

Discovery

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Subsidiaries of Discovery Limited are authorised financial services providers.

DISCOVERY SUSTAINABLE DEVELOPMENT REPORT 2017



Partnering for shared value

SUSTAINABLE
DEVELOPMENT
REPORT
2017

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Statement from the Discovery Social and Ethics Committee

The Social and Ethics Committee oversees Discovery's activities relating to transformation, ethics and sustainable development in support of the long-term strategic objectives of the business. The Committee has the role of ensuring transparent communication and engagement with stakeholders and to this end has reviewed and provided input into this report and the associated website.

To ensure that our disclosure focuses on sustainable development issues that could have a material and significant impact on Discovery's business, the Discovery Board of Directors agrees the structure and content of this report and provides input and commentary on the draft content. The Committee is satisfied that this 2017 Sustainable Development Report, together with the associated website and the Integrated Annual Report, provides a comprehensive and accurate view of Discovery's sustainable development performance for the past financial year.

Looking to the future, the King IV report on corporate governance comes into effect for financial years commencing after 1 April 2017, and we look forward to embracing its recommendations. King IV sets out particular areas for which the Social and Ethics Committee has oversight and reporting responsibility:

- organisational ethics
- corporate citizenship
- sustainable development, and
- stakeholder relationships

The Committee is already actively engaged on various aspects of these topics. During the year ahead, its mandate will be reconsidered in light of King IV so that any necessary changes can be enacted.

Sindi Zilwa
Chairperson of the Discovery Social and Ethics Committee

We are constantly working to improve our reporting processes and measure our impacts and outcomes more effectively. We welcome stakeholder feedback on our strategy, initiatives and reporting, which can be sent to Sustainability@discovery.co.za

The contact person for this report is:
Penny Moumakwa
Head of Discovery People and Sustainability

Our business

Discovery Limited is a South African-founded financial services organisation that operates in the healthcare, life assurance, short-term insurance, savings and investment, and wellness markets.



Established in 1992, Discovery is guided by a clear purpose – to make people healthier and to enhance and protect their lives. Discovery currently impacts 10 million lives in 16 countries through its Shared Value Insurance Model, with revenue of R46.9 billion and over 12 000 employees globally.

Discovery and sustainable development 2017

At a glance

Key developments in 2017



Healthy and responsible PRODUCTS AND SERVICES

- Over 50% of Vitality members were physically active
- 65% of Vitality members undertook at least one health screening



Healthy and productive WORKFORCES

- Three additional corporate medical schemes were brought under administration
- Discovery Health currently administers 18 restricted schemes covering 635 000 lives
- In total, Discovery Health has 3.37 million lives under management



Healthy and prosperous COMMUNITIES

- 142 755 hours of employee time were spent volunteering
- R32 million was invested in 57 projects by the Discovery Fund
- 78 awards were made by the Discovery Foundation – 59 awards to individual recipients and 19 to institutions
- 34 youth from our partner community in Orange Farm were trained in basic engineering skills
- 10 entrepreneurs were supported through our community partner Rhiza Babuyile, a local business incubator

Note: Data on these two pages refers to Discovery's South African operations only.

Why a Sustainable Development Report?

We believe our sustainable development performance is important enough to our stakeholders for us to produce a dedicated report which highlights our progress and performance.

This report aims to share information with a broad range of stakeholders in a way that is simple and accessible. It also seeks to complement our Integrated Annual Report, which is targeted primarily at the providers of financial capital.

The focus of this report is Discovery's South African operations, although some data and information from the United Kingdom is included. This reflects Discovery's business and sustainable development footprint.

Our sustainable development context

Our sustainable development performance takes place in the context of broader societal initiatives and commitments at both a global and local level which are designed to improve and enhance sustainability performance. These include:

- the United Nations Global Compact (UNGC)
- the Sustainable Development Goals (SDGs) that make up the United Nations (UN) 2030 Agenda for Sustainable Development
- the Global Reporting Initiative (GRI)
- the Broad-Based Black Economic Empowerment Act's Codes of Good Practices scorecard

Our 2017 sustainability reporting

As in 2016, our sustainable development reporting has two elements.



This Sustainable Development Report

describes how we work with social and business partners to achieve common goals



A Sustainable Development Reporting website

which, together with the report, provides data in alignment with Standard Disclosures from the GRI Sustainability Reporting Guidelines.

Together, these provide a comprehensive account of our sustainable development performance for the financial year ending 30 June 2017.

A partnership approach

In the spirit of our shared value model, Discovery believes in creative partnerships and collaboration with governments, communities and other companies to increase the positive impact of our sustainable development work. Examples of these partnerships are to be found throughout this report.

Achievements



FTSE4Good

Discovery was confirmed as a FTSE4Good Emerging

Index constituent for 2017. The FTSE4Good Index Series is a tool for use by investors and other stakeholders that assesses companies based on their ability to manage Environmental, Social and Governance (ESG) risks and demonstrate leading management practices.

In January 2017, the Vitality Shared Value Insurance Model was named a leading health innovator at the World Economic Forum.



Discovery's Integrated Annual Report 2016 was awarded Best

Report in the Financial – Insurance Category 2016 by the Investment Analysts' Society of South Africa, a network of financial analysts which plays a crucial role in standards of investment analysis. Our Shared Value Insurance Model is built on the belief that our societal performance cannot be considered separately from our business performance, and this award recognises that our integrated report has included sustainable development in its design and execution.

**“THE LITTLE SEED
PLANTED IN THE
INDIVIDUAL’S LIFE
CAN GROW INTO
A MIGHTY TREE”**

Administrator | Corporate Sustainability | Discovery Sandton, South Africa

Lerato
Sikhosana

PROFILING DISCOVERY PEOPLE

I'm a sports-orientated person. As a small child I was residing with my grandparents at Orange Farm, and I was very active and used to play soccer a lot.

After I completed my matric in Kattlehong in 2011 I wanted to study sports management but there wasn't money to further my studies, so I had to spend 2012 hanging around at home, just volunteering at our local police station. Nothing was working out for me, but I didn't give up on my life. I wanted something that would build my self-esteem and help me give back to the community, so I returned to Orange Farm and volunteered at the Technical Skills Centre there. Teboho Motubei was one of my mentors at the Centre and he encouraged me to apply for the Isipho Admin bursary, designed to help entry into the Personal Assistant profession, which I did. We were interviewed by a panel of six P.A.s for the bursary, and I was one of three accepted for a one-year course in office administration. Discovery helped make the bursary possible for me because they covered my transport fees to and from Rosebank College campus in Johannesburg every day, from Orange Farm, which is 45 kilometres away. Part of the course requirement was practical workplace experience, and so once or twice a week I'd come in to Discovery to help out with various tasks and to learn. My biggest surprise was when I was granted a position as an intern at Discovery at the end of my course. I was so ecstatic – I lost my mind for a minute! I've been a volunteer before and I will continue that journey. Volunteering can play a vital role, even if you can't always see it instantly. A single chance granted to an ordinary person – at Orange Farm or anywhere can change the world.

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LETTER FROM ADRIAN GORE

We believe strongly that business strategy cannot be executed or even conceived of separately from an understanding of its social impact. This forms the basis of our core purpose – to make people healthier and enhance and protect their lives. This manifests in the Vitality Shared-Value Insurance model, underpinning our sustainable development strategy.

This approach has been echoed in the United Nations Sustainable Development Goals, which acknowledge that business has a critical role to play. It is by harnessing business's capacity to innovate and disrupt, and to develop products and services that contribute directly to development that progress can be made.

As outlined in this report, we have identified three pillars that underpin our sustainable development strategy:

1. healthy and responsible products and services;
2. healthy and productive workforces; and
3. healthy and prosperous communities.

Firstly, healthy products and services are at the core of the **Vitality Shared-Value Insurance model**. This model guides and incentivises people to adopt healthier behaviours, creating an actuarial saving, and then channels this saving back into the incentives that prompt behaviour change, creating a virtuous circle. The model has no trade-offs - it is good for members, the organisation, and society as a whole. You can see the model at work in product design throughout our businesses, including recent products that help widen access to healthcare, such as the PrimaryCare series and Smart Plan, which are detailed in this report.

