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

ADRIAN GORE

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

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

In addition, we recognise health is directly and indirectly affected by pathways for our clients so they can build habits and improve their overall health risk.

We have also invested ~R100 million in social initiatives during the year through corporate social investment, community upliftment initiatives and skills development for the unemployed. We continue to support the public healthcare system through corporate social investment to improve access to quality healthcare and train skilled healthcare professionals. The Discovery Foundation has contributed R307 million, since inception, to various non-profit organisations that provide essential healthcare services in rural and underserved communities.

Over the year, the Discovery Fund invested over R33 million in grants to support academic medicine through research and development and trained 10% of South Africa’s medical sub-specialists, of which 75% are in the public sector. Considering South Africa's average of 16.5 specialists per 100 000 people, this investment will pay considerable dividends for the country's healthcare system.

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

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

ADRIAN GORE
Group Chief Executive
Q&A
WITH OUR HEAD OF ESG AND INVESTOR RELATIONS
DAVID DANILOWITZ

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**David Danilowitz**
Head of ESG and Investor Relations
We continued driving our purpose as a force for good in FY2023. The highlights below are a snapshot of our sustainability outcomes during the year through the lenses of our Integrated Sustainability Framework’s sustainability differentiators and good business enablers.

## Our Sustainability Performance at a Glance

### Sustainability Differentiators

- **Physical Health**
  - **41 million** lives impacted globally
- **503 million** healthy activities recorded
- **>3 million** life years saved
- **R13.7 billion** shared-value dividend
- **R11.5 billion** ESG-integrated premiums for responsible insurance products

- **Holistic Health**
  - Recognised in Top 5 in Fortune Magazine’s 2022 Change the World list
  - Discovery Bank exceeded **700 000 clients**
  - Discovery Bank won Best Digital Bank award in the 2023 MyBroadBand Awards
  - Discovery Life received the Best Client Experience in South Africa Award in the long-term insurance category at the 2022/23 Ask Afrika Orange Index Awards
  - **25% lower** average retirement drawdowns for clients with Discovery Invest boosts
  - **10.10 per 100 000** road fatality rate

- **Collective Health**
  - **>190 000 potholes** filled through Pothole Patrol since inception
  - Invested **~R100 million** through corporate social investment, community upliftment initiatives and skills development for the unemployed
  - **Discovery Foundation trained 550** predominantly black medical specialists and institutions in the public sector to date, while we provided **R12 million in research grants** – predominantly to black medical specialists in the public sector
  - Contributed **R20 million** in the SA SME Fund to help create sustainable employment in South Africa

- **Planetary Health**
  - Discovery was the lowest carbon emitter in our South African life insurance peer group
  - **18.5% cumulative reduction** in global Scope 1 and 2 emissions against our 2019 baseline
  - **Installed rooftop solar panels** at 1 Discovery Place and our Port Elizabeth office
  - Developed **Discovery Green**, a renewable energy wheeling platform that launched in September 2023
  - Discovery Bank partnered with Rubicon to offer simplified, financed solar energy solutions

## Good Business Enablers

- **Achieved an employee engagement score of 91**
- **Continued advancing fair and responsible pay as 2nd lowest of 19** in income disparity ratio
- **Group balanced scorecard includes 26% ESG related metrics**
- **Maintained our level 1 status in Broad-based Black Economic Empowerment**
- **Closed the gender pay gap to ~0% for same role size**
- **Featured on Ragan’s Workplace Wellness Hot List** for our employee wellbeing solutions
- **Established an Information Technology (IT) Subcommittee**
- **Improved workforce diversity at senior management level with 46% gender diversity and 37% racial diversity**

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1. Healthy activities include moderate and intense physical activity events recorded and HealthyFood purchases. The prior year was restated to 438 million to allow for duplications.
2. Life years saved is calculated from healthy activities recorded, using the methodology informed by the Habit Index. The calculation uses (1) activity data captured from management information systems and (2) a model verified by the London School of Economics (LSE).
3. Includes R5.25 billion and R6.33 billion shared value and rewards returned to customers, respectively, and R1.75 billion Vitality behaviour change savings created for Discovery Health Medical Scheme.
4. Measured by Scope 1 and 2 emissions, before verification.
5. Relative to South African financial services group.
ABOUT THIS REPORT

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

REPORTING SCOPE AND BOUNDARY

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

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

FRAMEWORKS

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

FORWARD-LOOKING STATEMENTS

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

COMBINED ASSURANCE

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

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

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

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

BOARD APPROVAL

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

The Board unanimously approved this report on 13 October 2023.

Mark Tucker
Independent Non-executive Chairperson

Adrian Gore
Group Chief Executive

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

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

For more information about our governance philosophy, leadership and compliance with King IV, refer to our 2023 Governance Report.

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

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

WHY WE ARE IN BUSINESS

Our core purpose
To make people healthier and enhance and protect their lives.

HOW WE OPERATE

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

Our values
Our core purpose and values underpin every decision we make, ensuring that value creation, preservation and erosion is managed in a balanced way
- Great people
- Liberate the best in people
- Intellectual leadership
- Drive, tenacity and urgency
- Innovation and optimism
- Business astuteness and prudence
- Customer, customer, customer
- Integrity, honesty and fairness
- Force for good

To deliver on our core purpose and strategy we focus on three strategic objectives:
1. Building brilliant businesses
2. Strengthening our foundation
3. Enhancing our financial and social impact

INTRODUCING OUR INTEGRATED SUSTAINABILITY FRAMEWORK

1. Building brilliant businesses
   What: Our products and services, driven through three composites

2. Strengthening our foundation
   How: Our operating model

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

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

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

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

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

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

CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS

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

Read more about our contribution to the SDGs on page 19.

OUR SUSTAINABILITY DIFFERENTIATORS

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

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

We unpack our sustainability differentiators in detail from page 20 to 72.

OUR GOOD BUSINESS ENABLERS

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

We unpack our good business enablers in detail from page 73 to 133.

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LEVERAGING SHARED VALUE TO DELIVER ON OUR INTEGRATED SUSTAINABILITY FRAMEWORK

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

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

- **7% to 15%** lower cost of insurance
- **10% to 50%** increase in value of new business margin
- **Up to 40%** improvement in health outcomes, including physical activity, health screenings and healthy food purchases

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

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

Shared value in action – how we amplify our contributions

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

**INPUT:**

Shared-value dividend

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

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

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

**SOCIETY**

- Healthier society
- Improved productivity
- Reduced healthcare burden

**INSURER**

- Lower claims
- Higher margins
- Positive selection
- Lower lapses

**CLIENTS**

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

**IMPACT:**

More than three million life years saved

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

**GOAL:**

One billion healthy activities per annum by 2030

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

**Our Shared-value model**

In FY2023, we provided R13.7 billion value to customers.
The successful execution of our Integrated Sustainability Framework depends on our robust supporting functions and frameworks. Our engagements with key stakeholders, sustainability governance practices, approach to risk management and compliance, and ongoing focus on aligning with best practice support our commitment to partner for social and planetary health.

**Stakeholder engagement**

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

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

**OUR STAKEHOLDER ENGAGEMENT FRAMEWORK**

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

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

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

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

**HOW WE SUPPORT GOOD SUSTAINABILITY GOVERNANCE**

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

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

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

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

**GOVERNANCE STRUCTURES SUPPORTING SUSTAINABILITY**

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

**GROUP BOARD**
Responsible for the strategic direction of the Group’s ESG strategy and monitoring its progress

**SEC** Social and Ethics Committee
Assists the Board to implement and monitor ESG strategies, and integrate ethics and transformation across Discovery

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

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

**GROUP EXECUTIVE COMMITTEE**
Approves and monitors the progress of ESG strategies

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

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

- Maintaining an ethical culture
- Delivering good performance
- Ensuring effective control
- Maintaining legitimacy

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

For detail on corporate governance, including Board and committee responsibilities, see our 2023 Governance Report.
Risk and compliance
Discovery’s approach to risk is built on the strong foundation of our core purpose, nine key values and our proactive risk culture. We consider compliance with applicable laws, industry regulations, codes, and the Group’s ethical standards and internal policies as integral to conducting business in line with our commitment to being a good corporate citizen.

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

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

**OUR KEY MEMBERSHIPS, INDEX INCLUSIONS AND COMMITMENTS**

- Level 1 Broad-based Black Economic Empowerment (B-BBEE) Codes of Good Practice
- 10 Principles of the United Nations Global Compact (UNGC)
- Participant in the UNGC Target Gender Equality programme
- UNGC Climate Ambition Accelerator
- World Economic Forum Stakeholder Capitalism Metrics
- Signatory and active participant of the United Nations supported Principles for Responsible Investment
- Signatory to the United Nations’ Principles for Sustainable Insurance

**EXTERNAL RECOGNITION**

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

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

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

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

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

**PARTNERING AS A FORCE FOR GOOD**

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

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

Together with over 130 CEOs of South Africa’s largest companies, Discovery signed a pledge to work collectively to address the country’s challenges, generate positive sentiment, and build an inclusive economy that creates jobs.
As part of our commitment to our purpose and being a force for good, we must identify which external factors impact our ability to create and share value, as well as our impact on our stakeholders and broader society. The result is our material matters – grouped into themes – which then inform our ESG approach.

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

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

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

Our Material Themes Ranked by Their Impact on Discovery, as well as on Society and the Environment

1. Advance our disruptive Shared-value model

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

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

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

What we measure
- Customer engagement levels

Related SDGs
- Good health and well-being
- Affordable and clean energy
- Decent work and economic growth

Related Sustainability Differentiators and Good Business Enablers
## OUR MATERIAL THEMES RANKED BY THEIR IMPACT ON DISCOVERY, AS WELL AS ON SOCIETY AND THE ENVIRONMENT

### OUR APPROACH

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

### WHAT WE MEASURE:

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

### RELATED SDGs

- Good health and well-being
- Affordable and clean energy
- Decent work and economic growth
- Reduced inequalities

### RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS

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

### OUR APPROACH

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

### KPI

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

### WHAT WE MEASURE

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

### RELATED SDGs

- Good health and well-being
- Climate action

### RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS

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

### FINANCIAL STRENGTH

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

For more information on Discovery’s financial performance, refer to our 2023 Integrated Annual Report.
Material themes guiding our ESG approach continued

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

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

**TARGETS**
- Board diversity targets
- Minimum wage

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

**WHAT WE MEASURE**
- Board effectiveness reviews

**RELATED SDGs**
- Gender equality

**RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS**

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

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

**RELATED SDGs**
- Good health and well-being
- Affordable and clean energy
- Industry, innovation and infrastructure

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

Our Integrated Sustainability Framework also depends on maintaining sustainable financial health across the Group. For more information on Discovery’s financial performance, refer to our 2023 Integrated Annual Report.
Material themes guiding our ESG approach continued

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

6. **Empower our people**

**OUR APPROACH**

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

**TARGETS**

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

**KPIs**

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

**RELATED SDGs**

- Gender equality
- Reduced inequalities

**RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS**

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

7. **Expand and strengthen our social impact**

**OUR APPROACH**

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

**TARGETS**

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

**KPIs**

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

**RELATED SDGs**

- Good health and well-being
- Reduced inequalities
- Sustainable cities and communities
- Partnership for the goals

**RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS**

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

**Sustainability differentiators**

- Make people healthier
- Strengthen social systems

**Good business enablers**

- Our capabilities
- Our brand
- Our purpose and values

**DISCOVERY SUSTAINABILITY REPORT 2023**

For more information on Discovery’s financial performance, refer to our 2023 Integrated Annual Report.
Our material themes guiding our ESG approach continued

**Our material themes ranked by their impact on discovery, as well as on society and the environment continued**

8. Safeguard and enhance our trusted brand

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

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

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

**What we measure**
- Brand recognition and perception
- Adherence to treating customers fairly regulations
- Stakeholder engagement effectiveness

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9. Strengthen our environmental stewardship

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

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

**What we measure**
- Paper use
- Kilolitres of water withdrawn from municipal water supplies

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

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

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

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

**Good business enablers**
- Our capabilities
- Our brand
- Our purpose and values
- Our people
- Our governance

**Related SDGs**
- Safeguard and enhance our trusted brand: Partnership for the goals
- Strengthen our environmental stewardship: Affordable and clean energy, Climate action

**FINANCIAL STRENGTH**
Our capabilities
Our brand
Our purpose and values
Our people
Our governance
CONTRIBUTING TO THE SDGs THROUGH OUR HEADLINE ESG TARGETS

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

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

- **Achieved**
- **On Track**
- **Not Met**

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

For more detail on how we contribute to our priority SDGs, refer to the annexure of pages 134 to 137.
SUSTAINABILITY DIFFERENTIATORS

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

Physical health
Holistic health
Collective health
Planetary health
WHY DOES THIS MATTER?

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

WHAT DO WE DO?

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

HOW DO WE DO THIS?

We focus on making people healthier by:

- Understanding the healthcare context
- Leverage our Vitality platform to drive change
- Improving personal and corporate health outcomes

SUPPORTING THE SDGs

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

- Good health and well-being
- Industry, innovation and infrastructure
- Partnerships for the goals

RELATED MATERIAL THEMES

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

GROUP-WIDE TARGETS TO INCENTIVISE HEALTHIER CHOICES:

1 billion healthy activities per annum by 2030
50 million lives impacted by 2023

KEY DEVELOPMENTS ON OUR JOURNEY TO MAKING PEOPLE HEALTHIER:

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

LOOKING AHEAD

- Expand access to high quality, private healthcare locally and globally
- Expand our Next Best Action initiative in South Africa
- Launch an exercise ecosystem across Vitality’s physical activity partners

¹ Discovery achieved 41 million lives impacted in 2023, falling short of its target of 50 million lives. This was as a result of a restructure of the reinsurance arrangement with Ping An Life in China, resulting in 9 million lives not being eligible to be recorded at June 2023, compared with December 2021. As of June 2023, there were still 6 million reinsurance lives, which are expected to be derecognised from lives impacted in future years. Going forward, Discovery remains focused on growing its lives impacted, but has established the target of Healthy Activities, which is a more direct outcome-based measurement, which leads directly to the impact-based measure of life years saved that has been introduced as a KPI.
Key trends influenced the healthcare industry in FY2023

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

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

**Our response**

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

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

**Increasing prevalence of lifestyle disease**

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

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

**Our response**

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

We also continue to contribute to understanding the long-term effects of COVID-19 on our member’s health and wellbeing through data analytics. We invest in digital assets to extend the reach of and access to healthcare while improving the quality of care, enhancing member experience and driving personalised experiences.
Key trends influenced the healthcare industry in FY2023 continued

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

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

Our response

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

See page 34 for more information.

Rapidly escalating mental health challenges

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

Our response

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

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

See page 31 for more information.

Accelerated scaling of value-based care payment arrangements

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

Our response

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

See page 50 and 52 for more information.
Key trends influenced the healthcare industry in FY2023 continued

The rise of the empowered healthcare consumer

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

Our response

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

Affordability pressures intensifying

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

Our response

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

Advances in large language models

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

Our response

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

See page 128 for more information.
LEVERAGING THE VITALITY PLATFORM TO DRIVE CHANGE

How Vitality works

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

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

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

- **41 million lives globally**
  (FY2022: 39.7 million)

- **16 billion steps averaged per day**
  (FY2022: 12.9 billion)

- **4.5 million workouts logged on average per day**
  (FY2022: 3.72 million)

**R214 million**
Premium discounts and cash backs paid in FY2023
(FY2022: R223 million)

**R886 million**
Fee discounts, boosts and paybacks paid in FY2023
(FY2022: R1 billion)

**R5.1 billion**
Shared value to customers in FY2023
(FY2022: R4.9 billion)

**R4 billion**
Premium discounts and cash backs paid in FY2023
(FY2022: R3.7 billion)

*The shared value returned excludes Discovery Bank, Vitality UK and Vitality Global contributions. These are included in the total shared-value dividend at Group level.*
PERSONALISATION IN ACTION: IMPROVING HEALTH BEHAVIOURS THROUGH THE NEXT BEST ACTION PROGRAMME

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

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

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

The success of this initiative forms part of a broader strategy to motivate members towards healthier lifestyle choices.

The Next Best Action programme will further expand during FY2024
Vitality status: Supporting improved health

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

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

Measuring Vitality’s impact

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

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

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

We know that our Diamond and Gold Vitality status members, who are our most engaged members, are more likely to exercise and eat healthier foods, resulting in better health screening outcomes.
AN INTELLIGENT, SCIENCE-BASED APPROACH FOR ADVANCED CHRONIC DISEASE MANAGEMENT, REVERSAL AND PREVENTION

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

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

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

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

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

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

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

PHYSICAL ACTIVITY

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

NUTRITION

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

MENTAL WELLBEING

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

SMOKING CESSATION

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

PHYSICAL ACTIVITY

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

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

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

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

HELPING PEOPLE LIVE HEALTHIER, HAPPIER LIVES THROUGH SUMITOMO LIFE VITALITY

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

- 79% of members feel their quality of life improved
- 53% lowered their blood pressure
- 47% lowered their fasting blood sugar level
- 50% lowered their LDL cholesterol
- 43% less than non-members
- Members’ mortality rate was 18% lower than non-members

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

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

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

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

Personalisation in action: HealthyWeight programme

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

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

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

<table>
<thead>
<tr>
<th>Obese members are more likely to have a chronic condition compared to those with a health weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type 2 diabetes</td>
</tr>
<tr>
<td>Hypertension</td>
</tr>
<tr>
<td>Heart disease</td>
</tr>
<tr>
<td>High cholesterol</td>
</tr>
<tr>
<td>Asthma</td>
</tr>
<tr>
<td>Rheumatoid arthritis</td>
</tr>
</tbody>
</table>

R21.8 million

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

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

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

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

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

Risk of death increases in line with an increasing weight

- +5% mortality rate
- +40% mortality rate
- +52% higher mortality rate
The escalating prevalence of mental health issues, especially depression, is primarily fuelled by a mix of social, psychological and physiological factors, intensified by a taxing socioeconomic environment. Adversities such as financial stress, grief and traumatic experiences – including the widespread isolation and loss experienced due to the COVID-19 pandemic – often trigger depression. Alarmingly, according to the World Health Organization, depression now affects nearly 3.8% of the global population – approximately 280 million people – highlighting a profound and growing mental health crisis.

Workplace wellbeing is also in decline, with work taking an increasing toll on employees’ mental health – in a 2023 study conducted by Deloitte, the majority of workers surveyed indicated that their health had either declined or not improved.

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

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

Members activate the mental wellbeing module in the Vitality Active Rewards platform after completing the assessments. They are rewarded for tracking their mindful minutes and sleep goals using partner apps. Next year, the mental wellbeing pathways will be enhanced to strengthen engagement with at-risk members and deliver relevant, meaningful interventions.

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

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

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

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

24 hours a day, seven days a week.

(Press 5 to reach our dedicated trauma-related or gender-based violence support.)
It is estimated that around 22% of the global population (1.3 billion people) currently use tobacco. According to the World Health Organization, smoking is one of the biggest public health threats the world has faced. The economic costs of smoking are substantial, particularly regarding healthcare costs. Estimates reflect that the global economy loses US$1.4 trillion each year.

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

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

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

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

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

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

IMPROVING ACCESS
- Hospital at Home
- Flexicare
- Healthy Company
- Prepaid Health

IMPROVING QUALITY OF CARE
- Prepaid Health
- Hospital at Home
- Connected Care
- HealthID
- KeyCare Start Regional

REDUCING COSTS
- Flexicare
- Prepaid Health
REDCING THE COST OF CARE THROUGH POC PATHOLOGY

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

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

“We partnered with Nanolabs to address high pathology costs in South Africa through POC pathology.”
Routine screenings for the early identification and management of conditions like cancer and lifestyle diseases can significantly enhance an individual’s lifespan and healthspan – the duration of life spent in good health.

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

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

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

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

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

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

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

There has also been a 56% increase in health checks completed, with more people understanding their health status and identifying possible health risks early.
Personalisation and digitisation
A trend facing the healthcare industry is the digitisation of healthcare and the adoption of telehealth platforms to connect with healthcare professionals (see trends on page 22). Digital platforms enable healthcare professionals to receive almost real-time access to a comprehensive set of clinical data relating to their patient population – from remote monitoring devices to pathology trend dashboards – which can be automatically analysed to flag predictive risk alerts that enable doctors to close the gaps in patient care quicker, leading to better health outcomes.

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

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

**AWARDING-WINNING INNOVATION**

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

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

**CLINICAL OVERSIGHT**
24/7 clinical oversight from a care team
A dedicated care team facilitates physical and virtual 24-hour care delivery, including doctors, nurses and allied healthcare professionals.

**REMOTE MONITORING**
24/7 real-time remote monitoring supported by cutting-edge digital healthcare technology
Access to a remote monitoring device that automatically sends information to a hospital-based care team 24 hours a day, seven days a week. Clinical oversight teams continually assess patients’ health status, monitor their medical stability, track treatment compliance and recommend interventions when necessary.

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

**DISCOVERY HEALTH’S HOSPITAL @ HOME EXPERIENCE IN 2022**

<table>
<thead>
<tr>
<th>Metric</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>30-day ED utilisation rate</td>
<td>4%</td>
<td>11%</td>
</tr>
<tr>
<td>30-day readmission rate</td>
<td>6%</td>
<td>2%</td>
</tr>
<tr>
<td>Lower CPE vs IH</td>
<td>29%</td>
<td>47%</td>
</tr>
<tr>
<td>Complete substitution</td>
<td>41%</td>
<td></td>
</tr>
</tbody>
</table>
Improving chronic disease outcomes through personalisation

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

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

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

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

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

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

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

Preventing chronic disease through preventative interventions

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

To date, the model has identified 34 651 at-risk members that require proactive management.
Increasing resilience through corporate healthcare
Investing in employees' health and wellness is good business. Studies show that, compared with those in poor health, healthy employees are 17% more productive, experience fewer motivational problems, are more resilient to change, and are more likely to engage with business priorities. Ensuring employees have access to good, quality healthcare is essential to sustain the health and productivity of a workforce. While traditional health insurance models provide this access, they fund access when necessary rather than continuously.

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

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

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

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

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

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

IN 2023, WE RECORDED

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

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

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

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

<table>
<thead>
<tr>
<th>Productivity</th>
<th>Britains Healthiest Workplace</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Productivity</strong></td>
<td><strong>37</strong></td>
</tr>
<tr>
<td>Lower absenteeism: Gold and Platinum status employees work seven additional days</td>
<td></td>
</tr>
<tr>
<td><strong>Sick days</strong></td>
<td><strong>46% fewer sick days</strong></td>
</tr>
<tr>
<td><strong>Service defects</strong></td>
<td><strong>23% fewer defects for engaged employees</strong></td>
</tr>
<tr>
<td><strong>Work engagement</strong></td>
<td><strong>35% greater work engagement</strong></td>
</tr>
</tbody>
</table>

**IN 2023, WE RECORDED**

| **9 572** interactions from **4 511** members |
| **13 524** calls, **820** chats and **168 427** WhatsApp logins |
| **32 235** moods, of which **81%** were positive |
| **13 842** emotional counselling sessions |
Malaria remains the most prevalent disease in Africa, significantly impacting the lives and livelihoods of the most vulnerable. Recognising this, Vitality Health International embarked on a mission to effect change. In April 2023, on World Malaria Day, Vitality Health International announced a strategic partnership with Goodbye Malaria. This alliance underscores the shared ambition to reduce the burden of Malaria in Africa, where the disease's incidence remains high, including countries where Vitality Health International operates, such as Kenya, Nigeria, the Democratic Republic of the Congo, Zambia, and Mozambique.

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

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

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

In 2022, Discovery utilised our extensive global experience in healthcare and wellness to introduce Vitality Health International to Africa, a platform designed to tackle the region's escalating health challenges through a Shared-value model. This model offers comprehensive health insurance that incentivises healthy living, including a personalised wellness journey and a pioneering mental wellbeing programme, Vitality Healthy Mind. Vitality Healthy Mind focuses on improving mental health through various programmes, app recommendations, and insights on available health insurance benefits. It also encourages and rewards members for achieving personal mental health goals weekly.

The initiative has gained substantial momentum. Notably, 24% of eligible members have registered with Vitality, and the engagement rate is robust at 16%. Corporate Wellness Days, which offer screenings and preventative measures such as body mass index assessments, HIV testing, and blood glucose and cholesterol checks, have seen significant participation. Vitality Health International is currently available in six African countries, and we intend to expand to new markets in 2023.

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

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WHY DOES THIS MATTER?

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

WHAT DO WE DO?

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

HOW DO WE DO THIS?

We focus on enhancing and protecting lives by:

- Revolutionising risk cover and providing significant rewards for healthy behaviours
- Incentivising good driving
- Helping members achieve financial independence
- Revolutionising banking through our Shared-value Banking model

SUPPORTING THE SDGs

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

- Good health and well-being
- Sustainable cities and communities
- Industry, innovation and infrastructure
- Partnerships for the goals

- Reduced inequalities

RELATED MATERIAL THEMES

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

TARGET

One million Discovery Bank clients by 2026

KEY DEVELOPMENTS ON OUR JOURNEY TO ENHANCE AND PROTECT LIVES:

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

LOOKING AHEAD

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

REVELATIONISING RESPONSIBLE INSURANCE PRODUCTS BY PROVIDING SIGNIFICANT REWARDS FOR HEALTHY BEHAVIOURS

Discovery Life

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

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

1. Separating risk from investment: Discovery Life was instrumental in transforming the South African life insurance market by separating risk and investment products.
2. Introducing the Shared-value model: By integrating with other Discovery products such as Health, Vitality and Bank, Discovery Life can incentivise and share the surplus generated by clients who manage their health, wellness and finances well.
3. Personalising the client experience through digitisation: The rapid acceleration in digital adoption, along with the Group’s technology assets, facilitate a platform that enables insurance and shared-value to be experienced in real-time – creating a personalised journey for clients. This includes offering simplified, yet comprehensive, products enabled by digital channels, providing an easy understanding of benefits and access to rewards through digital platforms for financial advisers and clients.

