



Discovery

**TASK FORCE ON
CLIMATE-RELATED
FINANCIAL DISCLOSURES
(TCFD) REPORT**

for the year ended 30 June 2023



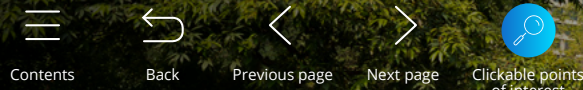
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Navigating our reporting suite

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



Our reporting suite

Our Task force on Climate-related Financial Disclosures (TCFD) 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.

<div style="background-color: #333; color: white; padding: 10px; border-radius: 5px; margin-bottom: 10px;"> INTEGRATED ANNUAL REPORT </div> <p>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.</p>	<div style="background-color: #0070c0; color: white; padding: 10px; border-radius: 5px; margin-bottom: 10px; text-align: right;"> TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT THIS REPORT </div> <p>Discovery's climate change response regarding governance, strategy, risk management, and metrics and targets related to the Group's environmental impact.</p>	<div style="background-color: #e67e22; color: white; padding: 10px; border-radius: 5px; margin-bottom: 10px;"> TAX TRANSPARENCY REPORT </div> <p>Communicates material tax disclosure information to demonstrate our commitment to tax transparency and operating as a force for good through our tax contributions.</p>
<div style="background-color: #9b59b6; color: white; padding: 10px; border-radius: 5px; margin-bottom: 10px;"> GROUP ANNUAL FINANCIAL STATEMENTS </div> <p>Group audited consolidated financial results for Discovery Limited, the Embedded Value Statement and Five-year Review.</p>	<div style="background-color: #34495e; color: white; padding: 10px; border-radius: 5px; margin-bottom: 10px;"> GOVERNANCE REPORT </div> <p>Outlines our governance philosophy, leadership and compliance with the King Report on Corporate Governance for South Africa, 2016 (King IV™)*.</p>	<div style="background-color: #27ae60; color: white; padding: 10px; border-radius: 5px; margin-bottom: 10px;"> ANNUAL FINANCIAL RESULTS PRESENTATION AND BOOKLET </div>
<div style="background-color: #8e44ad; color: white; padding: 10px; border-radius: 5px; margin-bottom: 10px;"> SUSTAINABILITY REPORT </div> <p>An overview of the Group's performance against our Integrated Sustainability Framework and, where appropriate, against relevant standards and frameworks.</p>	<div style="background-color: #f1c40f; color: white; padding: 10px; border-radius: 5px; margin-bottom: 10px;"> REMUNERATION REPORT </div> <p>Outlines our remuneration policy and implementation approach and factors influencing our remuneration-related decisions.</p>	<div style="background-color: #e91e63; color: white; padding: 10px; border-radius: 5px; margin-bottom: 10px;"> NOTICE OF ANNUAL GENERAL MEETING (AGM) </div>

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ABOUT THIS REPORT

Our FY2023 TCFD Report details Discovery's climate change response regarding governance, strategy, risk management, and metrics and targets related to the Group's environmental impact.

REPORTING SCOPE AND BOUNDARY

This TCFD 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. Furthermore, this report includes information relating to the performance of our three market-specific composites: Discovery South Africa (SA), Vitality United Kingdom (UK) and Vitality Global.

FRAMEWORKS APPLIED

In preparing this report, we were guided by the:

- Global Reporting Initiative (GRI) standards
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures recommendations

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 the Group Finance function, with the oversight of the Group Climate Steering Committee and Group Executive. The process is reviewed by our Group Social and Ethics Committee who, in turn, recommends the report to our Board for approval.

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 outlined above. After reviewing this report, the Board believes it accurately and comprehensively explains Discovery's response to climate change.

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 sustainability@discovery.co.za.



A MESSAGE FROM OUR LEADERSHIP



SENELE MBATHA



DEEPAK JOBANPUTRA

Shared value is in Discovery's DNA. Since our inception, our Shared-value model and drive to be a force for good have helped us share value with our clients and society as a whole. 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.

This is our third report in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). It reflects our work during the year to deepen our understanding of the climate-related risks we face and the opportunities we have identified to reduce our climate impact and support positive behavioural change. In this report, we aim to express our commitment to climate-related issues to key stakeholders transparently and demonstrate work done to continually improve our efforts in this regard.

OUR COMMITMENTS

Discovery supports the Paris Agreement's goals to limit global warming to well below 2°C and to pursue efforts to limit warming to 1.5°C. We work to align our actions with best practice and, through our industry commitments, advocate and collaborate to enhance our collective climate-related impact.

We uphold the principles of the United Nations Global Compact (UNGC) and are committed to the achievement of the United Nations Sustainable Development Goals (SDG's). As part of our ongoing commitment to environmental sustainability and leadership, we became a signatory to the United Nations Principles for Sustainable Insurance (PSI), which forms part of the United Nations Environment Programme Finance Initiative (UNEP FI), in March 2023.

PROGRESS AGAINST OUR CLIMATE CHANGE STRATEGY

Since 2021, our climate change strategy has guided our work to be carbon neutral by 2025 and achieve net zero by 2050 or earlier. Furthermore, in 2022, we introduced a short-term climate-related target aligned with science-based methodology and the Paris Agreement. Through this target, we are working to reduce our emissions in line with global scientific pathways to keep temperature increases below 1.5°C.

Our first strategic objective focuses on reducing emissions in our operations to align with global climate ambitions. Our second strategic objective recognises the role we can play in collaboration with suppliers, partners and other stakeholders in managing our indirect emissions. Our third strategic objective aims to support adaptation and develop meaningful, market-transforming climate and environmentally friendly products and services that amplify our impact through our client base, using our behaviour-change and Shared-value model.

01

ALIGN ACROSS PRACTICES AND PROPERTIES

Our short-term science-based target was to cumulatively reduce the Group's Scope 1 and 2 GHG emissions by 16.8% by FY2023, against our 2019 baseline. We achieved this 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. Meeting this emissions reduction target was no small feat, considering increased loadshedding (and, consequently, diesel consumption) in South Africa and our data centres' increased energy demand.

In South Africa, our rooftop solar installation at 1 Discovery Place has resulted in around 3% of total energy savings, providing approximately 360 KWh per day. The rooftop solar installation at our office in Port Elizabeth went live in June 2023, consisting of 2 160 panels that generate 1 MW per day (the equivalent of the electricity use of 650 average homes), with an estimated annual production of 1 807 MWh. Together, these solar installations help us reduce our reliance on the grid and generators.

To address the negative climate-related impact of waste going to landfill, we set a goal of zero waste to landfill for all our main offices by 2023, which we are on track to meet by the end of the calendar year.

We merged our London and Croydon offices in the UK, leading to a 27% reduction in floorspace. 92% of the electricity in our UK office buildings is derived from renewable sources. We have transitioned almost half of our UK Vitality nurses' cars to plug-in hybrid electric vehicles, and we plan to transition the rest of the fleet to self-charging hybrids.

In the US, our Chicago office moved to smaller premises. The new building is Leadership in Energy and Environmental Design (LEED) certified and close to major transportation hubs (which cuts down on employees' transport emissions).



A message from our leadership continued

02

AMPLIFY THROUGH PORTFOLIO AND PARTNERSHIPS

We recognise that we can amplify our progress against our climate commitments by incorporating environmental considerations into Group-wide practices and portfolios. Our Group-wide remuneration scorecard includes climate-related targets, and our Group Responsible Investment Policy guides how we incorporate ESG issues into investment practices. As a new signatory to the United Nations PSI, 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.

During the year, we appointed specialist partners to assist us in formulating and executing our Net-Zero Transition Plan – including consolidated targets and science-based reduction trajectories. We understand that publishing our Net-Zero Transition Plan by 2025 is key to achieving our long-term net-zero goal, and as such, we look forward to working with our partners to meet our public commitment.

We are working to influence our supply chain by engaging with our suppliers and partners to better understand their approach to managing environmental issues. To this end, we reviewed and updated our Procurement Policy during the year to introduce sustainable procurement processes. In the UK, we developed a supplier engagement framework to focus on those suppliers that are most material to reducing our Scope 3 emissions, such as hospital providers.

03

IMPACT THROUGH INCENTIVES AND INNOVATION

Discovery continues to leverage our data and intellectual property to develop innovations that deliver on our purpose – to make people healthier and enhance and protect their lives. This past year has heralded Discovery products and services aimed at encouraging and incentivising clients and broader society to reduce their personal emissions by simplifying sustainable solutions.

We have developed a renewable energy wheeling platform, Discovery Green, which will connect large-scale renewable energy plants in the most resource-rich parts of South Africa to businesses using existing infrastructure. The platform was launched in September 2023.

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



Looking ahead

We are encouraged by the Group's progress during the year in leveraging its strategy to be part of the climate-change solution. Work remains to be done, and we continue to face complex challenges – most notably persistent loadshedding in South Africa. However, true to Discovery's innovative core, we work to turn these challenges into opportunities, as evidenced by the development of our Discovery Green energy wheeling platform and Discovery Bank's solar partnership.

Momentum in climate-related disclosure continues, with TCFD reporting becoming mandatory in the UK and the launch of the International Sustainability Standards Board's (ISSB) inaugural standards. We welcome the ISSB standards and the common language they bring – along with the TCFD recommendations – to disclosing the effect of climate-related risks and opportunities on business prospects. We continue to work on improving our reporting in alignment to industry standards.

In this rapidly evolving environment, we remain rooted in our strategy, and we believe that Discovery is perfectly placed to contribute positively towards building a more sustainable world. Our climate-related commitments will continue to guide our journey, and we aim to establish more near-term science-based targets, which will be reported in our Net-Zero Transition Plan to be published in 2025.

Our leadership drives our climate commitments from the highest level, with the Group Chief Executive championing our climate change strategy and our Board and its committees providing oversight. Our ESG Executive Committee is responsible for establishing and embedding the ESG strategy, and will continue to improve internal focus and engagement on ESG-related issues across the Group.

We welcome stakeholder feedback on our TCFD Report. Feedback can be emailed to sustainability@discovery.co.za.

Senele Mbatha
Group Chief Risk Officer

Deepak Jobanputra
Chief Sustainability Officer, Vitality UK



CONTEXT

Reports by the UN Intergovernmental Panel on Climate Change (IPCC) make it clear that humans are indisputably causing global warming, which is already affecting weather and climate in every region across the globe. Climate change poses a significant risk to human wellbeing and planetary health and the window of opportunity for action is rapidly closing. As temperatures rise, the number of extreme weather events and related adverse impacts continue to increase, affecting vulnerable communities disproportionately.



Climate change is linked to more frequent and intense droughts, fires, flooding, heat waves, rising sea levels, melting glaciers and ocean acidification. These climate conditions impact water availability, food security, and human health and wellbeing, and have significant adverse impacts on cities, settlements and infrastructure. The World Economic Forum Risk Report 2023 cited the top four risks in the next 10 years to be environmental risks. Health and climate-related risks are interdependent, and the World Health Organization estimates that reducing environmental and social risk factors can prevent nearly a quarter of the global health burden. The magnitude of the crisis necessitates countries to take collective action. For insurers, the urgency of addressing the climate crisis is accelerating, especially given these interdependencies.

In 2015, nearly 200 countries signed the Paris Agreement, a legally binding treaty on climate change. The treaty aims to keep the increase in global average temperature to below 2°C and pursue efforts to limit this to 1.5°C. This requires global emissions to reduce to net zero by mid-century – an undertaking that demands collaboration from all sectors of society. The Paris Agreement also requires signatories to compile a set of Nationally Determined Contributions (NDCs) towards the global goals to reduce greenhouse gas (GHG) emissions and adapt to the impacts of climate change.

Despite an increasing number of countries committing to net-zero emissions, a significant gap remains between targets and the actions needed to meet them. In 2023, the UN IPCC's sixth assessment report found that if the global GHG emissions set out in the NDCs are met by 2023, it is likely that warming will exceed 1.5°C. These stark findings make it clear that current commitments and actions needed to meet the goals of the Paris Agreement, fall short. The report reiterated that GHG emissions continue to increase, driven by unsustainable energy use, changes in land use, and unsustainable patterns of consumption and production.

In 2022, COP27 brought together global representatives to deliberate on important actions to address climate change. During the conference, a historic fund was established to respond to climate-related loss and damage that sets a precedence for climate justice and, for the first time, the conference dedicated a day to understanding the issues of adaptation, agriculture and food systems in the context of climate change including related sustainable financial support. Non-governmental stakeholders, including the youth, local communities, indigenous people, cities and civil society, urged governments to deliver on their climate commitments.

Additional funding is an important consideration in South Africa as the country requires significant investment leading up to 2030 to reach its NDC targets. An International Finance Corporation (IFC) study estimated that the total investment needed to achieve South Africa's NDC is R8.9 trillion over a 15-year timeframe, from 2015 to 2030, translating to a required annual investment of R596 billion. At COP27, South Africa received a \$596 million concession loan from German and French development banks to shift away from coal dependence.

The need for a just transition is a critical consideration in the South African context, as the poor, unemployed, and those living in rural communities are most vulnerable to an abrupt transition to a low-carbon economy. The shift away from fossil fuels must protect jobs and empower vulnerable groups. This stance was supported at COP27, as President Cyril Ramaphosa presented a R1.5 trillion Just Energy Transition Investment Plan endorsed by the International Partners Group, consisting of South Africa, the European Union, the United States, the United Kingdom, France and Germany.