Secondly, healthy and productive workforces are supported through Discovery's corporate schemes and efforts to improve corporate disclosure of employee health and wellness. There is a compelling body of evidence that links employee wellness and productivity. We have taken the lead by publishing a dashboard of our own employees' health and wellness indicators, which is featured in this report. The data show that there is still

considerable work to be done on engaging employees, which we will take forward through initiatives such as BeWell, an interactive digital platform supporting employees on their wellness journey.

Finally, in terms of building healthy and prosperous communities, we work directly with civil society beneficiaries through the Discovery Fund and our partnership with the City of Johannesburg. This report is titled "Partnering for shared value" because uniting with partners is imperative to achieve the scale and results required to create lasting social change. We have entered into collaborations for many of our initiatives, including with government, other businesses, communities, NGOs, healthcare providers, small and medium enterprises, doctors and educational institutions. We have also long recognised the need to extend the training of medical specialists, and over two decades of work via the Discovery Foundation, have made over 350 awards for the study of sub-specialisms, to the value of R189 million. This work will continue, with a particular focus on developing black talent through our commitment to award at least three-quarters of our funding to black beneficiaries.

THIS REPORT IS TITLED "PARTNERING FOR SHARED VALUE" BECAUSE UNITING WITH PARTNERS IS IMPERATIVE TO ACHIEVE THE SCALE AND RESULTS REQUIRED TO CREATE LASTING SOCIAL CHANGE.

We believe our sustainable development performance is important enough to our stakeholders for us to produce a dedicated report that highlights our progress. This Sustainable Development Report therefore complements our Integrated Annual Report, and serves as our communication on progress to stakeholders in terms of the UN Global Compact (which we signed in 2015).

In this report and on our reporting website, we share performance data that speaks directly to the three pillars of our sustainable development strategy. An important area of future work will be how to improve the measurement of our social and sustainable development contribution, and ensure that we can communicate this contribution in a way that is relevant to stakeholders. This is a challenging goal and we look forward to sharing our progress with you in future reports.

Adrian Gore
Group Chief Executive

REFLECTIONS FROM PENNY MOUMAKWA

Discovery celebrates its 25th year in 2017. Over these years our business model has matured and developed and our partnerships have deepened and broadened, as we have expanded into new markets and new business areas. However, the fundamental principle that drives business innovation remains to create value for society through our products and services.

Our Ambition 2018 goal is “to be the best insurance organisation in the world and a powerful force for social good.” As we show in this report, we have taken the Ambition 2018 challenge seriously and introduced many innovative business products and services that also have a significant social impact. For example, they help people live longer and healthier lives, improve health indicators, lower healthcare costs, enable access to more secure pension schemes, nurture a culture of saving and make roads safer.

In this report we reflect on the various ways in which we bring to life our ambition to be a powerful force for social good, taking on some of the many social challenges that we face and seeking to convert them into opportunities. We comment further on the nature of our business environment on page 14, however, I also wanted to give my perspective on some of the most significant social issues that confront us today.

One such challenge is the fact that we remain a polarised and unequal society. This manifests itself most prominently in periods when the economy is stagnating. Young people in particular find it hard to rise out of poverty, secure work and a home. Even graduates may struggle to obtain jobs.

A further concern is the volatility of the economy, and the increasing uncertainty that we face about the future. Financial security is no longer commonplace. In 2014, South Africa's Treasury found that less than 6% of those working today will have sufficient funding for their retirement. Many individuals worry about their ability to meet healthcare costs in retirement, which can represent a significant cost.

In this context, we acknowledge that our clients pay a substantial portion of their salary to Discovery each month. Discovery's business model and values are all the more relevant in this environment. Discovery has succeeded because it offers peace of mind to clients. In our 25 years, we have demonstrated that our brand is trustworthy, reliable, credible and customer centric. In other words, clients know that we will pay claims, that we are financially sound and that we have designed products with them in mind – products that meet their needs and offer additional value.

This has given us a track record as an agent for value for money and cost containment. We work hard to find smart ways of further reducing the cost of healthcare and insurance. In South Africa, for example, the fully digital Smart Plan also offers virtual consultations. We have also introduced innovative managed care programmes that reduce the occurrence of complications of diabetes, and we offer clients savings on life insurance for taking care of their health.

An area of continuing focus for the business is diversity and inclusion in the workplace. We started the 'Defy Gravity' campaign in 2017, to gather individual stories of success against the odds. We like to see Discovery as a place where ideas come to life, and we wanted to understand how employees had risen above their own personal challenges to develop. As employers, we work hard every day to make sure that Discovery is a place where everybody can bring their talents and be recognised for them. We understand there are systemic barriers for people to achieve goals so we try to create a culture that is truly inclusive and where we can eradicate the unconscious biases that we bring to the workplace. These hold people back and result in talent being left “on the table” – particularly in the financial services industry where there is a premium placed on actuarial and financial skills but where these roles have traditionally been confined to certain groups in society.

A further aspect of our sustainable development strategy where we have made significant progress in 2017 is in enterprise development. We believe this work is essential as it supports job creation and the development of businesses that can be mentored, supported and linked to our own supply chain. Through our initiatives in this area, we have helped new businesses scale up and think differently about themselves. Through initiatives such as the “Discovery Entrepreneur Bootcamp”, which gives entrepreneurs the chance to network, refine their business pitches, and pair with experienced business mentors to share their advice and insights, we help business owners raise their level of ambition and understand that they are not just a small local player but can have the potential to grow and have substantial influence.

THROUGH INITIATIVES SUCH AS THE “DISCOVERY ENTREPRENEUR BOOTCAMP”, WHICH GIVES ENTREPRENEURS THE CHANCE TO NETWORK, REFINE THEIR BUSINESS PITCHES, AND PAIR WITH EXPERIENCED BUSINESS MENTORS TO SHARE THEIR ADVICE AND INSIGHTS, WE HELP BUSINESS OWNERS RAISE THEIR LEVEL OF AMBITION AND UNDERSTAND THAT THEY ARE NOT JUST A SMALL LOCAL PLAYER BUT CAN HAVE THE POTENTIAL TO GROW AND HAVE SUBSTANTIAL INFLUENCE.

Minenhle Mfeka is a perfect illustration of the power of developing small enterprises. Minenhle worked for Discovery for 14 years, where he was a star performer who won the coveted CEO Award four times between 2009 and 2013. He had a dream to be a small business owner, and so approached Discovery enterprise development to help turn that dream into reality. With support from Discovery in the form of a structured business loan, Minenhle bought his own brokerage in late 2016 where he is now the managing director of a thriving business. You can read his inspiring story on page 60 of this report.

It is this sort of entrepreneurial and innovative approach that has helped Discovery grow over the last 25 years, and we are committed to helping others tread the same path as we forge ahead to be a powerful force for social good across communities we touch.



Penny Moumakwa
Head of Discovery People and Sustainability



How shared value contributes to sustainable development and society

1

A member and her family join one of our Shared Value offers in any one of the countries around the world in which we're present...



2

She learns how Discovery/Vitality's innovative products help to meet her and her family's needs...



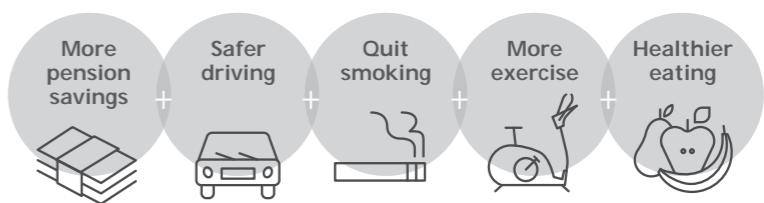
3

...as well as all the incentives and rewards...



4

The member and her family switch to safer and healthier behaviours to enjoy more rewards...



5

... less claims leads to insurer savings for Discovery and Vitality, which allows for more investment in innovation, and better products...