Innovation

Globally, insurers are designing new products and services to meet the needs created by increasing longevity. Not only is the trend of longevity present within Discovery Life’s client base, but it is also accelerating, given the impact that Vitality has on the life expectancies of our policyholders. Therefore, we focused on maximising value and sustainability in retirement as part of our Discovery Life Plan.

This Life Plan enables clients to access the most comprehensive suite of risk protection benefits available in the market, unique rewards for positive health and financial behaviours, and the ability to engage with their policies through their mobile phones. This includes a simplified and augmented shared-value structure for premium discounts, PayBacks and premium sustainability, an enhanced integration with Discovery Bank, and a streamlined Cash Conversion benefit that allows clients to monetise their health and wellness management with a highly efficient method of supplementing retirement funding.

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

Discovery Life fully embraces the innovative new Adviser 360 platform, which went live in the first half of 2023. The platform houses the Discovery Life Plan and enables a client-centric, end-to-end digital sales process with real-time activation while simplifying the quoting and compliance processes through dynamic pre-population and digital acceptance. This allows streamlined onboarding and improved client understanding and experience throughout the product’s lifetime. We will continue to develop the platform and enhance functionality in the next financial year, extending the functionality across our product range.

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

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

**POSITIVE ENGAGEMENT CREATES SIGNIFICANT CLIENT VALUE**

<table>
<thead>
<tr>
<th>Annual integrated premium savings</th>
<th>Total Cash Conversion paid in 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>R1.9 billion saved in FY2023</td>
<td>R590 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PayBacks and Cash Conversions relative to total claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% within 35 years</td>
</tr>
</tbody>
</table>

**Total PayBacks paid to date**

| R12.7 billion (R1.3 billion annually) |

**CLAIMS PAID IN 2022:**
- Death cover: R3.4 billion
- Disability, illness and income protection: R3.3 billion

**Reduction in mortality risk**
- None/blue: -50%
- Bronze/silver: -50%
- Gold/diamond: -50%

**Selective lapses create significant value**
- None: -57%
- Blue: -57%
- Bronze + silver: -57%
- Gold + diamond: -57%

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

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

**Vitality Drive 3.0**

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

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

Vitality Drive 3.0 is based on four key concepts:

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

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

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

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

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

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

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

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

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

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

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

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

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The more people that drive well, the better the results!

Based on our data analytics and actuarial dynamics, we found that if all South Africans were on Gold or Diamond Vitality Drive status, the number and cost of road incidents could be reduced by 90%.

In addition, this would result in significant financial and healthcare cost savings and societal benefits.

Protecting businesses

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

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

Through the driver behaviour programme, Vitality Drive for Business uses telematics technology and incentive-based insurance principles to encourage and reward good driving behaviour. Discovery Drive’s Motion Alert extends to fleets and heavy vehicles, giving business owners peace of mind. Drivers can also be rewarded through Driver Active Rewards, earning rewards from one of our partners. Last year, we introduced the superior Vitality DriveView device for heavy commercial vehicles to improve driving behaviour in this industry. We are excited to now offer the Vitality DriveView device to all commercial vehicles on Vitality Drive for Business. Furthermore, we introduced a self-service functionality for fleet managers, providing critical information at their fingertips to help improve driving behaviour.
We launched our first bespoke product, the Restaurants product, at the height of the COVID-19 pandemic in FY2021. We did this to support the restaurant sector and promote business continuity. Using our experience and commercial market expertise, our bespoke product offering now includes tailored products for heavy commercial vehicles, fuel retailers, healthcare professionals, lawyers and accountants.

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

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

**Innovation**

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

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

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

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

**The Result: Driving Smarter Choices**

- **R5.3 billion in benefits paid to clients and R12 billion accrued to clients**
  (FY2022: R4.5 billion in benefits and R9.8 billion accrued to clients).

- **25% lower average retirement drawdowns in post-retirement products**
  for clients with boosts compared to clients without the boosts, improving preservation of savings.

- **16% increase in retirement savings terms** for clients receiving upfront boosts compared to clients without the boosts.

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

*The cumulative rewards for exhibiting the three behavioural changes of saving earlier, withdrawing less and staying healthy. These are rewarded through boosts to investment amounts or through fee reductions.*
Vitality Money is about how people use their money to build financial independence and resilience in the long term. Using behavioural science and research, Vitality Money shows how changing five behaviours can improve overall financial health:

- Increased deposits
- Dynamic discounts
- Lower defaults
- Spending less than you earn
- Saving for emergencies
- Saving for retirement
- Having the right types of insurance
- Managing property debt well

Discovery Bank uses these behaviours to measure a client’s financial health, and not their level of income, and award them a Vitality Money status – Blue, Bronze, Silver, Gold or Diamond. Vitality Money status is a good predictor of financial health, indicating that clients manage their money well and have a lower risk of credit defaults.
Vitality Money adoption continues to increase significantly in line with the growth of Discovery Bank — 539,546 clients have activated the programme, representing 94% of the eligible base.

**Innovation**

**Enhancing Wellbeing through Banking**

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

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

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

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

**The results: healthier financial behaviour**

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

**Discovery Bank Clients on Gold and Diamond Vitality Money Status:**

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

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

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

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

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

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

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

- Lack of financial knowledge, skills and literacy
- Race, class and family values prevent women from taking responsibility for their finances
- Lack of access to urban spaces where financial institutions are situated

How we address these barriers to inclusion:

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

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

“Through our dynamic and accessible tools, incentives and rewards, we are working towards increasing wealth and financial resilience for society as a whole.”
FINANCIAL EDUCATION
Our Shared-value model is founded on the premise that empowerment with incentivisation leads to meaningful change. As noted in the previous section, clients who manage their money well are rewarded for these choices. To help our clients manage their finances, we recognise that financial education and empowerment are critical to their ongoing financial journey. We know that the first step towards improving one's financial position is accurately understanding what it is.

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

The Vitality Money Financial Analyser

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

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

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

Calculators

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

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

PARTNERING TO ENHANCE COLLECTIVE INSIGHT

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

Key trends:
- Total spending on travel is currently higher than in 2019, with various factors leading to consumers spending more on average per trip.
- The mass market client group is feeling the economic strain driven by the higher inflation, with an increased proportion of spending on essentials like groceries.
- We expect the trend towards online purchases to continue as retailers improve their offerings, especially for groceries.
- There is an opportunity for contactless card payments and digital wallet adoption rates to increase as consumers become more comfortable with these emerging payment methods.
Strengthening social systems is the third pillar of our Integrated Sustainability Framework, recognising that, for Discovery to deliver on its core purpose, there needs to be systemic resilience within our operating ecosystems.

**WHAT DO WE DO?**

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

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

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

**KEY DEVELOPMENTS ON OUR JOURNEY TO STRENGTHEN SOCIAL SYSTEMS**

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

**TARGETS TO STRENGTHEN SOCIAL SYSTEMS:**

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

**SUPPORTING THE SDGs**

Gender equality
Decent work and economic growth
Reduced inequalities
Sustainable cities and communities
Climate action
Industry, innovation and infrastructure
Partnerships for the goals

**RELATED MATERIAL THEMES**

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

**LOOKING AHEAD**

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

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

How we support the ecosystem and who benefits

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

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

- **Leveraging our capabilities to offer innovative product offerings that improve quality, reduce cost and increase access**
  - Innovate for impact (page 62).

- **Collaboration to support constructive policy development**
  - Emerging risk and research (page 111).

- **Supporting cost control and quality management across the system**
  - Emerging trends and how we are responding (page 22).
  - The iron triangle (page 32).

- **Research, data analytics and thought leadership**
  - Emerging risk and research (page 111).
EXPANDING ACCESS TO QUALITY HEALTHCARE AT A REDUCED COST

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

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

Low-cost benefit options

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

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

Discovery believes the introduction of LCBOs will provide an opportunity to improve access to quality primary healthcare for all South Africans and that the LCBO framework is consistent with the strategy of mixed funding pools implemented in other low and middle-income countries at similar points of economic development as South Africa.
Despite the complex environment, it is important to stress the quality and strength of South Africa’s private healthcare system. It is a unique national asset and critical in supporting the public healthcare system. Although the envisaged implementation of NHI is incremental and long term, we will continue to argue for a more collaborative approach with a role for medical schemes and private healthcare when the NHI is fully implemented, recognising it is the only way to make the NHI workable for all South Africans.

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

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

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

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

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

Collective health

South Africa’s NHI

Public-private collaboration in healthcare delivery is vital to maintaining a resilient healthcare system, and the NHI Fund can be a valuable tool to build on these partnerships developed during the COVID-19 pandemic. There is a strong and valid social imperative for universal health coverage, and we remain in full support of achieving this to address inequities and strengthen the health system in South Africa. This includes the aspirations of the NHI Bill, which allows for broader access to equitable healthcare for all South Africans.
Vitality Active Rewards for Doctors is a customised incentive-based programme that uses the science of Vitality and behaviour change to encourage doctors to improve their physical fitness and overall health.

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

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

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

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

- 4.4% more engaged than the Vitality base
- 4.4% more physically active than the Vitality base

Highly engaged doctors on the programme are*:

- 113% more engaged than the Vitality base
- 71% more physically active than the Vitality base

Patients of highly engaged doctors are*:

- 6% more engaged than the non-engaged doctors
- 2% more physically active than non-engaged doctors

* as at September 2022

Bridging finance for doctors

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

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

Paving the way for safer roads

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

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

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

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

Discovery Safe Journey to School

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

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

Over >190 000 potholes have been filled to date.
PARTNERING TO BUILD THE NATION

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

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

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

THE CEO PLEDGE

Through this pledge, business is committing to using its collective resources and expertise to partner, assist, build and bolster initiatives aimed at rapidly turning the flywheel and changing our country’s direction. Clear governance and oversight structures have been established, and the work is directed through the government-led committees. The partnership will report to the President every six weeks to ensure progress and unblock issues as they emerge.

Furthermore, research is being conducted on how best to accelerate job creation – recognising that economic growth is the primary enabler – and identifying potentially effective and scalable initiatives.

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

Adrian Gore, BUSA Vice President and Discovery Group Chief Executive
LEVERAGING CORPORATE SOCIAL INVESTMENT TO BUILD CAPACITY

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

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

Support the training of **600 medical specialists and institutions** by 2026 – we already disbursed R307 million, exceeding our target spend of R300 million.

Increasing human resources for health through training, including specialist training

Supporting service delivery in rural and underserved communities

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

Engaging and forging strategic partnerships with other industry players

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

Promoting gender transformation in the health workforce

OVERVIEW OF OUR IMPACT ON HEALTHCARE HUMAN RESOURCES

**1 056 healthcare workers** trained for rural and underserved areas

**550 awards to date to specialists and institutions**

**255 medical doctors** have graduated to date

Discovery Foundation

**Increasing human resources for health through training, including specialist training**

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

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

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

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

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

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

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

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

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

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

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

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

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

82% of grants awarded to BEE beneficiaries

R11.3 million awarded to BEE beneficiaries to date

Promoting gender transformation in the health workforce

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

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

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

59% of grants awarded to female beneficiaries

R8.3 million awarded to female beneficiaries in FY2023

Strengthen social systems / Leveraging corporate social investment to build capacity / Discovery Foundation continued
Discovery Fund
Supporting service delivery in rural and underserved communities

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

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

- **46** organisations supported
- **12 808** community members reached
- **R33 million** in support of service delivery in rural and underserved communities
- **4 971** pregnant women received antenatal care
- **5 051** children five years old and younger received health services

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

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

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

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

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

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

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

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

BREAST HEALTH FOUNDATION: PARTNERING TO EXPAND ACCESS TO BREAST HEALTH SERVICES
Hlokomela started as an innovative HIV/AIDS educational and treatment programme on a single farm. Now, it supports quality primary healthcare delivery for farmworker communities across almost 100 farms in Limpopo and Mpumalanga.

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

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

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

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

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

HLOKOMELA: INNOVATING TO DELIVER QUALITY HEALTHCARE IN RURAL AREAS

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

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

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

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

**VISIONARY LEADERSHIP FORGING THE WAY FOR COLLABORATIVE ACTION**

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

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

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

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**ENCOURAGING EMPLOYEE VOLUNTEERISM AND SKILLS TRANSFER**

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

**OVERVIEW OF OUR EMPLOYEE VOLUNTEERISM IMPACT**

- **1 646** employees volunteered during the year (FY2022: 2 094 employees)
- **7 439** hours in volunteering activities (FY2022: 6 811 hours)

**Discovery ForGood**

Discovery ForGood is our employee volunteerism programme that aims to leverage the capabilities of our employees to help build healthier communities. Given Discovery’s wide range of skills, we work with communities to understand their needs and match them to the skills and resources provided by our volunteers. Discovery ForGood aims to have 20% of Discovery’s employees volunteer annually. In FY2023, 17% of our employees volunteered (FY2022: 20%). We also set a 70% cumulative engagement target for 2019 to 2023, which we are on track to achieve, attaining 82% (FY2022: 71%).

**Mentorship With Purpose**

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

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

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**VISIONARY LEADERSHIP FORGING THE WAY FOR COLLABORATIVE ACTION**

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WHY DOES THIS MATTER?

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

WHAT DO WE DO?

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

HOW DO WE DO THIS?

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

Refining and meeting our environmental commitments

Innovating and sharing environmental value through Discovery Green and Discovery Bank

Defining our climate change position and goals

Responsibly using natural resources

SUPPORTING THE SDGs

Affordable and clean energy

Climate action

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

Industry, innovation and infrastructure

Partnerships for the goals

RELATED MATERIAL THEMES

Strengthen our environmental stewardship

Expand and strengthen our social impact

Leverage and manage technology and innovation

Ensure ethical governance and leadership

TARGETS AND GOALS

Short-term goal: Reduce Scope 1 and 2 emissions by 16.8% in FY2023 against our 2019 baseline

Medium-term goal: Carbon neutral operations by 2025

Long-term goal: Net zero by 2050 or earlier

KEY DEVELOPMENTS IN OUR JOURNEY TO RESTORE THE ENVIRONMENT:

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

57 715 tonnes CO₂ emissions (tCO₂ e) (market-based) in Scope 1, 2 and 3 (FY2022: 53 563 tCO₂ e)**

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

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

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

SA only

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

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

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

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

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

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

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

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

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

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

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

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

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

Andre Nepgen, Head of Discovery Green

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

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

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

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

This combination and platform allow Discovery Green to offer business a larger energy frontier, higher financial savings and a greater reduction in overall emissions.
Discovery Bank partnered with Rubicon – South Africa’s leading provider of solar and off-grid solutions – to supply South Africans with high-quality solar products through flexible funding.

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

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

**DISCOVERY BANK’S SOLAR ENERGY SOLUTION IN PARTNERSHIP WITH RUBICON**

**DISCOVERY’S CLIMATE CHANGE POSITION AND GOALS**

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

**Short-term goal**

**ANNUAL REDUCTION AGAINST OUR 2019 BASELINE**

Reduce Scope 1 and 2 emissions cumulatively by 16.8% for FY2023 and 21% for FY2024 against a 2019 baseline of 35 897 tCO₂e (aligned to science-based methodology).

**Medium-term goal**

**CARBON-NEUTRAL OPERATIONS BY 2025**

Achieve carbon neutrality in our South African, United Kingdom and United States operations by 2025 (Scope 1 and 2 emissions).

**Long-term goal**

**NET ZERO BY 2050 OR EARLIER**

Publish our plan by 2025 to achieve net-zero GHG emissions by 2050 or earlier. Collaborate with strategic partners to enable a low-carbon future.

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

1. **ALIGN ACROSS PRACTICES AND PROPERTIES**
   - Reduce Group GHG emissions to align with global climate ambitions.

2. **AMPLIFY THROUGH PORTFOLIO AND PARTNERSHIPS**
   - Integrate climate-related issues into investment, procurement and partnership decisions and policies.

3. **IMPACT THROUGH INCENTIVES AND INNOVATION**
   - Develop and scale products and services that reduce GHG emissions and support adaptation.

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

- **OPERATIONS**
  - All property and facility-related operations that contribute to our carbon emissions, including energy provision and management, fleet management, employee services and waste management.

- **PEOPLE**
  - Our engagement with and impact on employees and external stakeholders (partners, suppliers, ratings agencies) that affect our carbon footprint and goals.

- **PRODUCT**
  - New products and services aimed at encouraging and incentivising clients and broader society to reduce their personal emissions and make sustainable choices through behaviour change. Consideration of potential climate change impacts in product development.

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

- 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.

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.

For more detail, see our [Group climate change strategy](#).

Our [2023 TCFD Report](#) further details our climate change position and our progress against metrics and targets.
Progressing against our climate-related goals

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

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

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

Our short-term goal is to cumulatively reduce the Group’s Scope 1 and 2 emissions by 16.8% in FY2023 and by 21% in FY2024 against our 2019 baseline. We achieved the FY2023 goal, with Scope 1 and 2 emissions of 29249 tCO₂e against a target of 29866 tCO₂e, compared with the 2019 baseline of 35897 tCO₂e.

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

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

UNGC Climate Ambition Accelerator programme

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

 WHAT IMPACTS OUR SHORT-TERM CLIMATE-RELATED GOAL?

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

- Increased loadshedding in South Africa: Our diesel consumption during FY2023 was the highest it has been in three years, driven by the use of generators during loadshedding to keep essential business services running.

- Our data centres’ energy demand: Our data centres continue to drive emissions for the Group. Given the centrality of data to the organisation and the complexity of migrating servers and infrastructure, an all-encompassing short-term solution is challenging. This is further exacerbated by the data redundancy equipment roll-out at data centres, which increases energy demand but is crucial to bolster business continuity in case of disaster or outage.

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

- Reducing our reliance on generators through solar installations at 1 Discovery Place and our Port Elizabeth office

- Optimising our in-office working structures to allow for work flexibility while ensuring efficient energy use

- Tweaking light schedules and other energy-dependent resources to coordinate with operational requirements

- Responsibly sourcing carbon offsets for unavoidable emissions

- Exploring potential aisle containment and more efficient hardware for our data centres (while considering the cost against the positive emissions impact)

Our energy-efficiency efforts positively impact Discovery’s payable carbon tax, which is very low. We will continue to implement energy-efficiency projects, which include adjusting settings to optimise energy efficiency in cooling and heating, an LED lighting retrofit, base load reduction, and replacing of heating, ventilation and air conditioning systems.
Vitality UK and Vitality US share our Group-wide commitment to restoring the environment.

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

During the year, the Vitality US office:
- Developed a video to educate our people on day-to-day waste disposal, which contributed to 5,259 pounds of compost we diverted from landfill during the year – the equivalent of driving 5,216 miles.
- Saved 236 gallons of gas to date.
- Switched to compostable single-use cups and plates and worked with caterers to provide compostable cutlery and serving equipment.
- Moved to a new building, which is Leadership in Energy and Environmental design (LEED) certified and close to major transportation hubs (which cuts down on employees’ transport emissions).

We are increasing our environmental employee awareness and training to drive behaviour change from within the business. During the year, we:
- Ran an employee awareness campaign at 1 Discovery Place centred around World Environment Day. The campaign aimed to communicate our progress against our goals and highlight our activities and included:
  - WastePlan, our Waste Management partner, joining us to reiterate the importance of recycling correctly
  - Woodrock Animal Shelter sharing how to make pet toys from recycled waste
  - The World Wildlife Fund (WWF) screening Our Planet in the auditorium
  - An indoor pop-up forest with 450 living plants
  - A community clean-up in Diepsloot
  - Stalls and information sessions from other sustainability-focused organisations
- Held an information session on energy saving across Discovery properties and how employees can combat loadshedding in their homes.
- Engaged on the results of the 2022 Employee Travel Survey, including a call to action for the 2023 survey.
- Continued to update our employee network with communication and resources on climate change, including practical tips and challenges to motivate our employees to partner in our environmental journey.
- Reminded employees of our electric car leasing scheme through a workshop as part of World Environmental Day. As part of this scheme, employees can lease an electric or hybrid vehicle at a reduced cost.
**Medium-term goal: Carbon-neutral operations by 2025**

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

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

- **Installing rooftop solar at 1 Discovery Place and our Port Elizabeth office:** The 1 Discovery Place rooftop solar installation continues to assist with energy provision since it was completed in October 2022, saving around 3% of total energy and providing approximately 360 KWh per day. The rooftop solar installation at our office in Port Elizabeth went live in June 2023. The structure consists of 2,160 panels that can generate 1 MW per day (the equivalent of the electricity use of 650 average homes), with an estimated annual production of 1,807 MWh.

- **Actively exploring renewable energy wheeling:** Discovery is planning to sign a wheeling agreement with the new Discovery Green proposition by the end of 2023, which will provide between 60% to 80% of 1 Discovery Place’s energy – which itself accounts for 62% of overall emissions – by 2026. Currently, wheeling is only possible for 1 Discovery Place, but the Group will investigate wheeling for other properties once regulation changes to allow wheeling in smaller properties.

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

**Long-term goal: Net zero by 2050 or earlier**

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

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

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

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

**VITALITY UK’S CARBON OFFSET OFFERING**

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

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

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

We partnered with a Quality Assurance Standard (QAS) certified carbon offset provider. We fund a Green proposition by the end of 2023, which will include a decarbonisation strategy for Scopes 1, 2, and 3, including energy reduction pathways and new technologies. As a starting point, we will set Scope 1 and 2 targets and create reduction strategies for the remainder of 2023, followed by a comprehensive Scope 3 analysis in 2024. The final plan, including consolidated targets and science-based reduction trajectories, will be completed by 2025 – when our public commitment is due.

**Reporting and disclosures**

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

**TCFD REPORT**

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

**CDP**

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

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

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

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

Managing water

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

We predominantly use:

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

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

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

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

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

Managing waste

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

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

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

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

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

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

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

Green Star-certified buildings

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

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

Sustainable insurance and responsible investment commitments

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

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

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

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

**OUR PURPOSE**

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

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

**OUR VALUES**

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

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

**Force for good**

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

Adrian Gore

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

**WE WANT TO BE A POWERFUL FORCE FOR GOOD BY:**

- Building brilliant businesses that disrupt industries
- Strengthening our foundation with our pioneering Shared-value model
- Enhancing our social, environmental and financial impact through innovative products and programmes and aligning our business and sustainability strategies

By giving individuals incentives to make better financial decisions, Discovery Bank has helped generate higher savings levels, lower risk and increased wealth and prosperity for society as a whole. That is the impact of shared value and a model steeped in purpose and values.
Our employees enable us to deliver on our Integrated Sustainability Framework, create value for our stakeholders and be a force for good. They are the life force of our Shared-value model, and we continually improve our people strategies to ensure our employees’ wellbeing and create a future-proof, purpose-led and diverse workforce.

Our FY2023 highlights

Certified as a top employer by the Top Employer’s Institute for the fourth consecutive year. The Top Employer Institute is a global authority that recognises companies for their excellence in ways of work and people practices.

Won the Excellence in Incentive Travel: Asia Pacific category of the Society for Incentive Travel Excellence (SITE) Crystal Awards for our Star Awards. The SITE Crystal Awards recognise creative, practical and memorable incentive programmes that keep employees engaged while also driving business results.

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

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

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

Vitality US was placed on Ragan’s Workplace Wellness Hot List.

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

Recognised as an employer of choice in insurance for graduates by the South African Graduate Employers Association (SAGEA) Employer Benchmark Survey 2022. SAGEA is dedicated to advancing graduate employment and provides a standard for the recruitment and development of graduates.
# Build a best-in-class workforce

## Key Metrics (South Africa)

<table>
<thead>
<tr>
<th>Metric</th>
<th>FY2022 (%)</th>
<th>FY2022 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retention rate</td>
<td>86</td>
<td>86.42</td>
</tr>
<tr>
<td>Employee Experience Score</td>
<td>80</td>
<td>83</td>
</tr>
<tr>
<td>Employee engagement score</td>
<td>91</td>
<td>87</td>
</tr>
</tbody>
</table>

**Overview of Our Workforce**

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

### South Africa

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

<table>
<thead>
<tr>
<th>Headcount</th>
<th>FY2023</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees</td>
<td>10,919</td>
<td>11,380</td>
</tr>
<tr>
<td>Full-time¹</td>
<td>10,468</td>
<td>10,914</td>
</tr>
<tr>
<td>Part-time²</td>
<td>450</td>
<td>466</td>
</tr>
<tr>
<td>Full-time to part-time employee ratio</td>
<td>26:1</td>
<td>23:1</td>
</tr>
</tbody>
</table>

**New hires**

- New hires | 1,438 | 1,344 |
- New hire rate | 13.7% | 11.6% |
- Overall turnover³ | 14.0% | 13.6% |
- Voluntary | 1,304 | n/a³ |
- Involuntary | 165 | n/a³ |
- Retention rate⁴ | 86.0% | 86.4% |

### United Kingdom

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

<table>
<thead>
<tr>
<th>Headcount</th>
<th>FY2023</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees</td>
<td>2,566</td>
<td>2,342</td>
</tr>
<tr>
<td>Full-time¹</td>
<td>2,249</td>
<td>2,033</td>
</tr>
<tr>
<td>Part-time¹</td>
<td>317</td>
<td>309</td>
</tr>
<tr>
<td>Full-time to part-time employee ratio</td>
<td>7:1</td>
<td>7:1</td>
</tr>
</tbody>
</table>

**New hires**

- New hires | 805 | 767 |
- New hire rate | 32.5% | 34% |
- Overall turnover³ | 23.5% | 25.8% |
- Voluntary | 424 | 464 |
- Involuntary | 157 | 115 |
- Retention rate⁴ | 83.9% | 81.3% |

### United States

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

<table>
<thead>
<tr>
<th>Headcount</th>
<th>FY2023</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of employees</td>
<td>249</td>
<td>229</td>
</tr>
<tr>
<td>Full-time¹</td>
<td>248</td>
<td>227</td>
</tr>
<tr>
<td>Part-time¹</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Full-time to part-time employee ratio</td>
<td>248:1</td>
<td>114:2</td>
</tr>
</tbody>
</table>

**New hires**

- New hires | 42 | 51 |
- New hire rate | 15% | 21% |
- Overall turnover³ | 13% | 21% |
- Voluntary | 26 | 44 |
- Involuntary | 6 | 3 |
- Retention rate⁴ | 87% | 79% |

### Women’s Representation

- South Africa: 58%
- United Kingdom: 58%
- United States: 58%
ATTRACTING AND RETAINING THE RIGHT PEOPLE
At our core, we know our people and their talent enable us to pursue our purpose: the more exceptional our people are, the greater impact we will have. In a highly competitive post-pandemic world of work, the skills Discovery needs to deliver on its core purpose – most notably in the data sciences, analytics and IT disciplines – are critically scarce. In response, we continually work to:

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

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

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

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

GOALS
- Improve the lived experience of Discovery employees
- Retain key talent
- Increase number of quality candidates in critical skill segments

Our PEOPLE

Meaningful work facilities
Location and time flexibility
Travel and global exposure

Learning and development
Growth
Business sustainability

Benefits
Total rewards
Recognition

Force for good
Inspirational leadership
Customer prestige

ALIGMENT WITH DISCOVERY’S CORE PURPOSE
CREATING AN EXCEPTIONAL EMPLOYEE EXPERIENCE

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

Employee engagement

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

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

Employee Experience Survey

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

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

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

KEY METRICS (SOUTH AFRICA)

Employees' average Vitality age:

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

81% employees with active Vitality membership

9,625 employees registered with Healthy Company (FY2022: 11,252 employees)

KEY INITIATIVES

Launching our mental wellbeing strategy

Piloting the Discovery Allyship Programme

Creating an Employee Resource Group Framework

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

OUR FY2023 EMPLOYEE WELLBEING INITIATIVES

We continued to ramp up our employee wellbeing initiatives this year, with a targeted increase in our mental wellbeing-related initiatives.