Globally, the message is clear: urgent adoption of climate-change-related adaptation and mitigation measures is needed to ensure sustainable development for all. This must be enabled by increased international cooperation, including improved access to adequate financial resources, and inclusive governance and coordinated policies. Individual behaviour changes to reduce GHG emissions also have a role to play. An IPCC study, based on 100 000 relevant social science papers, found that scaled behavioural and cultural change can reduce emissions between 40% to 70%. Eating choices, air travel, building energy use and shopping habits are all areas where our combined decisions can have a substantial impact on reducing emissions.

The climate-related choices and actions governments, companies and individuals take in this decade will have immediate impacts and will continue to affect the world for thousands of years to come. Given this complex context, Discovery's strategic response to climate change is more important than ever.




OUR POSITION ON CLIMATE CHANGE

As a global financial services organisation, Discovery recognises that its ability to do business is fundamentally linked to the resilience of the communities in which it operates.

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.

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

Our Group climate change strategy specifies clear targets to reduce our greenhouse gas emissions and our plans to integrate climate-related issues into our overall business strategy. This includes guidance on innovation and product development, risk assessments, investment policies, procurement processes, facilities and operational processes, employee training and corporate culture. The climate change strategy is underpinned by clear governance structures and includes Board and executive oversight to ensure the Group delivers on its climate change-related goals.

 [Discovery Group Climate Change Strategy.](#)

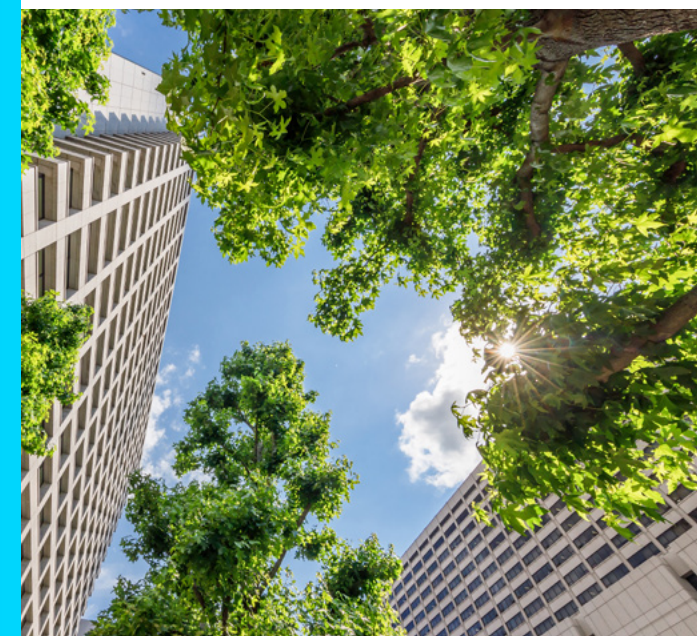
Given the evolving landscape, we have adopted an iterative approach to planning and refining our commitments over time. We are committed to aligning with best practice, advocating for a low-carbon future, and engaging at a sector and industry level, some of which include:

- The UN Principles for Responsible Investment (PRI) R S
- The Carbon Disclosure Project (CDP) R
- Recommendations of the TCFD R S
- The 2022 Global Investor Statement to Governments on the Climate Crisis S
- The Alliance for Climate Action South Africa S
- The UNEP FI Principles for Sustainable Insurance R S
- UN Global Compact R S
- Global Reporting Initiative R
- Sustainability Accounting Standards Board R

Key: R Reporting S Signatory

Discovery supports a fair, responsible and just transition to a low-carbon economy, that will improve the resilience of economies, society and the financial system in line with the Paris Agreement. In SA, our home market, our positioning considers challenges in the real economy across emerging markets and sectors.

We support the approach of our asset managers in engaging with investees on their transition plans and similarly seek to apply this approach with our existing or potential business partners. The Group has nominated Ninety One to manage the majority of our assets under management. Ninety One's net-zero transition plan is aligned with the Science Based Targets initiative (SBTi) methodology. Ninety One is further committed to net-zero alignment targets within its portfolios that drive real-world emissions reductions and support an inclusive transition by working with portfolio companies to ensure they have viable Paris Agreement-aligned, just transition plans by 2030. In addition, our other investment partners are signatories of the PRI, the Net Zero Asset Managers Initiative, and/or Climate Action 100+, showing their collective commitment to mitigating climate risk.





OUR STRATEGIC RESPONSE TO CLIMATE CHANGE

Discovery's Climate Change Strategy outlines the following objectives:

01 Assess and acknowledge potential climate-related risks and opportunities and formulate appropriate strategies.

02 Integrate climate change-related issues into Group policies and practices - including investments, procurement and partnerships.

03 Set science-based targets aligned with global best practice for direct and indirect GHG emissions.

04 Innovate to develop climate-friendly products and services that positively influence society.

05 Drive climate action and advocacy through industry and policy engagement.

06 Disclose and report on climate-related risks, strategies, targets and progress aligned with TCFD recommendations.

Our climate change strategy is aligned with our values and governed by the following principles:

Science-led and aligned with global initiatives that incorporate best practice

Linked to our core purpose and integrated into the Group strategy informed by a clear business case

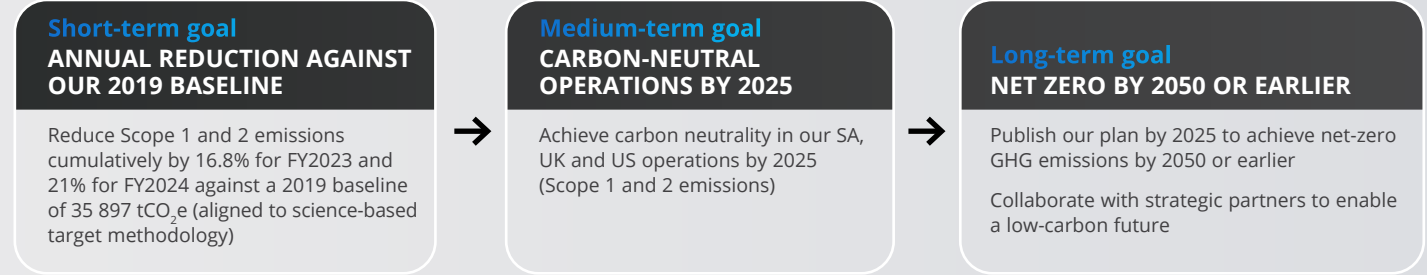
Focused on Discovery's areas of greatest impact to manage its sphere of influence

Committed to collaborating and contributing meaningfully on relevant public policy issues to promote a just transition

Underpinned by effective governance, empowered people and a commitment to transparency and accountability



We are dedicated to protecting our planet and have committed to the following climate-related goals, which form our GHG emission 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:



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.



Discovery Group Climate Change Strategy.



OUR TCFD JOURNEY

Discovery supports the TCFD recommendations, the most widely accepted climate-related financial disclosure framework, and is committed to improving and evolving the disclosure of climate-related risks and opportunities more effectively.

3 723

companies support the TCFD recommendations.

Companies supporting the TCFD represent a combined market capitalisation of over

\$26 trillion.

More than

1 500

financial institutions, responsible for assets of **\$220 trillion**, support the TCFD.

Source: TCFD 2022 Status Report



Reporting against the TCFD recommendations remains a voluntary, market-led initiative. However, many governments and regulators are encouraging disclosures based on the TCFD recommendations. Globally, more than 120 regulators and governments are TCFD supporters, including Belgium, Canada, Chile, Denmark, France, Ireland, Japan, New Zealand, Sweden, and the United Kingdom. In the UK for example, it became mandatory for premium listed companies, as well as private companies with over 500 employees and £500 million in turnover, to disclose climate-related financial information in line with the TCFD for accounting periods starting on or after 6 April 2022. In the five years since the release of the TCFD, significant momentum has developed around the adoption of and support for its recommendations.

The International Sustainability Standards Board (ISSB), which was established with the aim of developing a comprehensive global baseline of sustainability disclosures for the capital markets, has supported this momentum by building on the TCFD framework. The ISSB's first two proposed standards have gone through global

consultation and are set to become the de facto integrated sustainability and financial disclosure standard. The first standard outlines general sustainability-related disclosure requirements, while the second specifies climate-related disclosure requirements and builds on the recommendations of the TCFD. The TCFD's monitoring responsibilities will be transferred to the ISSB from 2024 when the ISSB Standards will start being applied globally.

The fifth annual TCFD status report, published in September 2022, describes companies' progress in implementing the TCFD recommendations. The TCFD conducted a disclosure review of over 1 400 large companies in specific sectors globally and surveys of asset managers and owners and found that while TCFD-aligned disclosures continue to grow, more urgent progress is needed. Of the companies surveyed, nearly 50% of asset managers and 75% of asset owners reported information aligned with at least five of the 11 recommended disclosures. According to investors and other users, the availability and quality of climate-related financial disclosures has increased since 2017

and 90% of investors and other users incorporate climate-related financial disclosures in financial decision-making. The Task Force remains concerned that not enough companies are disclosing decision-useful climate-related financial information that support the appropriate assessment and pricing of climate-related risks.

Discovery is in its third year of TCFD reporting, and we remain committed to enhancing our reporting against the TCFD recommended disclosures in a manner that is transparent and reflective of our ongoing journey. We take a phased approach to advancing our TCFD disclosures, as detailed on the following page, and monitor developments in international climate-related standard development, as well as climate-related science which informs our reporting.



OUR PHASED APPROACH TO ADVANCING TCFD REPORTING

In **phase 1**, we established a foundation for climate-related financial disclosure against the TCFD recommendations by addressing key requirements in the governance and risk management pillars. In **phase 2** we focused on enhancements and additions to strategy, metric and target disclosure elements, which are considered especially useful by interested stakeholders.

Once we have advanced sufficiently on aligning disclosures with the TCFD recommendations and refined the use of climate-related scenario analysis, we anticipate we will be able to disclose our strategy's resilience under different climate-related scenarios under **phase 3**. As new data is produced and the science and research evolve, we will further integrate this information into our strategy and align our reporting.

PHASE 1 FOUNDATION

G	Board oversight	✓
G	Management's role	✓
RM	Risk identification and assessment processes	✓
RM	Risk management processes	✓

PHASE 2 ENHANCEMENTS AND ADDITIONS

G	How the Board considers climate-related issues in reviewing capital expenditure, acquisitions and divestiture	→
S	Material climate-related issues by sector and geography	✓
S	How these issues affected the business and strategy	✓
MT	Key metrics used to measure and manage climate-related issues over the past three years	✓
MT	Scope 1 and 2 GHG emissions disclosed over the past three years	✓
MT	Climate-related targets related to GHG emissions, timeframes and base year	✓
MT	KPIs used to assess progress against climate-related targets	✓

PHASE 3 ENHANCEMENTS AND ADDITIONS OF STRATEGY RESILIENCE

G	How the Board considers climate-related issues in reviewing and guiding strategy	→
RM	Consideration of existing and emerging regulatory requirements related to climate change	✓
S	Timeframe (short, medium and long term)	✓
S	How material climate-related issues affect financial planning	→
S	How climate-related scenarios inform strategy/financial planning	✗
S	Resilience of strategy to climate-related issues, including an indication of range	✗
S	Climate-related scenarios and associated time horizon(s) used	→
S	Sensitivity to carbon pricing, if applicable	→
MT	How climate-related performance metrics are incorporated in remuneration policies	✓
MT	Methodologies used to calculate or estimate climate-related metrics	→
MT	Scope 3 GHG emissions over the past three years	→
MT	Identification of climate-related targets as absolute or intensity based	→
MT	Methodologies used to calculate or estimate climate-related targets	→

Key:

- ✓ Disclosed
- ✗ Not started
- In progress

- G Governance
- RM Risk management
- S Strategy
- MT Metrics and Targets

Source: TCFD Illustrative implementation plan based on expert users' ratings, September 2020