...as well as lower premiums. The healthier and safer a client's behaviour is, more savings and even better rewards...

- Discounts on:
- Healthy food
 - Gym membership
 - Events

6

Healthier citizens translate into a whole host of benefits for society:

- ✓ More productive workforces
- ✓ Longer life expectancy
- ✓ Less disease
- ✓ Improved wellbeing of citizens
- ✓ Greater economic output
- ✓ Less healthcare burden for government
- ✓ Safer roads
- ✓ Healthier pension funds

Our strategic focus areas

We measure our actions and delivery in three key areas of our sustainable development strategy. These are:



Healthy and responsible PRODUCTS AND SERVICES

In line with Discovery's ambition and purpose, our products are designed to deliver shared value by incentivising people to engage in behaviours that promote better health, wellbeing and longevity.

- We will reduce the impact of lifestyle diseases on our members by focusing on active prevention and self-management
- We will increase access to quality, cost-effective healthcare for our members and potential members
- We will reduce harm on our roads through improved driving behaviour
- We will facilitate investing to achieve peace of mind in retirement
- We will continue to manage the environmental impact of our products, and minimise the use of natural resources in our business



Read more about our performance in this area on page 20



Healthy and productive WORKFORCES

Over and above the moral responsibility of business to safeguard the health and wellbeing of employees, we believe there is also a strong business case to do so, with a clear and proven relationship between employee health, engagement and productivity.

OUR COMMITMENTS

- We will decrease the Vitality Age of Discovery employees by 5%
- We will make financial and emotional support available to all our employees through the BeWell platform and 24/7 Support Line
- We will advocate for the inclusion of health metrics in global corporate reporting standards



Read more about our performance in this area on page 32



Healthy and prosperous COMMUNITIES

In this section we look beyond our impact on clients and employees and present examples of work undertaken to promote sustainable community health and wellbeing.

- We will create 10 000 direct and indirect jobs by 2018 through our enterprise development interventions
- We will engage 60% of Discovery employees in volunteering
- At least 75% of the Discovery Foundation's beneficiaries will be black and at least 75% of its total financial support will go to black people
- We will provide opportunities for accredited education and training to 500 eligible youths living in Orange Farm



Read more about our performance in this area on page 40

DISCOVERY PEOPLE

Recognising the importance of people in our business, we have reported on Discovery People in a dedicated section. We remain committed to fostering an innovative and inclusive culture in which all our diverse talent thrives, and growing generations of distinctive and outstanding leaders for Discovery and beyond.

OUR COMMITMENTS

- We will launch a Discovery Leadership Index to support our ambition of growing leaders for Discovery and beyond
- We will prioritise mentorship as an effective channel through which senior Discovery leaders can model exemplary values-based behaviours

Challenges

Discovery approaches challenges with optimism and tenacity. We believe that by rising to meet our challenges proactively, and harnessing the potential of technology and innovation, we can make a difference through our actions.

Megatrends

A number of megatrends have come to shape our current global reality in powerful and complex ways and Discovery is not isolated from this context:

- **Shifts in the nature of employment**, particularly the rise of automation and its impact on jobs
- **The accelerating development of disruptive technologies** means that radical change is occurring more quickly, including in the fields of health and personal technology
- **Increased resource stress** with estimations that three planets are needed to meet human consumption by 2050
- **Shifts in population demographics** with ageing and shrinking populations in developed countries and growing, youthful populations in the developing world
- **The growing wealth gap** means sharp rises in inequality and a concentration of wealth in the hands of few
- **The explosion of the 'Internet of things'** – by 2020, an estimated 50 billion devices will be connected to the Internet

In this context, there are specific challenges which are relevant to our business. These are described alongside with our approach to addressing them.

CHALLENGE

1

Building South Africa's economy

Increased political complexity and policy uncertainty has been a global theme in the last year. On the domestic front, South Africa's economic difficulties are reflected in low growth and a persistently high unemployment rate – particularly youth unemployment, which is of great concern.

Stakeholders from all quarters – business, government and civil society – are coming together to find solutions to some of these challenges. Adrian Gore is an active member of the CEO Initiative, a group of leaders from over 200 businesses working together to achieve a more inclusive and faster-growing economy.

The CEO Initiative has managed to raise R1.5 billion to invest in small- and medium-sized enterprises, with the aim of stimulating growth and encouraging much needed job-creation in the SME sector. Additionally, initiatives are being tackled through the CEO Initiative in the areas of youth unemployment, agricultural growth, manufacturing, tourism and a funding framework for black industrialists. This work takes place alongside Discovery's own enterprise development projects, described in more detail on page 68.

CHALLENGE

2

Skills shortages in healthcare

Like many other countries, South Africa struggles to train, develop and retain healthcare practitioners to meet the needs of its citizens. South Africa currently spends approximately 8.8% of its gross domestic product (GDP) on healthcare. Primary healthcare is particularly strained, and skills are needed not only in terms of qualified doctors and nurses, but also administrators and support staff to build and maintain strong systems. The support offered by the Discovery Foundation aims to alleviate some of these challenges, by providing training in relevant sub-specialist areas and identifying talented equity candidates for skills development.



See page 50 for more information on the work of the Discovery Foundation throughout the year.

CHALLENGE

3

Rigour in ethics and compliance

The golden thread connecting business to society is ethics. The impact of corruption, bribery and fraud on a society's sustainable development and people is material, often leading directly to negative outcomes such as difficulty in delivering key services, including primary healthcare, and under investment in critical infrastructure, such as hospitals and schools.

Discovery has taken a strong stand against fraud, bribery and corruption, as made clear in our fraud risk management policy which outlines in the strongest possible terms that corruption is unacceptable in our company. It aims to build trust with clients and ensure that the funds entrusted to the business are responsibly managed. We also handle highly sensitive data in the course of our operations. Rigorous data management processes are therefore in place to ensure that we safeguard clients' interests and the integrity of their personal data. All of our operations in South Africa were assessed for risks related to corruption, where we participate in recognised Industry Fraud Prevention Forums and Initiatives to combat these issues at a macro level. No significant risks were identified.

There are a number of regulations and laws against which we have to comply. We have had to install processes and structures to ensure compliance and monitoring against these laws. In the past year we had no fines for non-compliance with any laws nor any instances of non-compliance with regard to marketing communication, products and services nor anti-competitive behaviour.

Fraud management in the context of healthcare remains a particular challenge, including billing abuse. We are sensitive to the financial and reputational toll of fraud on our clients and providers. Discovery has chosen to adopt a proactive and rigorous approach to dealing with suspected fraud. During 2017, Discovery Health's fraud and forensics activities saved more than R467 million annually for our client medical schemes, in addition to creating a 'halo effect' that deters other providers and members from committing fraud.



Additional information on the governance structure of the business is provided in our Integrated Annual Report, pages 114 to 119.

CHALLENGE

4

Maintaining a healthy and productive workforce

As with the population more generally, our employees experience non-communicable diseases as a significant and growing health burden. We know that healthy employees are approximately 16% more productive within Discovery, and that improving the health profile of employees will have a significant impact on our business growth. However, in practical terms it is often challenging to maintain healthy behaviours among employees.

Some of the initiatives that we have undertaken in this area are detailed on page 39 and we report transparently on data relating to employee health. However, employees continue to experience challenges relating to exercise levels, healthy eating and weight and we will continue to seek out meaningful improvements in these indicators.

The global picture Discovery's contribution to health and SDG 3

Health is a fundamental human right and a key indicator of sustainable development. The United Nations Sustainable Development Goals (SDGs) were agreed in September 2015 and offer a blueprint for the planet's sustainable development.

Taken together, the 17 goals aim to 'transform the world' by 2030. These targets are ambitious and require business to contribute – not just through philanthropy and small-scale interventions – but also through core products and services.

The SDGs are important for a business such as Discovery because they offer an integrated view of development. Discovery's most significant contribution will be to design core products and services that help achieve SDG 3 – "ensure healthy lives and promote well-being for all at all ages", and Discovery contributes to many of the targets under this goal through core business products as well as social and development programmes.