- We developed our mental wellbeing strategy, which guided the following mental wellbeing programmes and initiatives:
  - Leveraging our Degreed learning platform to create a skills plan that generates awareness by providing learning pathways on the top mental health conditions
  - Providing leaders with a practical and Discovery-specific online toolkit that supports them on the job and helps them navigate mental wellbeing in their teams
  - Creating a concise reference guide to support leaders in building awareness in their teams and providing guidance quickly
  - Facilitating regular mental wellbeing webinars by industry experts, as well as internal and external storytelling and fire-side chats with leaders and employees to offer additional support and tools to identify and deal with mental wellbeing in the workplace

- In the United Kingdom, we provided employees with access to a network of 51 trained mental health champions, cognitive behavioural therapy and counselling through our mental health panel, mindfulness apps and employee assistance programme, Health Assured. We supplemented this with mental health awareness sessions for managers and monthly mental health workshops available to all employees.

- We developed a financial wellbeing series hosted by Worth in July 2023.

- In the United Kingdom, we enhanced our financial wellbeing support by launching a new benefit – advance pay – and paid a cost-of-living supplement of £75 per month to lower-paid employees who were approved for higher paid jobs. We also delivered a range of workshops aimed at helping employees lead financially fit lives.

- We piloted the Discovery Allyship Programme to help participants understand the concept of allyship, equipping them with strategies to be allies and create accommodating and inclusive environments inside and outside our business.

- We created an Employee Resource Group Framework to guide the formation of employee resource groups. These groups provide support, awareness and information-sharing for participants based on specific identities (including race, gender or sexuality) or common ideas, interests or backgrounds, and can be used to affect positive change in the business.

We repurposed our London office for hybrid working and have similar plans for our other two offices. We ensured our employees in the United Kingdom feel connected in our new hybrid working world through lunchtime leadership runs and walks at each of our offices, ‘getting to know you’ sessions for new joiners with executives, and CEO floor walks, among other initiatives. Our three employee resource groups – the Women’s Forum, Race Forum and LGBTQ+ Forum – are regularly consulted on initiatives to strengthen diversity and inclusion.

Vitality UK enhanced its parental leave policy by offering primary and co-parents equal time off.
HEALTHY COMPANY

We believe employee wellbeing is the bedrock of better business. Healthy Company, Discovery’s digitally enabled employee assistance programme, forms an important part of our value proposition by proactively supporting employees’ wellbeing. Healthy Company offers various levels of interventions, from prevention and education to episodic or ongoing management across physical, emotional and financial wellbeing, as well as legal support.

Our employees*, their immediate families and dependants, have access to:
- Benefits and support through the app, website, telephone or face-to-face consultations
- Wellness centres, including a resident medical doctor, nursing sister, dentist, optometrist, physiotherapist and chiropractor
- Flu vaccination and opportunities to donate blood
- Wellness support after illnesses, including chronic and severe illness management, incapacity and disability management
- Emotional wellbeing assessments and support
- Financial wellbeing assessments
- Financial experts for debt counselling or assistance with debt management services
- 24-hour emergency legal support
- Professional drafting of legal documents, uniquely tailored to their circumstances and delivered within 24 hours of a request being received

Onsite clinics
All four of Discovery’s campuses in South Africa have onsite clinics for employees, including doctors, dentists and other specialist services, such as physiotherapists, chiropractors and optometrists. Primary healthcare services at the onsite clinics are free for general practitioners, and allied healthcare services are on a fee-for-service basis at Discovery Health Medical Scheme rates minus 10%.

Wellness days
Our Discovery Wellness Days continued in FY2023 at all campuses in February and March 2023. These are free of charge to all employees and include a set of essential health screenings and preventive tests, including blood pressure, glucose, cholesterol or lipogram, weight assessment or body mass index (BMI) assessment, and non-smoker’s declaration.

<table>
<thead>
<tr>
<th>REGIONAL CAMPUS</th>
<th>TOTAL PARTICIPANTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gauteng</td>
<td>1 576</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>370</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>521</td>
</tr>
<tr>
<td>Western Cape</td>
<td>258</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2 725</td>
</tr>
</tbody>
</table>

Flu vaccinations are critical to strengthen immune systems and protect people from potential infection – this is particularly important in a post-pandemic era. In FY2023, we purchased flu vaccines for our employees and offered vaccinations across all our campuses during April 2023.

** TAKING CARE OF THE BASICS

Refer to our ESG Databook for detailed disclosure about the benefits provided to our employees, including our leave policies.
Make our people healthier continued

“Our newly formed mental wellbeing strategy builds on our employee wellbeing strategy, acknowledging that mental wellbeing is a crucial part of overall wellbeing.”

OUR APPROACH TO EMPLOYEE MENTAL WELLBEING

Although years of work have embedded our employees’ physical and financial wellbeing needs into our employee wellbeing strategy, FY2023 heralded an increased focus on solidifying mental wellbeing in our strategy. #mindmatters, a leadership mental wellbeing session featuring mental health experts that we facilitated during the year, reinforced the importance of this by highlighting the adverse consequences – to employees and the business – of not proactively managing employees’ mental wellbeing.

Our newly formed mental wellbeing strategy builds on our employee wellbeing strategy, acknowledging that mental wellbeing is a crucial part of overall wellbeing.

OUR MENTAL WELLBEING STRATEGY

**OBJECTIVES**

**Individual level:** All employees know when to ask for support and feel safe enough to do so.

**Team level:** Leaders feel equipped to identify and support their employees, and team members feel equipped to support each other and their leaders.

**Organisation level:** Educate, enable and empower employees, leaders and executives to role model and provide the right environment for sustainable and holistic mental wellbeing.

**PRINCIPLES**

**ROOTED IN**

**Data**
- A high-impact data-driven approach for efficacy in preventive, episodic and ongoing screening measures
- Predictive analytics to identify potential high-risk teams
- Regular trend reporting

**Awareness**
- Meaningful and easy-to-consume support programmes
- Leaders equipped to effectively support their teams
- Webinars and masterclasses
- Weekly newsletter content

**Support**
- Creating awareness of the available support channels:
  - Healthy Company
  - Employee clinical services
  - Onsite clinics and counsellors
  - Early intervention by Group Risk
  - Mental health first aiders

**Tools**
- Easy to understand content:
  - Infographics
  - Leadership toolkits
  - Access to a catalogue of services for team-specific interventions

**Leverage Discovery’s capability and data**

**Psychologically safe teams**

**Regular monitoring**

**Data-driven insights**
**MONITORING EMPLOYEE WELLBEING**

We monitor employee wellbeing through our Vitality Health Checks and Vitality Mental Wellbeing Programme, as well as an Employee Wellness Survey included in our annual Employee Experience Survey.

Vitality Health Checks are a simple, effective and convenient set of essential health screenings and preventive tests, such as blood pressure, glucose, cholesterol and weight assessments, among others. The Vitality Mental Wellbeing Programme consists of a curated set of holistic mental wellbeing assessments that help our people gain a more detailed perspective of their overall state of mental wellbeing. Once they complete the assessments, we provide helpful tools and suggestions aimed at enabling them to make proactive and positive changes in their lives.

We track the advances we make in employee wellbeing through our annual Employee Experience Survey, which helps us assess how we can improve our wellbeing programmes.

**AN UPDATE ON OUR HYBRID WORKING MODEL**

We launched our pilot hybrid working model in FY2022 to support the diverse needs of our employees.

This year, we worked to revise and stabilise the hybrid working model as our new normal, focusing on driving engagement and collaboration in the hybrid space while protecting our organisational culture and enhancing our employee value proposition. All employees have now been linked to a work model, and distribution and adherence to these models are reported monthly.

**KEY HYBRID INSIGHTS ACROSS OUR BUSINESS**

**South Africa**

- South Africa has several different work models:
  - 25% of employees work from the office permanently
  - 4% of employees are typically in the office for 50% – 80% of the month
  - 38% of employees spend a minimum of two days in the office per week or eight to 10 days per month
  - 10% of employees are typically in the office between three and five days per month
  - 16% of employees are in the office one day per month
  - 8% of employees are not required to be in the office

**Vitality UK**

Vitality UK’s hybrid working model requires most employees* to spend at least two days per week in the office.

* Exclusions: permanent home workers

**Vitality US**

Vitality US’s hybrid working model requires most employees* to spend at least two days per week in the office.

* Exclusions: employees classified as work from home.

**Happy employees (employee net promoter (eNPS) scores)**

**Target:**
- +23 by December 2022
- +28 by June 2023

**FY2023 performance:**
- +31 in October 2022
- +37 in April 2023

**Healthy employees**

**Target:**
- 52.5% of our employees earning 12 activity points in a week, twice per month

**FY2023 performance:**
- 56.4% of our employees earned 12 activity points in a week, twice per month

**Inclusive workplace**

**Target:**
- 60% female appointments to £50 000+ roles

**FY2023 performance:**
- 54% female external appointments to £50 000+ roles

Read more about Vitality UK’s work towards an inclusive workplace on page 86.
Focus areas during the year

Embedding our purpose and values and bringing our Shared-value model to life for employees:
- 180 wellbeing events for employees
- Mental health training for 165 managers
- 208,000 free meals for employees
- 1,685 display screen equipment (DSE) assessments

Providing personalised employee experiences:
- Multiple wellbeing interventions and benefits offered

Equipping our people for the future world of work:
- 40 employees enrolled for our data apprenticeship programme

Facilitating diversity and inclusion:
- LGBTQIA+ forum established to supplement our Women’s Forum and Race Forum
- Development programme delivered for female middle managers

Making our offices great places to be:
- Our new London office was designed for hybrid working, with similar plans in place for our Bournemouth office
- Breakout area introduced at our Stockport office

Attracting, developing and retaining great people:
- 52 employees mentored by executives
- 261 people signed up for ‘Personal best’ learning pathways

Enabling line managers to liberate the best in their people:
- 65 managers completed the Everyday coach training programme
- 145 managers completed leadership competency assessments

Making data-driven decisions and leveraging new technologies:
- New recruitment platform launched
- Power BI People dashboard published

Employee volunteering

VITALITY US

Vitality US is the only subsidiary within Vitality Global that Discovery manages. Our Group-wide focus on promoting our people’s holistic health and fostering a strong sense of community flows through to our team in the US. After embracing a hybrid work model in FY2022, we continued working to keep employees connected, engaged and healthy during the year.

To support this, we focused on:
- Forming a return-to-office committee to define and clearly communicate policies and procedures around our new work model
- Offering access to our onsite gym and workout rewards for employees who log 100 workouts on their Vitality account
- Rewarding employees for their healthy activities by lowering their insurance premiums
- Hosting our first post-pandemic onsite wellness fair, including free biometric screenings for employees and virtual health screening technology
- Offering free annual Divvy (Chicago bike sharing) memberships to employees who bike in the city
- Investing in onsite and hybrid mental wellbeing activities, including recharge hour (which employees can use to decompress), massage chairs, exercise classes and meditation
- Providing healthy catered onsite lunches twice a week for employees
- Recognising employees’ significant effort in launching new products through a campaign to thank employees and give them the opportunity to pause and reset in the workplace
- Introducing Fuel Fridays, through which employees get two hours of dedicated learning and development time every third Friday
- Expanding our parental leave policy by increasing leave from 12 weeks to 16 weeks, changing the waiting period from one year to nine months and changing the pay approach
- Keeping our employee engagements consistent through our SoWell (our internal wellness committee) initiatives

We strongly encourage employee volunteering and charitable giving. To reward employees for participating, we award 50 Vitality Points up to four times per year to employees who submit proof of volunteering or charitable giving through their Vitality account.

In FY2023, we encouraged employees to participate in a volunteer raffle, in which they logged volunteer hours and donations of goods and money to charitable causes.
# Value diversity, equity and inclusion

## KEY METRICS (SOUTH AFRICA)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value 2023</th>
<th>Value 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender diversity at senior management level</td>
<td>46%</td>
<td>44%</td>
</tr>
<tr>
<td>Racial diversity at senior management level</td>
<td>37%</td>
<td>36%</td>
</tr>
</tbody>
</table>

## KEY INITIATIVES

- Embedding our transformation vision into business processes
- Developing a People with Disabilities Management Strategy and Framework
- Developing an Employee Resource Group Framework

We promote diversity, equity and inclusion through these focus areas:

- Advancing our transformation objectives
- Supporting ethnic and racial diversity
- Supporting gender diversity
- Supporting people with disabilities
- Preventing discrimination

We consider promoting diversity in the workplace a moral imperative – it is critical to driving performance and innovation considering the diverse views and needs of our stakeholders. We aim to be representative of the communities in which we operate and believe that promoting inclusivity and representation in our teams enriches and benefits our products and services.

Discovery supports the principles of employment equity. We promote equal opportunity for, and the fair treatment of, all employees and applicants for employment. At Discovery, equal opportunity means providing all individuals with an equal chance to:

- Learn of employment opportunities
- Apply for employment opportunities
- Compete fairly for employment opportunities
- Function successfully in employment
- Advance in employment

Equal opportunity asserts that certain categories of people might be treated differently to ensure equity – particularly to redress inequity or disadvantage – so that all groups have an equal chance.

We developed and implemented various strategies and initiatives in FY2023 to support our commitment to creating an inclusive workplace, including:

- Launching our people with disabilities management strategy to support current and future employees with disabilities
- Formulating an Employee Resource Group Framework to support the employee resource groups emerging within the business aimed at crafting and enhancing business strategies to ensure a sense of belonging
- Developing and rolling out an online and in-person diversity and inclusion introduction programme to share Discovery’s transformation vision and mandate, as well as embed transformation into business processes
- Launching an initiative to integrate the use of inclusive language in our diversity, equity and inclusivity, and marketing programmes
- In the United Kingdom, establishing a forum for LGBTQIA+ employees – who make up 4.68% of our workforce – to provide input into our diversity, equity and inclusion strategies and plans
- In the United States, facilitating Understanding Transgender and Gender Non-Binary Identities and Allyship training

We continue to elevate awareness of unconscious bias, educate managers on inclusion and exclusion behaviours, especially in a hybrid world of work, and upgrade regional infrastructure to improve mobility and access for people with disabilities.
Value diversity, equity and inclusion continued

ADVANCING OUR TRANSFORMATION OBJECTIVES

Discovery is intentional about advancing its transformation objectives through supporting ethnic, racial, gender and ability diversity.

During FY2023, we continued to offer a suite of diversity, equity, inclusion and belonging coaching programmes for employees, being a signatory to the United Nations Global Compacts (UNGC) Women Empowerment Principles and Target Gender Equality programme. Through this, we aim to advance our gender diversity agenda and offer leadership development to our black high-potential employees.

Our Employment Equity Plan

Discovery aims to make incremental progress towards a workforce that reflects South Africa’s national economically active population (NEAP) at every level. We review performance against targets twice a year and base our measures on our Employment Equity Plan launched in 2020. Through this plan, we focus on inclusion and higher weighting for African, Coloured and Indian employees, as well as people with disabilities, at management level.

As at June 2023, Discovery Group’s employment equity score against our FY2023 target is 98%.

We also developed transformation ambition targets that emerged from robust transformation acceleration discussions to advance black representation at top and senior management, with specific targets towards female representation at General Manager level.

SOUTH AFRICA’S EMPLOYMENT EQUITY AMENDMENT BILL

In early 2023, President Ramaphosa signed into law the Employment Equity Amendment Bill of 2020 (EE Amendment Bill). The EE Amendment Bill seeks to advance transformation of South Africa’s workforce by setting equity targets for economic sectors and geographical regions and requiring enterprises to develop transformation plans.

The EE Amendment Bill has several implications for South African businesses’ employment equity approaches, including sector targets, definition changes, psychological testing, equal pay and state contracts.

We are committed to improving our employment equity ratings in line with the spirit of the EE Amendment Bill and await the publishing of the actual targets for employers in the financial sector to finalise our updated Employment Equity Plan. Several initiatives are currently under way to drive progress towards our EE plans.

We measure our workforce’s perception of how inclusive our culture and environment are through the annual Employee Experience Survey and, at an executive level, with 360 reviews. We are proposing an adapted management incentive system score model for the transformation key performance indicator (KPI) as a behavioural incentive.

At a Group level, the Remuneration Committee remains committed to ensuring Discovery’s remuneration is market-related, fair and free of any prejudice. This approach is embedded in management processes, including job grading, annual salary benchmarking and annual income differential analysis (considering gender and race differentials).

For detail on remuneration, see our 2023 Remuneration Report.

98% As at June 2023, Discovery Group’s employment equity score against our FY2023 target is 98%.

Refer to our ESG Databook for a detailed breakdown of our diversity profile per employee category, our employment equity targets, and our three-year performance against plan.
Supporting ethnic and racial diversity

**South Africa**

In South Africa, job creation is the greatest lever in B-BBEE. We had a meaningful impact on transformation in FY2023 by ensuring 89.4% of new jobs went to black candidates, contributing to our efforts to better reflect South Africa’s economically active population.

Our senior leadership teams are responsible for the employment equity composition of their respective business units, directly impacting their short-term performance incentives. Most business units continue to perform well against their set Employment Equity Plan targets. As a result, the Group achieved a 96% performance score each quarter since the plan’s inception.

We continue to leverage structures like our Social and Ethics Committee and the Employment Equity Consultation Forums to partner with respective business areas in formulating on-demand solutions that will retain, attract and promote the best people in line with our transformation ambition. This is achieved through learning and development offerings that create advancement opportunities.

Representation of black people across our South African operations increased from 75.6% in FY2022 to 78.1% in FY2023, and to 37% in FY2023 by ensuring 89.4% of new jobs went to black candidates, contributing to our efforts to better reflect South Africa’s economically active population.

**Vitality UK**

Vitality UK is committed to diversity, equity and inclusion because it benefits our employees, our business and society. We want all our people to bring all of themselves to work, so that they can liberate the best in themselves. We know diversity fosters innovation, which is part of our DNA. And we believe that inclusive diversity promotes social cohesion, which benefits society.

In line with Group values, Vitality UK is committed to increasing the number of black, Asian and minority ethnic (BAME) employees in senior leadership roles and fostering a strong talent pipeline with this in mind.

Vitality UK’s diversity and inclusion ambition is to be the most inclusive and diverse company in the UK financial services sector. We aim to achieve this ambition by ensuring representation, promoting inclusion and taking a stand.

**VITALITY UK PROMOTES DIVERSITY AND INCLUSION THROUGH:**

**RACE FLUENCY TRAINING**

Our Positively Different People - Let’s Talk Race programme is a blended learning pathway to encourage race fluency in our employees. During the year, the programme included a digital learning module on unconscious bias, a live virtual event on allyship, a live interview with David Olusoga (author of the bestselling book Black and British) and videos from Vitality employees from different ethnic backgrounds sharing their personal experiences. The programme concluded with a team learning consolidation and action planning session facilitated by team managers. 1,861 employees have enrolled in the programme since inception.

**LEADERSHIP COMPETENCY ASSESSMENTS**

We continue to use a leadership competency framework to ensure our selection process is objective, and strategic talent reviews and succession plans are analysed through a diversity and inclusivity lens. During the year, 145 managers completed leadership competency assessments.

**RACE AT WORK CHARTER**

We are a signatory to the charter and have an executive sponsor for racial diversity. We consult our Let’s Talk Race Forum on diversity-related topics and signed a petition urging the government to make publishing of race equity data compulsory for business.

**RECRUITMENT PARTNERSHIPS**

We proactively seek partners who provide diverse candidate shortlists, and we welcomed nine interns (FY2022: three interns) as part of the United Kingdom’s #10,000blackinterns initiative. In FY2024, we will also participate in the #10,000ableinterns initiative, focused on increasing opportunities for people with disabilities.

**DIVERSITY AND INCLUSION HUB**

Our diversity and inclusion hub celebrates our diverse workforce. It details our diversity and inclusion journey to date and is home to employee stories and a wealth of resources. The hub receives an average of 565 visits per month.

**ETHNICITY AND GENDER PAY GAPS**

We publish our gender and ethnicity pay gaps each year. Our pay gaps are lower than the sector averages, with our average gender pay gap declining by almost 12 percentage points in the past five years to 19.6%. Our average ethnicity pay gap is 4.5%, while the median pay gaps are 9.8% and 2.8%.

A recent audit confirmed that we practise our policy of equivalent pay for equivalent work: differences in pay for the same role are explained by differences in experience, length of service, performance and location (London-based roles attract a pay premium). Gender and ethnicity are not a factor in these differences in pay.

**OTHER VITALITY UK INITIATIVES TO PROMOTE DIVERSITY AND INCLUSION INCLUDE:**

- Child-minding and menopause support benefits for employees, as well as fertility and new parents support services, and a buddy system for employees returning from parental leave
- We partnered with Everywoman, a company specialising in helping female talent navigate the challenges they face when advancing into senior management roles

**SOURCING SENIOR BLACK TALENT**

Our Recruitment Policy articulates our approach to sourcing local senior black talent and considers the hiring of function heads. Majority of our senior role sourcing is performed by Discovery’s internal talent acquisition specialists, who leverage human resources technology platforms the business has invested in. Discovery’s Head of Transformation and Head of Talent support these strategic sourcing efforts.

The rest of our senior role sourcing is performed by recruitment agencies who are on our preferred supplier lists, which have been vetted by procurement for compliance with defined B-BBEE criteria.

**OTHER VITALITY UK INITIATIVES TO PROMOTE DIVERSITY AND INCLUSION INCLUDE:**

- Child-minding and menopause support benefits for employees, as well as fertility and new parents support services, and a buddy system for employees returning from parental leave
- We partnered with Everywoman, a company specialising in helping female talent navigate the challenges they face when advancing into senior management roles

**VALUE DIVERSITY, EQUITY AND INCLUSION / ADVANCING OUR TRANSFORMATION OBJECTIVES CONTINUED**
Vitality US

Vitality US is committed to maintaining a diverse and inclusive workforce through mindful actions and informed policies. Our diversity and inclusion working group, consisting of a diverse group of employees, has multi-year priorities to ensure long-term and meaningful progress in this regard. Several initiatives are under way to advance diversity and inclusion in our US workforce, including:

- Establishing the Inclusivity, Diversity, Equity, Accountability and Liberating the best in our people (IDEAL) Committee
- Partnering with the Professional Diversity Network, which assists in recruiting diverse candidates by targeting diverse networks
- Updating our job posting template for a more inclusive recruitment process
- Launching a mentorship programme to highlight diverse talent and perspectives in Vitality
- Included demographics in our talent mapping to increase visibility of high-performing diverse employees
- Partnering with diversity, equity and inclusion programmes in South Africa to align initiatives in the US
- Building programmes and processes to highlight diverse talent and provide development opportunities to drive diversity at higher levels in the organisation
- Launching our Diversity, Equity and Inclusion Ambassador Programme to welcome new hires to Vitality and act as a first resource for any diversity-related questions

“Vitality US is committed to maintaining a diverse and inclusive workforce through mindful actions and informed policies.”

We established a baseline understanding of Vitality’s diversity, equity and inclusion through training. This understanding and training enables us to continue educating our people.
Supporting gender diversity
We are signatories to the UNGC Women’s Empowerment Principles and Target Gender Equality programme and signed a statement promoting gender equality. During the year, we ramped up our commitment to gender balance and equality, including engagement initiatives that highlight issues related to the gender pay gap and equitable representation of women at executive and management levels, among others, and how we can address them.

Female representation across group categories

<table>
<thead>
<tr>
<th></th>
<th>FY2023</th>
<th>FY2022</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Representation across the Group</td>
<td>58%</td>
<td>58%</td>
<td>58%</td>
</tr>
<tr>
<td>Representation at Board level</td>
<td>38%</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Representation in senior positions</td>
<td>46%</td>
<td>44%</td>
<td>44%</td>
</tr>
</tbody>
</table>

Our gender profile compared with South Africa’s NEAP continues to paint a positive picture. However, we recognise that we must achieve a more equitable gender balance in our senior leadership positions across all our businesses. Currently, women comprise 46% of senior management (FY2022: 44%). We continue to emphasise achieving greater female representation at senior levels and building pathways for women to move into more senior leadership roles, helping build the pipeline in the levels below, as well as effectively deal with the organisational and transitional barriers.