GOVERNANCE

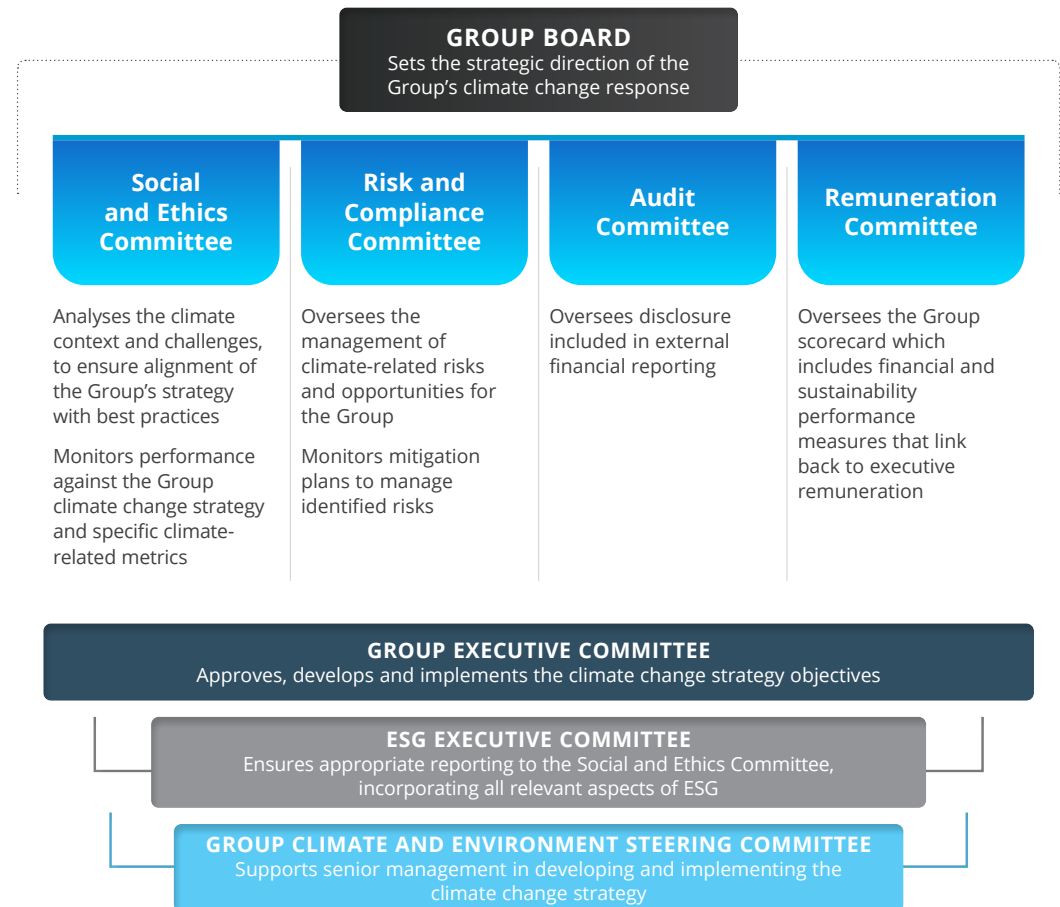
Governance is a critical component of how we create and preserve value, as it promotes strategic decision-making that balances short-, medium- and long-term outcomes and reconciles the interests of the Group, stakeholders and society.

The following governance commitments underpin Discovery's climate change strategy pillars:

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

GROUP GOVERNANCE FOR OUR CLIMATE CHANGE RESPONSE

The governance of climate-related matters is integrated into our established and wide-ranging governance structures. This integration ensures that climate-related matters are managed by the business in day-to-day operations and communicated to the Board.



The Group Governance Framework further defines governance structures and interrelationships that are in place for the composites of Discovery in SA, Vitality UK and Vitality Global and its subsidiaries. For detail on Discovery's governance structures, see our Governance Report.



BOARD RESPONSIBILITY

At the highest level, the **Group Board of Directors** oversees our climate change response, which is championed by the Group Chief Executive. The Group Board approves the strategic direction, policies and recommendations that are relevant to our management of environmental issues including energy, waste, water and climate change, and provides oversight for the development and rollout of climate-related products and services and investments.

The **Social and Ethics Committee** meets at least four times per year and reviews, as a standing agenda item, performance against the Group's climate change strategy. This includes specific climate-related metrics related to energy, water and waste, as well as climate change programmes and the implementation action plans. The chairperson of the Social and Ethics Committee reports to the Board on a quarterly basis.

The **Risk and Compliance Committee** oversees the management of climate-related risks and opportunities. The committee is supported by the Group Chief Risk Officer who is responsible for ensuring that:

- Risk management policies and frameworks adequately allow for climate-related risks and opportunities
- Climate-related risks and opportunities are identified, assessed, monitored and managed in line with these policies and frameworks, at a business and Group level
- Exposure to climate-related risks and opportunities are adequately included in internal, regulatory and public reporting.

The **Audit Committee** reviews and approves public disclosures included in external financial reporting such as the Integrated Annual Report and Group Annual Financial Statements.

The **Remuneration Committee** oversees the Group scorecard, which includes both financial and sustainability performance measures that includes climate-related targets and link to executive remuneration.

MANAGEMENT RESPONSIBILITY

Our Group Chief Executive chairs the **Group Executive Committee**, which is responsible for formulating and implementing climate change strategies, policies and risk management plans. This includes integrating climate change 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.

The **ESG Executive Committee** is a subcommittee of the Group Executive Committee and ensures appropriate reporting to the Social and Ethics Committee, incorporating all relevant aspects of ESG. This includes oversight of climate-related transformation initiatives, including corporate targets, employee incentives, research and development, and budget considerations.

The **Climate and Environment Steering Committee**, with representatives from several business functions, is convened at Group level to manage and drive climate-related transformation. Members include the Group Chief Risk Officer, the Chief Sustainability Officer of Vitality UK, the Group Head of Compliance and Head of Investor Relations, and other representatives responsible for implementing the TCFD recommendations and driving climate-related transformation. The Group Chief Risk Officer is the executive sponsor of this steering committee, reporting to the Group Executive Committee as necessary on climate-related issues, risks and opportunities.

Discovery also has teams and processes in place to keep abreast of emerging regulatory developments and consider existing regulatory requirements related to climate change in the key markets in which we operate and from international policy bodies. This extends to supervisory requirements in Discovery's SA, UK and US markets, as well as legal developments that may affect partners.

Where necessary, subject matter experts are consulted to provide support on key issues. Any potential impacts on the Group's business activities will be reported periodically to the Board of Directors.

Competence of the board on climate change-related issues

The Nominations Committee ensures the Board has the appropriate balance of skills, qualifications and experience for it to execute its duties effectively. The Nominations Committee reviews the skills and knowledge of Board members based on their previous and current experience on other boards and in other roles, and oversees the Board's performance assessment, its committees and Non-executive Directors. We leverage the diversity of our Board members' existing skills and experience, as they intersect with those needed to address climate change-related issues.

The Board and its committees may engage with subject matter experts or independent advisers from time to time or as and when required.

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.





Governance of climate-related matters in the UK

Vitality UK, a business composite and intermediate holding company of the Discovery Group, has a constituted Board that operates autonomously and independently of the Discovery Group Board. Minutes of these constituted Board meetings are tabled at Group Board meetings to ensure monitoring and alignment with the Group's Strategic Framework.

Ultimately reporting to the Discovery Group structure for its climate change response, responsibilities are assigned at Vitality UK Board and executive level to identify, assess, manage and disclose climate-related risks and opportunities as well as meeting regulatory requirements.

The Vitality UK Sustainability Committee, chaired by the Chief Sustainability Officer (CSO), develops and oversees the climate- and sustainability-related strategy, risks and opportunities across the UK. The Sustainability Committee has representatives from several Vitality UK business functions to manage and drive climate-related transformation, and include the CSO, Chief Risk Officer and Chief Financial Officer. The Sustainability Committee reports back to the Vitality UK Board and its related committees as well as the Vitality UK Executive Committee.

Vitality UK is required to disclose climate-related financial information in line with TCFD recommendations on a mandatory basis from 2023. These governance structures support alignment in meeting this requirement and aligning to the overall Group climate change strategy and response.

Climate change governance is guided by the regulator, the Prudential Regulation Authority, through their Supervisory Statement (SS3/19), the Financial Conduct Authority, the UK Department for Business, Energy and Industrial Strategy and Association for British Insurers.





RISK MANAGEMENT

Discovery's well-established and mature Enterprise Risk Management (ERM) Framework is underpinned by a comprehensive set of risk policies, frameworks and guidelines to ensure we effectively embed processes and procedures to manage risk appropriately within our business. ESG risks are included in our universe of risks, ensuring they are always considered within the risk management process. We have incorporated climate change into the existing ERM Framework and risk register as part of these risks. While complexity exists due to the long-term nature of assessing climate change risk, we manage it through our established risk management approach, which is aligned to TCFD guidance.



For detail on our ERM Framework, refer to our Integrated Annual Report.

Our risk management process

To manage our climate-related risks, we follow a process aligned to our Group ERM Framework, which applies to all types of risks. The Group ERM Policy and ERM Framework set out the principles for identifying, assessing, treating, reporting and monitoring risk exposures. Other relevant policies and frameworks include risk appetite statements and risk taxonomy. Our risk management process uses several tools, including top-down risk assessments, bottom-up risk assessments, environmental scanning and surveillance, risk appetite setting and monitoring through key risk indicators, risk and assurance reviews, incident management, operational resilience assessments, and recovery and resolution plans. Overall, these adequately support our needs to manage our risks effectively. Our risk management process as applied to climate-related risks is further explained on the next page.

Risk taxonomy is a comprehensive common and stable set of risk categories that encourage those involved in risk identification to consider all types of risks that could affect the organisation's objectives. Discovery has incorporated climate change and sustainability within its risk taxonomy.

Our risk management process also helps to identify areas of opportunity, which vary depending on the region, market and industry in our areas of operation. By identifying climate-related opportunities as part of our risk management process, we can leverage our data and intellectual property in developing innovations that deliver on our purpose – to make people healthier and enhance and protect their lives.



As risk management is a dynamic process, we will continue to refine climate change risk and management approaches within the ERM Framework.

1 IDENTIFY

We identify climate-related risks through ongoing risk assessment work, including involving subject matter experts to brainstorm risks and risk responses using the ERM Framework's tools. This work includes identifying risks in our governance structures and considering risks identified by the consultants and trade bodies we work with. The risks identified relate to developing and implementing our Group-wide climate change strategy, complying with regulatory requirements across multiple jurisdictions, and the increased frequency and severity of weather-related events on our insurance businesses.

2 ASSESS

We assess the risks identified qualitatively and quantitatively (where data is available) over short-term, medium-term and long-term horizons. We categorise risks as current or emerging and rate and prioritise them based on the likelihood of the risk occurring and the potential impact on Discovery at a Group and business entity level. Furthermore, emerging risks consider our influence over and the velocity at which they are likely to materialise.

The nature of the risk will determine whether Discovery aims to seek or avoid it, and our appetite for risks we seek is higher than for risks we aim to avoid. We consider a risk's rating from an inherent and residual perspective, where residual ratings take established mitigation measures into account. We check residual risk ratings against risk appetite statements to determine if ratings are within Discovery's appetite.

We assess risk in line with best practice and as our understanding of the risk develops. Stress and scenario analysis is also used to help identify and quantify risks to assess our climate change business strategy's resilience. We aim to align our stress and scenario analysis to the IPCC Representative Concentration Pathways.

3 TREAT

We identify risk treatment actions and controls to manage risks in line with our risk appetite. These actions are implemented and managed at business and Group levels. Refer alongside for an example of how we treat climate-related risks.

4 REPORT

We continually review, challenge and report on climate-related risks to the appropriate governance forums as part of the risk management cycle through our formal risk registers. Any breaches to the Group's risk appetite are escalated and reported in line with our governance structures. Business risk profiles are reported to each business executive committee and the Group Risk and Compliance Committee, which meets at least four times a year. In addition, we include risks and scenario results in our Own Risk and Solvency Assessment (ORSA) reports that are provided to the Board and the relevant regulators.

5 MONITOR

We monitor climate change risks by tracking our progress in implementing the relevant risk treatment actions and developments in internal and external business environments. This includes progress against the climate change strategy and other treatment actions identified. Climate change risk indicators are still in development, with certain metrics available and reported on appropriately while other measures are still being investigated.



DISCOVERY'S RISK RATING SCALE

IMPACT RATING

Ranges from level 1 (minor) to 5 (severe) and considers several internal and external factors

LIKELIHOOD RATING

Ranges from level 1 (rare – expect to happen once in 50 or 100 years) to 5 (highly probable – likely to occur in the next 12 months).

AN EXAMPLE OF ASSIGNING RISK RATINGS – INSURANCE CLAIMS RISK

We actively seek and diversify our insurance claims risk across geographic locations and product lines. The extent of weather-related events such as floods, fires and heatwaves, have the potential to impact the properties, vehicles and lives of the clients we insure. As a result, the impact on our business could be severe due to increased insurance claims. The likelihood of impact on our business is managed due to the mitigation measures that we have in place. The key mitigation measures are reinsurance, having a diversified business book and the ability to reprice short-term contracts. Therefore, while the extent of weather-related events has increased, this is still within our risk appetite.



Our assessment of climate-related risks

Climate change risk is within our appetite given the controls and management actions identified in our risk management process. These actions include implementing our climate change strategy; bolstering the procurement process (including third-party engagement and outsourcing procedures); leveraging reinsurance to reprice, reserve and transfer risk; and improving public disclosures.

Our assessment shows that we expect transitional risks to be of higher impact than physical risks in the short term. In addition, as part of our ORSA process, we consider a specific climate change scenario to assess the impact of transitional risks. Physical risks, such as increased claims related to climate change, are expected to arise beyond the business planning time horizon.

The Group invests resources and implements initiatives to continually reassess climate change risk as the understanding of climate change matures across the industry. Accordingly, our assessment of climate change risk may shift over time.



Climate-related developments

Risk management is an ongoing process. Our frameworks and policies are reviewed periodically, and our risk and opportunity profiles are reviewed and updated regularly. These reviews ensure we consider factors relevant to the unique and evolving challenges of climate-related matters.