However, the goals remind us that health outcomes are also contingent on other development targets being achieved. For example, health is dependent on adequate nutrition, a failure to achieve progress on climate action may hinder our ability to achieve health goals and – as we discuss in elaborating on the challenges that we face – an unequal society does not create conditions in which a business such as Discovery can thrive.

As a business, therefore, we also need to look across the range of the goals and understand how we can contribute effectively to the global effort.

We therefore continue to target SDG 13 on climate change, by reducing electricity consumption and landfill waste, as described on page 30. We also work with the City of Johannesburg to help create a more sustainable city, as described on page 42, in line with SDG 11 on sustainable cities and communities.

Our core focus, however, continues to be on SDG 3, which places a strong emphasis on the role of prevention in securing gains in health, an approach which Discovery has prioritised in our products as well as our partnerships and corporate social investment initiatives.



BY 2030, REDUCE THE GLOBAL MATERNAL MORTALITY RATIO TO LESS THAN 70 PER 100,000 LIVE BIRTHS.

The Discovery Health Medical Scheme (DHMS) identifies pregnant mothers that are likely to be HIV positive so as to enroll them onto the Prevention of Mother To Child Transmission (PMTCT) programme which provides early access to care, treatment, support and monitoring.

BY 2030, END PREVENTABLE DEATHS OF NEWBORNS AND CHILDREN UNDER 5 YEARS OF AGE

Using cellphone based technology, **MomConnect** is designed to improve access to information for pregnant women and new mothers across the country. MomConnect had a million subscribers by the end of 2016.

NurseConnect, supported by the Discovery Fund, is a new extension of MomConnect.

[See page 48 of the report for more detail.](#)

Discovery also remains committed to the **UN Foundation Every Woman, Every Child strategy**, through different initiatives of Discovery Vitality, the Discovery Fund and the Discovery Foundation.

The **Impact Bond Innovation Fund** is a collaborative project established in partnership with the Department of Health in the Western Cape to improve health indicators in a critical area – health and development outcomes for pregnant women and children up to the age of five years. Both the Department of Health and the Discovery Fund have committed R3 million each per annum over three years.

[See page 49 of the report for more detail.](#)

BY 2030, REDUCE BY ONE THIRD PREMATURE MORTALITY FROM NON-COMMUNICABLE DISEASES THROUGH PREVENTION AND TREATMENT.

The Discovery Health Medical Scheme (DHMS) implemented the Test and Treat Policy from 1 July 2016, as per the guidelines published by the World Health Organisation in 2016 and later adopted by HIV Clinicians Society. This policy refers to starting all HIV positive patients on antiretroviral treatment irrespective of CD4 count at time of diagnosis. DHMS now fund the initiation of antiretroviral treatment for all HIV positive members enrolled on the HIVCare programme, regardless of their CD4 count. The HIVCare Programme is tailor-made to meet the needs of the member. In addition, the programme works in partnership with members and their doctors to be able to access the most clinically sound and cost-effective treatment plans.

In the UK, VitalityHealth's Active Rewards and healthy food benefit have established a partnership with Ocado to support members in making positive changes to their eating and nutrition with the aim of reducing non-communicable diseases.

[See page 24 of the report for more detail.](#)

Our newly launched Managed Care Integrator product and our DiabetesCare programme seek to incentivise members for actively managing non-communicable conditions such as diabetes and obesity through a recommended programme.

[See page 23 for more details.](#)

ACHIEVE UNIVERSAL HEALTH COVERAGE

The Discovery Foundation funds specialist training with the objectives of retaining doctors in public health, advancing research in crucial areas of medicine and supporting improved health outcomes in rural areas. The Discovery Fund also supports African Health Placements, an organisation that facilitates the placement of foreign trained health professionals willing to work in South Africa, particularly in underserved areas.

[See page 48 for more information on African Health Placements and page 50 for more detail on the work of the Foundation.](#)

BY 2020, HALVE THE NUMBER OF GLOBAL DEATHS AND INJURIES FROM ROAD TRAFFIC ACCIDENTS

Now in its third year, the Discovery Fund and Discovery Insure partner with Childsafe to support **492** drivers as part of the **Safe Travel to School** programme in the Western Cape.

[See page 48 of the report for more detail.](#)

“THE WORLD IS HUNGRY FOR HEALTH INNOVATION”

Chief Wellness Officer at Medispace Lifestyle Institute, one of Discovery's newly appointed service providers for their employee wellness centres

Dr Tshidi Gule



PROFILING DISCOVERY PEOPLE

You need courage to embark on a career like medicine and then, on top of that, become an entrepreneur!

But I am so grateful and happy that I chose to go for it anyway. A lot of doctors have valuable clinical insights and expertise that extend beyond the conventional model of clinical consulting, but very few of us feel we have a fair playground to exercise that muscle. That's mostly because we lack the training when it comes to running the business side – there is a huge difference between running a conventional private medical practice versus building an entire business model around a medical idea. South Africa is rich in medical intelligence, and I'm hoping that models like ours will inspire doctors to find the courage to step out of their comfort zone and try new ways of improving health in the country. The world is very hungry for health innovation. I think the most constructive and groundbreaking thing Discovery has done is marry the conversation between an individual's needs to stay healthy (by combining wellness services and healthcare through more integrated medical aid channels). This has led to a wellness model that has disrupted the industry and truly supports the idea that it is better to live well and prevent the disease than it is to cure one. The Vitality model itself is an innovation still worth commending today. It has ignited better thinking and encouraged a paradigm shift within the medical arena towards preventative healthcare, which, for me, remains a groundbreaking model that should be emulated by other African countries.

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Healthy and responsible products and services

OUR COMMITMENTS

We will reduce the impact of lifestyle diseases on our members by focusing on active prevention and self-management

We will increase access to quality, cost-effective healthcare for our members and potential members

We will reduce harm on our roads through improved driving behaviour

We will facilitate investing to achieve peace of mind in retirement

We will continue to manage the environmental impact of our products, and minimise the use of natural resources in our business



Continuous innovation is central to Discovery and to living our purpose.

We are always looking to develop new products that address society's needs and offer better protection. By carefully listening to our members' needs and harnessing the best of what technological developments have to offer, we are able to deliver real life changing impact for the individual and society more broadly.

Each of our products is designed to address a specific material risk in the context of our Shared Value Insurance Model. This approach ensures that we create value for our members and partners by prioritising illness prevention and a healthy lifestyle, and by demonstrating how the pursuit of health is important for business and individuals. Our products also align closely with SDG 3 and its specific targets.

See page 16 for more on our approach to the Global goals, including SDG 3



We have also included information on our **environmental management efforts**. Although our environmental footprint is small, we understand the urgency of action on climate change and are taking steps to ensure that the use of natural resources in our own facilities and offices is well managed.



1 Tackling lifestyle diseases

Globally, we are seeing a significant shift in the disease burden. The primary cause of global deaths has shifted from communicable or infectious diseases, such as measles, to non-communicable diseases (NCDs) like diabetes and heart disease. Understanding the cause of NCDs is important.

Part lifestyle behaviours such as smoking, substance abuse, being sedentary or being overweight are significant contributors to NCDs although genetic, physiological and environmental factors also play a role. Through its Vitality programme, Discovery is committed to addressing the growing risk of lifestyle diseases through incentive-based behaviour change.

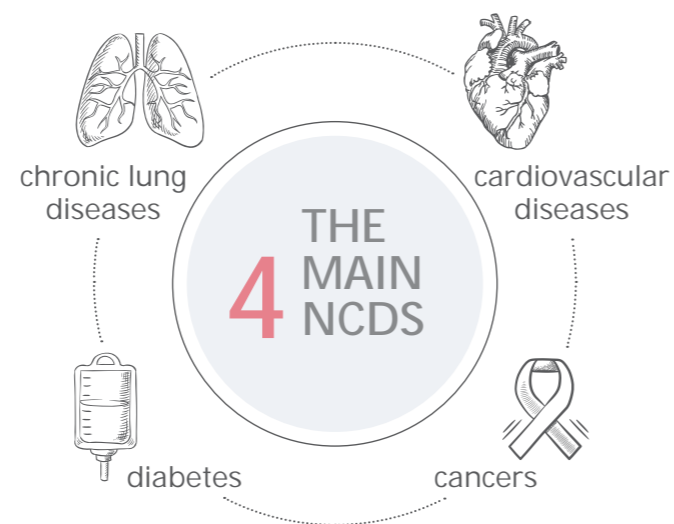
The global picture on non-communicable diseases

The World Health Organisation is closely tracking the surge in deaths resulting from non-communicable diseases (NCDs).