Following roundtable sessions in FY2021, where female deputy general managers and general managers highlighted the challenges women felt still needed to be addressed within the Group, we launched Discovery Women Move in FY2023 during women’s month. This initiative is an employee resource group serving as a platform for women, by women, to foster growth, inclusion and belonging through networking, role modelling, sponsorship and mentorship.

Addressing the gender pay gap
Discovery emphasises greater female representation at senior levels in our succession planning processes. We conduct annual income gap analyses for gender and race. Where there is a gap, we provide interim salary increases during the year, except where gaps are due to qualifications, experience, performance and market-related benchmarks.

In FY2023, Discovery closed the gender pay gap to ~0% for same roles.
Supporting people with disabilities

We continue to provide meaningful employment opportunities for people with disabilities by promoting employment equity measures within our recruitment practices and establishing strategic relationships with organisations who focus on recruiting and retaining people with disabilities.

We made good progress during the year by strengthening the structures that support our current and future employees with disabilities. We launched an end-to-end People with Disabilities Management Strategy and Framework to guide how Discovery supports and develops differently abled individuals.

Our strategy consists of the following pillars:

- **Attracting, recruiting and retaining** people living with disabilities in meaningful roles across Discovery
- **Supporting business partners** in recruiting and supporting employees with disabilities with adequate tools and knowledge
- **Providing wellness and clinical support and guidance** to business partners and people with disabilities
- **Guiding the business in providing our employees with disabilities with continued skills development** opportunities

In FY2023, Discovery employed 82 people with disabilities, representing 0.8% of our total workforce (FY2022: 79 employees, representing 0.7% of total workforce). People with disabilities representation continues to be a focus area for Discovery as we are below the financial services industry (Financial services: 1.3%; Discovery: 0.8%).

PREVENTING DISCRIMINATION

Discovery is committed to a fair, dignified, inclusive and equitable work environment, free of unfair discrimination and harassment, including gender-based harassment, with the aim to create a safe workplace. We recognise that discrimination is a human rights violation as well as a barrier to equity and equality in the workplace. Discovery takes a zero-tolerance approach to discrimination, and we regard any instances of unfair discrimination, harassment and abuse of power as unacceptable, serious misconduct.

Discovery's values of integrity, honesty and fairness are demonstrated through our culture of inclusiveness and tolerance. We support the just, equitable and considerate treatment of all people. We do not engage in child, forced or compulsory labour.

We ensure our employees know their rights through the Employee Policy Handbook, and our grievance procedures – including our confidential ethics hotline and EthicsDefender app – are clearly communicated. We treat individual grievance cases with the utmost care and deliver regular progress reports until issues are resolved.

The 10 incidents that were reported via our Ethics Defender portal for Discovery in FY2023, these were all dealt with and successfully resolved

Our guiding policies

Discovery has several policies in place prohibiting unfair discrimination, harassment (including sexual harassment), gender-based violence and workplace bullying. We updated our policy and complaints procedure in June 2023, which guides us to effectively prevent and eliminate discrimination, all forms of harassment in the workplace and documents Discovery’s approach and complaints procedure should breaches occur.

Our Human Rights Statement expresses our commitment to ensuring employees are equitably remunerated, and that we fully comply with applicable laws regulating minimum wage, maximum working hours and healthy and safe working environments. Although Discovery employees do not belong to a trade union, nor are they covered by a collective bargaining agreement, our Human Rights Statement upholds their rights to elect to join labour unions and engage in collective bargaining.

Our zero-tolerance approach is enhanced by our Grievance Policy. We encourage incidents of discrimination to be reported. Once reported, incidents are addressed promptly and are handled formally and informally to promote engagement.

Refer to our ESG Databook for additional disclosures on discrimination.
**Employee Training and Development at a Glance**

<table>
<thead>
<tr>
<th>Key Metrics (South Africa)</th>
<th>Key Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Learning and development spend:</strong></td>
<td><strong>Strategic workforce planning for emerging and critical skills</strong></td>
</tr>
<tr>
<td>R1.3 billion (FY2022: R1.2 billion)</td>
<td><strong>Implementing an enterprise-wide view of talent and a global talent mobility approach</strong></td>
</tr>
<tr>
<td>94.3 training hours (12.58 days) per employee (FY2022: 135.12 training hours (18.02 days))</td>
<td><strong>Developing contextual leadership programmes to enable leaders in the new work context</strong></td>
</tr>
<tr>
<td>1,049,009 hours total training time (FY2022: 1,533,195 hours)</td>
<td><strong>Developing high-potential talent for critical roles and bench strength</strong></td>
</tr>
</tbody>
</table>

**Total B-BBEE training spend on learning and development**
- R941 million (FY2022: R946 million)

**Amounting to 75.2% of total training spend** (FY2022: 76.57%)

- Employees received an average of 94.3 hours (FY2022: 135.12 hours), or 12.58 days (FY2022: 18.02 days), of training

- An average of 91 hours of training per female employee (FY2022: 141.94 hours)

- An average of 99.5 hours of training per male employee (FY2022: 125.66 hours)
CREATING A WORKFORCE FOR THE FUTURE

Our philosophy has always been that developing the great minds who work at Discovery is key to our success. Connecting these minds through our internal structures and fostering intellectual leadership helps sustain our organisation and future-proof our business in the evolving world of work. In the post-pandemic world, competition for talent is fierce as employee expectations increase and critical skills shortages abound.

In response, we promote a work environment built on trust through flexible work models and collaboration led by forward-looking leaders, equipping our people with future-ready skills and capabilities. Discovery follows a talent management approach where critical roles and scarce skills are identified within industry and the business units. Successors and high-potential talent are developed to address critical and scarce skill requirements internally, and strategies are in place to build the talent pipeline. These strategies are incorporated into the business unit talent development plans, individual development and workplace skills plan. This is supported by the provision of employee bursaries and employee feedback to enhance our processes and procedures.

Our commitment to transformation guides our focus on developing scarce and critical skills for black employees to build further capacity in our skills pipeline. As part of our talent review process, high-potential black employees have been identified and are being proactively developed and retained.

The Group set bold targets in its Ambition 2023, ensuring that our people continued to learn and develop to meet the demands of business and keep us competitive and relevant in a global market.

In FY2023,
- 839 employees (FY2022: 565 employees)
  received
- R16 million (FY2022: R14 million)
  in bursaries

Leveraging people analytics

Discovery leverages people analytics to create a workforce for the future. We use the SAP SuccessFactors human capital technology platform, SmartPeople, to enable key talent processes within the People function and employee life cycle, including recruitment and retention. Our people analytics dashboard, integrated with SuccessFactors, provides data analytics and insights that inform critical decision-making in terms of recruitment, assessments, performance management, learning and skills development.
Supporting career development

We empower our employees to manage their own skills development by providing focused development solutions and encouraging joint responsibility with their teams and managers. All employees are encouraged to complete an individual development plan, which we use to inform our training plans and development initiatives. This approach provides a basis for life-long learning and the tools to adapt to a rapidly changing world.

Our self-directed approach incorporates wellbeing and is driven by employees and supported by leaders. It is implemented through a standardised, transparent and objective process hosted on our human capital enabling technology platform. Throughout the year, employees are encouraged to schedule regular time with their leaders to discuss their performance against objectives and their wellbeing. They are also encouraged to request feedback from various stakeholders at any point.

The approach used focuses on growth, development, employee aspirations and aligning performance objectives to business strategy and values. Although we hold continuous performance discussions, formal performance reviews take place in six or 12-month intervals, depending on the business unit. Here, employees and leaders discuss performance against objectives and capture ratings on the performance module on our enabling technology platform.

Discovery aims to attract top talent and address industry scarce and critical skills. Through the following programmes, we develop the people our industry needs:

ADRIAN GORE MENTORSHIP AND FELLOWSHIP PROGRAMME:
The Adrian Gore Fellowship Award programme (AGFA) for actuarial graduates has run for the past 10 years with great success. Building on the AGFA programme's success, and in line with our values of great people and liberating the best in our people, we launched the Adrian Gore Mentorship Programme for African and Coloured actuarial professionals at Discovery. This internal programme is supplemented by an external mentorship programme that provides support to African and Coloured actuarial professionals outside of Discovery, in partnership with the Association of South African Black Actuarial Professionals and the South African Actuaries Development Programme.

DISCOVERY GRADHACK:
GradHack gives 50 IT students from South African universities an immersive work experience solving real challenges through technology opportunities in the Discovery environment. In FY2023, 27 candidates were offered employment at Discovery through GradHack.

STUDENT BURSARIES:
We awarded three accounting students from University of Johannesburg with bursaries in partnership with the Insurance Sector Education and Training Authority (INSETA), and we committed to awarding five black actuarial students with bursaries in partnership with SAADP.
LEARNING SOLUTIONS AT DISCOVERY

Leadership development programmes

- **Number of employees who completed leadership development programmes**
  - 1,652 in FY2023 (FY2022: 2,121)

We encourage leadership development through management and leadership development programmes in collaboration with Henley Business School and the University of Cape Town (UCT) Graduate School of Business.

- Foundation Management Leadership Development Programme (FMLDP) (National Qualifications Framework (NQF) 5 aligned and certificated): UCT Graduate School of Business Accredited Future Leaders Programme
- Advanced Diploma in Management Practices (ADMP) (NQF 7): UCT Graduate School of Business Accredited New Manager Programme
- Advanced Management Leadership Development Programme (AMLDP) (NQF 8): Henley Business School Accredited Advanced Diploma in Management Practice
- Advanced (NQF 8): Henley Business School Accredited Postgraduate Diploma in Management Practice
- Other programmes:
  - High-Impact Leadership Programme
  - Executive Leadership Development in the New World of Work
  - Leading with Empathy
  - Leader as Coach
  - Coaching Circles
  - Lead the Discovery Way

Self-led business programmes

- **Number of employees who completed business programmes**
  - 11,829 in FY2023 (FY2022: 402)

We give employees access to formal and informal business skills learning through online learning platforms, including Udemy, LinkedIn Learning and Degreed. Formal functional and business skills learning paths include:

- Building resilience
- Critical thinking
- Data analytics in Discovery
- Hybrid work
- The new era of customer experience

NUMBER OF EMPLOYEES ON LEARNING PLATFORMS:

- **UDEMY BUSINESS**
  - 1,707 employees
  - (with an activation rate of 100% (FY2022: 98%))

- **LINKEDIN LEARNING**
  - 1,709 employees
  - (with an activation rate of 86% (FY2022: 86%))

- **DEGREEED**
  - 10,643 employees
  - (with an activation rate of 46% (FY2022: 69%))

Employees viewed

- **45,174**
  - LinkedIn Learning, Udemy and Degreed programmes
  - (FY2022: 1,501 learning programmes)

**18,359 hours** of learning from LinkedIn Learning and Udemy platforms

- **an average of**
  - **3 hours 20 minutes** (LinkedIn) and
  - **6 hours 27 minutes** completed per active user (Udemy)
Learnerships and internships

Number of employees who participated in learnerships, creating a pipeline of talented black people for employment into future roles

- **226** in FY2023
  (FY2022: 206 people)

Number of interns deployed into our business, addressing sector skills gaps for insurance agents, actuaries, programmers, software developers, ICT system analysts, legal, human resources and insurance claims administrators

- **84** in FY2023
  (FY2022: 80 interns)

We partner with programmes funded by the Insurance Sector Education and Training Authority and Banking Sector Education and Training Authority to provide workplace experience opportunities to matriculants and graduates to address scarce skills in the insurance sector.

Learnerships are structured as 12-month training programmes, through which learners receive a nationally recognised accredited qualification. Internships are structured as 12-month programmes, offered to unemployed graduates to give them workplace experience relating to their qualification.

Learnerships and internships are a pipeline of talent into various roles within Discovery, and we consider the absorption of interns and learners into the business as a testimony to the skills our programmes develop in them.

### Professional programmes

**Number of employees who completed professional programmes**

- **7 845** employees in FY2023
  (FY2022: 115)

Professional programmes aim to develop career competencies that are attained beyond the coursework necessary to earn or maintain a professional qualification.

- **The People Academy**: develops our human resource professionals’ skills to increase the impact of our delivery against Discovery’s strategic ambition and modernise, reposition and future-proof talent management in the Group. The Academy is currently in its third year and receiving positive engagement from its third cohort.

- **Group Information Services Academy**: supports information services professionals cross-functional skills, business skills, and coaching and mentoring.

### Executive coaching

**Number of employees participated in the executive leadership programme, including executive coaching circles**

- **26** in FY2023
  (FY2022: 120)

Our coaching programme aligns individual leadership effectiveness with outstanding organisational performance. The focus for coaching in Discovery is to improve the skills and performance of line managers, and it is provided on an as-needed basis for individuals and teams.

- **Leader as Coach**: 22 individuals
- **Coaching Circles**: 61 individuals
The Discovery brand continues to be recognised for its intellectual leadership, innovation and purpose-led Shared-value model. Our strategy is to drive scaled impact through our business and be recognised as best of breed.

01 Upholding our ethics

Discovery upholds ethics deliberately and comprehensively by implementing an Ethics Management Framework that builds trust with stakeholders and promotes the Group's long-term success.

We establish clear standards and expectations for ethical behaviour, provide safe reporting mechanisms for employees to report ethical violations or concerns, and promote transparency in our operations and decision-making processes.

Our Ethics Management Framework includes a comprehensive governance framework and management process to drive our ethics strategy across the Group. This strategy focuses on several key areas, including:

- Leading by example and setting a positive example for ethical behaviour at leadership level
- Reinforcing Company values and promoting a culture of ethical conduct throughout the Group
- Promoting open and honest engagement around ethical issues and concerns and providing channels for employees to raise questions or report ethical concerns
- Ongoing communication, training and awareness to ensure all employees are equipped to make ethical decisions

Our core purpose and values also guide appropriate conduct across the Group. We have dedicated ethics policies in place to interpret and describe the standards for appropriate conduct at an operational level. These policies are available in Discovery's official business language.

We perform an internal audit of the Group Ethics function, the Ethics Charter and Ethics Management Framework every three years – most recently in August 2022 – to align with best practice and provide a structure to help identify potential ethics risks to Discovery.

02 Preventing harm

03 Cultivating trust

Our brand is synonymous with our core purpose of making people healthier and enhancing and protecting lives, and we are committed to applying high global standards for responsible business conduct wherever possible. Our focus goes beyond adherence to legislation – we aim to build and maintain a strong culture of compliance and ethical behaviour across the Group to ensure the sustainability of our business.

Our FY2023 highlights

- Became a member of the United Nations Environment Programme Finance Initiative
- Continued behavioural ethics and ethics ambassador training and awareness for employees
- Rolled out leadership and ethics culture training
- Updated our Whistleblowing Policy and expanded the scope of our anonymous hotline to include reporting from third-party providers and brokers
- Achieved and maintained the ISO 27001 certification within applicable business areas across the Group

**KEY METRICS**

- 10 discrimination incidents, with 100% resolved
- 6 041 ethics-related training courses completed
- 0 corruption and bribery incidents
- 34 whistleblowing incidents received, with 100% resolved

DISCOVERY SUSTAINABILITY REPORT 2023
RESPONSIBILITY FOR ETHICS

The Board, which leads ethically and effectively, is responsible for governing ethics while setting an ethical direction for the Group. In addition, the Board establishes proactive management processes and structures, ensures organisational ethics risks are mitigated and integrates and prioritises an ethical organisational culture. The Board is assisted by the Social and Ethics Committee to mandate and oversee the Group Ethics Office which, in turn, manages and implements the Ethics Management Plan throughout the Group.

Upholding our ethics continued

Group Ethics Office

The Group Ethics Office supports the Board, executives, management and employees to cultivate and strengthen the ethical culture across the business. The Group Ethics Office implements the Ethics Management Framework by:

- Assessing ethics risks and opportunities
- Implementing the ethics management strategy
- Designing ethics standards aligned to Discovery’s core purpose and values
- Integrating ethics into the organisational culture
- Monitoring adherence to ethics standards and reporting on ethics management and performance
- Providing advisory and consultancy services to businesses and management

As a multinational organisation, Discovery operates in business environments with different ethical standards and cultural norms. The Group Ethics Office develops ethics standards at a Group level, which also apply to all wholly owned subsidiaries across the business – including Vitality UK and Vitality Global. These standards are further tailored by the subsidiaries to consider the local business and cultural norms in the jurisdictions in which they operate. While each jurisdiction has its own dedicated ethics resources, the Group Ethics Office oversees the overall implementation of the Ethics Management Framework.

The Group Ethics Office’s focus areas for FY2023 were to:

- Strengthen ethical standards to ensure these remain relevant and effective
- Refine training and awareness programmes
- Enhance the Ethics Ambassador Programme through ongoing support and recognition
- Expand advisory services to the Group’s Executive Committee and other business areas

The Group Ethics Office is also actively involved in addressing developing ethical issues. In FY2022, the Office partnered with an international advisory firm to develop an ethical decision-making framework to guide complex and strategic decisions. A draft of this framework was presented to the Group Executive Committee in FY2023, and we are considering its integration.

The Group Ethics Office also continues to partner with Stellenbosch University’s Institute for Future Research to identify potential future ethics risks and opportunities that could impact the Group and, in turn, assist management in developing innovative, long-range decision-making competencies for competitively mitigating risk and sensing opportunities. As part of the project, we remain updated on emerging trends and developments in the global environment to ensure we can integrate emerging global ethics developments into our strategies and daily operations.

One such developing trend identified was the use of language as a dimension of inclusivity, and the Group Ethics Office engaged with Discovery’s People and Group Marketing functions to develop mechanisms for addressing language inclusivity within Discovery. We also established a Group forum to develop responsible guidelines for the use of artificial intelligence (AI) to ultimately ensure a coordinated, multi-stakeholder and multi-departmental approach to adopting ethical AI and machine learning.

Ethics Ambassador Programme

To expand its reach and further entrench Discovery’s ethical culture, the Group Ethics Office introduced the Ethics Ambassador Programme to support the implementation of the Ethics Management Plan across the Group. Through this programme, employees informally:

- Promote ethical culture in their respective business areas
- Help create and maintain awareness of ethics in their areas of influence
- Assist in identifying and addressing the potential ethical consequences of business decisions

The Ethics Ambassador Programme is well established – we conducted a survey among our Ethics Ambassadors to determine the effectiveness of the programme, and recorded an overall satisfaction rate of 87%

Ethics Ambassadors from each business unit meet every second month to discuss questions raised by employees, challenges experienced, support required, emerging trends and other relevant matters. At a Group level, we hold meetings quarterly or twice a year where Ethics Ambassadors can share best practice, experiences and challenges. Guest speakers also attend these meetings to discuss topical issues such as data ethics.

There are 214 active Ethics Ambassadors representing all Discovery’s business units, including Vitality Global. Vitality Global is in the process of nominating its Ethics Ambassadors.
Cultivating an Ethical Culture

Discovery is committed to a culture of transparency and accountability to prevent unethical behaviour and to address such behaviour when it does occur. The Group Ethics Office reminds employees of their responsibility to report ethical concerns or infractions – or information or concerns relating to criminal or other irregular conduct in the workplace – and our Safe Reporting Framework establishes safe, confidential and effective mechanisms for this disclosure.

Our Whistleblowing Policy outlines various channels for employees to safely report criminal or unethical behaviour. This is enabled through independently managed and accredited channels, including an independently managed whistleblowing hotline and the real-time EthicsDefender app. EthicsDefender allows employees to interact anonymously with an Ethics Officer in real time and provides a dedicated ethics reporting email address. We constantly monitor and assess these channels to identify any improvements.

The Whistleblowing Policy prohibits retaliation against employees by providing reassurance that those who report criminal and unethical behaviour in good faith will have the necessary protection and that their confidentiality will be safeguarded. Harassment, occupational detriment or victimisation of a reporter is not tolerated, and disciplinary action will be initiated against any employee guilty of such conduct. The policy also provides for minimum standards relating to the reporting, investigation, escalation and governance of the Group Safe Reporting Framework.

We updated our Whistleblowing Policy during FY2023. As part of this, we widened the scope of our anonymous hotline to allow reports from external stakeholders – including suppliers, third-party providers and brokers. We also updated standard operating procedures in South Africa, the United Kingdom and the United States.

We continue to highlight our speak-up culture and Whistleblowing awareness campaign. This campaign also serves to highlight the safe reporting mechanisms available to employees and, specifically, the EthicsDefender app.

We have a dedicated ethics page on our employee engagement platform, SAP Jam, which includes the latest information on the services provided by the Group Ethics Office. A new group is used to communicate, share, interact and create an interactive learning forum for employees.

Ethics training and awareness

Training is fundamental to integrating and driving ethical behaviour and awareness. The Group Ethics Office maintains a comprehensive training and awareness programme to assist and guide employees towards behavioural norms aligned with Discovery’s core values.

New employees receive ethics awareness training during their induction, and all employees complete online ethics awareness training on a regular basis. Our training is aimed at providing employees with a shared ethics vocabulary and explaining their role in respecting and upholding the Group’s ethical standards. In addition, training modules include ethics awareness, the importance of ethics in Discovery, how our core values guide our ethical decision-making, the role of the Group Ethics Office, and how to report unethical behaviour.

Employees in leadership roles complete behavioural ethics training that aims to improve their ethical decision-making capacity while helping them understand how their behavioural make-up may make them unconsciously susceptible to unethical behaviour, influence and decision-making.

6,041 courses completed in FY2023

For more details on how we govern ethics, refer to our 2023 Governance Report.

“New employees receive ethics awareness training during their induction, and all employees complete online ethics awareness training on a regular basis.”
Participation in surveys

Annually, we appoint an independent party to facilitate an anonymous Employee Experience Survey. The survey includes a dedicated ethics category which, in FY2023, achieved a score of 78 – unchanged from FY2022. The outcome of the Employee Experience Survey is shared with the Executive Committee of each business, highlighting the most and least positive perceptions and behaviours per unit. The Chief People Officer, supported by the Group Ethics Office, is responsible for follow-up actions and surveys and updating the Board on progress regarding action plans.

The Ethics Office is developing new training material for FY2024 based on topics identified in the Employee Experience Survey.

Responding to ethical incidents

The Group Ethics Office received 118 substantiated reports of incidents and requests for guidance and advice related to ethics during the year (FY2022: 126). Reports are referred to the relevant business units or agencies for investigation, to ensure a fair investigation process.

Most of the incidents reported during FY2023 related to conflicts of interest, business practices and human resources. In response, we provided advisory services, resolved conflict through management interventions and managed consequences through human resources or industrial relations.

Reports recorded in FY2023

<table>
<thead>
<tr>
<th>Method</th>
<th>FY2023</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMAIL</td>
<td>56</td>
<td>62</td>
</tr>
<tr>
<td>ETHICS HOTLINE</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td>ETHICSDEFENDER ONLINE TOOL</td>
<td>21</td>
<td>12</td>
</tr>
<tr>
<td>WALK-INS</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>TELEPHONICALLY</td>
<td>23</td>
<td>26</td>
</tr>
<tr>
<td>REFERRED BY FORENSICS</td>
<td>1</td>
<td>5</td>
</tr>
</tbody>
</table>

Email remains the preferred channel to report incidents, which speaks to the psychological comfort most reporters experience with the process.
HUMAN RIGHTS

As an organisation that continuously seeks to uphold good corporate citizenship, we acknowledge our responsibilities enshrined in national laws and regulations and universal human rights standards. Our commitment is informed by the UN Guiding Principles on Business and Human Rights, International Bill of Human Rights (including the Universal Declaration of Human Rights), International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact (UNGC) Principles, of which Discovery is a signatory. In our annual Communication on Progress, we communicate our progress on implementing the UNGC Principles. We monitor any changes in disclosure requirements and adapt our Communication on Progress accordingly. We also follow the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises.

We are committed to respecting the rights of people involved in and impacted by our business, our employees, partners, supply chain, clients, shareholders and society. We strive to meet and surpass, where possible, the progressive realisation of the laws that govern human rights in the markets where we operate, and to comply with laws regulating minimum wage, maximum working hours, the rights of our employees to join labour unions, and healthy and safe working environments.

We strongly oppose forced labour, child labour, human trafficking or any form of slavery in any part of our organisation and supply chain, as well as all forms of bullying, harassment or unlawful discrimination on any grounds, including age, race, ethnic or national origin, religion or belief, caste, colour, mental or physical health conditions (including HIV/AIDS status), disability, pregnancy, gender or gender expression, gender identity, sexual orientation, marital status or other domestic circumstances.

Human rights violations or concerns are reported through the ethics hotline and EthicsDefender app, which are independently managed by a third party. We have processes in place to act immediately in instances where abuses may occur, and will continue to educate and create awareness among our stakeholders and encourage them to report any suspected human rights violations or concerns through our various reporting mechanisms.

We seek to enter relationships with organisations that demonstrate similar commitments to ours. We monitor how our business partners share their commitment to ours. We monitor how our business partners share their commitment to ours. We monitor how our business partners share their commitment to ours. We monitor how our business partners share their commitment to ours. We monitor how our business partners share their commitment to ours.

In FY2023, we adapted Discovery’s Human Rights Policy into a Human Rights Statement, which still provides for the necessary disclosures that reflect our commitment and processes relating to human rights and ESG requirements. Our Human Rights Statement was approved in July 2023.

RESPECTFUL INVESTMENT

Discovery aims to build a sustainable business that benefits future generations by delivering on our core purpose of making people healthier and enhancing and protecting their lives. The Board recognises that responsible investment across the Group requires material ESG issues to be recognised, evaluated, and incorporated into investment analysis and decision-making processes, including through active ownership policies and practices.

Most of our investments are held on behalf of clients who have purchased linked policies such as retirement and living annuities. Discovery’s own investments are held in government and corporate debt instruments, collective investment schemes, pooled funds and bank deposits. Discovery also holds investments on behalf of clients who have purchased linked policies such as retirement and living annuities. Discovery’s own investments are held in government and corporate debt instruments, collective investment schemes, pooled funds and bank deposits. Discovery also holds investments on behalf of clients who have purchased linked policies such as retirement and living annuities.