We keep abreast of climate-related developments and participate and engage through representation on several climate change and industry forums within key areas, including:

NATIONAL AND INTERNATIONAL ENGAGEMENT ON CLIMATE CHANGE

- Maintained membership of the National Business Initiative in South Africa and their Advisory Council for Environment and Society and the Just Transition Pathways working group.
- Proactively engaged with the South African Prudential Authority Climate Task Team (PACTT) on climate change risk indicators and related expectations of the financial institutions it supervises.
- Gained an understanding of South Africa's Climate Policy Framework in the context of achieving its NDC commitments, as presented by the Department of Forestry, Fisheries and the Environment (DFFE).

ACTUARIAL SCIENCES

- Represented in the Actuarial Society of SA's climate change committee, which aims to provide climate change support to actuaries within their businesses and consulting practices.
- Provided input into a report on the Opportunities for Co-benefits in addressing Health and Climate Change in South Africa, published by Mott MacDonald.
- Vitality UK co-led a UNEP FI paper titled Health is Our Greatest Wealth: How life and health insurers can drive better health outcomes and address the protection gap.

CLIMATE-RELATED REGULATORY AND LEGISLATIVE DEVELOPMENTS

- Monitored developments related to the SA Carbon Tax Act and assessed potential risks and opportunities.
- Vitality UK commented on the Financial Conduct Authority's (FCA) discussion paper on finance for positive sustainable change, which forms part of the FCA's commitment to supporting the UK government's target of an economy-wide transition to net-zero emissions by 2050.

CLIMATE-RELATED FRAMEWORKS AND REPORTING

- Commented on the ISSB's draft standards on general sustainability-related and climate-related disclosure requirements.
- Discovery and Vitality UK became signatories to the UNEP FI Principles for Sustainable Insurance (PSI). The PSI serve as a global framework for the insurance industry to address ESG risks and opportunities.
- Discovery is a signatory to the Principles for Responsible Investing (PRI) and incorporates ESG issues into our decision-making and ownership practices through our asset managers in line with the PRI's principles and objectives. As such, climate-related risks are considered as part of the overall ESG risk of the companies in which we invest.

RISK MANAGEMENT

- Participated in the UK's Risk Coalition, an industry group with a risk officer sustainability forum offering an opportunity to debate and develop industry best practice on climate-related and sustainability developments.

INDUSTRY FORUMS

- As a member, Vitality UK engaged with the Association of British Insurers (ABI) through roundtable discussion forums to develop a climate strategy. This included providing feedback on the Transition Plan Taskforce Framework and Implementation Guidance via the ABI during the consultation period.
- Maintained representation on the South African Insurance Association's (SAIA) climate change forum, a platform for industry discussions and knowledge transfer on topical climate-related matters impacting the industry. The forum covers regulatory developments, reporting and disclosure frameworks and emerging climate issues.
- Maintained membership of the Association of Savings and Investment South Africa (ASISA), which represents the industry on various national working groups – in which we participate where possible – including the Sustainable Finance Working Group and Climate Risk Forum.



Our regulatory landscape

We continually monitor and consider existing and emerging regulatory requirements related to climate change in our key markets.

We actively participate in policy and framework consultations on climate change and sustainability-related matters where appropriate. Furthermore, we participate through collective industry submissions and with our regulators on climate-related regulatory developments and frameworks. Our climate-related regulatory submission process includes appropriate approvals to ensure any views put forward are consistent with Discovery and our Group climate change strategy.

SA's NDCs place an obligation on the country to self-define its emissions reduction obligations, implement policies or laws to bring its emissions in line with global targets and report on the status of its emissions. SA further revised and updated its NDC in 2021, reflecting significant progress from its first NDC, towards a goal of net-zero carbon emissions by 2050 through a Just Transition. SA has announced and implemented various policies and interventions to achieve its NDC, including a carbon tax, sectoral emission targets, and energy and green transport strategies.

In 2019, the UK updated its Climate Change Act, committing itself to a net-zero emissions by 2050 target, with staggered targets set for 2030 and 2035. Vitality UK monitors these developments closely. The UK updated its NDC

in September 2022 and remains committed to reducing economy-wide GHG emissions by at least 68% by 2030, compared to 1990 levels. These updates aim to facilitate clarity, transparency and understanding of accompanying information.

In November 2021, the US submitted its long-term strategy to reach net zero by 2050 to the UN Framework Convention on Climate Change. This target could be enshrined in law in combination with adopting a legally binding review, revision and reporting mechanism. In June 2023, US lawmakers introduced the Providing Reliable, Objective, Verifiable Emissions Intensity and Transparency Act of 2023 (PROVE IT Act), which would lay the groundwork for the US's first carbon border tax. The legislation will require the Department of Energy to study emissions released during the domestic and foreign manufacturing of certain goods. We continue to monitor the potential impacts of key regulatory developments in the US.

Discovery is committed to meeting the relevant requirements in all areas in which we operate. We monitor and remain up to date with relevant local regulatory developments and global practices. This ensures we remain compliant in a dynamic regulatory environment and work with local and global efforts in responding to climate-related risks and opportunities by adapting our strategies, business models and financial planning.





STRATEGY

As a financial services provider, Discovery understands that climate change risks can manifest across our businesses in many ways. In this section of the report, we describe how actual and potential climate-related risks and opportunities impact our businesses.

Our climate change strategy outlines our commitments to net zero by 2050 or sooner and our intention of being carbon neutral by 2025. As we continue this journey, we increasingly understand the climate-related risks and opportunities we face, which are outlined in the following pages. We continue to investigate the feasibility of scenario analysis for our business given the challenges we grapple with in this regard. These include concerns about quantifying financial implications, the availability of business-relevant data and tools, and ensuring scenarios are decision-useful in a business context.

To date, assessments of climate change impacts on Discovery indicate that risk remains within appetite, based on our current understanding and information.

Climate-related risks

Climate-related physical and transitional risks impact various parts of our business across short-, medium- and long-term horizons. Our Group strategy considers the materiality of these impacts and climate-related opportunities across sectors, products and geographies in which we operate.

TRANSITIONAL RISKS

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

PHYSICAL RISKS

These are acute and chronic physical climate change effects, including extreme weather events, high rainfall and flooding, high temperatures, drought and rising sea levels.

Our risks and opportunities are categorised as short term (less than one year), medium term (one to five years), or long term (beyond five years). While all risks could impact the business over the whole period, transitional risks are generally expected to materialise sooner compared to the more extreme physical risks.

Through our TCFD journey, we consider the impact of climate-related risks on strategy and financial planning and financial performance. Our current response to transitional and physical risks does not require significant deviation from our strategic and financial planning. In product development, for example, product changes and innovation are integrated into our strategic approach and are considered on a regular basis as we respond to risk, client, business and operating environment needs. The impact of climate-related risks and opportunities on financial performance is not disclosed in our Annual Financial Statements as it is not considered material in terms of International Financial Reporting Standards. We continue to work with the Group Finance function to ensure we consider and address climate-related risks and opportunities in our financial reporting as they evolve.

Transitional risks are not expected to impact the Group as much as other more traditional insurance groups with an internal asset management function or subsidiary, and significant discretionary investments in equities.





The potential risks to Discovery, the impact of these risks and related actions, are considered below.

Transitional risks

REGULATORY RISKS

Discovery is subject to multiple regulatory regimes due to our global presence and expansion. The maturity of climate-related regulatory regimes differs across the jurisdictions in which we operate.

Current regulation

Our SA operations are exposed to current regulations that include carbon taxes and national GHG reporting. The Carbon Tax Act in South Africa is currently in phase 1, which will extend to 31 December 2025. The current Carbon Tax rate of R144 per tonne is applied against carbon emissions resulting from Discovery's consumption of diesel, petrol, LPG and natural gas. Diesel consumption is the largest contributor to our emissions, as we rely on generators to power our buildings during loadshedding. Our data centre is also a significant contributor to our energy consumption. Although our business activities do not result in high emissions overall, we have energy efficiency measures and other initiatives in place to reduce our fossil fuel consumption. This minimises the impact on Discovery of expected annual Carbon Tax rate increases by CPI.

Our non-SA entities receive greater exposure to climate change-related regulation as this is more advanced in the US and UK than in SA.

In the UK it has become mandatory for premium listed companies, as well as private companies with over 500 employees and £500 million in turnover, to disclose climate-related financial information in line with the TCFD for accounting periods starting on or after 6 April 2022. Vitality UK have been following the guidance issued by the Prudential Regulatory Authority (PRA) since 2021.

Non-adherence to regulatory requirements could result in fines and public scrutiny, in turn causing reputational damage that may translate into lower business volumes. We continually assess whether regulatory changes would require changes to our business strategy, as well as our ERM Framework and processes. Further to this, the activities related to the implementation of regulatory requirements have the potential to increase operating costs and reliance on other resources.

Emerging regulation

There are specific emerging regulatory requirements that may pose a transitional risk to Discovery, such as the Climate Change Bill in South Africa. Discovery monitors and assesses emerging regulation and can respond to these requirements. As a user of electricity, an indirect increase in electricity pricing will most likely occur via emerging regulation. This could have a significant financial impact on operational costs, and will be tabled at our Risk and Compliance, and Social and Ethics committees while further considered as part of our climate change strategy.


Climate change-related developments are imminent in the SA financial sector following mandatory disclosure and reporting requirements in the UK financial sector. It is expected that the regulators will align closely with UK and European regulation.

Climate-related risks have been included as one of the South African Prudential Authority's (PA) focus areas for 2023. In addition to supervisory developments and consultation regarding climate-related risks and the ongoing work of the Prudential Authority's Climate Task Team (PACTT), the PA issued an invitation to comment on the proposed guidance on climate-related risk management practices and climate-related disclosures for banks and insurers. Furthermore, the PA have recently invited comments on a

Risk rating:

 Very high  High  Medium  Low

Time frame:

 Short term  Medium term  Long term

guidance note on climate-related disclosures and governance and risk management for insurers, which take into consideration the recommendations of the TCFD and the ISSB. Based on these developments, future disclosure and reporting requirements are expected for the insurance and banking sectors.

Phase 2 of the Carbon Tax Act is expected to run from 1 January 2026 to 31 December 2030, with greater carbon tax rate increases. Electricity price neutrality, which is in place until December 2025, excludes electricity generated by Eskom from carbon tax. After December 2025, electricity generated by Eskom may be subject to carbon tax which could result in a further increase in electricity prices. We do not expect this to have a significant impact on our business, as we are working on carbon neutrality and net-zero goals to meet reduction targets.

In the UK, implementation of the Taskforce on Nature-related Financial Disclosures (TNFD) framework and the Transition Plan Taskforce (TPT) disclosure framework will come into effect in the next two to five years. In addition, the UK government has banned the sale of new petrol and diesel cars from 2030, as part of its NDCs under the Paris Agreement. The impact of this on the UK businesses will need to be considered, but we expect it to be minimal since this only applies to new car sales.

In June 2023, US lawmakers introduced the Providing Reliable, Objective, Verifiable Emissions Intensity and Transparency Act of 2023 (PROVE IT Act), which would lay the groundwork for the US's first carbon border tax. The legislation will require the Department of Energy to study emissions released during the domestic and foreign manufacturing of certain goods. We continue to monitor the potential impacts of key regulatory developments in the US. The measures present a threat for South African exporters who depend on Eskom for their energy needs.

LEGAL RISKS

Climate-related litigation is increasing worldwide and most cases are being brought by citizens, corporations and non-governmental organisations against governments and major carbon-emitting organisations. We expect this upward trend to continue and for this risk to manifest in the medium term. In many cases, litigation is used as a means of creating social awareness and influencing future legislative changes. Non-compliance with legislation, including carbon tax and national GHG reporting regulations, could include fines and other measures, which could result in reputational damage from negative media and considerable legal costs. Discovery remains averse to litigation. This risk is mitigated by robust governance, due diligence and a disclosure framework that takes these potential risk exposures into account.

REPUTATIONAL RISKS

Society, including many of our clients, are aware of climate change issues and actively engage in such topics. Consumers are increasingly starting to make choices based on the climate impact of products and policies of companies. There is a risk that Discovery could suffer reputational damage and a resulting loss in revenue, should the company be seen to be acting in a way that is not responsible, or in line with best practice or with consumers' expectations. To mitigate this risk, we continually invest in research and development of products and services that enable our clients to live more sustainably, such as our Discovery Green renewable energy wheeling platform and Discovery Bank's solar energy partnership with Rubicon.

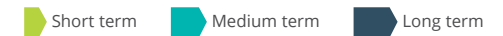


Transitional risks continued

Risk rating:



Time frame:



MARKET RISKS



Consumers increasingly demand products that are carbon efficient. We believe it is our responsibility to respond with product offerings that meet their expectations and support our growth ambitions. Discovery's products and services, like Vitality, have the potential to positively impact climate aspirations by driving more sustainable, climate-conscious behaviour. The connection between healthy living and a healthy climate is becoming more integrated and Discovery is well positioned to respond. Discovery Insure, for example, utilises technology to improve driver behaviour, which increases fuel efficiency. In the UK in FY2023, VitalityCar offered a cash-back benefit for car-free days, incentivising its clients to save up to 25% off their premiums each month. For those who drove well, the programme offset up to 100% of their emissions through the purchase of credible carbon credits.