In 2008, 63% of deaths were caused by NCDs. By 2015, this figure had risen to 70%, with 39.5 million of the 56.4 million global deaths due to NCDs.

In part, this reflects excellent progress in the worldwide fight against AIDS, TB and malaria, so these diseases now account for far fewer deaths than before. But this also means that NCDs now account for a greater proportion of annual global deaths.

Rising to the challenge posed by NCDs is a new frontier in proactive health management. Since lifestyle is something over which people are able to effect behavioural change, the Vitality programme incentivises and rewards, making better choices in order to combat the onset of NCDs.



The burden of these diseases is rising disproportionately among lower income countries and populations.

In 2015, over 3/4 of NCD deaths occurred in low and middle-income countries. 48% of these occur before the age of 70.

Managed Care Integrator

In September 2016, Discovery Life launched the Managed Care Integrator. This product provides financial rewards to members with conditions such as obesity and diabetes. Policyholders are incentivised to actively manage their medical condition through engagement with a recommended management programme which includes engagement with Vitality. The product provides a framework for policyholders living with these conditions to make healthy lifestyle decisions, and to unlock additional cover as they manage their condition and improve their health metrics over time. The product is also available to certain HIV positive members, depending on their health status and adherence to a self-care routine which includes regular testing.

DiabetesCare

Diabetes can severely impact a patient's quality of life, but by taking a proactive approach and making healthier choices it is possible to effectively manage the symptoms of this chronic disease and reduce the likelihood of further complications. Discovery's DiabetesCare programme offers a co-ordinated approach to the condition between members and their doctors, from the moment of diagnosis onwards. Members are incentivised to adopt a self-care regime by being awarded Vitality points for increasing their activity levels, losing weight and attending regular check ups with their GPs. Each member on the programme is given a personalised diabetes management score, which allows them to track improvements as they see the positive results of their self-care programme. Doctors are also able to track their patient's progress through an online dashboard which makes reviewing personal information and their latest scores easy and accessible.





REWARDING HEALTHIER CHOICES

VitalityHealth UK partners with Ocado to improve personal nutrition

The impact of lifestyle diseases is particularly significant in the UK, and shifting individual behaviour can be challenging – individuals tend to be over-optimistic in their attitudes towards their health and to underinvest in long-term health benefits.

In 2014, Vitality UK was the first Discovery market to launch the Active Rewards programme, which links short-term physical activity to the attainment of a weekly reward.

From inception to September 2017, there was a ten-fold increase in the number of members reaching their weekly activity goals.

In 2016, two new partnerships enabled additions to the Active Rewards programme. Active Rewards with Apple Watch allows members to purchase an Apple Watch at a significant upfront discount, with monthly repayments over the next two years which are discounted on the basis of members' physical

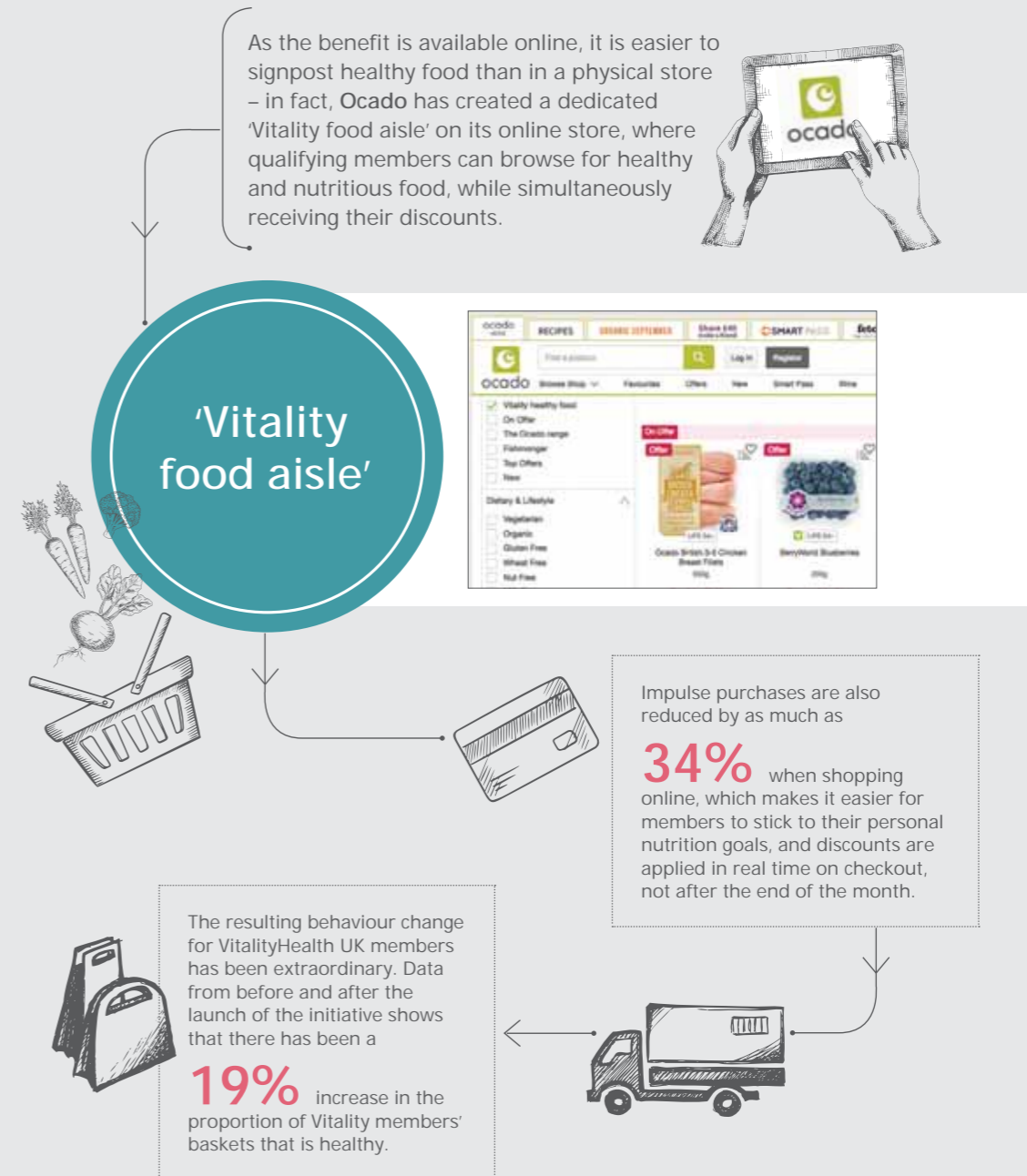
activity levels. Similarly the inclusion of Apple Watch in the Vitality Active Rewards benefit has driven a 42% increase in the number of physical activity points earned by members taking up the Apple Watch benefit in the six months from December 2016 to June 2017. Over its initial two years Active Rewards achieved significant increases both in Vitality engagement and the number of members making positive changes to their health.

Physical activity and nutrition both contribute to reducing the risk of NCDs. However, nutrition can prove a more complex behaviour to change than exercise because there are strong social, financial and family components to food choices. A further challenge is that people shopping in supermarkets tend to make impulse purchases which include unhealthy food.

In January 2017, VitalityHealth UK therefore added a new benefit to Active Rewards through a partnership with Ocado – the world's largest dedicated online grocery retailer and one which is widely used across the UK.