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Our Responsible Investment Policy principles

External asset managers and internal Discovery employees responsible for investing assets must incorporate ESG into their investment process.

External asset managers must be active custodians of the assets they manage, which includes voting on proxies and engaging with the management of investee companies on material ESG matters.

Alignment with principles and frameworks

Discovery is a signatory to the UNGC and subscribes to the Sustainable Development Goals, which call for strategies and operations to align with universal principles that advance societal goals. We are also a signatory to the UN Principles of Responsible Investment (PRI). We remain signatories to the 2022 Global Investor Statement to Governments on the Climate Crisis, urging governments to act and ensure Nationally Determined Contributions align with the goals of the Paris Agreement.

We carefully consider whether the initiatives we align with or get involved in agree to our corporate strategy and goals while following the correct governance structures to ensure appropriate approvals are in place.

In FY2023, we focused on the transition from a policy level – ensuring that appropriate foundations, awareness and governance structures are established – to implementing our Responsible Investment Policy, integrating it into our overall investment philosophy and ensuring it is fit-for-purpose. Each Discovery business must attest to its adherence with the Responsible Investment Policy. Any breaches or non-compliance must be disclosed timely and addressed by our Board subcommittees.

Responsibly selecting external asset managers

When selecting and appointing external asset managers to manage the assets under our control, we consider the extent to which responsible investment is embedded in their investment and ownership practices. In addition, the asset managers we appoint are subject to their own respective responsible investment policies, which we confirm align with Discovery's stated policies and objectives.

In addition, we require that our asset management partners consider ESG impacts associated with their portfolio companies to deliver on their mandate. ESG is therefore included in our dialogues with our external managers in our defined appointment and monitoring process. As part of the implementation of Discovery's Responsible Investment Policy, we monitor and engage with asset managers to ensure any proxy voting or ESG engagements are conducted in line with Discovery's policy.

Most of our external asset managers were already appointed when we started implementing our Responsible Investment Policy, as well as when we became a signatory to the PRI. As such, we focused on strengthening monitoring by requesting reports and feedback sessions and reviewing their ESG and responsible investment policies.

The majority of the Group's assets under management in South Africa are managed by Ninety One, which is on the leading edge of responsible investing as outlined on page 101. Some of our bond holdings are managed by ALUWANI Capital Partners, which applies ESG principles, although the bulk of these holdings are government bonds, and therefore Discovery has limited influence over the application of ESG principles.

We assessed the capabilities of Ninety One regarding ESG stewardship and the application of ESG principles in active ownership through questionnaires and meetings and found them to be leaders in the fields of responsible investing and reporting. We will continue to perform the same assessment for our existing minority asset managers and incorporate ESG in the selection of new asset managers.

Offshore funds are advised by BlackRock, which has a leading ESG programme - as a signatory to the PRI since 2008, BlackRock scored either four or five stars across almost all models of the PRI Assessment Report in 2021. Offshore share portfolios are managed by Goldman Sachs, which also has a comprehensive ESG programme. Recognised as an asset manager with a long-standing commitment to sustainable finance, Goldman Sachs is a signatory to the PRI, earning an A or A+ score across all categories of the PRI annual assessment in 2019, and is a member of the Sustainable Markets Initiative.

Although we do not actively engage with underlying portfolio companies, we play an active oversight role over all assets entrusted to us, thereby ensuring alignment with our values.

We assessed the capabilities of Ninety One regarding ESG stewardship and the application of ESG principles in active ownership through questionnaires and meetings and found them to be leaders in the fields of responsible investing and reporting. We will continue to perform the same assessment for our existing minority asset managers and incorporate ESG in the selection of new asset managers.

The PRI guides our approach to using external asset managers. We focus on three criteria:

- **Selection**
  - All actions that lead up to choosing an external investment manager (shortlisting, questionnaires, meetings)

- **Appointment**
  - Formalising the relationship by setting the investment mandate through legal documentation

- **Monitoring**
  - Regularly reviewing and assessing the quality of the external investment manager's activities during the investment period
Discovery has delegated the management of the majority of the Group’s fixed income assets and collective investment schemes to Ninety One, a global asset management firm that has been a PRI signatory since 2008. Ninety One aligns with investment codes of good practice in South Africa and the United Kingdom and is a founding supporter of the Impact Investing Institute in the United Kingdom. We believe Ninety One is on the leading edge of responsible investing and, accordingly, we actively decided to continue partnering with them to achieve our sustainability goals in a way that aligns with our Responsible Investing Policy, as well as the desired investment outcomes for our clients.

As an active investor, Ninety One has a targeted approach to prioritising those engagements where it can exert influence. This supports our belief that asset managers should vote on proxies and engage with the management of investee companies on material ESG matters.

As asset owners, we enhance our engagement with investee companies through Ninety One by identifying adequate and regular reporting mechanisms that consider how they incorporate ESG factors into their investment process and active ownership through proxy voting and engagement. On behalf of Discovery, Ninety One participated in 29 engagements with investee companies related to ESG in FY2023:

- **Environment-related engagements**: 10
- **Social-related engagements**: 3
- **Governance-related engagements**: 16

After meeting with numerous management teams on various Environment, Social and Governance issues Ninety One, on behalf of Discovery, has kept management accountable with meaningful movement towards better remuneration and governance policies, decarbonisation and improved health and safety at the workplace.

For its year ended 31 March 2023, with 816 distinct company meetings available to vote, all were voted on by Ninety One on behalf of Discovery.

We receive quarterly reports from Ninety One on how it implements responsible investment and stewardship practices across our portfolios. We also schedule ad hoc meetings to specifically unpack:

- How they integrate ESG considerations into their investment decision-making processes
- Developments in their approach to responsible investment and stewardship across various asset classes
- Their approach to and specific activities related to collaboration and escalation

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### OVERVIEW OF ESG INTEGRATION

**Assets class** | **Monitoring** | **Active Ownership**
--- | --- | ---
**Equities** | Materiality-based integrated ESG analysis | In-house capability to monitor and alert on changes in ESG information | Conducted according to each investment team’s engagement priorities
**Fixed income** | Integrated scorecard approach | In-house capability to monitor and alert on changes in ESG information and quarterly sovereign ESG reviews and scorecard updates | Portfolio companies actively managed through management representation and/or lenders’ consortia (legal undertakings)

**Alternatives (private markets)** | ESG assessment for assets defined by respective management systems | Monitoring needs defined following extensive due-diligence exercise | Refer to Ninety One’s website for more information on their approach to responsible investing.
Incorporating ESG factors into the investment process

The Board is responsible for directing how Discovery approaches and conducts responsible investing, particularly when external asset managers are appointed. Our Social and Ethics Committee is mandated to oversee our approach to responsible investment. Our Group Chief Actuary oversees the implementation of responsible investment and provides updates to the Social and Ethics Committee, which includes our alignment with the PRI. Our Capital, Currency and Investment Committee oversees the implementation of our Responsible Investment Policy, which includes oversight of our asset managers. Furthermore, any direct political engagement is presented to our Group Executive Committee for approval prior to engagement.

All our internally managed investable assets consider ESG-related factors, including those of ESG ratings agencies and indices, which are monitored by the Capital, Currency and Investment Committee. These factors apply across our equity, cash, corporate and non-corporate fixed income as part of the investment process.

As part of our responsible investment processes, we:

- Monitor and assess reports provided by our investment managers to ensure they consider ESG factors and show active ownership
- Monitor and review progress made by investment managers in considering ESG factors in their investment decisions, and recommend remedial action where necessary
- Ensure external asset managers and internal Discovery employees responsible for allocating investments consider ESG factors when identifying risks and opportunities associated with their investments
- Review and monitor investments to assess whether investment strategies, including sustainability considerations, are aligned with objectives

During the year, we supported and participated in the quarterly PRI information platforms for Africa. We also continued to participate in forums or initiatives that address relevant emerging issues. This includes South Africa’s National Treasury discussions on a just transition and green taxonomy – where we provided input on the draft response to the South African Green Finance Taxonomy consultation, the JSE’s Climate and Sustainability Disclosure guidance, the ISSB’s draft standards on general sustainability-related and climate-related disclosure requirements via the Integrated Reporting Committee and the ISSB’s Consultation on its Agenda Priorities. We also provided commentary to the drafting of the Second Code for Responsible Investing in South Africa, which became effective for reporting publicly from 1 February 2023.

As part of our commitment to responsible investing and in line with our responsible investment policy we met with most of our asset managers to discuss the financial year, engaging them on their responsible investment processes and inclusion of ESG in their process. As a signatory to the UN PRI we have completed our submission for the 2023 reporting period and are awaiting a rating.

Exclusions

We recognise that some clients have strong positions on investing in particular sectors or companies based on specific social issues. Similarly, some investments and entities may not align with Discovery’s investment criteria and ethical standards.

In FY2023, Discovery appointed a globally recognised ethics consultancy to consider our approach to investing in the tobacco industry, among other health-harmful industries – such as sugar, alcohol, coal and fast food – that do not wholly support our core purpose of making people healthier and enhancing and protecting lives. The analysis found that tobacco is ethically unique, especially in terms of its reliance on addiction and its substantial and directly harmful effects.

We maintain a list of excluded sectors, industries and counterparties, which is reviewed and updated as needed, subject to approval by the Social and Ethics Committee. Particularly, our Responsible Investment policy now excludes investment into the tobacco industry for our shareholder funds. The implementation of this exclusion within our policy has no immediate impact on our current portfolio, as we do not have any own funds invested in the tobacco-related industry. We also adhere to the precepts of the Institute of Asset Management, including its exclusion policy for manufacturers of controversial weapons.

Primary ESG data sources for ESG application procedures for asset management and own investments

<table>
<thead>
<tr>
<th>Asset management</th>
<th>Procedures</th>
</tr>
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<tbody>
<tr>
<td>MSCI ESG (including for our own investments)</td>
<td>Ratings, controversy flags, business-involvement screens: Used to support ESG research and investment-risk monitoring</td>
</tr>
<tr>
<td>RepRisk</td>
<td>Data and news: Used to support ESG research and investment-risk monitoring</td>
</tr>
<tr>
<td>ISS ProxyExchange</td>
<td>Vote execution service and research: Considered in the voting decision</td>
</tr>
<tr>
<td>CDP</td>
<td>Carbon-related data: Used to assess and understand exposure to climate change-related risks</td>
</tr>
<tr>
<td>Bloomberg</td>
<td>Various datasets: Used to support ESG research</td>
</tr>
</tbody>
</table>

Aligned with Discovery’s values, we made an impact investment of R820 million in the SA SME Fund which, in turn, invests in small and medium enterprises with the growth potential to create sustainable employment with South Africa. This aligns with our core value of enhancing and protecting people’s lives. The SA SME Fund has funded 480 SMEs with over 80% of the financing being made to black entrepreneurs.

Refer to page 50 for more information, refer to Strengthen social systems.
Cultivating trust

**KEY METRICS**

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<tr>
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<th>June 2023</th>
<th>June 2022</th>
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<td>Member-based rating</td>
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<tr>
<td>Service levels</td>
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<td>8.75</td>
<td>0.23%</td>
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<tr>
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<tr>
<td>Member-based rating</td>
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<td>DISCOVERY BANK</td>
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<tr>
<td>Client-based rating</td>
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<td>9.58</td>
<td>9.61</td>
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<tr>
<td>DISCOVERY LIFE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member-based rating</td>
<td>8.5</td>
<td>8.90</td>
<td>8.88</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Consumer trust is a valuable intangible asset, supporting client acquisition and retention and driving increased market share in the countries where we operate. Our brand equity has driven growth in new business through distribution support from financial advisers. To build and maintain trust we must remain true to our values of integrity, honesty and fairness and demonstrate our performance as an active corporate citizen by playing a meaningful role in the broader business community and society.

**Client satisfaction metrics**

**PRODUCT GOVERNANCE**

Consumer protection and responsibility

Discovery aims to establish a culture that prioritises the fair treatment of clients. Through our Treating Customers Fairly (TCF) principles, we consider the treatment of our clients at all stages of the client relationship – from product design and marketing to the advice, point-of-sale and after-sale stages. In addition, we demonstrate how we consistently treat clients fairly through management behaviours and monitoring.

Our TCF Framework drives the delivery of clear and measurable fairness outcomes through the following principles:

- Clients can be confident they are dealing with a company where their fair treatment is central to its culture
- When clients receive advice, the advice is suitable and takes account of their circumstances
- Products and services marketed and sold are designed to meet the needs of identified client groups and are targeted accordingly
- Clients are provided with products that perform as companies have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect
- Clients are given clear information and are kept appropriately informed before, during and after the time of contracting
- Clients do not face unreasonable post-sale barriers to change products, switch providers, submit a claim or make a complaint

The TCF principles apply to all products within Discovery; however, the extent of implementation differs depending on regulatory oversight and specific business operations. These principles also form part of induction and ongoing training across the Group.

Our TCF Subcommittee assists the Group Risk and Compliance Committee to ensure the fair treatment of clients is embedded in Discovery's strategy, culture, day-to-day operations and products. This includes oversight over the Group's subsidiaries to ensure management implements appropriate processes and controls. The subcommittee also assists the Social and Ethics Committee from time to time in discharging its obligations for the fair treatment of clients.

Following an analysis of the TCF principles, we developed Customer Conduct Frameworks for Discovery's business units to define the requirements for key processes during the product lifecycle. The implementation of these Customer Conduct Frameworks is overseen by the TCF Subcommittee and supported by Customer Conduct Forums (CCFs) to:

- Ensure Discovery's TCF and client conduct objectives are defined and reviewed annually
- Consider and review management's feedback on performance against the client conduct objectives, and ensure the appropriate steps and actions are in place to address any concerns proactively
- Review and identify any material developments, breaches, market conduct risks or trends impacting clients, and consider the actions taken by management to address these

TCF product development assessments for each product or benefit enhancement are presented to CCFs for review and approval at the quarterly meetings, or as and when required at a special meeting. These assessments consider the product design, target audience and operational processes to ensure the fair treatment of clients is considered for each key process.

Discovery has an innovative annual cycle of new product launches or enhancements to existing products. As part of this, we carefully consider ESG-related risks and opportunities and conduct impact and risk assessments to identify the potential social impacts of our products and services. The CEO of each business is responsible for product development.
Cultivating trust / Product governance continued

Transparent information
We aim to communicate in a way that is comprehensive and transparent, using clear and uncomplicated language wherever possible. We use a multi-channel approach to communicate with our clients, ensuring they are aware of pertinent information relevant to their policies and products.

We consider the following criteria when drafting and distributing communications across the Group:

**TRANSPARENCY OF THE CONTENT**
Discovery aims for our communications to be concise and relevant to ensure clients understand the subject matter without becoming distracted by irrelevant content.

**COMMUNICATION METHOD**
Discovery uses a wide range of communication methods, including digital platforms (our mobile app and website), emails, SMS messages, letters and our salesforce.

**FREQUENCY OF COMMUNICATION**
Discovery communicates with our clients annually and more frequently with ad hoc communications as and when necessary. Marketing content is also delivered through television, radio and digital channels, including social media and print advertising.

**RESPONSIBILITY FOR COMMUNICATION**
While responsibility is spread throughout the organisation depending on its nature, specific approvals are required by key managers across the marketing, technical marketing, communications and systems teams, as well as other areas where necessary.

**MARKETING COMMUNICATION**
- Focused on product positioning
- Financial advice is not provided
- Detail at a high level for a cursory understanding of the product features
- Material is distributed through intermediaries and is available on the Discovery website and app

**CONTRACTUAL COMMUNICATION**
- Comprehensive disclosure on product workings, providing a full understanding of benefits, costs, policy changes, exclusions and loadings
- Communications have a consistent structure, tone and language
- Includes relevant information, such as contact details, complaints procedures and claims processes
- Sent to clients at appropriate points during the client lifecycle
- Material is distributed through intermediaries or directly by Discovery

Marketing communication is approved by relevant business area managers and Group Compliance. With each product launch, we consider the six outcomes of our TCF principles. Products are also reviewed and approved by Group Compliance and our CCFs, which consider relevant regulatory requirements and marketing elements related to the product and report to the TCF Subcommittee.

Our marketing approach is governed by regulations aimed at protecting the interests of consumers. This includes policyholder protection rules, TCF legislation, the Protection of Personal Information Act, No 4 of 2013 (POPI Act) and the Financial Advisory and Intermediary Services Act, No 37 of 2022 (Financial Advisory and Intermediary Services Act) general code of conduct rules. We also consider specific sector-based codes and directives, such as guidelines issued by the Council for Medical Schemes (CMS) in healthcare insurance. We assess all client communication against the legislative requirements as applicable.

Plan guides, policy documentation and terms and conditions are available to members and clients through our digital platform, and large-print or braille copies of documentation are provided on request.

In the UK, Vitality aims to supply clients and members with comprehensive, regular and transparent communications, annually and where necessary, through an omni-channel approach in language that is as simple as possible. The relevant Product Governance Committee provides approval before each product launch to ensure Vitality continues to abide by regulatory rules. In addition, Vitality ensures all communications are reviewed and approved by the relevant stakeholders and signed off by the financial promotions marketing team to ensure our messages are clear, fair and not misleading.
Cultivating trust / Product governance continued

Fair advice

It is crucial that Discovery's representatives comply with all applicable legislative requirements, as well as our core values. Representatives, such as financial advisers, must adhere to the highest standards of care and ensure our clients are treated fairly. In addition, our representatives must be fit and proper and give sound advice when providing financial services on behalf of the Group.

Discovery has several policies and procedures in place to ensure our representatives comply with the Financial Advisory and Intermediary Services Act, adhere to our Code of Conduct and provide suitable advice to our clients. Representatives complete annual fit-and-proper declarations to confirm they continue to operate with honesty and integrity. We also maintain a competency register to ensure representatives continuously comply with fit-and-proper requirements.

To ensure representatives are appropriately skilled and have the requisite knowledge of existing legislation and product information, they are required to complete annual product training, class-of-business training and continuous professional development. Our compliance and training departments offer several training initiatives for representatives throughout the year. We have systems in place should representatives be found not to comply with these requirements.

A dedicated team of due-diligence and compliance officers ensures the compliance documents and financial services provided to our clients adhere to the requirements of the Financial Advisory and Intermediary Services Act and the General Code of Conduct for Financial Services Providers and Representatives. Discovery's Group Compliance function acts as an independent second-line function, providing oversight through planned and ad hoc monitoring reviews, guidance notes and regulatory change programmes, among others.

In the UK, in addition to initial due diligence, Vitality has robust broker-risk processes in place, which include the appropriate identification and treatment of consumers who exhibit vulnerability.

We continue to provide product training to support product launches and upskill our employees in operational business teams.

12 635 employees completed 6 266 product training programmes in FY2023

DATA SECURITY AND CLIENT PRIVACY

Data is a key enabler for our Shared-value model – it provides us with a deep understanding of the nature of risk and enables us to track and incentivise health behaviours and measure whether these behaviours are achieving real impact. By leveraging our extensive data assets, we can provide our clients with access to a range of pathways and incentives to lessen their personal risk, improve their behaviour and become healthier.

However, we understand that our reputation depends on how we use and manage the data our clients entrust us with, and we are committed to protecting our clients' data and digital lives. The data we collect and process is sensitive in nature, and it is therefore imperative that we ensure the responsible collection, use, security, retention and sharing of personal information to operate ethically and preserve the trust of our clients and partners. To further enhance our Shared-value model and value that we bring to our clients, we have revised our privacy statements to create a single Discovery Group Privacy Statement. The Group Privacy Statement informs clients, in a transparent and user-friendly manner, how we collect, use, and share their personal information. Our revised Group Privacy Statement was approved in 2023.

During the year, both Discovery Information Governance and Security and Vitality UK obtained ISO 27001:2013 certification as a further demonstration of our commitment to protect the digital lives of our clients and members. Vitality Global also renewed its ISO 27001:2022 certification, and completed a SOC 2 attestation that measures Vitality Global's policies, procedures and controls to protect data across five principles (security, availability, processing integrity, confidentiality, and privacy). The process was also conducted in FY2022, which found no material inaccuracies or flaws in Vitality Global's systems and that its controls were designed and working as intended.

We are unique in terms of the types and volumes of data we collect and analyse, and to protect client information we ensure robust processes to control access to systems and databases. Our data-centric model ensures vital information is safeguarded as we build, enhance and deliver innovative products.

We have a fiduciary duty to protect the data we collect and have implemented appropriate measures across the Group to support data integrity, privacy and security. We apply strict data sharing and identity protection policies in our interactions with service providers and only share data when necessary and with client consent.

Information security and privacy is conducted as a central Group function to leverage the full capability and resources available across the business, and effectively and efficiently manage information security.

Our comprehensive Data Privacy Framework and Data Governance and Data Management Policy suite cover all aspects of collecting, using and retaining data and our data governance and data privacy forums respectively oversee the implementation of the framework. In addition, our Group Compliance function develops and implements data-privacy programmes through a multi-disciplinary approach aligned with local and international principles and best practice.

The information governance and security team develops and maintains a trusted and secure platform for engagement with clients. Technological solutions, mature processes and skilled employees contribute to ensuring that clients who engage with Discovery do so with ease and trust. Information security activities and responsibilities include physical security and environmental controls, firewalls and internet gateways, organisational security including policies and standards, end-user computing, governance, incident management and business continuity, systems development and cloud security.

Various business areas oversee these aspects, including businesses through the Group Chief Information Security Officer, the Group Chief Privacy Officer and Deputy Information Officers, as well as specialised functions such as Compliance, Risk, Legal, and Human Resources. The Group Privacy Office is responsible for engaging with clients and employees on privacy matters.
Cultivating trust / Data security and client privacy continued

Data protection and privacy

Our Group Privacy Statement is available on Discovery’s website, along with the Privacy Statements of each business unit. Our website also provides details on:

- Our commitment to protecting our clients' personal data
- How we use this data
- Access to information manuals for each of our businesses
- Forms and documents related to access to information and the protection of personal information
- Contact details for complaints and queries, including the contact information for Discovery’s Group Information Officer

The Group Ethics Office provided input to ensure ethical considerations are integrated in the principles of the Privacy Statement. Our Human Rights Statement acknowledges that, due to the nature of our business, we must collect personal information from our clients and that we have a responsibility to ensure we protect their rights to privacy and, in turn, their inherent dignity flowing from it.

We are in the process of developing a supplier standard that aligns with our Privacy Policy. We published Group-wide Data Governance, Data Management and Data Loss Prevention Policies, as well as Group-wide Information Security and Application Security Policies. We have an Information Security Risk Insurance Policy in place, which was renewed in FY2023. Our data protection policies are applicable to all business lines and subsidiaries.

Our commitment to notify data subjects promptly in case of policy changes or data breaches is defined in relevant legislation (including the POPI Act) and referenced in our relevant policies and statements.

In South Africa, the POPI Act – which sets out a comprehensive set of conditions for governing the collection, processing, storage, communication and disclosure of personal information – has been in effect since July 2021.

Discovery aims to comply with the requirements of the POPI Act as far as it relates to the protection and processing of the personal information of suppliers. We completed a POPI Act compliance risk management review in FY2023 to determine the completeness and appropriateness of our controls and action plans, and we communicated the process to all businesses. In addition, our Board members received training on the requirements of the POPI Act.

We will conduct a monitoring review in FY2024 to establish whether the controls captured were adequately addressed. Privacy impact assessments form part of our product development lifecycle to ensure privacy and information security requirements are included. Discovery also adheres to the privacy requirements as set out in United Kingdom and United States laws, including the Health Insurance Portability and Accountability Act of 1996 (United States) and the Data Protection Act of 2018 (United Kingdom). We are rolling out a privacy information management platform to our United Kingdom and United States businesses to further our commitment to meet and operationalise our legislative requirements globally. In instances where Discovery does not meet specific standards set in terms of international best practice, mitigating control plans have been implemented to manage known risks.

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Incidents

We commit to notifying all affected clients if their information is breached based on the notification process stipulated in their contract with Discovery and as required by data privacy legislation to the appropriate regulating bodies.

Unfortunately, Vitality US was one of many of Progress Software’s clients who suffered a critical zero-day vulnerability in June 2023, when a malicious actor exploited the zero-day vulnerability and exfiltrated a limited amount of data hosted on the MoveIT File Transfer application. Discovery and Vitality’s cyber-security incident response team responded immediately, successfully containing, mitigating and subsequently remediating the vulnerabilities. In addition, further controls were adopted to reduce future risk, and the notification processes to the relevant stakeholders were followed and completed.

Cyber risks

Group-wide, the risks of cyber-security attacks and data loss remain key concerns. We have made significant progress in managing these risks; however, given their constantly evolving nature, these risks remain above appetite and heightened monitoring and remediation plans are in place.

Remote working continues to pose a challenge in terms of cyber-security risks, which we mitigate by enhancing our security, privacy and data loss perimeters. We have mandatory cyber-security education and awareness programmes in place, which all employees must complete. We also have quarterly awareness campaigns aimed at employees, as well as contractors with access to information assets within the Group. New employees receive security and privacy training during their induction process, while the rest of our employees complete refresher sessions annually.

Cyber-threat activity is driven by increased phishing and scam campaigns. There has been a rise in exploit toolkits, used by cyber criminals to attack vulnerabilities in systems to distribute malware. We have also faced significant phishing and credential-stuffing attacks. In response, we have multi-factor authentication mechanisms in place across our client channels to mitigate credential-stuffing attacks, and we advanced our security capabilities to deter the ever-present phishing threats. Our teams remain alert to and continuously monitor potential threats.

For detail on the impact of cyber risks, see our 2023 Integrated Annual Report.
IT governance

Our Group Risk and Compliance Committee, supported by our Group Chief Information Officer (CIO), Group Chief Information Security Officer (CISO) and the Board Information Technology Committees (Bitco) for each of the UK Composite, SA Composite and Discover Bank, are responsible for technology and information governance. The Group Chief Risk Officer monitors, assesses and reports on data risks. The Group CISO is ultimately responsible for governance, information privacy, security services, cyber security, risk and compliance.

