee regularly reviews the vertical pay gap between our highest and lowest-paid employees and analyses income pay differentials through the gender lens. We reduced our gender pay gaps to ~0% for the same role size. Pay differentiation is based on qualifications, experience, performance and market benchmarks. Where necessary, salaries are aligned through interim salary increases.

In our efforts to respond to the high levels of income inequality in South Africa, we increased the Discovery minimum annual wage to R180 000 from 1 September 2023. We have also reviewed the vertical pay gap between our top 5% and bottom 5% paid employees. Similarly, in the US and UK, employees are paid equivalent to, or above the real living wage.

 Refer to our 2023 Remuneration Report for more information on remuneration.





ANNEXURE



Detailed contribution to UN SDGs



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

TARGETS: 3.4, 3.6, 3.8, 3.B, 3.C, 3.D

Our contribution

503 million healthy activities

41 million lives impacted

R13.7 billion shared-value dividend

>3 million life years saved

39 global markets with Vitality

R11.5 billion responsible product premium

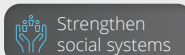
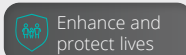
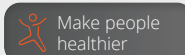
2.3 million health screenings

Partnered with Goodbye Malaria to provide comprehensive coverage for malaria cases (including mental health benefits) in the rest of Africa

53% of Discovery Health's current in hospital spend is through value based care contracts

[+](#) Read more in the Make people healthier section from page 21, the Enhance and protect lives section from page 39 and the Strengthen social systems section from page 50.

RELATED SUSTAINABILITY DIFFERENTIATORS



Achieve gender equality and empower all women and girls

TARGETS: 5.5

Our contribution

38% gender diversity at Board level

Improved to 46% gender diversity at senior management level

Promoting gender transformation in the health workforce with 59% of grants awarded to female beneficiaries in the year, amounting to R8.3 million

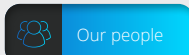
58.5% gender diversity across our operations

~0% Gender pay gap by same role size (SA)

54% female external appointments targeted to roles with annual salaries of more than £50 000 (UK)

[+](#) Read more in the Supporting gender diversity section from page 88.

RELATED GOOD BUSINESS ENABLER



Ensure access to affordable, reliable, sustainable and modern energy for all

TARGETS: 7.2, 7A AND 7B

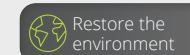
Our contribution

Developing our Discovery Green renewable energy wheeling solution

Discovery Bank partnering with Rubicon to offer simplified, financed solar energy solutions

[+](#) Read more on Discovery Green on page 65 and Discovery Bank's solar energy partnership on page 67.

RELATED SUSTAINABILITY DIFFERENTIATOR





Contributing to our priority SDGs in detail continued



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

TARGETS: 8.2, 8.5

Our contribution

459 medical students supported with student loan funding

1 056 healthcare workers trained for rural and underserved areas

R12 million invested by Discovery Foundation in research and training grants to some of South Africa's top doctors, researchers and future healthcare leaders

R307 million invested by Discovery Foundation, since inception, to support academic medicine through research, development and training

Disbursed R16.9 million for Enterprise and Supplier Development

Learning and development spend of R1.3 billion for the year

Invested R26 million into skills development for the unemployed

Focus on decent working conditions through 9 625 employees registered with Healthy Company, 81% employees with active Vitality membership and launched new mental wellbeing offering

Read more in the Supporting ethnic and racial diversity section from page 86.

RELATED GOOD BUSINESS ENABLERS

Our capabilities, Our people



Build resilient infrastructure, promote sustainable industrialisation and foster innovation

TARGETS: 9.2, 9.3

Our contribution

>R70 million ESG research spend

Drive a sustainable healthcare industry through R532 million fraud recoveries

Addressing the racial bias in the South African healthcare system with 82% of grants awarded to BEE beneficiaries in the year, amounting to R11.3 million.

Launched new funeral product for lower-income markets

Keycare (387 447 clients) and Flexicare (95 298 retail members) facilitate expanding healthcare to low income markets

Read more in the Our capabilities section from page 110 and the Strengthen social systems section from page 50.

RELATED SUSTAINABILITY DIFFERENTIATOR AND GOOD BUSINESS ENABLER

Strengthen social systems, Our capabilities



Reduce inequality within and among countries

TARGETS: 10.1, 10.2, 10.3, 10.4

Our contribution

Invested ~R100 million in social initiatives during the year through corporate social investment, community upliftment initiatives and skills development for the unemployed

Formalised a minimum pay threshold of R180 000 per annum

Investing over R150 million to date towards small, medium and micro-enterprises (in our supply chain and in broader South Africa) by providing grants and loans to grow their businesses

Contributing to consumer education largely in the short-term insurance space

Through the Discovery Foundation and Discovery Fund, ensuring vulnerable populations have access to essential services and support

Eliminating discrimination through education, awareness campaigns and policies that protect against discrimination and promote diversity and inclusion, internally and through our B-BBEE procurement eligibility criteria

Maintaining B-BBEE level 1

Read more in the Our people section from page 75, the Strengthen social systems section from page 50, the Enhance and protect lives section from page 39 and the Our brand section from page 95.

RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS

Strengthen social systems, Enhance and protect lives, Our people, Our brand



Contributing to our priority SDGs in detail continued



Make cities and human settlements inclusive, safe, resilient and sustainable

TARGETS: 11.2

Our contribution

Road fatality rate of 10.1 per 100 000 compared with South African rate of 22.2 per 100 000

551 drivers enrolled in the Safe Travel to School programme

>190 000 potholes filled since inception through Pothole Patrol

RELATED SUSTAINABILITY DIFFERENTIATORS

- Enhance and protect lives
- Strengthen social systems



Take urgent action to combat climate change and its impacts

TARGETS: 13.2, 13.3

Our contribution

18.5% cumulative reduction in Scope 1 and 2 emissions against the 2019 baseline

Commissioned and installed rooftop solar at 1 Discovery Place – which is renewably generating 3% of total energy savings – and our Port Elizabeth office

Developed our Discovery Green energy wheeling proposition (launched in September 2023) to help organisations meet their decarbonisation goals

Committed to about R35 million research spend into Discovery Green

Recycled 92% of the Group's waste, with 5% going to landfill

RELATED SUSTAINABILITY DIFFERENTIATOR

- Restore the environment



Enhance the global partnership for sustainable development

TARGETS: 17.16

Our contribution

Continued partnering with various organisations to be a force for good, including:

- Governments in our markets
- Regulatory bodies
- NGOs

Leveraged strategic partnerships to develop affordable, digital healthcare models in developing countries

Partnered with various non-profit organisations to deliver quality healthcare in rural areas

Partnered with various entities in South Africa to launch a new R300 million SMME Crisis Partnership Debt Fund

Read more in the Partnering as a force for good section on page 13. Our other partnerships are detailed throughout this report.

RELATED SUSTAINABILITY DIFFERENTIATOR

- Strengthen social systems



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