Members of vitalityhealth uk now qualify for discounts of up to 25% when shopping online at ocado by increasing their physical activity and earning vitality points.

This means that nutrition and exercise start to work hand in hand for individual members.



As part of the launch of Ocado, VitalityHealth announced a partnership with Unicef to donate a day's worth of food packs for each member's first Ocado shop. To date over **30 000 of these food packs** have been donated and there have been **14 500 Ocado** registrations since the launch.



PRODUCTS AND SERVICES SPOTLIGHT

② Working towards universal healthcare coverage



3 GOOD HEALTH AND WELL-BEING

Access to healthcare is a human right, and universal healthcare coverage is one of the targets of SDG 3 – but there is a widespread perception that private healthcare coverage is not affordable for the full spectrum of society. Discovery believes that technology can play a significant role in extending and expanding access to healthcare coverage.

Discovery now works across 16 countries, each of which experiences different challenges in extending coverage. In South Africa, as in many markets, technology can play a significant role in tackling this issue. The Discovery Health Classic Smart Plan and the PrimaryCare series both use a digital offering to reduce costs and make healthcare more affordable.

The Classic Smart Plan

The Classic Smart Plan is an intuitive health plan that enables personalised service and healthcare through the use of mobile phones. Fully digital, it focuses on value for money in the **South African medical scheme market** with access to online services such as medicine ordering, tracking claims and doctor consultations – including video calls with GPs. The Discovery app supports the Smart Plan, so that medical scheme members can manage their health plan and navigate the healthcare system through sophisticated technology platforms. The Smart Plan launched in January 2016 has proved popular. A new option, the Essential Smart Plan, was introduced in January 2017.

PrimaryCare Series

Extending access to healthcare coverage reduces the overall burden on the public health budget and contributes to a healthier society. The PrimaryCare Series allows for employers to provide quality and affordable healthcare to their low-income employees including unlimited GP visits (through a network) and coverage for chronic medicine. This also contributes to a more engaged workforce, secure in the knowledge that they have access to healthcare should they need it.

With rates that start at R150 (approximately US\$11) a month (as of 2017), the PrimaryCare series aims to increase and expand access to affordable good quality healthcare for our members and potential members.



Private medical insurance and the UK market



In the UK market, the National Health Service (NHS) provides universal healthcare coverage. Holders of private medical insurance (PMI) generally continue to receive treatment through the NHS for primary care, chronic conditions and accident and emergency care. In this market, however, VitalityHealth is helping to transform the way in which PMI is perceived by placing prevention at the centre of its business model and encouraging members to improve their lifestyle behaviours and long-term health. In doing so, it can help to reduce the burden on the NHS.

The incentives which drive behavioural change among Vitality members also tackle a second challenge faced by the PMI market, which is a value imbalance. Traditionally, members have only derived value from policies when they claim, whereas Vitality creates a more equitable and engaging solution in which members can benefit from incentives if they engage in behaviours such as exercise and good nutrition that reduce the risk of illness.

Aligned with this philosophy, VitalityHealth has expanded its own role within the healthcare system, focusing on the role it can play in creating optimal treatment pathways for members. This approach is embodied by innovations such as Vitality GP, a virtual telemedicine solution offering members the guarantee of quick access to GP consultations, and Consultant Select, a clinical pathway which simplifies and adds efficiency to the claiming process while also guaranteeing appropriateness and quality of care.

The transformative appeal of Vitality to UK consumers is perhaps best illustrated by the fact that, in the context of a steadily declining individual PMI market, Vitality healthcare insurance products have attracted significant numbers of new customers, who are first-time purchasers of health coverage.



2 Reducing road accident deaths

ImpactAlert and SafeDrive

Road safety in South Africa is a national issue, with a high number of accidents and fatalities reported on the country's roads each year. **In the 2016/17 reporting year, 2 385 fatal crashes were recorded on South Africa's roads.** Using smart technology can play a role in improving driving and bringing down the number of incidents on the road, and accelerating response times in the case of a car accident. Discovery Insure client who install 'DQ-Track' telematics technology, either through a smartphone app or through a device installed into the vehicle itself.

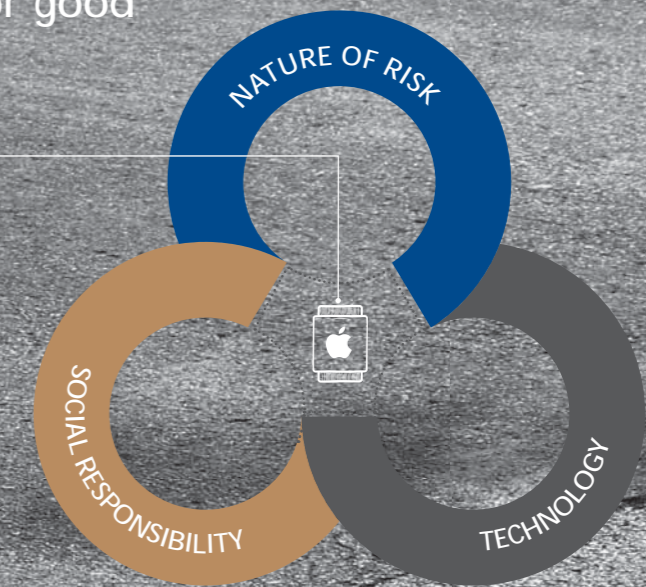
'Telematics' tracking in cars combines a GPS system with on-board diagnostics to record and map information such as a car's location, how fast it is traveling, and other information about the car's internal functions. The technology measures the 'ABC' list - acceleration, braking and cornering - which can incentivise improvements in driver behaviour. Discovery Insure's accident frequency has dropped by 11% over five years by giving clients immediate feedback and ratings on their driving behaviours and rewarding improvements.

The ImpactAlert feature in the DQ-Track app uses telematics to detect when a vehicle is in a high impact collision, and immediately contacts the client to dispatch roadside or emergency assistance if required.

In partnership with Avis, Discovery's SafeDrive app is now available to all Avis rental customers in South Africa to further improve safety on the road. Data from Avis show that rental cars are involved in a higher rate of accidents due to the frequency of their use and because clients use them with less caution than they would their own vehicles. The SafeDrive app allows rental customers to access trip data, see their driving scores, learn what they can do to improve them and redeem daily rewards. The ImpactAlert feature is also available to drivers making use of SafeDrive, to offer them immediate support in the event of a collision.

The role of technology in being a social force for good

We believe that technology has a critical role to play in delivering the benefits of shared value, and a number of our products and services such as VitalityHealth UK's healthy food benefit, the Discovery Insure and SafeDrive smartphone app and the Smart Plan make use of digital technology to deliver benefits and rewards to our members.





Reducing our environmental footprint

The direct environmental impact of insurance companies such as ours is comparatively low. However, we recognise the urgency of action on climate change, and in line with the SDG goals have worked to reduce our carbon footprint. In 2017, we reduced our emissions per member by a further 3%. We aim to produce zero waste to landfill by 2018.

Discovery currently recycles **80%** of its waste, up from 30% in 2010

Our approach to consciously reducing consumption centres on three main initiatives

1 **Achieving a target of zero waste to landfill.** At present, Discovery already recycles 80% of our waste, up from just 30% when we began our waste management programme in 2010. Our goal remains to achieve zero waste to landfill by 2018. 'Wet waste', such as that from restaurants, remains more challenging to address but by ensuring that waste in restaurants for Discovery employees is recyclable and fully biodegradable, it can be turned into fertilizer and dumping into a landfill can be entirely avoided. Another innovation will be the introduction of 'Bokashi' – a new process for fermenting (or pickling) kitchen waste. It was developed in Japan and when implemented correctly, breaks down the scrap food material and biodegradable waste with many micro-organisms all working together. Discovery is looking to pilot Bokashi in the coming year, in support of realising our 0% waste goal.