During the year, we established The Information Technology (IT) Subcommittee, which assists the Group Risk and Compliance Committee (GRCC) to:

- Aggregate, review and interrogate IT governance and risks in the Group
- Ensure adherence to Group IT policies
- Review and approve IT policies and standards
- Monitor that all IT risks are being addressed and mitigated
- Provide a consolidated IT risk report, along with recommendations, to the Board

The subcommittee meets at least four times a year, with additional meetings convened as and when needed. Agenda items are reported at every GRCC meeting, with material matters arising discussed and taken to the Group Board as needed.

Members of the IT Subcommittee are also members of Discovery’s Board. The subcommittee is chaired by an independent, non-executive expert, who is not a member of Discovery’s Board and includes the Group CIO, Group Chief Information Security Officer and Group Chief Compliance Officer among others. Its membership comprises at least two Independent Non-executive Directors.

We also established a technology working group, chaired by an independent non-executive expert, to consider and advise Discovery’s Board on areas relating to technology innovation and investment.

The IT team regularly reports to the Board in support of initiatives that drive our strategic shift towards an identity and data-centric cyber-security model. In addition, the Board and Executive Committee oversee our compliance with the standards of the European Union General Data Protection Regulation and the POPI Act in South Africa.

The Group CIO Forum’s mandate aligns with King IV™ practices and emphasises data governance and privacy. Risks are classified under the ISO 27001 information security standard and the National Institute of Standards and Technology Cybersecurity Framework. Both frameworks drive the security programmes we implement to enhance our systems and processes. Our dynamic technology environment supports the unique requirements of each business unit, and every CIO is part of the Group CIO Forum. This ensures alignment with Group initiatives and data and cyber-security standards.

We have an IT Governance Framework, and associated Terms of Reference, in place. Our Cyber Remediation Programme governs associated enterprise programmes and projects, and business-unit-specific improvement initiatives.

We have business continuity and contingency plans, as well as incident response procedures, in place for which independent external audits are conducted at least once every two years.

Policies

Security policies are held at Group level. These provide a comprehensive governance environment across acceptable use, application security, cloud computing, incident response, data governance and data management, passwords, mobile device management, removable media and technology equipment disposal, among others.

Auditing and training

Our Group Internal Audit function conducts multiple internal audits across varying services, functions, capabilities and high-risk mitigating controls. There are, on average, six audits in a financial year and all functions are generally covered in a three-year rotating cycle.

Internal and external audits are conducted regularly on security policies, systems and processes. Training on compulsory cyber-security awareness is conducted for our developers, long-term contractors and employees quarterly, while information security awareness and privacy training are conducted twice a year. From FY2024, training on information security awareness will be conducted twice a year. Our training is tailored for financial advisers and business consultants, who also complete modules on data and compliance. Privacy and security training is provided to new employees. Data ethics is also a subject of discussion in Ethics Ambassador meetings.

We simulated a targeted attack in FY2023, which demonstrated the ability of our infrastructure and technology to withstand external attacks. We run continuous vulnerability scans across our business. Depending on how critical the vulnerabilities identified are, these are reported to the relevant CIOs and Information Security Officers for remediation in line with our Vulnerability Management Standard. Each year, we appoint a different third party to conduct a penetration test on our primary customer-facing applications.
Our control environment

Logical and physical access management is controlled by an end-to-end lifecycle process integrated with Discovery’s human resources systems and processes. We have appropriate structures, forums, programmes, directives and controls in place to ensure information security and data governance, and internal and external reviews are conducted periodically to measure the adequacy of the implemented controls on infrastructure and platforms processing confidential data.

Organisational security includes the following measures:

- Employees complete mandatory security-awareness training conducted through videos and assessments
- A dedicated information-security team reports to the Group CISO
- Employees are required to sign a confidentiality agreement
- A background check is done for new employees, including credit checks, criminal records, previous employment and verification

Physical and logical access is promptly removed for terminated employees

All third-party service providers must undergo a stringent due-diligence process

All changes are managed through a change-control process, reviewed weekly and formally approved by management

Changes to the environment that processes personal confidential data adhere to strict change-management protocols and processes. Any changes to Discovery’s infrastructure and platforms that process client data are communicated to the extent that the change introduces a new risk.

Incident management capability forms part of Discovery’s compliance framework, and defined processes and technology have been deployed to ensure these compliance measures are checked and validated. Members of our Executive Committee, as well as the GRCC Chairperson, are aware of their responsibilities in relation to incident response processes. All employees directly responsible for incident response have received the appropriate training.

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KEY MANAGEMENT ACTIVITIES INCLUDE:

- **Information governance**: Providing ongoing oversight, management and performance measurement of all information privacy, data governance, security, compliance and risk activities. This includes formulating policies and standards, driving awareness and training initiatives and mitigating risks.

- **Information privacy**: Ensuring Discovery’s information, as well as the data of our stakeholders, is protected, lawfully processed and managed across its lifecycle.

- **Information security services**: Proactively protecting and defending the Group from threats and preventing the occurrence and recurrence of incidents commensurate with our risk appetite.

- **Cyber security**: Monitoring ongoing operations and actively searching for and detecting adversaries, and promptly responding to and reporting instances of suspicious events and unauthorised actions. We also provide ongoing actionable threat intelligence and perform resilience exercises to continuously improve our posture.

- **Risk and compliance**: Ensuring we are accountable for appropriate controls which are validated for the governance of information assets, including the successful adoption of risk-mitigating capabilities. We also ensure procedures and activities comply with regulatory requirements and internal policies, standards and processes.
We will also prepare our data and technology environment for future needs and market forces. This includes a fully digital experience, federal innovation and disruptive technology, where we:

- Scale our use of data and artificial intelligence for operational and risk management purposes beyond the early successes we have achieved in specific areas of our business
- Continue to transform our skills base in technology to cloud-first, digital business-enabled, data-centric and artificial intelligence-embedded capabilities in every aspect of our technology and software development operations and digital business
- Continue to improve governance and oversight of our technology risk and technology strategy by leveraging our IT Subcommittee and our Group Technology Working Group to further align technology with our business ambition and best-in-class global practices

Aligning data and technology spend to business needs:
- Developing strategic supplier relationships
- Providing services internally on a commercially transparent basis
- Enhancing data and technology governance and risk management

We aim to optimise our data and technology environment for affordability, quality and cost by:

- Simplifying and automating processes to empower people, reduce costs and engage digitally with employees, members and partners
- Reducing downtime, enhancing operations, improving cyber security and increasing developer productivity

Cultivating trust continued
Our capabilities are a strategic imperative for Discovery and a critical pillar in our strategy and Shared-value model. We leverage our data and technological capabilities to create an integrated experience for our clients across all businesses and to drive our expansion globally.

**Managing risk**

Risk management is critical to our business, as is identifying and managing ESG-related risks across the Group – including risks in our supply chain. We have comprehensive mechanisms in place to identify, manage, report and aggregate risks. We drive a top-down risk management approach by factoring risk into decision-making and a bottom-up approach as part of our day-to-day processes and projects.

Our Enterprise Risk Management (ERM) Framework details the appropriate principles and processes to manage risk within the business. In Discovery's universe of risks, those that relate to ESG are classified as a strategic risk, and the potential short, medium and long term impacts are integrated into our risk management process.

**Our FY2023 highlights**

Our Group Chief Executive received the International Insurance Society’s 2023 Vanguard Market Development Award, which recognises those who have substantially advanced the development of insurance in an underserved market or emerging economy.

Discovery Health was awarded the Best Domestic Contact Centre and Best Contact Centre Support Professionals by the Contact Centre Management Group. Vitality received the award for Best Technology Innovation.

Discovery received the bronze Global Innovator Award at the 2023 Efma-Accenture Innovation in Insurance Awards.

Discovery Bank won the 2023 MyBroadband Award for Best Digital Bank and took first place in the BCX Digital Innovation Awards Corporate Category at the Sunday Times Top 100 Companies event.

**Key metrics**

- **> R70 million** ESG research spend
- **R532 million** fraud recovery
- **15 087** people trained in financial crime

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Our Enterprise Risk Management (ERM) Framework details the appropriate principles and processes to manage risk within the business. In Discovery’s universe of risks, those that relate to ESG are classified as a strategic risk, and the potential short, medium and long term impacts are integrated into our risk management process.
Ours ESG-related risks

The Board is ultimately responsible for risk governance within the Group and is assisted by the Group Risk and Compliance Committee to implement processes that ensure risks are identified and managed within Board-approved risk appetite and limits. The Group Risk and Compliance Committee oversees the implementation of the ERM Framework and reports regularly to the Board. The committee meets six times a year to ensure material risks that could affect the Group are identified, evaluated and effectively managed. Committee meeting findings are reported to the Board for review and discussion.

We annually reflect on the effectiveness of our robust risk-management system in the Own Risk and Solvency Assessment. This assessment provides a holistic view of the risks we are exposed to, as well as how these risks affect capital, solvency and business strategy. Furthermore, we regularly measure risk culture across the Group and use these assessments to identify areas for enhancement.

In FY2023, the Group Ethics Office partnered with Stellenbosch University’s Institute for Future Research to identify future risks and opportunities that may impact the Group.

Emerging risks and research

We track and respond to ESG-related risks in the ordinary course of our business, including those linked to health issues and broader trends, such as the effects of an ageing population. ESG risks are treated in the same manner as all risks set out in our Group-wide risk taxonomy. ESG risks that impact the health of our clients are managed as part of our business.

Incentivising healthy behaviour lies at the core of our business and, for nearly 20 years, Vitality has been operating and developing a lifestyle-based health insurance proposition that provides an integrated wellness engagement programme that encourage healthy behaviour. This, in turn, positively impacts society – healthier people place less pressure on public health services. In addition, our vast dataset on health and related behaviours allows us to assess and respond to geographic health trends, such as levels of diabetes, in different markets.

Opportunities arising from ESG risks

Some emerging risk themes have opportunities linked to existing or potential products that benefit members, our continued market relevance and society. For example, Discovery:

- Supports technological advances in healthcare, such as delivering remote care to clients through the Connected Care platform to safely and securely link patients with providers
- Actively engages with stakeholders in the healthcare ecosystem to assess and support (where these deliver safe, effective, and cost-effective care) technological advancements in treatments and advances in medical treatment options

Risks related to mortality and morbidity can be reduced by modifiable lifestyle choices. Increasingly, evidence points to the link between Vitality engagement levels and wellness, while other product enhancements related to emerging trends stand to deliver shared value for our members, Discovery and society. Discovery Health, Discovery Life, Vitality UK and Vitality Global track these risks as part of their business-as-usual processes. As clear trends emerge in the data, these risks move from a macro level to defined risks with clear opportunities for mitigation and product development or enhancement.
Managing risk / Emerging risks and research continued

Research on ESG risks
Discovery’s rich evidence-based research covers behavioural science, preventative medicine, nutrition and workplace health, among others. Since 2005, we have published almost 50 papers in academic journals in partnership with leading researchers, universities and institutions. We also conduct internal research we compile into Discoverers – our form of white papers – for our broker partners. Internal research is ongoing to support evidence-based decision-making.

Research conducted or contributed to during FY2023 included the following:

Vitality UK was the co-lead and co-sponsor of a paper titled “Health is our greatest wealth” produced by the UN PSI Initiative’s Life & Health Working Group – which comprises 10 leading insurers and reinsurers from Africa, Asia, Europe and North America – focused on the importance of addressing the health insurance protection gap and promoting preventative healthcare.

In a landmark collaborative initiative, Visa and Discovery Bank partnered to publish the SpendTrend23 report, which presented insights from Visa’s world-class data set in combination with deep analytics from Discovery Bank. This was to identify and understand shifts in consumer spending behaviour before, during and after COVID-19.

Discovery Health continues to contribute positively to research and thought leadership on vaccine efficacy (in collaboration with the South African Medical Research Council) and the effects of long-COVID-19. Discovery has been an active participant in the COVID-19 task team of the Actuarial Society of South Africa.

Discovery Health contributed to a study on the association between regular physical activity and the protective effect of vaccination against COVID-19 in South Africa.

Discovery Bank and the Boston Consulting Group researched what to expect for the future of retail banking in South Africa, which supported the possibility that South African retail banking can become fully digital in five years.

Discovery Life’s internal research shows clients who are members of a medical scheme administered by Discovery Health have 22% lower mortality rates on average than those who are not. This demonstrates the impact that access to quality healthcare has on our clients – enabling them to live longer, healthier lives.

A comprehensive analysis of the Social Determinants of Health (SDoH) was undertaken for Discovery to inform business-specific responses to SDoH risk mitigation and management.

Research spend in South Africa in FY2023:
R68.5 million (FY2022: R57.81 million), including R35 million of seed capital to fund research spend for Discovery Green.

Research spend for Vitality UK in FY2023:
~ £75,900 (FY2022: £80 025)
Managing risk continued

MANAGING FINANCIAL CRIME RISK

Discovery is committed to preventing financial crime, including money laundering, bribery and corruption, fraud, theft and market abuse, and the funding of terrorist activity. Our risk-based internal procedures, systems, controls and policies – including our Group-wide Anti-Bribery and Corruption Policy, Group-wide Sanction Policy, Whistleblowing Policy, Financial Crime Risk Management Policy and Risk Management and Compliance Programme (RMCP) – ensure we maintain high standards of awareness and crime prevention across the Group.

Entities within Discovery may elect to have their own policies in respect of anti-bribery, corruption and sanctions, provided these are consistent with our Group-wide policies. Any deviation needs to be approved by the Board. The Group has a zero-tolerance approach to corruption, including bribery. We expect our permanent and temporary employees and contractors, as well as all functions and units of the Group, to adhere to policy requirements.

We comply with all relevant anti-money laundering and counter-terrorism-financing laws and regulations in the jurisdictions where we operate and may, based on our risk tolerance, adopt more exacting standards. Our South African businesses comply with the requirements set out in the:

- Financial Intelligence Centre Act, No 38 of 2001
- Prevention of Organised Crime Act, No 121 of 1998
- Prevention and Combating of Corrupt Activities Act, No 12 of 2004 (PRECCA)
- Protection of Constitutional Democracy Against Terrorist and Related Activities Act, No 33 of 2004

The RMCP, applies to our South African entities and sets out the high-level risk-based principles, requirements, controls, procedures, systems and standards of management of financial crime risks (including money laundering, terrorist financing, proliferation financing and sanctions breaches) that all employees must adhere to. This ensures all operations are conducted in compliance with the regulatory framework. Non-compliance is reported regularly to the Risk and Compliance Committee and relevant executive committees.

All employees must be aware that PRECCA, the United Kingdom Bribery Act of 2010 and the United States Foreign Corrupt Practices Act of 1977 prohibit and criminalise bribery and corruption and have extraterritorial application. Employees are also required to complete anti-money laundering, terrorist-financing and proliferation-financing-and-sanctions training at a level deemed sufficient for their position.

Beyond compliance, Discovery aims to mitigate and reduce the potential risk of its clients using its products, services and delivery channels to launder the proceeds of illegal activity, fund terrorist activity or perform transactions in breach of sanctions.

We understand that a breach of relevant sanction regimes can have significant consequences – not only from a regulatory standpoint, but also from a reputational perspective. As a responsible corporate citizen, Discovery is committed to compliance with global sanctions as this is critical to maintaining our reputation and the trust of our clients, partners and stakeholders. Accordingly, we adhere to legislation applicable in a specific country, while also maintaining compliance with the following sanctions regimes:

- United Nations Security Council
- United States Office of Foreign Assets Control
- HM Treasury, United Kingdom

Discovery’s Group Sanctions Policy sets out our approach to complying with the sanctions regimes applicable to our business activities and appropriately manages all associated risks. To manage the Group’s sanctions risk, we implement a range of procedures and controls to remain alert to sanctions red flags, which are reported to our Group Compliance function as soon as reasonably possible.

We mitigate financial crime risk by:

**CONDUCTING DUE DILIGENCE**

We perform client due diligence, enhanced due diligence and ongoing due diligence measures on a risk-based approach. This includes identification, verification and screening. We use the World-Check database to identify individuals and entities listed on sanctions or politically exposed persons lists. Clients operating in high-risk countries are flagged for investigation and an enhanced due diligence process.

**ENCOURAGING REPORTING**

We encourage all internal and external stakeholders – including employees, clients and partners – to report fraud, bribery, corruption, money laundering and unethical behaviour to our whistleblowing hotline. Reports can be made anonymously.

Discovery implemented several platforms in addition to the whistleblowing hotline, including reporting criminal or unethical behaviour to the relevant Board committee, Human Resource function, the financial sector regulators, a law enforcement agency or recognised professional body. These platforms are facilitated and monitored by Group Forensics, the Group Ethics Office and the Financial Crime Office.

We have a Whistleblowing Policy and Financial Crime Risk Management Policy in place that we review regularly. Processes and procedures have been implemented and are monitored across all business areas to facilitate adherence to the principles of these policies.

Discovery has a standard operating process to guide employees on reporting a suspicious transaction or activity to the Money Laundering Compliance Officer and Financial Intelligence Centre. The process is accessible on the central policy portal on the Group intranet, along with comprehensive detail on all aspects of the Risk Management and Compliance Programme.
Employees are appropriately trained in anti-money laundering and counter-terrorist-financing, corruption, financial crime and sanctions regulation according to their level of engagement with client onboarding and transactions. Training is compulsory for all employees, and we provide refresher training annually and conduct awareness sessions on an ongoing basis.

**PROVIDING TRAINING AWARENESS SESSIONS**

Employees are appropriately trained in anti-money laundering and counter-terrorist-financing, corruption, financial crime and sanctions regulation according to their level of engagement with client onboarding and transactions. Training is compulsory for all employees, and we provide refresher training annually and conduct awareness sessions on an ongoing basis.

**IMPLEMENTING ROBUST POLICIES AND PROCESSES**

Through our RMCP and our Anti-bribery and Corruption, Sanctions, Whistleblowing and Financial Crime Risk Management policies, we encourage a zero-tolerance attitude towards financial crime and empower employees to raise matters of concern. All employees are made familiar with these policies and programmes, which set out their obligations towards the prevention of bribery and corruption practices.

**We mitigate financial crime risk by continued:**

Core employees are required to complete anti-money laundering training (new employees receive training as part of their induction, and existing employees receive training on an annual basis).

**Managing risk / Managing financial crime risk continued**

**Anti-competitive practices**

Discovery’s business practices are premised on principles of open competition. Discovery prohibits anti-competitive behaviour and has a firm compliance strategy and frameworks in support of this.

Our Board and Executive Committee attended externally facilitated anti-competitive behaviour training during the year. Our South African executives received training on the Competition Act, No 89 of 1998 (Competition Act) in FY2023. This was rolled out to all employees in 2023.

**Monitoring policy compliance**

Group policies are reviewed every second year or when there are any material legislative or operational changes. Any breach of, or non-compliance with, these policies must be communicated to the policy owner as soon as reasonably practical. All instances of non-compliance with these policies are included within the regular risk and compliance reporting processes and reported to the relevant board or committee.

The Company Secretarial implemented a policy portal available to employees. The portal prompts business units to review policies timeously, ensuring the correct committees, or the Board, review and approve the policy according to the process. Group Compliance supports Company Secretarial to ensure regulatory components align with policies’ content and intention. It also makes recommendations and ensures the relevance and quality of the policies.

“Group policies are reviewed every second year or when there are any material legislative or operational changes.”
MANAGING FRAUD, WASTE AND ABUSE IN THE MEDICAL SCHEME ENVIRONMENT

Fraud, waste and abuse in the medical scheme environment poses a material risk to the sustainability of medical schemes. Considering escalating medical inflation and increasing costs of healthcare, medical schemes have an obligation to manage these challenges and protect the integrity of the healthcare system. Discovery Health invests substantial resources to fairly and responsibly address and manage fraud, waste and abuse to preserve the schemes it administers for the benefit of its members.

Discovery's Group Forensic function has a specialised team of over 100 analysts and professional investigators who use forensic software systems to identify unusual claim patterns. Many incidents result from external complaints from members, other practitioners and third-party systems to identify unusual claim patterns. Discovery Health prioritises every case arising from a tip-off.

Discovery works to reduce fraud in the healthcare system on behalf of medical scheme clients and increase recoveries. Our fraud investigation processes are objective, impartial and fact-based, comply with legislation and have been tested or approved through external investigation processes. Our capabilities with legislation and have been tested or approved through external investigation processes are objective, impartial and fact-based, comply with legislation and have been tested or approved through external investigation processes.

**R532 million** recovered and saved in FY2023

If you would like to report any suspicious behaviour relating to fraud, waste and abuse, please call 0800 004 4511 (toll-free) or email discovery@tip-offs.com.

**Managing risk continued**

MANAGING REGULATORY RISKS

We are committed to proactively managing regulatory and emerging regulatory risk. Below, we highlight some key developments identified during the year.

**NATIONAL HEALTH INSURANCE**

The Bill was passed by the National Assembly in June 2023 and sent to the National Council of Provinces (NCOP) for further debate. Public submissions on the NHI Bill were due on the 15th of September 2023. Discovery has made a submission to the NCOP and has participated in preparing the submissions made by the Health Funders Association and Business Unity South Africa.

In its current form, the NHI Bill reflects some key principles which present some challenges and risks:

1. **Section 33 of the Bill sets out that when the NHI is fully implemented, medical schemes would not be allowed to provide cover for services covered by the NHI. This statutory limitation on the role of private health cover does not exist anywhere in the world. For example, in the UK there is a significant (and increasing) role of private health insurance which fills the gaps not covered well by the NHS – an important protection mechanism for citizens. Discovery is concerned that this framework does not encourage collaboration between private and public sectors, and negatively impacts the policy objectives of around expanding access to care.**

2. **The single fund model is unlikely to be equitable since cross subsidies cannot be properly managed. It also poses the risk of driving away health sector investments and the opportunity to access innovative healthcare delivery models. Discovery Health supports a multi-fund framework as this is less risky, faster to implement and ensures that cross subsidies are managed to ensure that social solidarity is achieved.**

3. **NHI funding remains unclear and the Money Bill, which is the complementary financing legislation from the National Treasury has not been published. The NDoH has indicated that the NHI will require R200 billion in additional tax funding per year, however Discovery Health is concerned that this additional burden on a small tax base is unsustainable and the total funding available per person would likely not be substantial enough for a comprehensive benefit package.**
SUSTAINABILITY DISCLOSURE STANDARDS IN THE UNITED KINGDOM
As part of its 2023 green finance strategy, the United Kingdom laid plans to establish the first two Sustainability Disclosure Standards (SDS), which will set out corporate disclosures on sustainability-related risks and opportunities based on IFRS S1 and IFRS S2. The government established two committees to help guide this process. The Sustainability Disclosure Technical Advisory Committee – which will assess IFRS SDS on a technical basis and provide independent recommendations – and the Sustainability Disclosure Policy and Implementation Committee, which will provide advice on, among others, the implementation of the SDS and existing legislation and regulation. It is expected that the endorsement decisions on the first two SDS will be finalised by July 2024.

PRUDENTIAL AUTHORITY: CLIMATE-RELATED RISKS
South Africa’s Prudential Authority (PA) provided its initial views on climate-related risks and their potential impact on the financial institutions it supervises, including banks and insurers. The PA highlighted that supervised institutions with a comprehensive understanding of the impact of climate risk will better position to implement processes to enhance financial resilience and inform appropriate strategic and business decisions. The PA subsequently issued guidance for industry consultation on climate-related risks and disclosures, including how climate risks should be integrated into risk management, governance and reporting processes. We continue to participate in engagements with the PA on this subject via workshops and industry forums and evolve our understanding of the impact of climate risk.

STATEMENT ON SUSTAINABLE FINANCE AND PROGRAMME OF WORK
South Africa’s Financial Sector Conduct Authority (FSCA) noted increased urgency to support sustainability in public and private operations that contribute to economic growth and development and, accordingly, adopted sustainability as part of its values and commitment to contribute to South Africa’s 2050 climate change goal. Regulatory and supervisory frameworks will be evaluated to ensure sustainability-related financial risks and opportunities are integrated into mainstream financial decision-making processes while promoting investor and customer confidence and trust. The FSCA published the final Sustainable Finance Roadmap in 2023.

INFORMATION SECURITY
The FSCA and PA published a revised draft Joint Standard in December 2022, detailing the IT risk management-related requirements financial institutions must comply with. At Discovery, we acknowledge robust IT risk governance and the implementation of measures to mitigate significant adverse technology failures are fundamental to achieve strategic and operational objectives and support its sustainable business practices. We participated during both consultation processes through industry bodies. A Draft Joint Standard on cyber security and cyber resilience was also published requiring financial institutions to have adequate cyber-security and cyber-resilience measures in place to manage cyber risks and adopt cyber-security fundamentals to preserve confidentiality, integrity and availability of data and information technology systems. Discovery participated in the public consultation and workshops via industry bodies. Discovery supports the need for cyber security and resilience measures and currently adopts global best standards and practices.

FINAL STRATEGY FOR PROMOTING FINANCIAL SECTOR TRANSFORMATION
In March 2023 the FSCA published its final strategy for promoting the transformation of the financial sector within the current legislative framework in line with its Regulatory Strategy 2021 - 2025. The Insurance Act sections relating to transformation will be repealed and incorporated in the Conduct of Financial Institutions Bill. Although the Departments of Labour and Trade, Industry and Competition drives transformation, the FSCA will support this by furthering reporting and progress in the financial sector. Licensed financial institutions are required to uphold the commitments set out in their transformation plans.

GENERAL LAWS (ANTI-MONEY LAUNDERING AND COMBATING TERRORISM FINANCING) AMENDMENT ACT, NO 22 OF 2022

Discovery, along with Tshikulu Social Investments (which manages the Discovery Fund and Discovery Foundation), submitted comments in February 2023. Comments raised related to the practicality and adherence to South African trust law principles of the beneficial ownership (BO) changes and obligations placed on trustees. The changes become effective in April 2023.