We are pursuing further opportunities that leverage our Shared-value model to develop climate-friendly products and services that motivate behaviour change among our policyholders.

Discovery's risk exposure related to investments is low. However, as asset owners, we take our responsibilities seriously and are a signatory to the PRI. Furthermore, our current exposure to carbon-intensive investments is limited. Our Responsible Investment Policy mitigates risk resulting from investment exposure by setting out requirements for our asset managers to actively engage with investees including in carbon-reduction behaviour. Data at the level required is difficult to acquire and any ambition to reduce such emissions would not be in Discovery's direct control. However, we identified that Discovery-managed funds are where most data is accessible and where we are able to effect changes. We believe that a forced sell-off is not expected to pose a high risk and there is minimal exposure to potential stranded assets.

Discovery Bank's exposure to this risk is also limited, given that there are no investments in other entities. There are, however, interbank deposits placed with other banks in lieu of liquidity management requirements, as is the norm.

Discovery Bank is not a commercial bank, and does not finance infrastructure or other projects, nor participate in commercial lending activities. As Discovery Bank only lends to retail clients, with the book being self-funded through retail deposits, it has not needed to assess its portfolio exposure further.

For our short-term insurance businesses, a longer-term risk exists for the potential knock-on impact of repricing due to increased claims for physical risks. This could drive insurance premium pricing to become unaffordable and, coupled with higher living costs, could drive policyholders to consider non-traditional forms of insurance cover. We mitigate this risk through our own product development initiatives through which we remain relevant and well positioned.

We also need to consider the downstream impact of climate change on our supply chain before engaging and contracting with third parties. Discovery continues to assess this risk, and action will be taken in line with the implementation of our climate change strategy.

TECHNOLOGY RISKS



Like the rest of the financial services industry, Discovery uses technology assets that consume energy, including laptops, equipment, data centres and server rooms. As technology constantly evolves and improves, it is, to some extent, becoming more energy efficient. Discovery monitors and discloses the carbon emissions of its technology assets.

Reliance on fossil fuel-based energy sources could expose us to transitional risks associated with the move towards a low-carbon and energy-efficient economy. Discovery has made significant investments to decrease carbon emissions through its operations. This is driven in a formal climate change strategy throughout the Group. At a high level, Discovery aims to mitigate its absolute Scope 1 and 2 emissions across the Group by 2025 and to gain a comprehensive understanding of its Scope 3 emissions as part of setting its longer-term net-zero goal, which will extend to the value chain.

Our SA head office in Sandton has a six Green Star rating from the Green Building Council of South Africa. Further projects are underway to reduce emissions, including improvement of data centre efficiencies and exploring alternate solutions. We are also replacing heating, ventilation and air-conditioning systems to make use of more efficient technology. Challenges experienced due to ongoing loadshedding and cable theft and the need to run diesel generators in our offices and back-up sites have increased our carbon emissions and the risk of not being able to meet our short-term targets.

We consider capital expenditure related to carbon-reduction initiatives in our financial planning. The impact of these initiatives on the Group has been relatively low in terms of overall capital expenditure. Initiatives include solar PV installations at our head office, which have reduced emissions by an estimated 3%, and more recently at our regional office in Port Elizabeth, which went live in June 2023. Some of the costs of the installations were shared with the respective landlords. Further energy efficiencies in our data centre will be considered in future financial planning.

We replaced half of the Vitality UK nurses' cars with plug-in hybrid electric vehicles, with the rest of the fleet to be converted to self-charging hybrids by the end of 2023. Vitality UK sources 92% of its office buildings' electricity from renewable sources backed by Renewable Energy Guarantees of Origin (REGO), with an ambition to make this 100% as existing contracts expire.

We have also increased direct investment in our UK employees by introducing an eco-platform for staff in November 2022 and a carpooling app in May 2023. Further plans for electric vehicle charging in our office car parks are underway.

The Group is investigating wheeling agreements to procure renewable energy and significantly reduce emissions.



Physical risks

The impact of climate-related physical risks is increasing globally. In recent years, our primary markets were affected, particularly by the floods in KwaZulu-Natal (SA), wildfires in the Cape (SA) and by heatwaves in the UK. The increase in the frequency of adverse weather-related events such as hailstorms has also increased. We continue to monitor physical risks and their impacts on our business.

INHERENT EXPOSURES

The impact of these risks depends on the sector, product and geographical location. The Group's main inherent exposures are:

Discovery Insure (SA) general insurance

Our main exposure is to the personal lines business (with a higher proportion of motor versus property exposure), given that Discovery's commercial offering (Discovery Business Insure) is relatively small. Exposure to claims for fires at large business operations is limited.

Many of our clients are based in Gauteng, with the main exposure being potential increases in flooding and hailstorms.

The remainder of our clients are mainly based in the Western Cape and in KwaZulu-Natal, where there is increased exposure to rising sea levels. The Western Cape is also at risk of increased droughts that could escalate the risk of fires. Most notably, the increased flooding in KwaZulu-Natal has impacted insurers, including our own book, over the long La Niña season experienced. We continue to monitor climate cycles and the expectation is that we will have a long dry season as El Niño returns. This may increase the risk of fire, which we manage through catastrophe cover.

Discovery Life (SA) main exposure in Gauteng

As the country's economic hub, Gauteng has a higher concentration of manufacturers and industries that contribute to higher carbon emissions. The concomitant risk of air pollution impacting health is thus considered a physical risk. Extreme weather events could also increase accidental deaths and injuries for the life companies. We will conduct further research and continue to monitor trends to understand the other implications that climate change has on mortality and morbidity rates.

Vitality UK limited direct exposure

While flooding occurs in the UK from time to time, the UK businesses do not provide cover for insured losses arising from floods. Extreme weather events may, however, impact infrastructure in the UK, which could cause travel disruptions, ultimately affecting our operations. Vitality UK has a high degree of resilience to this risk since our employees can work from home.

Discovery Health (SA) no claims exposure

Discovery Health operates as the administrator for Discovery Health Medical Scheme and does not have exposure from a claims perspective. However, we will conduct research to assess the impact on the medical scheme environment.

Other businesses within the Group (including Vitality Global) limited exposure

Exposures continue to be monitored and will be disclosed in future as necessary.



For detail on emerging risks and research as they relate to health, refer to our Sustainability Report.

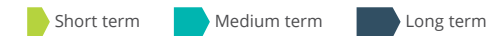


Physical risks continued

Risk rating:



Time frame:



The impact of risks resulting from these exposures are discussed in further detail below.

ACUTE RISKS

These are event-driven and include extreme weather events, such as cyclones, hurricanes, or floods. Due to the unpredictability of the potential impacts related to acute climate-related events, they are considered an inherent risk to Discovery's short-term insurance business. Potential impacts include increased motor and property claims resulting from increased rainfall, floods, hail damage and wildfires. Discovery must be able to absorb the impact of extreme weather events on our balance sheet and the large increase in insurance claims from our clients due to damaged infrastructure. These extreme weather events could also increase accidental deaths and injuries for our life companies.

Discovery has tools to help clients prepare for and avoid these events, if possible, by sending early warning indicators for expected weather events.

CHRONIC RISKS

This risk relates to a gradual worsening in the variability of weather patterns. The impacts for the general insurance companies within the Group are similar to those noted under acute risk. The life and health businesses could also be impacted by chronic physical risks such as increased mortality and morbidity rates resulting from poor air quality brought about by pollution and rising temperatures. These can potentially increase health-related issues like cancer and mental wellness, vector-borne diseases such as malaria, pandemics and epidemics, and asthma and respiratory issues. These risks would be offset to the extent that the population becomes immune to a condition, for example, those living in a malaria area usually have a higher tolerance to contracting the disease.

Dramatic temperature increases may result in the population spending more time indoors and not being as physically active. This has potential health implications, although the Vitality model is expected to be able to adapt and support behaviour change to cater for this if necessary.

IMPACT OF PHYSICAL RISKS ON OUR INSURANCE ENTITIES

Initial stress and scenario testing, and claims experience, indicate that the current and projected short-term exposure is limited. As detailed, we continue refining stress and scenario testing to better model the impact of potential increases in claims for the insurance entities within the Group.

General insurers

Discovery Insure is predominantly a personal lines business. Recently, a large portion of Discovery Insure's excess claims were due to adverse weather as experienced through a longer rainy season and floods in KwaZulu-Natal. We continue to track experience monitoring metrics, which can be applied as a mitigation tool as this trend changes.

Discovery Insure's claims exposure is limited in the commercial insurance context. This considers that Discovery Business Insurance in SA currently focuses on small- and medium-sized enterprises. However, growth in the scale of this business and larger exposures will be monitored as part of existing risk management processes.

Life insurers

For our life insurance entities, we are working to quantify future exposures resulting from increasing physical risks over the long term. We are also investigating research opportunities to support our understanding and increase disclosures over time.

TRADITIONAL MITIGATION MEASURES

Traditionally, the mitigation measures put in place to manage these risks form part of the underwriting and (re)pricing, reinsurance and reserving, and capital processes for the insurance businesses. The terms over which these mitigation strategies are applied depend on the nature of the product and risk appetite. For example, short-term insurance products are easier to reprice than long-term insurance products. Following a longer than usual La Niña, the reinsurer industry has responded by proposing higher deductibles that are often accompanied by higher premiums. While not concerning at present within the industry, the potential result of extensive repricing to mitigate the impact of increased systemic risks, is of insurance becoming unaffordable and placing the traditional model of insurance at risk.

While physical risks are generally longer term in nature, particularly the chronic component and its impact on claims experience, we continue to monitor these risks to ensure that mitigation actions are appropriate.

OTHER RISK CONSIDERATIONS

Both acute and chronic risks could potentially result in second-order impacts. For example, increases in extreme weather events could degrade infrastructure over time, resulting in deterioration in the quality of roads, and loss in power and water supply. Another impact emanates from urbanisation as more people move into cities, placing further strain on infrastructure and resulting in an increasing number of claims for vehicle accidents, power surge damage and lack of access to healthcare due to issues with basic infrastructure (which is already currently constrained in SA).

Physical risks could also have operational implications, including disruptions to Discovery's daily business operations and interruptions for suppliers following extreme weather events. The mitigation actions fall under the usual business continuity plans, which are tested regularly and form part of outsourcing agreements in the procurement process. In cases of extreme physical risk, supply chain disruptions could be outside Discovery's control – for example, in securing adequate access to medication supplies and treatment, and sourcing vehicle parts and repair services.



Refer to our Group risks and opportunities for further information on our response to a national grid failure in SA.



Scenario analysis

The ultimate purpose of scenario analysis is to understand how a company might perform under different hypothetical future climate states – thus positioning itself to make better strategic decisions and improve its strategic resilience. Climate-related scenarios allow an organisation to build an understanding of how the physical and transition risks of climate change, and related opportunities, might plausibly develop in different ways and how the business might be impacted over time.

Discovery is working to quantify the impact of climate change risk on its various entities via climate change scenarios. This is a complex exercise given the uncertainty and long-tail nature of the physical risks linked to climate change. As such, the current scenarios are a mix of qualitative and quantitative information, with the latter being more challenging.

TRANSITIONAL RISK SCENARIOS

Forced sell-off of equity in sectors exposed to significant carbon emissions such as energy, transport and minerals, metals and mining for Discovery Life, as there is little to no exposure in the rest of the Group

Discovery Life's exposure is limited to the unit-linked assets that back policyholder liabilities for the investment policies. Our scenario analysis considered the impact on these investments, stressing the investment classes of energy, transport and minerals/metals/mining by factors prescribed by the PRA in the UK in 2019. Each investment class was stressed by a different percentage, based on work done by the PRA in the UK at the time. While not SA-specific, we used these guidelines as a start. The impact in terms of solvency position, earnings and liquidity is considered minimal. Our timeline is currently aligned with the five-year business planning horizon.

Loss in new business and increased lapses stemming from a scenario where Discovery's reputation was damaged

Reputational damage could result from a partnership with a company not aligned with Discovery's climate change strategy, or a company facing negative media attention following actions taken to damage the environment. The actions of one entity have the potential to affect the whole Group. Assumptions are made in terms of a mass lapse event across the business and lower new business volumes during the business cycle.

In the UK, Vitality used the Bank of England (BoE) Climate Biennial Exploratory Scenario (CBES) for its stress testing

The main purpose of this assessment was to explore the potential impacts of medium-term transition risks. The BoE CBES proposes three scenarios: 'early action', 'late action' and 'no additional action'. Vitality considered that 'late action' would be the most appropriate for its businesses, and therefore adopted this as a prudent scenario. The modelling assumptions chosen were informed by the economic factors specified in the CBES, including interest rates and inflation. They also allowed for the secondary impacts on new business sales and lapse rates driven by the expected reduction in GDP.

To demonstrate the impacts of the adopted scenario, changes were accelerated to the beginning of the business planning period to accommodate for 'late action' impacts – which are typically anticipated to arise around 2030 – otherwise being beyond the business's usual planning horizon. The results of the exercise are within appetite following management actions.



PHYSICAL RISK SCENARIOS

Increased claims for Discovery Insure, using multiples of our weather-related claims to understand the sensitivities.