2 **Taking occupancy in late 2017 of 1 Discovery Place building in Sandton.** Our pending move to 1 Discovery Place will improve efficiencies around water, energy and consumption. The new building has already won a coveted South African Facilities Management Association (SAFMA) award, and was placed third in the Global Facilities Management (FM) Awards, garnering a silver award. The building is currently being assessed by the Green Building Council South Africa. We are confident that the building will receive a five-star green rating for its exterior construction, and will strive for a similar rating for its interior after it has been in operation for a year. It is anticipated that 1 Discovery Place will achieve 50% less water wastage through the use of efficient and low flow sanitary fittings and rainwater harvesting. The new building will deliver significant gains in energy efficiency, carbon emissions and waste management.

3 **Rolling out the ISO 14000 (2015) environmental management system,** initially for our Sandton headquarters. This is an internationally agreed standard which helps organisations reduce their impact through more efficient use of resources and reduction of waste. Through this process, we have identified various aspects that have an impact on the environment that will be efficiently managed as part of the standard.

The most recent iteration of ISO 14001:2015 places requirements on organisational leaders and top management. Our goal is to ensure that top management plays an active role in both defining strategic direction and environmental objectives, and ensuring that the two are connected.

Implementing this standard has demonstrated Discovery's commitment to compliance and better environmental performance, in alignment with the key objectives of our environmental policy.



IT IS ANTICIPATED THAT DISCOVERY'S NEW HEADQUARTERS WILL ACHIEVE **50%** LESS WATER WASTAGE THROUGH THE USE OF EFFICIENT AND LOW FLOW SANITARY FITTINGS AND RAINWATER HARVESTING



Healthy and productive workforces

OUR COMMITMENTS

We will decrease the Vitality Age of Discovery employees by 5%

We will make financial and emotional support available to all our employees through the BeWell platform and 24/7 Support Line

We will advocate for the inclusion of health metrics in global corporate reporting standards

Healthier employees mean happier workplaces, better morale, reduced absenteeism and better performance.

At Discovery, for example, employees took

 **37 165** SICK DAYS during the 2016/17 financial year

which means an average of **1.70% of working days** were lost to absenteeism.

In today's landscape, the health of employees is at the centre of a company's success since healthier employees also contribute to higher productivity.

Our approach is two-fold. We look outwards to **society** and how we can work to provide leadership and innovation to build healthy workforces in organisations everywhere, as well as looking at **our own employees** here at Discovery to ensure we are building a motivational and recognition-based culture for employee wellbeing.

CASE STUDY



Presenteeism, just as concerning as absenteeism

One example of providing leadership in the area of healthy workforces is the work undertaken in the UK on 'Britain's Healthiest Workplace'. This survey, now in its fifth year, is one the UK's largest workplace wellness studies, with nearly 400 employers and over 100 000 employees participating, including a number of NHS trusts and public-sector bodies. The survey includes both employers and employees, building a picture of organisational culture, the work environment and health and wellbeing investment by employers, as well as the impact of different approaches on employee outcomes in the areas of health, productivity and engagement.

The data produced by the survey is rich and extensive, as it covers data points across multiple cultural, behavioural, lifestyle, clinical, mental wellbeing, productivity and engagement dimensions. In a recent Health at Work report, compiled by Financial Times and supported by Vitality Health Insurance, it argued that while employers may worry about absenteeism, it is presenteeism that should concern them more. The National Health Service surveyed 11 000 of its staff and found they were absent for an average of 11 days a year. More concerning was that 65 percent of the staff reported that they had to go to work at some point when they were sick enough to stay off. Vitality Health Insurance found the same pattern – presenteeism is more common than absenteeism in every sector of the economy. Presenteeism is not the sign of the highly motivated or engaged as some HR professionals would prefer to argue. The more obvious risk is that employees with viruses will spread them to others but experts argue that there is a deeper problem that unwell employees may be struggling with longer term illnesses such as depression and that it will only get worse, if unchecked.

Why does presenteeism persist? Research by Eurofound, an EU agency, found that presenteeism across Europe correlates strongly with long hours and shift work. Eurofound states that presenteeism is more common among 'high-grade overcommitted white collar workers. However Vitality's survey finds that workers who earn less than £30 000 a year are more likely to go to work than sick than higher earners often fearing absence will cost them money, future shifts or even their job.

So why should presenteeism be a problem for employers? There are several potential risks, presented by the Health at Work report. The first is that if employees are not taking time off when ill, they have most likely not discussed their illness with their manager. Secondly, there is a likelihood of the illness getting worse and a much higher likelihood of long-term absence or even job-loss. Experts also argue that presenteeism could partly explain disappointing productivity growth in developed countries like the US and the UK.

A growing number of employees are starting to recognize presenteeism as a problem and are looking at a range of ways to address it. Many of the efforts involve wellness initiatives to promote healthy lifestyles at work. Vitality Health Insurance analysed 4 318 employees in 2014 and 2015 and found that among employees who moved from 'obese' to 'overweight', presenteeism dropped by 25 percent. Vitality Health Insurance advocates that employers identify what they are doing to cause or exacerbate these problems. One solution from Robertson Cooper, who performs stress audits for companies believes that presenteeism will not be rectified until managers are recruited differently. Instead of recruiting people only on the basis of their targeting-hitting and technical expertise, Robertson Cooper advocates recruiting people who also have the skills to manage human beings.

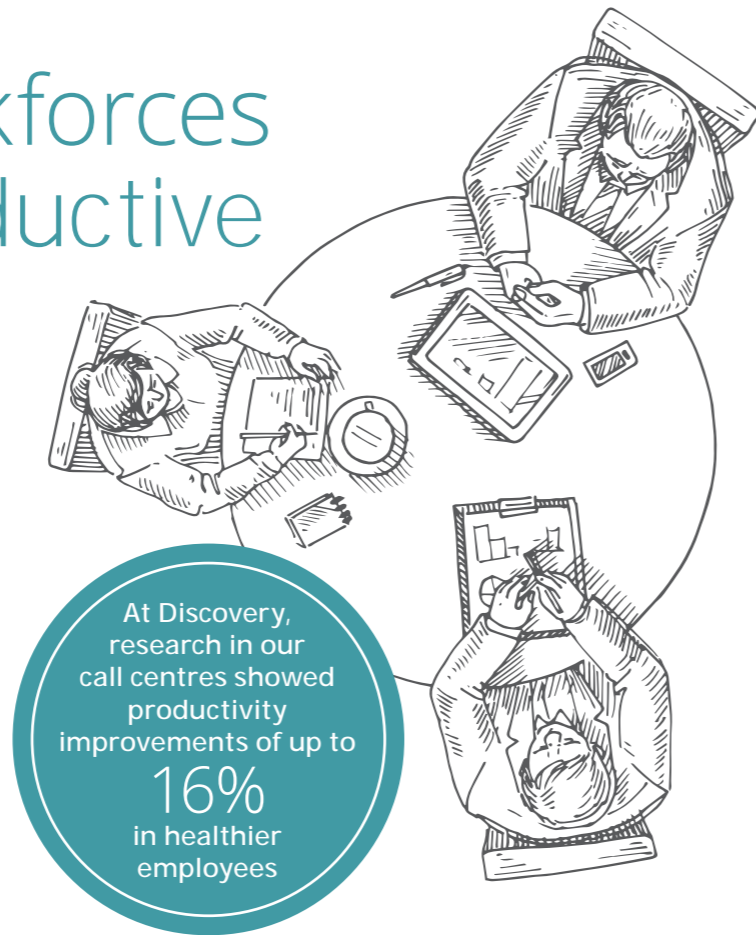


Healthier workforces are more productive workforces

More employers are beginning to think about workforce health in relation to sustainability and its positive impacts. Recent research indicates that there is a tangible correlation between positive lifestyle behaviours and healthier lifestyle choices, and improved personal and organisational performance.