In addition, the Act’s main purpose is to respond to the deficiencies identified by the Financial Action Task Force’s (FATF) peer review of South Africa. These requirements will place additional disclosure and reporting requirements regarding the ultimate BO information on both Discovery’s legal entities and its clients. Discovery supports measures to strengthen regulatory frameworks to address corruption and fraud and has participated in regulator and industry engagements during the consultation phases from September 2022. We have implemented measures to facilitate adherence to these requirements.

TWO-POT RETIREMENT SYSTEM
South Africa’s Minister of Finance announced, in his 2022 budget speech, the proposed two-pot retirement system, which is set to take effect on 1 March 2024. Further, draft legislation was issued in June 2023 to provide for legislative amendments required to implement the first phase of the two-pot system. Discovery has participated in the consultation via industry bodies. While Discovery supports National Treasury’s retirement reform objectives, we had, in our commentary, highlighted some of the practical challenges to consider on the road to implementation. Discovery is closely monitoring the industry implementation of this system and, internally, has begun building the functionality to timely implement the system.
EMPLOYMENT EQUITY AMENDMENT ACT
The Employment Equity Amendment Act, which President Ramaphosa assented to in 2023, notably empowers the Minister of Employment and Labour to determine sector targets which employers must include in their employment equity plans. In May 2023, draft regulations were published under the amended Act, which set out the proposed employment equity sectoral targets, including for the financial and insurance sector. All designated employers are still required to implement the five-year goals and annual targets for semi-skilled and unskilled levels in their employment equity plans, which are separate from the sector targets.

Since the publishing of the Bill in 2020, Discovery has actively participated in industry engagements via industry body associations in consultation with the Department of Employment and Labour, to position ourselves to meet the requirements once effective. Discovery supports the drive to advance equitable representation of designated population groups towards a more equitable representation.

FINANCIAL CONDUCT AUTHORITY: NEW CONSUMER DUTY
The UK’s Financial Conduct Authority (FCA) launched the Consumer Duty Rules, designed to increase customer protection when dealing with financial service companies. For new and existing products or services open to sale or renewal, the rules came into force on 31 July 2023, and, for closed products or services, the rules will be effective from 31 July 2024.

Vitality UK assessed the new Consumer Duty Rules against current practices and engaged with all business stakeholders. Vitality UK’s Board approved Vitality’s Consumer Duty project plan for implementation. In South Africa, we will take a proactive approach by reviewing Treating Customers Fairly (TCF) principles and regulatory frameworks and considering how this regulatory development may, in future, apply to South Africa.

FINANCE FOR POSITIVE SUSTAINABLE CHANGE DISCUSSION PAPER
The FCA’s finance for positive sustainable change discussion paper discusses how governance arrangements, incentives and competencies can support the delivery of firms’ sustainability-related objectives. The paper forms part of the FCA’s commitment to supporting the United Kingdom’s target of an economy-wide transition to net-zero emissions by 2050, tackling greenwashing and boosting confidence in ESG standards. Vitality UK awaits the proposed rules in the forthcoming consultation. We will also consider these developments at a Group-wide level across Discovery and inform our ESG initiatives and climate change strategy.

GLOBAL REGULATORY DEVELOPMENTS IN AI
The United Kingdom’s Prudential Regulatory Authority, the FCA and the Bank of England published a discussion paper on AI and machine learning for consultation. The paper seeks views on the benefits and risks of AI within financial services and supervisory intervention to manage and mitigate potential risks AI may have on markets, consumers and companies. The European Union’s AI Act is progressing through the European Union parliament and aims to protect fundamental rights, provide legal certainty and stimulate innovation. Discovery keeps abreast of and is informed by global developments in this environment and has a proactive approach to responsible AI adoption.

“The FCA’s finance for positive sustainable change discussion paper discusses how governance arrangements, incentives and competencies can support the delivery of firms’ sustainability-related objectives.”
Managing risk / Managing regulatory risks continued

Regulatory engagements
We work to ensure our engagements with regulators are constructive and supportive. Our notable regulatory engagements during the year are outlined below.

FSCA
Discovery attended two executive meetings and the annual insurer supervisory (market conduct) meeting. We participated in various FSCA forums and engaged with the FSCA on applications, exemptions, complaints responses, statutory returns, information requests and notifications.

PA
Discovery executives and our Group Compliance function met with the PA through monthly, bi-annual and annual meetings, as well as ad hoc meetings when required. We participated in PA forums and engaged on applications, key person change notifications, information requests and statutory returns.

LOW-COST BENEFIT OPTION ADVISORY COMMITTEE

Discovery has actively advocated for the introduction of low-cost benefit options (LCBOs) since the onset of policy discussions in 2005 and is committed to engaging with the Low-Cost Benefit Option Advisory Committee established by the Council for Medical Schemes (CMS). We provided input to the draft framework document released by the CMS in September 2022 and the DHMS has applied to register an LCBO option.

The exemption status of existing insurers after 1 April 2022 has not been confirmed and Discovery continues to offer primary care insurance cover in partnership with Auto and General while pushing for medical schemes to be able to offer such cover. The Health Funders Association (HFA) also continues to advocate for medical schemes to be allowed to participate in the exemption process, while the Board of Healthcare Funders' litigation against the CMS to compel the implementation of the Low-Cost Benefit Option Framework is ongoing.

Discovery has put in place the necessary planning for a smooth transition from the insurance products to LCBOs once the framework is approved.

SECTION 59 INVESTIGATION PANEL AND THE CMS FRAUD, WASTE AND ABUSE TRIBUNAL

Discovery notes that the interim report of the Section 59 Investigation Panel confirmed that Discovery's forensic processes are legally sound and there is no evidence of explicit racial bias, however the Panel relied on statistical analysis to conclude that there is implicit racial bias. Discovery Health and DHMS submitted detailed analysis demonstrating that the panel relied on flawed statistical analysis for findings of implicit racial discrimination. The submission was independently reviewed by former Statistician General Dr Pali Lehlohla. We established a Health Practitioners Reference Group (HPRG) to engage with professional societies on key concerns regarding forensic processes. This led to Discovery implementing several process enhancements, including a dispute-resolution mechanism. The professional societies participating in the HPRG support the need for forensic processes and the enhancements relate to matters such as the tone and content of communication and engagement. We shared the HPRG learnings with the CMS legal team and provided constructive input on the proposed CMS Fraud, Waste and Abuse Tribunal via the HFA.

The Section 59 Investigation Panel indicated that it intends to finalise its report, later in 2023, after a long delay following the publication of the interim report in January 2019. Discovery Health has made follow up inputs to further demonstrate that the statistical analysis relied on by the Panel for the finding of implicit racial bias.

DEVELOPMENTS RELATING TO THE ROAD ACCIDENT FUND

In August 2022, the Road Accident Fund (RAF) issued a directive to stop funding medical expense claims to road accident victims who are members of medical schemes. In consultation with the HFA, Discovery Health took immediate action by applying to have the RAF directive declared invalid. The High Court then ruled that the RAF directive was unlawful, a ruling that was upheld at both the High Court and the Supreme Court. The RAF have now taken the matter to the Constitutional Court, and this is yet to be heard.

Despite this ruling, the RAF failed to start processing claims of medical scheme members. Discovery Health then filed a Section 18(3) application in the urgent court to compel the RAF to resume claims processing of medical scheme members' legitimate claims. In July 2023, the North Gauteng High Court dismissed our application. Discovery Health is appealing this judgement and making representations to the Constitutional Court for the benefit of all medical scheme members. We remain optimistic that the Constitutional Court will find in our favour – as well as those of medical scheme members to ensure fairness and equity.

In September 2023, the Department of Transport gazetted the draft RAF Amendment Bill for public comment. The draft Bill proposes several changes to how the RAF will operate in South Africa, including a new set of limitations related to claims. More broadly, the Bill aims to give effect to findings and recommendations made by the RAF Commission and reorganise the power and functions of the RAF. Discovery will be providing inputs on these proposals.
MANAGING SUPPLY CHAIN RISKS

Discovery's approach to supply chain management is aligned with our mission to be a powerful force for social good, and we endeavour to conduct business with entities that are in good standing with relevant authorities.

Discovery supplies financial services and products across seven businesses:

<table>
<thead>
<tr>
<th>Operational input into our business</th>
<th>Serving our clients and members</th>
<th>Value-added partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology infrastructure, including software purchase and licensing, computer leasing and maintenance</td>
<td>Brokers</td>
<td>Healthcare professionals, including doctors and specialists</td>
</tr>
<tr>
<td>Ongoing banking enhancements</td>
<td>Financial advisers</td>
<td>Hospitals</td>
</tr>
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<td>Technology partners</td>
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</tr>
<tr>
<td>Professional and management services</td>
<td>Call centres</td>
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</tr>
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<td></td>
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<tr>
<td>Non-discretionary fees for licences with regulatory bodies and sector-related associations</td>
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</tbody>
</table>

The main elements of our supply chain as they relate to the activities, primary brands, products and services of our businesses are:

**Applicable businesses**
- Discovery Bank
- Discovery Health
- Discovery Insure
- Discovery Invest
- Discovery Life
- Vitality UK
- Vitality Global

**Operational input into our business**
- Technology infrastructure, including software purchase and licensing, computer leasing and maintenance
- Ongoing banking enhancements
- Technology partners
- Professional and management services
- Building/facilities services
- Marketing services
- Non-discretionary fees for licences with regulatory bodies and sector-related associations

**Serving our clients and members**
- Brokers
- Financial advisers
- Discovery and Vitality platforms, including our apps and website
- Call centres
- Claims processing and provider payments

**Value-added partners**
- Healthcare professionals, including doctors and specialists
- Hospitals
- Third-party service providers for Discovery Insure (including building contractors, contents replacement and repair providers, Active Rewards partners and assessing partners)
- Retail partners (including our Tier 1 partners of gyms, HealthyFood partners, pharmacies, sports gear and equipment, fitness devices, leisure, travel, flights and fuel)
- Other partners (including retail and lifestyle and fitness platforms and communities)
Managing risk / Managing supply chain risks continued

Risk awareness and management measures in supply chain management

As a financial services entity, Discovery has a minimal requirement for raw materials (which, in other industries, would constitute production inputs). The procurement of goods is, however, aligned with our value of being a force for good and as a signatory of the United Nations Global Compact (UNGC).

Prospective suppliers are subject to a comprehensive screening process and expected to comply with applicable Group policies, including the Anti-bribery and Corruption Policy, which extensively covers what the Group expects of vendors regarding anti-corruption.

As part of our supplier screening and due diligence processes, we consider potential economic risks and ESG factors and, for each supplier:

- Confirm valid tax details through the South African Revenue Service
- Fraud incidents, finalised or pending (South African Fraud Prevention Services
- Identify any legal judgments
- Comply with the Companies and Intellectual Property Commission
- Complete ESG assessments
- Ensure compliance with B-BBEE requirements

The Group Procurement mandate and key performance indicator performance assessments are linked to the successful ESG metrics assessment.

In FY2023, we enhanced our supplier screening process and criteria to:

- Introduce an online system to assist Discovery in managing its third party risks (including information security and data privacy).
- Introduce a system for screening in relation to sanctions, adverse media and politically exposed persons.
- Use an online system to confirm the validity, match and history of tax numbers. Discovery's Tax function can now confirm taxpayer compliance status.

The supplier mapping exercise and policy review to maximise ESG considerations in Discovery's procurement process are currently under review.

A confidential and anonymous whistleblowing helpline is available to supply-chain workers.
Preferential procurement

Discovery’s Procurement Policy outlines the procedures and safeguards in place to ensure we apply best procurement practices to source goods and services of requisite quality at the right price from suitably qualified suppliers.

We increased our procurement spend on designated groups, focusing on black youth-owned businesses, and provided support by identifying suitable companies and facilitating access within the Group to give them greater exposure and broaden their networks across the organisation.

Discovery aims to comply with preferential procurement targets as stipulated by the Department of Trade and Industry in the B-BBEE Act, the Codes of Good Practice as amended and applicable Sector Codes. Discovery’s procurement spend must be with companies that are B-BBEE-compliant. For a supplier to be B-BBEE-compliant, they must have a valid rating certificate issued by an accredited B-BBEE rating agency or a sworn Exemption Affidavit as applicable.

We commit to maintaining fairness and integrity when awarding and managing contracts. We work closely with internal teams to ensure we clearly define the scope of work and transparency in the criteria we use to evaluate bidder proposals. To protect the integrity of the process and ensure fairness, the sustainability requirements are non-biased and do not hinder competition. When evaluating proposals, the assessment and analysis match the significance of the procurement: tenders require a more comprehensive analysis than sourcing exercises for once-off, ad hoc or low value goods or services.

R3.4 billion on procurement of black-owned businesses, focusing on black youth-owned businesses. (FY2022: R2.73 billion; FY2021: R1.62 billion; FY2020: R1.57 billion)

R2.7 billion (actual spend) on SMEs (FY2022: R2.58 billion; FY2021: R1.66 billion; FY2020: R1.1 billion)

~R1.9 billion (actual spend) on 30% black women-owned enterprises (FY2022: R1.58 billion; FY2021: R864 million; FY2020: R947 million)

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<tr>
<th>B-BBEE Scorecard indicators</th>
<th>%</th>
<th>Amount</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spend on all B-BBEE empowering suppliers</td>
<td>79.90</td>
<td>R8.2 billion</td>
<td>4.00</td>
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<tr>
<td>Spend on qualifying small enterprises empowering suppliers</td>
<td>11.66</td>
<td>R1.2 billion</td>
<td>1.30</td>
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<tr>
<td>Spend on exempted micro enterprises empowering suppliers</td>
<td>15.02</td>
<td>R1.5 billion</td>
<td>2.00</td>
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<tr>
<td>Spend on empowering suppliers that are at least 51% black-owned</td>
<td>32.99</td>
<td>R3.4 billion</td>
<td>5.00</td>
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<tr>
<td>Spend on empowering suppliers that are at least 30% black female-owned</td>
<td>18.15</td>
<td>R1.9 billion</td>
<td>2.00</td>
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<tr>
<td><strong>Bonus indicators</strong></td>
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<td></td>
<td></td>
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<tr>
<td>Spend on black stockbrokers and black fund managers</td>
<td>15.82</td>
<td>R639 million</td>
<td>2.00</td>
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<td>Spend on designated group suppliers with at least 51% black ownership B-BBEE Scorecard indicators</td>
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<table>
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<th>%</th>
<th>Amount</th>
<th>Points</th>
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<tr>
<td>Spend on all B-BBEE empowering suppliers</td>
<td>80.00</td>
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<td>Spend on qualifying small enterprises empowering suppliers</td>
<td>18.00</td>
<td>R1.8 billion</td>
<td>2.00</td>
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<tr>
<td>Spend on exempted micro enterprises empowering suppliers</td>
<td>12.00</td>
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<td><strong>Bonus indicators</strong></td>
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<td>Spend on black stockbrokers and black fund managers</td>
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<td>R205 million</td>
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Innovating to drive impact and financial inclusion

Our innovations are inspired by the societal challenges we face and the opportunities we identify to deliver on our core purpose. Discovery promotes financial inclusion in the markets where we operate by:

- Developing suppliers in our ecosystem
- Facilitating access to quality healthcare
- Innovating through product provision

It is critical that there is a continued increased focus on sourcing and investing in current and potential suppliers. The Group's Enterprise and Supplier Development (ESD) and Procurement teams streamlined our investment assessment process to ensure all potential investment opportunities are channelled through the appropriate internal process to assess for maximum investment and compliance potential.

New and creative ways for engaging entrepreneurs, innovators and new updates and information in the health, wellness and finance industries are under way to ensure cost efficient targeted access to a pool of credible potential ESD beneficiaries.

We target enterprises with over 51% black ownership and a turnover of less than R50 million as our ESD beneficiaries – giving preference to black women-owned and youth-owned enterprises – and provide financial support in the form of loans and grants. We also provide non-financial support, such as business development support, training and mentorship opportunities.

The total value of ESD loans on our books is over R96 million (FY2022: R74 million)

We supported 46 entrepreneurs in FY2023 (FY2022: 149)

WE PROVIDED GRANTS TO THE FOLLOWING ESD BENEFICIARIES IN FY2023:

Mohau Private Equity
Grant: R2.2 million
Our arrangement with Mohau Equity Partners forms part of our broader empowerment transaction financing. Discovery's Board agreed to support the firm in setting up a black-empowerment enterprise over a five-year period, and provided business development support until November 2022. Discovery funded the operating expenses of Mohau Equity Partners and provided working capital and office space.

Jabulani Safe Hub
Grant: R3.99 million
We have supported the Jabulani Safe Hub in Soweto since 2018 and, in October 2021, signed an agreement to support them for another five years. The Safe Hub is a physically and emotionally safe space, providing young people with daily access to holistic learning and personal development through a sports, arts and culture-based after-school programme that focuses on health, safety, education and employability.

Highlights in FY2023 include:
- 343 permanent employment opportunities created by partner organisations and within the precinct
- 78 internships and 58 learnerships facilitated
- 18 start-up enterprises incubated

In FY2023, we officially launched a pioneering Business Process Outsourcing project: the Jabulani Contact Centre. The centre represents a significant achievement for partners, who came together around a shared commitment to address youth unemployment and poverty by accelerating the development of a vibrant Jabulani economy.

Young MD
Grant: R48 100
Young MD is a consultancy that designs and delivers a suite of human resource and technology products to clinicians to empower their experience as key stakeholders and healthcare enablers in the healthcare system. Discovery provided business development to support Young MD through Enterpriseroom, a third-party supplier.
Since its promulgation in April 2004, the B-BBEE Act has formed the basis of the South African government’s regulation of BEE. Discovery embraces this, as we recognise the importance of transformation in our society for a growing and healthy economy.

Discovery maintained level 1 contributor status in its annual B-BBEE audit on 29 September 2023 to 28 September 2024. View our full B-BBEE certificate online.

Lowering the cost of access to malaria diagnoses

Malaria remains the most prevalent disease in Africa, but the current clinical pathway for malaria is expensive and inefficient. A malaria episode generally begins with a GP visit, then numerous pathology tests and finally receiving medication. This is necessary for high risk or immunocompromised people, however simpler and more cost-effective pathways should exist for healthy lives who are at low risk.

By utilising malaria self-test kits, more people can receive diagnoses quickly and affordably. There is no need to visit a GP, and tests can be housed at the employer’s office – thus making them easily accessible. This pathway is better suited for the majority of Vitality Health International’s population, as they are young and healthy with an average age of 23.

Malaria self-test kits and over-the-counter anti-malaria medication are provided on all Vitality Health International plans. Malaria screening takes place through in-country wellness days, which are hosted three-months post-onboarding at company premises. The expanded use of screening and self-test kits is expected to reduce the cost per malaria case by up to 63%.

Refer to page 38 to read about how we have partnered with Goodbye Malaria to reduce the burden of the disease in Africa.

Innovating to drive impact and financial inclusion / Developing suppliers in our ecosystem continued

Access to quality private healthcare is limited in South Africa, where most of the population relies on an overstretched public health system. Discovery recognises the need to extend access to quality healthcare to more people at an affordable price. For this reason, Discovery Health continues to invest in building a product suite that caters to a diverse set of healthcare needs across the affordability spectrum. By strengthening and expanding access to quality private healthcare, Discovery Health reduces the burden on the public healthcare system.

In addition, through Vitality Health International, we aspire to become a leader in innovation for African healthcare beyond the role of the traditional insurer. Vitality Health International operates in countries with overburdened public healthcare systems that exacerbate the stress of the most vulnerable. Within this context, there is an opportunity for us to reduce the burden by making quality, private healthcare accessible.

Furthermore, Vitality Health International provides comprehensive healthcare coverage based on shared-value insurance, which encourages people to make healthier choices a habit and shift behaviours to maintain and improve good health. These healthy behaviours have subsequent positive effects on the long-term health outcomes of the health insurance members. The result is a virtuous cycle, which shares material benefits between the funder (lower healthcare claims), members (improved health outcomes) and society (lowered healthcare costs and a healthier, more productive workforce).

It is imperative that Vitality Health International amplifies its efforts to deliver affordable healthcare solutions in these markets and ensure more citizens enjoy quality, private healthcare. We continue to innovate to reduce the barriers to healthcare for vulnerable members of our society. We plan to launch low-budget benefit plans that leverage cost effective healthcare providers and clinical pathways to make private healthcare affordable to a wider range of the population across Africa.

Refer to page 38 for information on Vitality Health International.
Innovating to drive impact and financial inclusion / Facilitating access to quality healthcare continued

Our **Join in Minutes** digital journey allows individuals seeking medical scheme cover to purchase it online and activate it for immediate cover within minutes. This end-to-end digital activation journey is enabled through years of investment in automated underwriting and new business systems. In addition, the journey incorporates a recommender function to advise the prospective customer of the ideal plan choice.

In the UK, engagement with digital healthcare journeys is at record high levels, giving members faster and more seamless access to care. Care Hub engagement has seen a significant increase in users: the platform has grown to over 35,000 unique visitors per month. About 50% of members visiting Care Hub use it to request care, while others make use of other functionalities – including the ability to view their condition history, plan details and excess.

**SMART ACCESS TO QUALITY CARE**

The **Dynamic Smart Hospital Network** became available in FY2023 and was created by combining sophisticated analysis of the quality and efficiency of clinical care in the Smart Hospital Network with personalised insights from the health records of Smart members into data-driven care algorithms.

Members have access to **Ask Discovery**, which will dynamically guide them to the most efficient hospital in our network, given their healthcare needs at a specific point in time. Through this personalised healthcare journey and by following the pathway recommended by Ask Discovery, members can avoid co-payments and deductibles on hospital admissions.

The efficiencies of the Dynamic Smart Hospital Network enable the new Essential Dynamic Smart plan. It is the most affordable plan in the Smart Series, priced at R1,565 per principal member in 2023. The plan provides DHMS with a compelling offering in a growing price segment of open medical schemes.

We also partner with multiple organisations globally across digital care, technology platforms and knowledge-sharing networks to leverage Discovery Health and Vitality’s assets, capabilities and intellectual property to deliver exceptional care to our members. Through these strategic partnerships, we help to develop affordable digital healthcare models in developing countries.

Our partnerships extend to Asia and our years-long Ping An Health Insurance collaboration, and, to unlock growth, we partnered with AIA in Asia through Amplify Health. Discovery Health also partnered with BioFourmis – an international healthcare data and information technology company – to implement the BioBeat device to support our Hospital at Home programme.

Refer to page 52 to read more on expanding access to healthcare at a reduced cost.

**CARE HUB IN FY2023:**

- **Over 100,000 virtual health consultations**
- **Approximately 80% of talking therapy consultations are now digital**
- **60% of physiotherapy care is via a digital triage journey**

We also enhanced access to preventative healthcare through our three-month free Vitality offer to incentivise healthier behaviour. To date, 73,802 members have utilised this offer.
We invest significant resources into proactively understanding society’s healthcare needs and driving innovation around new ways of accessing private healthcare for as many South Africans as possible. Over time, we have built strong private healthcare networks and gained a deep understanding of the healthcare system. Leveraging our data analytics capabilities, we identify the intersection of optimal, quality healthcare and affordability – ideal for the currently uninsured market.

**INNOVATING THROUGH PRODUCT PROVISION**

Discovery continues to innovate in delivering healthcare and financial services, and we constantly strive to create new and appropriate product offerings that will increase opportunities to reach underserved demographics.

The following sections detail some of these innovative offerings geared at increasing access and improving financial inclusion.

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**FLEXICARE**

*Flexicare is a unique healthcare product – powered by Discovery and underwritten by Auto and General – providing access to quality private healthcare, wellness management and a world-class suite of digital tools to lower-income members and their families at an acceptable cost.*

From February 2023, Flexicare was made available to the consumer market – thereby increasing access to private healthcare for people who cannot afford to join a medical scheme. This development forms part of our bold ambition to extend quality primary healthcare solutions to one million South Africans by 2025.

Flexicare provides access to a comprehensive nationwide network

4 524 dentists

2 167 general practitioners

2 680 pharmacies

2 136 optometrists

Flexicare Retail membership covers unlimited general practitioner consultations with a Flexicare network doctor, medicine as prescribed by a general practitioner, chronic medicine for 27 conditions, basic dentistry and basic optometry. Flexicare Retail members have the option to add trauma benefits and funeral cover.

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**KEYCARE**

*KeyCare is an affordable medical aid option that does not compromise on the quality of care, providing unlimited cover for hospital admissions, full cover in hospital for specialists on the KeyCare network, day-to-day cover, full cover for chronic medicines, extensive cover for healthcare services for maternity and early childhood, and screening and prevention benefits.*

Quality network arrangements are in place to ensure our members receive the best care available at an affordable price. These arrangements are tailored to different levels of cover, so members do not incur out-of-pocket expenses when they need to be hospitalised. By introducing payment arrangements with a network of providers and facilities, members have full cover – in line with their plan benefits – while keeping the monthly premiums affordable.

Through KeyCare Start Regional, medical scheme coverage is extended at the lowest price in the industry for individuals in specific regions. The lower entry point is facilitated through a close partnership between DHMS, Mediclinic and Intercare, enabling efficient, coordinated care for members.

Average number of lives covered by Keycare is 387 447

(FY2022: 68 013) an increase of 40%
Innovating to drive impact and financial inclusion / Innovating through product provision continued

**PREPAID HEALTH**

Discovery Prepaid Health is a digital platform that allows anyone living in South Africa – irrespective of whether they have other Discovery products – to buy vouchers at a discounted rate, then load and redeem them for high-quality, private, primary healthcare services, including face-to-face and virtual general practitioner consults.

Launched in 2020, the platform is free-to-use and accessible through a web-based app or WhatsApp. By using the latest digital technology, Discovery Health ensures minimised associated mobile data costs.

Employers can now also bulk-buy Prepaid Health vouchers for their employees, extending access to quality healthcare services to employees and their families.