The stress and scenario testing performed as part of the ORSA report looked at long-term stressed attritional claims stemming from the impacts of climate change. In particular, claims that relate to weather events were increased by 1.5 and 2.5 times more than expected over a five-year period. The impact on solvency and earnings was not material. However, we will continue to refine work in this space.

We continue to engage with reinsurers and industry bodies to keep up to date with the latest developments to help inform our planning and scenario models in this space.



Opportunities

Efforts to mitigate and adapt to climate change also produce opportunities, which vary depending on the region, market and industry in our areas of operation. Discovery continues to leverage our data and intellectual property in developing innovations that deliver on our purpose – to make people healthier and enhance and protect their lives. Discovery's potential areas of opportunity emanating from climate-related risks are discussed below.

INTEGRATING CLIMATE-RELATED CONSIDERATIONS INTO OUR OWN OPERATIONS AND VALUE CHAIN

We are implementing energy efficiency and savings initiatives to reduce our carbon footprint. We also aim to align our business decisions and policies with a net-zero future – including integration of climate-related considerations into risk management, investments and interactions with partners and other stakeholders.

Our Group Procurement Policy was updated to accommodate sustainability-related criteria as we intend to reduce our indirect impact of our supply chain through its implementation. In addition, our Responsible Investment Policy addresses the inclusion of ESG-related factors, including climate change, into our investment decisions, building on our role as an asset owner.

In the UK, we are working with our suppliers and partners to better understand their approach to managing ESG-related issues. As a health and life insurer, our supply chain emissions are heavily affected by our hospital providers and the carbon intensity of the healthcare sector. We developed a Supplier Engagement Framework to create an initial materiality analysis, which enables us to focus on those suppliers, such as hospital providers, that are most material to our Scope 3 emissions reduction. Vitality UK's IT software and data centres, printing and couriers, professional services delivered as part of marketing and sponsorship, and its Vitality partners are responsible for other supply chain emissions. We are collaborating with these suppliers to understand the emissions associated with our demand and are considering options for a more sustainable supply chain. This engagement supports our aim of reducing the carbon footprint of both our business and our suppliers, thereby embedding our Shared-value model thinking into our supply chain.

EXTENDING OUR SHARED-VALUE MODEL TO PROVIDE CLIMATE-RELATED SOLUTIONS

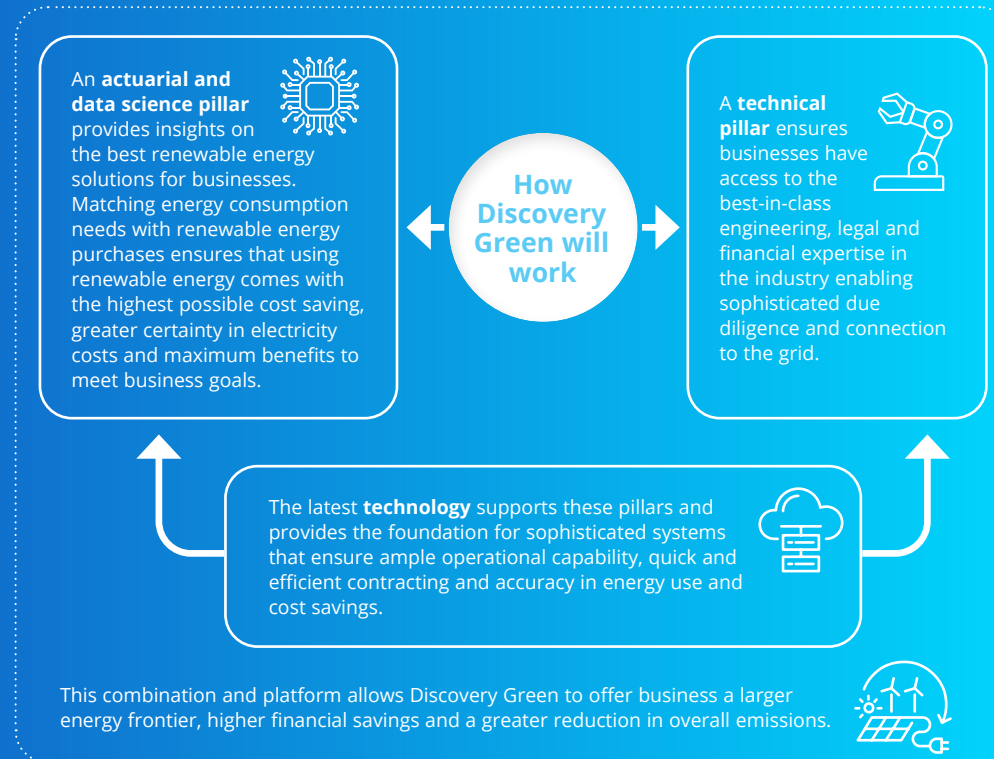
Discovery Green

Product development is underway within the newly launched Discovery Green initiative, which will manage Discovery's renewable energy platform. Discovery has committed approximately R35 million in seed capital to fund Discovery Green, with further investment expected. The initiative is required to provide returns on the Group's investment hurdle rate like any other product or project.

Discovery's renewable energy platform is one of the first interventions available to businesses of various sizes to provide a convenient and more affordable way to buy primarily renewable energy and, accordingly, reduce

carbon emissions created from using traditional sources of electricity. The solution will therefore extend Discovery's Shared-value model in the area of climate change to deliver on our value of being a force for good.

Discovery estimates it could amplify its direct operational emissions savings by multiples by driving the large-scale reduction of CO₂e emissions through its client base. Discovery is investigating the potential implications and opportunities of this offering.



Discovery Bank's solar energy partnership

Discovery Bank partnered with Rubicon – a 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.

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.



INVESTING IN RESEARCH AND DEVELOPMENT

Our investment in research and development relates to the transitional risks and opportunities identified. Our research and development efforts are tailored to ensure we gain an understanding of our emissions trajectory and, accordingly, develop an action plan for achieving our reduction targets, in addition to gaining a better understanding of the impact of climate change as it relates to our business and our stakeholders.

During the year, Vitality UK co-led a UNEP FI PSI research paper citing the benefits of health risk prevention and initiatives to help close the protection gap. The United Nations PSI research paper was launched at the Vitality office in London, bringing together the life and health insurance industries and amplifying sustainability action and ambition in these industries.

While the COVID-19 pandemic accelerated the digitalisation of healthcare, Discovery Health and Vitality UK have been pioneering the use of digital solutions. We continue to offer digital solutions that enable clients to access and manage care online and to reduce unnecessary travel which, in turn, reduces emissions. Reducing our need for printing documents and increasing the number of claims that can be completed end-to-end online will support our reduction of Scope 3 emissions. This will be balanced with the need to continue providing the right care, at the right time, in the right way, to our clients.

OTHER PRODUCT AND INITIATIVE OPPORTUNITIES INCLUDE:

In the UK, we **partnered with Carbon Footprint, a quality assurance standard-certified carbon offset provider.** We fund a range of projects that 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.

Through VitalityDrive, Discovery Insure incentivises **good driving behaviours** like not speeding and avoiding harsh braking, which **results in lower carbon emissions.**

Discovery Insure's **Pothole Patrol initiative,** in collaboration with the Johannesburg Road Agency and new partner Avis Southern Africa, identifies and prioritises potholes to be repaired. This helps increase road safety and efficiency.

Discovery Invest offers the **Discovery global megatrends fund** that provides access for our clients to **invest in global megatrends,** including **technological advancement, environmental sustainability, the future of healthcare and the new-age consumer.**

In the UK, we are actively seeking opportunities to **collaborate with partners to drive better, more sustainable choices.** We incentivise and reward our clients for making healthier lifestyle choices through Vitality. Most recently, we:

- Provided clients the opportunity to receive double loyalty stamps when using a reusable cup
- Introduced Mindful Chef for clients, who can order a recipe box knowing their food has been ethically supplied and sustainably sourced
- Provided clients the opportunity to book hotels through our partner Mr & Mrs Smith, enabling them to choose eco-friendly places to stay.

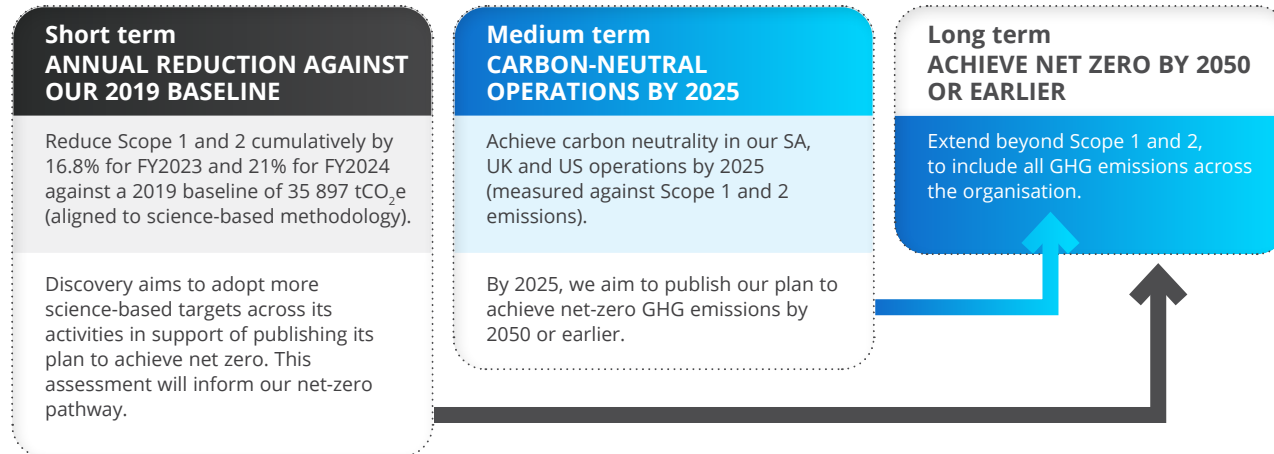
Discovery Bank has championed environmentally friendly principles as its model is predominantly digital, operating as a full-service digital bank, a strategy designed to minimise environmental impact.



METRICS AND TARGETS

Climate-related commitments

Discovery is committed to reducing our environmental impact and improving our environmental performance as an integral part of our business strategy. We recognise environmental risks and opportunities impact the key strategic competencies that enable us to create and preserve value.



Discovery has made significant investments into lower-carbon operations. The greatest opportunities for reductions are in Scope 2 and 3 emissions categories.

During the year, we made strides in measuring, monitoring and reporting emissions data. This includes monthly reports with detailed insights into energy and emission trends, areas for

improvement and project progress. Furthermore, we engage through our various forums on opportunities for discussion and decision-making, including environmental meetings, the Climate and Environment Steering Committee, the ESG Executive Committee, quarterly climate updates to the Social and Ethics Committee and internal and external workshops to further the implementation of our climate change strategy.

Specific commitments supporting our emissions targets include:

Transitioning to a science-based target framework in line with global scientific pathways to keep temperature increases below 2°C and ideally below 1.5°C

Aiming to have all SA-based buildings **Green Star accredited** by 2025

By FY2024, **reducing Scope 1 and 2 emissions by a cumulative 21% against a FY2019 baseline** – driven predominantly through energy management interventions

Formulating and executing our **Net-Zero Transition Plan** – including consolidated targets and science-based reduction trajectories

Maintaining ISO 14001:2015 certification for 1 Discovery Place – a leading environmental management systems standard – and **rolling out and implementing the ISO 14001:2015** standard at our regional offices in FY2024, and the ISO 50001 (energy management) standard at our Port Elizabeth office

Rolling out of the **Discovery Green** energy wheeling proposition, that was launched in September 2023

Signing a **wheeling agreement via Discovery Green** by the end of 2023 to replace the majority of 1 Discovery Place’s power supply with renewable energy by 2026

Replacing coal-based power supply with renewable energy through rooftop **solar photovoltaic installations at our offices**

Receiving **zero waste-to-landfill** accreditation for South African campuses in 2023

In the UK, a planned transition to 100% renewable electricity

100% of Vitality UK nurses’ cars replaced with **hybrid electric vehicles** by the end of 2023



REDUCING SCOPE 1 AND 2 EMISSIONS AGAINST OUR 2019 BASELINE

In FY2022, we introduced short-term climate-related targets that align with science-based methodology. Through these targets, 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 for FY2023 was to cumulatively reduce the Group's Scope 1 and 2 GHG emissions by 16.8% against our 2019 baseline. We achieved this goal and reached an 18.5% reduction, 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.

CARBON NEUTRAL BY 2025

Discovery's goals for reducing impact are based on a review of our operations and audits of our baseline energy consumption and greenhouse gas emissions. Our energy efficiency efforts to meet our short-term goals, as detailed alongside, will help us reduce emissions in support of our medium-term carbon-neutral goal. We aim to mitigate absolute Scope 1 and 2 emissions across the Group by 2025.

In FY2023, Discovery achieved an 18.5% cumulative reduction in Scope 1 and 2 emissions (tCO₂e) compared with the FY2019 baseline, against our science-based target-aligned goal of 16.8%. The reduction target in Scope 1 and 2 emissions largely focused on our SA operations as they account for 95% of our emissions profile.

Total Scope 1 and 2 emissions (tonnes of CO₂e)

2019	2020	2021	2022	2023
35 897	35 058	29 723	30 333	29 249

Energy efficiency projects that have and will continue to be implemented include adjusting settings to optimise energy efficiency in cooling and heating, an LED lighting retrofit, baseload reduction, and the replacement of heating, ventilation and air conditioning systems, among others.

These interventions will optimise efficiencies, beyond which further adjustments will only bring marginal benefits. As a result, efficiency gains will be more difficult from 2030 onwards. Our wheeling agreement with Discovery Green will significantly contribute to our medium-term goal by replacing 1 Discovery Place's power supply with renewable energy.

During the year, we engaged with our strategic advisers to map our way forward on this goal by focusing on our medium-term strategy, through additional metrics to track and optimal reporting structures and dashboards.

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. We aim to gain a comprehensive understanding of our Scope 3 emissions to inform our longer-term net-zero goal. Adopting science-based targets will help inform our Net-Zero Transition Plan, which we intend to publish by 2025. The investigation of Scope 3 emissions forms part of our larger initiative to assess our overall emissions.

In FY2023 we appointed specialist providers to assist us with formulating and executing our net-zero plan and strategy. This plan will cover the entire Group and will include the publication of our Net-Zero Transition Plan in 2025. It will also include a decarbonisation strategy for Scopes 1, 2 and 3, including energy reduction pathways and new technologies.

As a starting point, we will continue setting Scope 1 and 2 targets and create reduction strategies for the short term, followed by a comprehensive Scope 3 analysis starting in 2023 and continuing into 2024. This Scope 3 analysis considers the outcome of a relevance assessment conducted in FY2022 to identify our Scope 3 activities against the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. This assessment identified the categories of investments, purchased goods and services, capital goods and franchises that have the greatest potential contribution to our Scope 3 emissions. For Vitality UK, healthcare makes up the majority of Scope 3 emissions assessed.

The final plan, including consolidated targets and science-based reduction trajectories, will be completed by 2025 – in line with our medium-term objectives. The plan will also be guided by the

Transition Plan Taskforce's Disclosure Framework, which is in the consultation phase. The framework is a UK-driven initiative that aims to develop consistency in detail and quality in companies' net-zero plans. We expect the framework to be extended internationally and become mandatory from 2024 for financial firms through the Financial Conduct Authority.

Discovery's carbon emissions for FY2023 totalled 57 715 tCO₂e (market-based) (FY2022: 53 563 tCO₂e). The greatest opportunities for reductions are in Scope 2 and 3 emissions categories. Scope 3 emissions totalled 28 466 tCO₂e (FY2022: 23 230 tCO₂e), which increase as we gain an understanding of our Scope 3 emissions and report on them.

Our increase in Scope 3 emissions is mainly a result of:

- An increase in employee commute as our employees continue to return to the office
- An increase in business travel as travel restrictions have lifted post COVID-19
- Inclusion of fuel- and energy-related activities not included in Scope 1 or 2 (well-to-tank and transmission and distribution losses).





RESOURCE AND ENERGY SOURCE EFFICIENCIES

Discovery's climate change strategy sets out our commitment to decrease carbon emissions throughout our operations. The initiatives and opportunities discussed below will support our reduction targets to 2025. Our goal to achieve net zero by 2050 or earlier will be guided by our approach to innovation and reduction measures.

Our head office in Sandton is a **six Green Star-rated building**, which houses two-thirds of our total global workforce of over 13 700 employees. We aim to have all our South African-based buildings Green Star-accredited by 2025.

Our **rooftop solar installation** at 1 Discovery Place has resulted in around 3% of total energy savings, and the installation at our office in Port Elizabeth – which went live in June 2023 – has an estimated annual production of 1 807 MWh. Together, these solar installations help us reduce our reliance on the grid and generators.

1 Discovery Place in South Africa is ISO 14001:2015 certified, which demonstrates that our environmental management systems conform to a leading standard. Discovery's Environmental Policy provides guidance on environmental protection measures, internal reporting processes and relevant legislation, and was instrumental in our ISO 14001 certification.

In FY2024, we plan to implement the ISO 14001:2015 at our Cape Town offices and other regional offices, and the ISO 50001 energy management standard at our Port Elizabeth office.



We are actively exploring renewable energy wheeling and plan to sign a wheeling agreement with the new Discovery Green proposition by the end of 2023, which will provide the majority of 1 Discovery Place's energy by end 2026, which itself accounts for 62% of overall emissions. Currently, wheeling is only possible for 1 Discovery Place, but the Group will investigate wheeling for other properties once regulation allows for wheeling to smaller properties.

After partnering with an external engineering consultancy in FY2022 to develop a Scope 2 emissions neutralisation roadmap, we are considering the recommendations of their emissions savings gap analysis. The recommendations include

data clean-up, metering, configuration, energy management model calibration, establishing various scenarios and tracking progress through an integrated dashboard.

Together with our advisory partner, we developed a detailed roadmap for 2023 to 2030 based on our business-as-usual emissions trajectory and various science-based reduction pathways. We are working to finalise a recommended pathway, after which we will track progress against annual goals, reducing emissions in line with Paris Agreement guidance. Our 2025 carbon-neutral goal will run parallel to and complement our annual science-based targets, essentially offsetting the emissions over and above our annual reduction goal.

Other projects underway to reduce emissions include:

- **Replacing older infrastructure** with newer generation technology where possible, including LED lighting upgrades, running reduced schedules for escalators and non-essential lighting and ventilation and warehouse insulation
- **Optimising** our in-office working structures to account for our hybrid working model while ensuring efficient energy use including reduction of office space, **tweaking light schedules** and other energy-dependent resources to coordinate with operational requirements
- Improving **data centre energy efficiencies** and exploring options to **migrate to cloud-based solutions** in the long term.

Discovery participated in the UN Global Compact Climate Ambition Accelerator programme, with two members of our Climate and Environment Steering Committee taking part in lectures and practical training.



Resource and energy source efficiencies continued

"EVERYTHING I STAND FOR IS ECHOED IN THE VITALITY AND I HOPE PEOPLE SEE THAT A PERSONAL GOALS MATTER OF PLANNING AND STICKING WITH IT."
JESSICA ENNIS-HILL - VITALITY

UK-specific initiatives

Nearly half of our fleet of Vitality UK nurses' cars were replaced with **plug-in hybrid electric vehicles**, with the remaining cars to be converted to self-charging hybrids by the end of 2023.

The UK office sources 92% of its electricity from **renewable sources** backed by Renewable Energy Guarantee of Origins, with an ambition to increase this to 100% as existing contracts expire. The office also purchases some gas from renewable sources backed by Renewable Gas Guarantees of Origin, with the remainder offset through credible carbon offsets bought by our gas supplier.

We **merged our London and Croydon offices**, and are planning to transition our Bournemouth operation to a more efficient building while implementing changes to our Stockport building following a major review of the mechanical and electrical services. We are improving the data we collect around waste and water use to report on this more accurately.

Removal of all single-use cups from our operations and **monitoring and maintaining our food production waste to below our 5% target**.

US-specific initiatives

Our Chicago office moved to smaller premises, and we will consider exploring sustainable energy solutions in the future. **The new building is Leadership in Energy and Environmental design (LEED) certified** and close to major transportation hubs (cutting down on employees' transport emissions).

We developed a video to educate our people on **day-to-day waste disposal**, which contributed to 5 259 pounds (2 385 kg) compost we diverted from landfill during the year - the equivalent of driving 5 216 miles (8 394 km).

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

Employee awareness and engagement

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 presentations and demonstrations by sustainability-focused organisations.

Partnered with Pawprint in the UK, 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.

Held an information session on energy savings across Discovery properties and how employees can combat loadshedding in their homes.

Ran a month-long challenge that galvanised Vitality UK employees to make carbon savings across their energy, waste and consumption, diet and travel.

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.

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

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

Reminded Vitality UK employees of our electric car leasing scheme where they can lease an electric or hybrid vehicle at a reduced cost.



Our environmental impact

REDUCING WASTE TO LANDFILL

We set a goal of zero landfill waste for all our main offices in South Africa by 2023. We are on track to meet this goal and receive zero waste-to-landfill accreditation. In FY2023, 5% of our waste in South Africa went to landfill. While waste forms a small part of our impact from an emissions impact point of view (42 tCO₂e), reducing landfill waste to zero has other benefits, including reducing pollution, GHG emissions and demand for raw materials; conserving natural resources; and 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 through our employee awareness campaign
- Analysing the results of our FY2022 audits and exploring suitable interventions.

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.

REDUCING TRAVEL, ESPECIALLY AIR TRAVEL

We recognise the importance of reducing the impact of air travel on our carbon footprint, as air travel makes a significant contribution to our overall emissions. As a business with a global footprint, air travel is often required. As part of a holistic approach to managing our climate impacts, we are focusing management efforts on reducing travel by making use of digitally enabled office working practices and offsetting emissions from unavoidable flights as a final mitigation.

While employee commuting is a Scope 3 activity, it makes up a significant portion of our emissions. Reductions in employee commuting and business travel form part of our remote working policies and Travel Policy. These initiatives will be supported by ongoing internal campaigns that empower our people to reduce their emissions.

RESPONSIBLE INVESTMENT

Discovery aims to act in its beneficiaries' best long-term interests as an asset owner and institutional investor. We are a signatory to the Principles for Responsible Investment and seek to incorporate ESG issues into investment practices as required by our Group Responsible Investment Policy.

As a large portion of Discovery's discretionary funds are invested in cash and fixed income investments, it is not always possible to directly influence the climate change policies of these portfolios. Where we have significant equity exposure (through the unit-linked funds our clients invest in) we work closely with our asset managers to enhance our ESG approach and incorporate achievable climate change objectives through proxy voting and engagement in equity holdings. This may include compliance with environmental legislation; efficient use of resources; pollution prevention and biodiversity conservation; and prevention of or adaptation to climate change. Carbon emissions data at the required level may be difficult to acquire for unit trust or index-tracked investments. However, we have started to analyse Discovery-managed funds as we have access to this data and can influence action.

Investments make up the majority of Discovery's Scope 3 emissions, and our Net-Zero Transition Plan (to be published in 2025) will further analyse Discovery's approach and methodology to identify and account for this.



For details on our investment approach refer to responsible investment in our Sustainability Report.

SUSTAINABLE INSURANCE

During the year, Discovery and Vitality UK 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 also co-led a UNEP FI PSI research paper which, among other themes, explores the numerous approaches life and health insurers can take to drive better health outcomes and close the protection gap.



SUSTAINABLE PROCUREMENT PRACTICES

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 as set out in either a policy or a company statement signed by directors of the supplier company. 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.

In the UK, as a health and life insurer, our supply chain emissions are heavily influenced by our hospital providers who provide care for our members as well as 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.



Aligning executive remuneration to sustainability-related metrics and targets

Discovery executive remuneration is linked to sustainability-related metrics and targets which are assessed annually. This strengthens the accountability and responsibility of our leadership team in the advancement of the Group's climate-related commitments.

Discovery Group's single incentive plan measures performance over the short and long term and takes into account management performance at a Group, business and individual level. The Group performance scorecard for FY2023 includes a sustainability measure for climate, specifically focusing on a reduction in Scope 1 and 2 greenhouse gas emissions from the 2019 base year, with a 2% weighting. In addition, overall performance against ESG ratings agencies is assessed as a performance measure.



For details on our executive remuneration refer to our Remuneration Report.

Climate-related performance

Overview of our performance against energy, water and waste:

	Unit	Trend	FY2023	FY2022	FY2021	FY2020
Energy						
Energy consumption – total	MWh	^	38 472	36 028	33 683	40 626
Fuels	MWh	^	8 993	6 576	5 028	6 535
Purchased electricity	MWh	^	29 479	29 452	28 655	34 091
Water						
Water withdrawal – total	Kilolitre	^	92 240	87 465	78 963	140 598
Waste						
Weight of waste – total	Tonne	^	447	231	145	401
% Waste recycled	%	^	92	88	72	73
% Waste to landfill	%	v	5	8	23	26

Group water consumption and waste generation increased as employees returned to the office. This is due to Discovery shifting its workforce to a hybrid working model. Despite the increase in waste, we made significant progress in reducing our waste to landfill. Energy consumption decreased as energy efficiency initiatives were implemented, however, was negatively impacted by increased loadshedding which had a knock-on effect of an increase in fuel consumption used to operate generators.



Greenhouse gas (GHG) emissions

Our carbon emissions are calculated and collected in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (revised edition). The GHG reporting boundary is based on our operational control. Discovery measures GHG emissions in its SA, UK and US operations. Our emissions are generated primarily through electricity and gas consumption, fugitive emissions and vehicle fuels (diesel), and include emissions

generated by our employees' commute. Discovery does not currently make use of an internal carbon price.

We established 2019 as our base year. To ensure our metrics accurately reflect our performance, restatements in comparative emissions may be required from time to time due to availability of data in prior years, changes in reporting boundary or tariff adjustments.

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.



Verify CO₂'s independent verification statement is available for download on our website.