In August 2022, CMS initiated a High Court proceeding to halt the ongoing marketing, distribution and operations of the Prepaid Health product. Discovery Health filed a responding affidavit. Discovery Health is focusing on re-engaging the market and leveraging Prepaid Health to expand access to healthcare in FY2024.

As at 30 June 2023, 11,338 vouchers have been purchased, with over 188,000 registered users of the Prepaid Health product.

**CONNECTED CARE**

Connected Care is Discovery’s telehealth solution for online doctor bookings, and serves as an integrated healthcare ecosystem of benefits, services and connected digital capabilities providing healthcare to medical scheme members across the care continuum.

Members can book virtual, telephonic and in-person healthcare consultations with their doctors, manage and purchase Prepaid Health, access reliable Mayo Clinic content from a digital healthcare repository and enhance chronic care management support by connecting them to a digital community of patients living with the same healthcare condition through MyHealthTeams.

**HOSPITAL@HOME**

Discovery’s Hospital@Home service provides qualifying members that suffer from low-acuity disease the option of hospital-level care at home instead of being hospitalised, or the option of early hospital discharge to home-based care.

This innovation increases South Africa’s hospital bed capacity by around 750 beds and catalyses disruptive change in the hospital sector.

Our Hospital@Home offering is a transformative product that provides medical aid members access to a range of benefits delivered through their personalised care team in the comfort of their homes. It provides a seamless healthcare experience for patients – integrating world-class telehealth capabilities, digital tools, and sophisticated remote monitoring devices to enable real-time and continuous tracking of clinical progress.

In 2022, Discovery Health partnered with BioFourmis – an international healthcare data and information technology company – to implement the BioBeat device to support our Hospital@Home service. The device is a clinically proven and internationally validated device that enables real-time remote clinical monitoring and includes sophisticated AI systems that allow for advanced risk prediction.

HealthID is Discovery’s electronic health record, available to all users, that shares important information with patients’ selected healthcare professionals.

These records provide a more complete view of patients’ health history and test results, improving patient care and reducing the likelihood of serious medical errors, and decreasing the administrative burden for doctors.

We revamped the interface of HealthID in FY2023, extending access to holistic care for members through multi-disciplinary teams.
Discovery Bank is a global leader in self-service and branchless distribution, leveraging our integrated web and app channels. We continue enhancing customer journeys and experiences, and new banking clients enjoy an intuitive and simple onboarding process which takes less than five minutes, after which their virtual card is live and immediately available to use.

We successfully launched share trading to the public following the successful pilot integration of Discovery Bank’s app with EasyEquities’ trading and settlement platform. We also launched Google Pay, enabling members to make payments with Android phones, tablets or watches.

Our Essential Plan provides affordable insurance cover for, particularly, the price-sensitive market. The plan has lower limits on embedded benefits than the Classic and Purple Plans, but still offers comprehensive insurance cover with unique driving rewards and state-of-the-art safety features with Vitality Drive at a competitive price.

Pay-As-You-Drive and Pay-How-You-Drive products are designed for young, low-mileage drivers. Clients pay a base premium and a rate per kilometre, which varies based on their Vitality Drive status.

In the dynamic South African life insurance market, providing a comprehensive funeral plan product has emerged as a crucial and impactful service. A funeral product not only underscores a profound cultural significance when considering the importance of funerals within communities, but also addresses fundamental challenges and a growing awareness of the need for financial preparedness amid life’s uncertainties.

With policyholders demonstrating significant differences in mortality risk – combined with minimal underwriting – large cross-subsidies are inherent in the market today and present a clear opportunity for disruption.

Accordingly, through Funeral Plan 2.0, we bring shared value to the funeral insurance market by serving individuals with limited income. It is tailored for distribution through extensive channels, including 98 tied agents and 380 independent financial advisers to date who target this specific demographic.

This funeral product offers several benefits, including extended cover support for spouses, automatic baby cover and enhanced accidental death benefits – thereby protecting our members from financial and emotional burden during difficult times.

Innovating to drive impact and financial inclusion / Innovating through product provision continued

Discovery Bank

Discovery Insure

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Pay-As-You-Drive

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Consumer financial education

DISCOVERY BANK believes in empowering clients with knowledge so they can change how they manage their money for the better. To this end, it offers financial education tools and services, including the Vitality Money Financial Analyser, the Retirement Calculator and the Risk Capacity Assessment.

Since May 2021, Discovery Bank has offered clients access to the Worth Financial Education curriculum at a highly reduced cost. Client uncertainty about how to manage their financial situation reduced by 97% upon completion of the course, and clients who completed the course saved three times more per month than those who did not complete the course.

DISCOVERY INSURE is a member of the South African Insurance Association (SAIA), which conducts ongoing consumer education projects targeting young adults, South African households and SMEs.
Leveraging our tech platform

Technology is a strategic enabler that supports our Vitality Shared-value model and provides our clients with an integrated experience across all platforms. Most of our solutions are developed in-house, which allows us to optimise our systems for the current environment while preparing for the emerging digital world.

Research and development drive innovation throughout the business, while our use of data positions us as a global leader in behaviour change linked to insurance. By leveraging our technological capabilities, we remain at the forefront of digital trends and innovation, enabling us to expand our global footprint. Intelligent data aggregation and classification models enable a deeper understanding of every Discovery member, creating advanced risk and behaviour profiles.

We continue to develop intuitive technology channels and adopt client-centric processes to meet the needs of the business, clients, intermediaries and healthcare providers. We optimise our data and technology environment for affordability, quality and cost by simplifying and automating processes to empower people and engage digitally with employees, members and partners. This further supports our efforts to reduce downtime, enhance operations, improve cyber security and increase the productivity of developers. We also align data and technology spend to business needs by developing strategic supplier relationships, providing services internally on a commercially transparent basis, and enhancing data and technology governance and risk management.

In FY2024, we will continue preparing our data and technology environment to address future requirements, including a fully digital experience where we:

- Drive innovation in key business technology areas, including digital channel architecture, client relationship and experience, digital skills and digital technology foundation
- Create a learning effect through communities of practice in digital innovation, culture and practices, and governance
- Enable and scale early success in Agile platforms, Cloud Era skills, prototyping and business use cases and composable architecture

Key developments during the year

Discovery further strengthened its ability to obtain feedback from social media platforms by using data science to increase the level of personalisation across our value chain. We incorporated this into our managerial reporting to inform decision-making, as well as our customer relationship management platform to ensure our agents are fully informed about our social sentiment when providing service to members, providers and intermediaries.

Our customer relationship management platform – which we developed in-house – incorporates data-science elements such as customer sentiment, social sentiment and Next best Action onto the agent desktop.

We launched our integrated data repository to collect servicing interactions from all digital channels to provide an omnichannel servicing experience to members. In doing this, Discovery Health – which uses specialised systems platforms – can continue innovating in a federal model while sharing relevant and authorised data.

Our Strategic Technology Enhancement programme was approved by our SA Executive Committee, which aims to increase the targeted systems’ availability levels and significantly improve resilience against business interruption. The programme is informed by our members’, partners’ and intermediaries’ increased reliance on digital interactions and increased risks in the environment – particularly the risk of business interruption due to power outages.

We continue to develop intuitive technology channels and adopt client-centric processes to meet the needs of the business, clients, intermediaries and healthcare providers.”

Refer to our 2023 Integrated Annual Report for more details on how we are investing in and leveraging technology.
Leveraging our tech platform continued

Ethical data management and the use of technology

Given our access to personal and other information, we place a high value on responsible data stewardship. We embrace our fiduciary duty to protect the data we collect from our clients and have appropriate measures to support data integrity, privacy and security – ensuring we maintain stakeholder trust.

With rapid advances in technology and big data, we are working to ensure data management includes consideration of ethics and fair use in how our products are delivered. Supported by the Group Ethics Office, we aim to anticipate ethical issues and proactively build solutions into our products.

The Group Ethics Office advises on megatrends that may impact the Group, including the ethical implications of AI and automation. Due to the pace of advancement in these fields, a more proactive approach to ethics is critical to protect the interests of our stakeholders, including clients and employees, and remain true to how we do business. We are committed to ensuring we adopt AI ethically and responsibly in line with Discovery’s core purpose and values.

“We are committed to ensuring we adopt AI ethically and responsibly in line with Discovery’s core purpose and values.”

Refer to page 105 for information on how we manage our cybersecurity and protect our customer’s data and privacy.

Discovery Bank drives utilisation and engagement through a market-leading, robust financial services data and machine learning ecosystem, enabling data-driven decision-making based on comprehensive data and robust insights. Current use cases include prompting clients to complete their Next Best Action, leveraging clients’ optimal channel, time, message and incentive. Other short-term to medium-term applications include open banking, enhanced servicing experiences, integrated and personalised client communications and geo-location to prevent fraud.

Cogence

Cogence, a partnership between Discovery and BlackRock was launched during the year, as the first truly global discretionary fund manager in South Africa that fully models retirement solutions, taking health experience into account. Advisers can now access the power of the advanced analytics and reporting capabilities of the Aladdin WealthTM technology, an industry-leading investment and risk platform. In our quest to enhance the value already added by the platform, we have ongoing projects to create further value through the use of technology for Cogence clients and for our distribution environment.

Adviser 360

Adviser 360, our new virtual sales platform, provides an integrated and centralised sales platform across multiple businesses in Discovery – advisers also have a holistic view of their clients’ current financial portfolio within the Discovery universe, allowing them to effectively give their clients an all-inclusive view of their portfolio. Further development of the platform is underway to enhance the current value generated by the platform for our clients and advisers.

For more information, please refer to page 45.
Good governance enables us to deliver on our sustainability differentiators by ensuring responsible and ethical behaviour and enhancing accountability. It is a critical component of value creation and promotes strategic decision-making while balancing short-, medium- and long-term outcomes to reconcile the interests of the Group, our stakeholders and society.

The principles and recommendations contained in the King IV Report on Corporate Governance™ for South Africa, 2016 (King IV™) are entrenched in our governance structures, policies and procedures. This informs the way we do business and forms the foundation from which we build an ethical culture throughout the Group. Above all, the Board leads ethically and effectively, thereby ensuring the sustainability of our business and our ability to be a force for good.

To help Discovery deliver its purpose, the Board endeavours to preserve the Group's unique entrepreneurial spirit – with strong emphasis on innovation – while entrenching the principles of good governance and ethical leadership throughout the organisation. We recognise that entrenching these principles without unnecessary bureaucracy is fundamental to Discovery's ability to achieve our ambitions.

**STRENGTHENING THE GROUP’S GOVERNANCE FRAMEWORK**

Discovery’s subsidiaries operate across different jurisdictions and industries with varying levels of regulatory oversight. With this in mind, we reviewed and enhanced our Group Governance Framework in FY2023 in consultation with our subsidiaries. This will bolster our governance approach and help optimise our Group structure across our three composites – Discovery in South Africa, Vitality UK and Vitality Global.

Through the updated Framework, we aim to ensure that sound governance practices are cascaded consistently and effectively across the Group, along with an effective chain of oversight and harmonious governance system. The Framework now includes the following guidance:

- Each subsidiary is regarded as a separate and independent juristic person managed by its board in the interest of the subsidiary, the Group and Discovery's purpose – meeting all legislative obligations and Group requirements
- Governance structures are balanced, proportionate and diverse, embedded across the Group in a uniform though flexible manner to ensure they are fit for purpose and reduce complexity and cost
- Each subsidiary’s governance structure is based on its level of materiality as determined by its nature, scale, complexity, extent of regulatory requirements and the requirements of the International Financial Reporting Standards (IFRS)
- Each subsidiary places appropriate focus on diversity, equity and inclusion based on best practice, context and demographics in its jurisdiction
- Potential intra-group and stakeholder conflicts of interest are addressed collectively.

**Our FY2023 highlights**

- **Approving the updated Group Governance Framework** to further embed consistent and effective governance across Discovery
- **26%** of our Group balanced scorecard includes ESG-related metrics
- **Exceeding our FY2023 voluntary minimum Board diversity targets**
- **Achieved top quartile ESG ratings** across the three specified rating agencies (Sustainalytics, S&P Global and MSCI)
- **Narrowed pay gaps** through focused actions across SA and UK
ESG RESPONSIBILITIES
The governance of sustainability-related matters is integrated into our established governance structures across the Group. This ensures sustainability-related matters are managed by the business in day-to-day operations and communicated to the Board.

Our Group Board is the highest governing body of the Discovery Group and is committed to the principles of good corporate governance as set out in King IV™. The Board reviews the strategies formulated and implemented by management and approves and oversees strategy plans. Regular reports are provided to the Board on the sustainability of our business and its impact on the environment, communities and other stakeholders.

Discovery’s culture of learning also applies to its Board and committees. Considering the pace of change in sustainability and, correspondingly, ESG reporting, the Board and Social and Ethics Committee continue to increase their sustainability knowledge and skills. Key teams in the business, including the Group Chief Executive’s office, present and provide insights and education based on internal competencies, research and guidance from external experts.

The governance of sustainability-related matters is integrated into our established governance structures across the Group. ESG RESPONSIBILITIES

Board

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.

The implementation of our sustainability strategy cascades throughout the businesses and functional areas of the Group in the same way as other strategies, with defined reporting channels and independent reporting back to the Board. The Group Board retains ultimately accountability for our sustainability strategy and our Group Chief Executive, along with the executive team, are responsible for the implementation of our economic, environmental and social related strategies.

The Board has delegated some of its ESG responsibilities to appropriately constituted committees as outlined below.

Social and Ethics Committee
The Social and Ethics Committee assists the Board with implementing and monitoring strategies related to social, economic and sustainable development, stakeholder relations, labour and employment practices, transformation and ethics across Discovery. The committee makes recommendations to the Board on good corporate citizenship, the Group’s Climate Change Strategy, environmental health and safety and an inclusive economy. Our Social and Ethics Committee is also tasked with ensuring an inclusive approach to stakeholder engagement and assists the Board with monitoring our stakeholder relationships as a standing agenda item.

The Social and Ethics Committee is chaired by an Independent Non-executive Director and consists of five members, three of whom are Independent Non-executive Directors.

Remuneration Committee
The Remuneration Committee provides oversight to the Group scorecard encompassing financial and sustainability performance measures, such as ESG-related targets, which are linked to executive remuneration. The Remuneration Committee retains the discretion to consider performance holistically and, if needed, adjust any formulaic outcomes to ensure final remuneration awards align with Discovery’s sustainable performance and our core purpose. The Group’s Single Incentive Plan measures performance over the short and long term, and considers management performance at a Group, business and individual level.

See our 2023 Remuneration Report for our full Group scorecard and more information on our approach to remuneration.

Details on the roles, responsibilities and functions of our Board committees can be found in our 2023 Governance Report.

See page 12 for more information on how we govern sustainability.

ESG Executive Committee
The ESG Executive Committee assists the Board with implementing and embedding the ESG strategy across the Group. The committee facilitates collaborative Group thinking across our South African, Vitality UK and Vitality Global markets to ensure close regional alignment, focused execution of strategy and authentic and scaled impact across operations.

The ESG Executive Committee’s specific responsibilities include:

- Establishing the strategy and aligned near-term targets and long-term aspirations to drive and demonstrate scaled impact, aligned with the UN SDGs
- Monitoring actual performance against the established targets
- Challenging the Group’s businesses to drive greater impact on societal and environmental outcomes through its operations
- Inspiring deeper research into the aspects of ESG that will drive thought leadership in critical areas
- Ensuring the Group’s internal and external ESG reporting standards remain high
- Providing oversight for the implementation of Discovery Green
- Monitoring reputational matters linked to ESG, including advising the Board on significant stakeholder concerns relating to ESG matters
- Aligning on corporate social investment, philanthropy and political contributions and other public policy matters relevant to the Group
- Positively influencing stakeholders around critical ESG issues, particularly in areas where the Group holds leadership positions

As of April 2023, a report from the ESG Executive Committee is tabled at each Social and Ethics Committee meeting for due consideration.
EMBEDDING ETHICS IN OUR GOVERNANCE PROCESSES

Discovery’s commitment to deliberately and comprehensively uphold ethics is embedded in our corporate governance approach. Our Ethics Management Framework includes a comprehensive governance framework and management process to drive our ethics strategy across the Group, including a focus on leading by example and setting a positive example for ethical behaviour at leadership level.

See page 95 for more information on how we embed and uphold ethics in Discovery.

02 Board diversity and effectiveness

KEY METRICS

38% black Directors, exceeding our voluntary minimum target of 35% by FY2023

38% female Directors, exceeding our voluntary minimum target of 25% by FY2023

73% of our Board are Independent Non-executive Directors as at September 2023

Separation of duties between Chairperson and Group Chief Executive

Appointment and rotation of Directors

Board effectiveness review

Discovery is committed to promoting diversity at Board level – including business and industry knowledge, skills and experience, age, gender, race and culture – recognising that diversity brings unique ideas, strategies and solutions informed by varying outlooks, perspectives and experiences, all of which makes prudent business sense.

Our Board Diversity Policy outlines our approach, which is informed by corporate governance best practice and meets regulatory compliance. The policy describes our targets regarding race and gender representation. The Nominations Committee considers this policy when identifying and recommending suitable candidates for Board appointments.

In FY2020, we set voluntary minimum targets to achieve 35% black and 25% female Board representation by FY2023 and 40% black and 30% female Board representation by FY2025. During the year, we exceeded our FY2023 targets, and also appointed two new Non-executive Directors subsequent to year end.

The Nominations Committee was tasked with identifying suitable candidates to improve the gender and racial composition of our Board. It also focused on strengthening the Board’s Non-executive Director to Executive Director ratio.

Four Executive Directors stepped down as members of the Board during FY2023 to focus on their respective business composites and their associated boards and structures.

The Board oversees the application of corporate governance principles, supported by specific statutory and other Board committees. The Board holds its Directors accountable for their integrity, competence, responsibility, fairness and transparency. The Board Charter – which we review annually – sets out the Board’s roles and responsibilities. We also regularly review the Board’s composition and succession planning and take remedial actions where necessary.

We clearly define delegation of authority to management to ensure effective exercise of authority and responsibilities. The role of the Board Chairperson and the Group Chief Executive are not held by the same person, ensuring no individual has unrestricted decision-making power. The Board, assisted by the Nominations Committee, is ultimately responsible to appoint new Directors, who are appointed through formal, transparent processes by ordinary resolution at a shareholder meeting or the Annual General Meeting. Non-executive Directors are appointed for a period not exceeding three years and are subject to re-election on a rotational basis.

The Board annually assesses Directors’ circumstances and performance to ensure independence in fact and perception. The Board is satisfied that there are no relationships or conflicts of interest that could prevent them from acting in the best interests of the Group, and with due care in discharging their duties.
Fair and responsible pay

**KEY DEVELOPMENTS**

Continuous monitoring of developments in fair and responsible remuneration

**Increased the Discovery minimum annual wage to R180 000 from 1 September 2023**

Achieved

**SA:**

~0% gender pay gap for the same role size

**UK:**

54% female appointments to GBP 50K+ roles (FY2022: 50.5%)

Discovery is committed to remunerating all our employees fairly, responsibly and transparently. The Remuneration Committee assists the Board with this by ensuring our remuneration is market-related, fair and free of any prejudice. Our remuneration approach, including job grading, annual salary benchmarking and annual income differential analysis, is embedded in our management processes.

The Remuneration Committee oversees the Group’s remuneration philosophy, which is aligned with Discovery’s strategy and linked to individual performance through appropriate objectives. The committee considers advice from external advisers on improved remuneration policies, salary and incentive benchmarking and good remuneration governance practices.

As part of the Group’s approach to fair and responsible pay, the Remuneration Committee regularly reviews the vertical pay gap between our highest and lowest-paid employees and analyses income pay differentials through the gender lens. We reduced our gender pay gaps to ~0% for the same role size. Pay differentiation is based on qualifications, experience, performance and market benchmarks. Where necessary, salaries are aligned through interim salary increases.

In our efforts to respond to the high levels of income inequality in South Africa, we increased the Discovery minimum annual wage to R180 000 from 1 September 2023. We have also reviewed the vertical pay gap between our top 5% and bottom 5% paid employees. Similarly, in the US and UK, employees are paid equivalent to, or above the real living wage.

Refer to our 2023 Remuneration Report for more information on remuneration.
Detailed contribution to UN SDGs
Ensure healthy lives and promote well-being for all at all ages

**Our contribution**
- 503 million healthy activities
- 41 million lives impacted
- R13.7 billion shared-value dividend
- >3 million life years saved
- 39 global markets with Vitality
- R11.5 billion responsible product premium
- 2.3 million health screenings
- Partnered with Goodbye Malaria to provide comprehensive coverage for malaria cases (including mental health benefits) in the rest of Africa
- 53% of Discovery Health’s current in hospital spend is through value based care contracts

**RELATED SUSTAINABILITY DIFFERENTIATORS**
- Make people healthier
- Enhance and protect lives
- Strengthen social systems

**TARGETS:** 3.4, 3.6, 3.8, 3.B, 3.C, 3.D

Achieve gender equality and empower all women and girls

**Our contribution**
- 38% gender diversity at Board level
- Improved to 46% gender diversity at senior management level
- Promoting gender transformation in the health workforce with 59% of grants awarded to female beneficiaries in the year, amounting to R8.3 million
- 58.5% gender diversity across our operations
- ~0% Gender pay gap by same role size (SA)
- 54% female external appointments targeted to roles with annual salaries of more than £50 000 (UK)

**RELATED GOOD BUSINESS ENABLERS**
- Our people

**TARGETS:** 5.5

Ensure access to affordable, reliable, sustainable and modern energy for all

**Our contribution**
- Developing our Discovery Green renewable energy wheeling solution
- Discovery Bank partnering with Rubicon to offer simplified, financed solar energy solutions

**RELATED SUSTAINABILITY DIFFERENTIATOR**
- Restore the environment

**TARGETS:** 7.2, 7A AND 7B

**Related Sustainability Differentiators**
- Enhance and protect lives
- Strengthen social systems

**Related Good Business Enablers**
- Our people
Contributing to our priority SDGs in detail continued

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

**TARGETS:** 8.2, 8.5

**Our contribution**

- 459 medical students supported with student loan funding
- 1,056 healthcare workers trained for rural and underserved areas
- R12 million invested by Discovery Foundation in research and training grants to some of South Africa’s top doctors, researchers and future healthcare leaders
- R307 million invested by Discovery Foundation, since inception, to support academic medicine through research, development and training
- Disbursed R16.9 million for Enterprise and Supplier Development
- Learning and development spend of R1.3 billion for the year
- Invested R26 million into skills development for the unemployed
- Focus on decent working conditions through 9,625 employees registered with Healthy Company, 81% employees with active Vitality membership and launched new mental wellbeing offering

**RELATED GOOD BUSINESS ENABLERS**

- Our capabilities
- Our people

**Build resilient infrastructure, promote sustainable industrialisation and foster innovation**

**TARGETS:** 9.2, 9.3

**Our contribution**

- >R70 million ESG research spend
- Drive a sustainable healthcare industry through R532 million fraud recoveries
- Addressing the racial bias in the South African healthcare system with 82% of grants awarded to BEE beneficiaries in the year, amounting to R11.3 million.
- Launched new funeral product for lower-income markets
- Keycare (387,447 clients) and Flexicare (95,298 retail members) facilitate expanding healthcare to low income markets

**RELATED SUSTAINABILITY DIFFERENTIATOR AND GOOD BUSINESS ENABLER**

- Strengthen social systems
- Our capabilities

**Reduce inequality within and among countries**

**TARGETS:** 10.1, 10.2, 10.3, 10.4

**Our contribution**

- Invested ~R100 million in social initiatives during the year through corporate social investment, community upliftment initiatives and skills development for the unemployed
- Formalised a minimum pay threshold of R180 000 per annum
- Investing over R150 million to date towards small, medium and micro-enterprises (in our supply chain and in broader South Africa) by providing grants and loans to grow their businesses
- Contributing to consumer education largely in the short-term insurance space
- Through the Discovery Foundation and Discovery Fund, ensuring vulnerable populations have access to essential services and support
- Eliminating discrimination through education, awareness campaigns and policies that protect against discrimination and promote diversity and inclusion, internally and through our B-BBEE procurement eligibility criteria
- Maintaining B-BBEE level 1

**RELATED SUSTAINABILITY DIFFERENTIATORS AND GOOD BUSINESS ENABLERS**

- Strengthen social systems
- Enhance and protect lives
- Our people
- Our brand

Read more in the Our people section from page 75, the Strengthen social systems section from page 50, the Enhance and protect lives section from page 39 and the Our brand section from page 95.
Make cities and human settlements inclusive, safe, resilient and sustainable

**Our contribution**

Road fatality rate of 10.1 per 100,000 compared with South African rate of 22.2 per 100,000

551 drivers enrolled in the Safe Travel to School programme

>190,000 potholes filled since inception through Pothole Patrol

**TARGETS:** 11.2

**RELATED SUSTAINABILITY DIFFERENTIATORS**

- Enhance and protect lives
- Strengthen social systems

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Take urgent action to combat climate change and its impacts

**Our contribution**

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

Commissioned and installed rooftop solar at 1 Discovery Place – which is renewably generating 3% of total energy savings – and our Port Elizabeth office

Developed our Discovery Green energy wheeling proposition (launched in September 2023) to help organisations meet their decarbonisation goals

Committed to about R35 million research spend into Discovery Green

Recycled 92% of the Group’s waste, with 5% going to landfill

**TARGETS:** 13.2, 13.3

**RELATED SUSTAINABILITY DIFFERENTIATOR**

- Restore the environment

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Enhance the global partnership for sustainable development

**Our contribution**

Continued partnering with various organisations to be a force for good, including:

- Governments in our markets
- Regulatory bodies
- NGOs

Leveraged strategic partnerships to develop affordable, digital healthcare models in developing countries

Partnered with various non-profit organisations to deliver quality healthcare in rural areas

Partnered with various entities in South Africa to launch a new R300 million SMME Crisis Partnership Debt Fund

**TARGETS:** 17.16

**RELATED SUSTAINABILITY DIFFERENTIATOR**

- Strengthen social systems

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