SCOPE EMISSIONS (tCO₂e) AT 30 JUNE

		SA	UK	US	FY2023	% Change	FY2022	FY2021	FY2020	FY2019 (Base year)	
Scope 1, 2 and 3	Scope 1 and 2	Scope 1									
		Mobile combustion	863	88	n/a	951		864	696	1 056	1 262
		Product use: Refrigerant gases (Kyoto Protocol)	313	-	n/a	313		320	255	746	62
		Stationary combustion	919	264	n/a	1 183		548	498	527	495
	Scope 2	Purchased electricity**	26 540	63	199	26 802		28 601	28 274	32 729	34 078
	Total	28 635	415	199	29 249	(4%)	30 333	29 723	35 058	35 897	
	Scope 3	Scope 3									
		Business travel	4 182	-*	-*	4 182		872	512	3 939	5 615
		Downstream leased assets: Purchased electricity	680	-*	-*	680		287	-*	-*	-*
		Employee commute	13 868	-*	-*	13 868		11 974	7 011	15 385	19 936
Franchises		613	-*	-*	613		652	-*	-*	-*	
Fuel- and energy-related activities		8 514	195	55	8 764		9 183	-*	-*	-*	
Purchased goods and services: Paper		52	-*	-*	52		68	69	71	136	
Purchased goods and services: Water		87	-*	-*	87		81	73	130	128	
Upstream transport and distribution	178	-*	-*	178		83	64	97	146		
Waste generated in operations	42	-*	-*	42		30	51	144	277		
Total	28 216	195	55	28 466	23%	23 230	7 780	19 766	26 238		
Total (market-based)		56 851	610	254	57 715	8%	53 563	37 503	54 824	62 135	
Out of scopes	Out of scopes										
	Product use: Refrigerant gases (non-Kyoto Protocol)	80	-	-	80		61	95	33	34	
Total	80	-	-	80	31%	61	95	33	34		
Total		56 931	610	254	57 795	8%	53 624	37 598	54 857	62 169	

* Not reported

** Includes purchased heat of 5 tCO₂e for the UK and 44 tCO₂e for the US in FY2023.

n/a = Not applicable



LOOKING AHEAD

Discovery's core purpose of making people healthier and enhancing and protecting their lives is aligned to our planetary health goal of maintaining an environment that enables and sustains good health.

As a purpose-led and active corporate citizen, we are committed to protecting our planet by reducing the direct environmental impact of our operations through responsible energy, water and waste management and consumption while exploring alternative solutions for further reducing long-term impact.

In addition, we recognise the importance and urgency of climate change and the need to address wider sustainability issues, that can have a real impact on our business and the communities in which we operate. We believe that the recommendations of the TCFD and recently published ISSB standards will enable us to disclose climate-related risks and opportunities more effectively.



We endeavour to:

- Understand and respond to climate-related risks and opportunities, including how these factor into strategic business decisions and financial planning, while reporting on related financial impacts
- Continually increase employee awareness and training
- Continue advocating through engagement on climate change policy and interventions
- Comply with all relevant regulatory requirements and other compliance obligations
- Continually monitor and reduce our direct environmental impact, including greenhouse gas emissions, by improving our energy use efficiencies, water usage and waste management in line with our 2025 carbon-neutral goal
- Assess and quantify the Group's Scope 3 emissions and investigate reduction and engagement strategies
- Meet the zero to landfill waste goal for all our SA offices by 2023 and receive our zero waste-to-landfill accreditation
- Ensure SA-based buildings are Green Star accredited by 2025
- Set science-based targets that align to our transition plan for achieving net zero
- Monitor and reduce the indirect impacts associated with our supply chain
- Extend the Vitality Shared-value model into the area of climate change by incentivising appropriate and environmentally conscious behaviours
- Disclose our climate-related performance in line with the ISSB standards



APPENDIX A: TCFD APPLICATION REGISTER

The following information was extracted from the TCFD recommended disclosure guidelines.



Refer to TCFD Recommendations for further details.

Governance

Disclose the organization's governance around climate-related risks and opportunities.

a Describe the board's oversight of climate-related risks and opportunities.

Guidance for all sectors

In describing the board's oversight of climate-related issues, organizations should consider including a discussion of the following:

- processes and frequency by which the board and/or board committees (e.g., audit, risk, or other committees) are informed about climate-related issues,
- whether the board and/or board committees consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures, and
- how the board monitors and oversees progress against goals and targets for addressing climate-related issues.

b Describe management's role in assessing and managing climate-related risks and opportunities.

Guidance for all sectors

In describing management's role related to the assessment and management of climate-related issues, organizations should consider including the following information:

- whether the organization has assigned climate-related responsibilities to management-level positions or committees; and, if so, whether such management positions or committees report to the board or a committee of the board and whether those responsibilities include assessing and/or managing climate-related issues,
- a description of the associated organizational structure(s),
- processes by which management is informed about climate-related issues, and
- how management (through specific positions and/or management committees) monitors climate-related issues.



Risk management

Disclose how the organization identifies, assesses, and manages climate-related risks.

a Describe the organization's processes for identifying and assessing climate-related risks.

Guidance for all sectors

Organizations should describe their risk management processes for identifying and assessing climate-related risks. An important aspect of this description is how organizations determine the relative significance of climate-related risks in relation to other risks.

Organizations should describe whether they consider existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) as well as other relevant factors considered.

Organizations should also consider disclosing the following:

- processes for assessing the potential size and scope of identified climate-related risks and definitions of risk terminology used or references to existing risk classification frameworks used.

Supplemental guidance for the financial sector

Supplemental Guidance for Banks

Banks should consider characterizing their climate-related risks in the context of traditional banking industry risk categories such as credit risk, market risk, liquidity risk, and operational risk.

Supplemental Guidance for Insurance Companies

Insurance companies should describe the processes for identifying and assessing climate-related risks on re-/insurance portfolios by geography, business division, or product segments, including the following risks:

- physical risks from changing frequencies and intensities of weather-related perils;
- transition risks resulting from a reduction in insurable interest due to a decline in value, changing energy costs, or implementation of carbon regulation; and
- liability risks that could intensify due to a possible increase in litigation.

Supplemental Guidance for Asset Owners

Asset owners should describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks to improve data availability and asset owners' ability to assess climate-related risks.

b Describe the organization's processes for managing climate-related risks.

Guidance for all sectors

Organizations should describe their processes for managing climate-related risks, including how they make decisions to mitigate, transfer, accept, or control those risks.

In addition, organizations should describe their processes for prioritizing climate-related risks, including how materiality determinations are made within their organizations.

Supplemental guidance for the financial sector

Supplemental Guidance for Insurance Companies

Insurance companies should describe key tools or instruments, such as risk models, used to manage climate-related risks in relation to product development and pricing.

Insurance companies should also describe the range of climate-related events considered and how the risks generated by the rising propensity and severity of such events are managed.

Supplemental Guidance for Asset Owners

Asset owners should describe how they consider the positioning of their total portfolio with respect to the transition to a low-carbon energy supply, production, and use. This could include explaining how asset owners actively manage their portfolios' positioning in relation to this transition.

c Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Guidance for all sectors

Organizations should describe how their processes for identifying, assessing, and managing climate-related risks are integrated into their overall risk management.



Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.

a Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

Guidance for all sectors	
Organizations should provide the following information:	
<ul style="list-style-type: none"> a description of what they consider to be the relevant short-, medium-, and long-term time horizons, taking into consideration the useful life of the organization's assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer terms, 	
<ul style="list-style-type: none"> a description of the specific climate-related issues for each time horizon (short, medium, and long term) that could have a material financial impact on the organization, and 	
<ul style="list-style-type: none"> a description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization. 	
Organizations should consider providing a description of their risks and opportunities by sector and/or geography, as appropriate.	
Supplemental guidance for the financial sector	
Supplemental guidance for Banks	
Banks should describe significant concentrations of credit exposure to carbon-related assets. Additionally, banks should consider disclosing their climate-related risks (transition and physical) in their lending and other financial intermediary business activities.	

b Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

Guidance for all sectors	
Building on recommended disclosure (a), organizations should discuss how identified climate-related issues have affected their businesses, strategy, and financial planning.	
Organizations should consider including the impact on their businesses and strategy in the following areas:	
<ul style="list-style-type: none"> Products and services Supply chain and/or value chain Adaptation and mitigation activities Investment in research and development Operations (including types of operations and location of facilities) Acquisitions or divestments Access to capital 	
Organizations should describe how climate-related issues serve as an input to their financial planning process, the time period(s) used, and how these risks and opportunities are prioritized. Organizations' disclosures should reflect a holistic picture of the interdependencies among the factors that affect their ability to create value over time.	
Organizations should describe the impact of climate-related issues on their financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities).	
If climate-related scenarios were used to inform the organization's strategy and financial planning, such scenarios should be described.	
Organizations that have made GHG emissions reduction commitments, operate in jurisdictions that have made such commitments, or have agreed to meet investor expectations regarding GHG emissions reductions should describe their plans for transitioning to a low-carbon economy, which could include GHG emissions targets and specific activities intended to reduce GHG emissions in their operations and value chain or to otherwise support the transition.	
Supplemental guidance for the financial sector	
Supplemental guidance for Insurance companies	
Insurance companies should describe the potential impacts of climate-related risks and opportunities as well as provide supporting quantitative information where available, on their core businesses, products, and services, including:	
<ul style="list-style-type: none"> information at the business division, sector, or geography levels; how the potential impacts influence client or broker selection; and whether specific climate-related products or competencies are under development, such as insurance of green infrastructure, specialty climate-related risk advisory services, and climate-related client engagement. 	
Supplemental guidance for Asset Owners	
Asset owners should describe how climate-related risks and opportunities are factored into relevant investment strategies. This could be described from the perspective of the total fund or investment strategy or individual investment strategies for various asset classes.	



Strategy continued

C Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Guidance for all sectors
Organizations should describe how resilient their strategies are to climate-related risks and opportunities, taking into consideration a transition to a lower-carbon economy consistent with a 2°C or lower scenario and, where relevant to the organization, scenarios consistent with increased physical climate-related risks.
Organizations should consider discussing:
■ where they believe their strategies may be affected by climate-related risks and opportunities;
■ how their strategies might change to address such potential risks and opportunities;
■ the potential impact of climate-related issues on financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities) and
■ the climate-related scenarios and associated time horizon(s) considered.

Supplemental Guidance for the financial sector

Supplemental Guidance for Insurance Companies
Insurance companies that perform climate-related scenario analysis on their underwriting activities should provide the following information:
■ description of the climate-related scenarios used, including the critical input parameters, assumptions and considerations, and analytical choices. In addition to a 2°C scenario, insurance companies with substantial exposure to weather-related perils should consider using a greater than 2°C scenario to account for physical effects of climate change and
■ time frames used for the climate-related scenarios, including short-, medium-, and long-term milestones.

Supplemental Guidance for Asset Owners
Asset owners that perform scenario analysis should consider providing a discussion of how climate-related scenarios are used, such as to inform investments in specific assets.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Guidance for all sectors
Organizations should provide the following information:
Organizations should provide the key metrics used to measure and manage climate-related risks and opportunities, as well as metrics consistent with the cross-industry, climate-related metric categories.
Organizations should consider including metrics on climate-related risks associated with water, energy, land use, and waste management where relevant and applicable.
Where climate-related issues are material, organizations should consider describing whether and how related performance metrics are incorporated into remuneration policies.
Where relevant, organizations should provide their internal carbon prices as well as climate-related opportunity metrics such as revenue from products and services designed for a lower-carbon economy.
Metrics should be provided for historical periods to allow for trend analysis. Where appropriate, organizations should consider providing forward-looking metrics for the cross-industry, climate-related metric categories, consistent with their business or strategic planning time horizons. In addition, where not apparent, organizations should provide a description of the methodologies used to calculate or estimate climate-related metrics.

b Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Guidance for all sectors
Organizations should provide the following information:
Organizations should provide their Scope 1 and Scope 2 GHG emissions and, if appropriate, Scope 3 GHG emissions and the related risks. All organizations should consider disclosing Scope 3 GHG emissions.
GHG emissions should be calculated in line with the GHG Protocol methodology to allow for aggregation and comparability across organizations and jurisdictions. As appropriate, organizations should consider providing related, generally accepted industry-specific GHG efficiency ratios.
GHG emissions and associated metrics should be provided for historical periods to allow for trend analysis. In addition, where not apparent, organizations should provide a description of the methodologies used to calculate or estimate the metrics.

C Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Guidance for all sectors
Organizations should describe their key climate-related targets such as those related to GHG emissions, water usage, energy usage, etc., in line with the cross-industry, climate-related metric categories, where relevant, and in line with anticipated regulatory requirements or market constraints or other goals. Other goals may include efficiency or financial goals, financial loss tolerances, avoided GHG emissions through the entire product life cycle, or net revenue goals for products and services designed for a lower-carbon economy.
In describing their targets, organizations should consider including the following:
■ whether the target is absolute or intensity based,
■ time frames over which the target applies,
■ base year from which progress is measured, and
■ key performance indicators used to assess progress against targets.
Organizations should provide their Scope 1 and Scope 2 GHG emissions and, if appropriate, Scope 3 GHG emissions and the related risks. All organizations should consider disclosing Scope 3 GHG emissions.
Organizations disclosing medium-term or long-term targets should also disclose associated interim targets in aggregate or by business line, where available.
Where not apparent, organizations should provide a description of the methodologies used to calculate targets and measures.

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