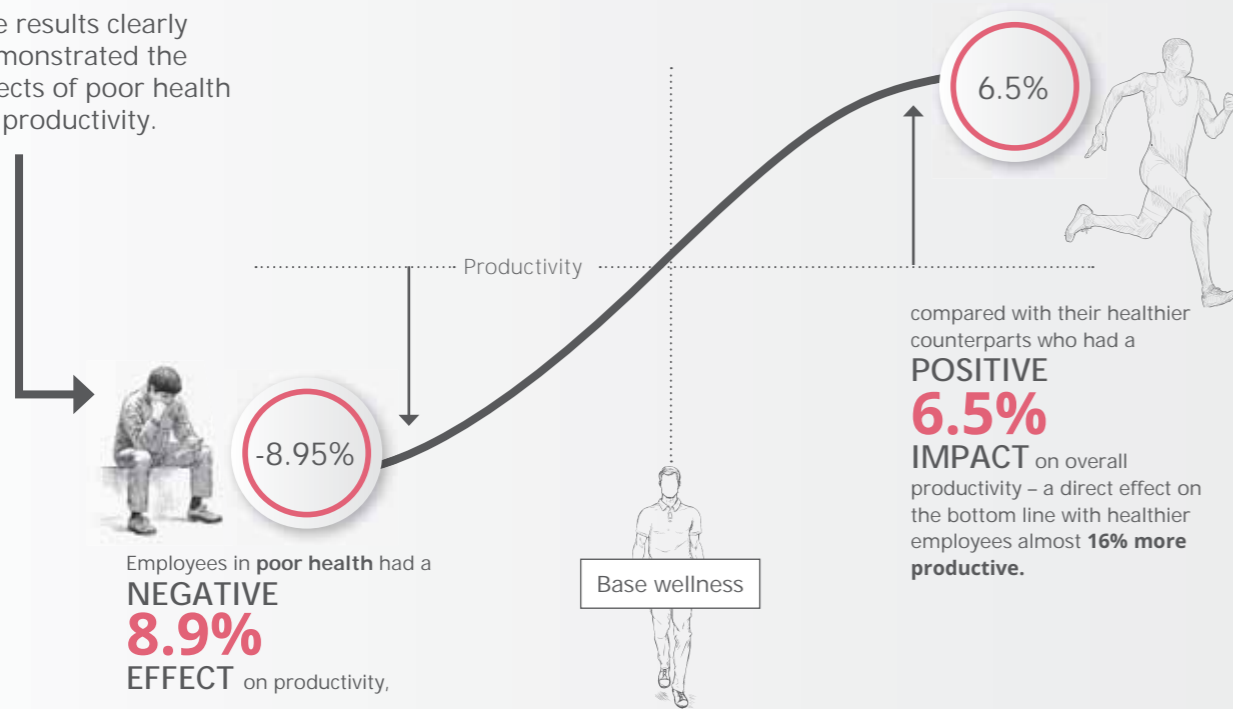
At Discovery, we have undertaken our own research into employee health and productivity. Discovery Health data on service agent health and performance, undertaken from 2010 to 2012, indicated that customers received better service from non-smokers than smokers, that overall service performance was better for non-smokers and that their risk of error was also lower.

Similar research data from Discovery Health in the same period looked at the effects of employee health and wellbeing on productivity levels.



At Discovery, research in our call centres showed productivity improvements of up to **16%** in healthier employees

The results clearly demonstrated the effects of poor health on productivity.



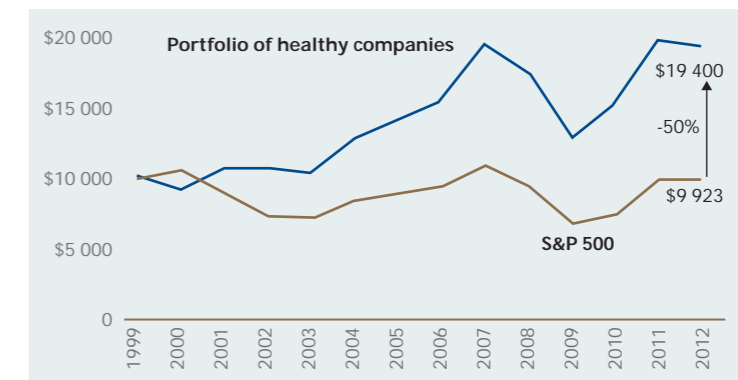
Leading the way in including health metrics in corporate reporting

In our 2016 report, we shared our vision that by 2020, workforce health metrics will be an integral indicator of overall organisational performance within the broader corporate accountability framework. Driven by our belief that shared value can deliver meaningful positive benefits for broader society, Discovery is ideally positioned to offer leadership in developing and refining these health metrics. The intention is for these metrics to become a voluntary but widely used reporting initiative through which employers systematically capture data and information about the health and wellbeing of their workforce.

There is clear economic value to be derived from healthy workforces too. In the United States of America, a 2013 paper known as the Fabius study saw researchers tracking a group of companies and their performance on the Standard & Poor's 500, a stock market index based on the market capitalisations of 500 large companies listed on the New York Stock Exchange. Of the top 500 companies, those with healthier employees performed better.

HEALTHIER COMPANIES OUTPERFORM THE MARKET BY MORE THAN 50%, BRINGING GREATER VALUE TO THEIR SHAREHOLDERS

Stock market performance trend



In South Africa, Professor Daniel Malan, an associate Professor at University of Stellenbosch Business School, replicated the same study with the Johannesburg Stock Exchange and obtained the same results, finding that healthier companies perform better on the stock exchange.

A further question investigated recently by researchers is whether healthier companies also deliver enhanced share performance. Fabius looked at this in 2016 and the evidence suggests that they do.

By measuring, monitoring and seeking to improve their workforce's health metrics employers can enjoy a number of other direct positive impacts, including:

- Reducing resignations
- Reducing absenteeism
- Increasing sustainable earnings

We have seen solid progress with introducing health metrics reporting in South Africa, and a new taskforce has been appointed through the South African Institute of Chartered Accountants (SAICA), the country's pre-eminent accountancy body. SAICA, together with Discovery, will be driving the rollout of the first phase of voluntary health metric reporting in 2018.



Discovery employees and their wellbeing journey

Here at Discovery, our employees are at the heart of our business, and core to delivering on our core purpose and our ambitions. Our philosophy on employee health prioritises a move 'from surviving to thriving'.

1

To reflect putting greater emphasis on the bigger picture we have shifted from talking about employee 'wellness' to **employee 'wellbeing'**.

Before, employee wellness was measured taking into account financial, emotional, physical and nutritional aspects, but we have now added the social and the spiritual to our assessments, to achieve a more complete picture of an employee's current status, and the specific areas where we can provide support to make a meaningful difference in their lives.

Link Wellbeing to our Corporate Identity and the Employee Value Proposition

Know our audience – the new age employee

Digital interface – it is the solution

Individualise the solution

Take employees on a self selected journey

Reward individual success

2

Recognising that each employee will have her or his own journey to wellbeing is key. For some, the challenges will be around fitness or physical health, for others weight loss and nutrition, and for yet another financial stress. Providing **targeted and customised support** to each individual on their personal wellbeing journey is core to our strategy.

TAKING WELLBEING INTO THE FUTURE

To support this approach, in early 2017 we launched

BeWell

an **engaging and interactive digital platform** which encourages Discovery employees to follow their own wellbeing journey through games, badges and tokens, and includes a wealth of weekly activities, tools, guides, video clips and quizzes.



THE STAR AWARDS



Nurturing an organisational recognition culture is also key to happy and productive workforces. Motivating and rewarding our employees for healthier choices is vital in helping to deliver long lasting changes for individuals. Taking steps towards a healthier lifestyle is strongly encouraged and supported by Discovery. The Star Awards reward employees who are going the extra mile on their personal health and wellbeing journey. Throughout the year, employees are nominated by their peers and recognised by the whole company. Finalists are treated to the prestigious Gala Dinner held every year, and the winners receive a fully paid trip to an international destination. 2017's winning Stars travelled to Russia to enjoy the sights of historical Moscow and the art and beauty of St Petersburg.





Our approach to employee wellbeing

In this report, we outlined Discovery's Ambition 2018 – to be the best insurance organisation in the world and a force for social good. Discovery's people are vital participants in making this ambition a reality. In ensuring their health and wellbeing, we want to, as an organisation, also have the healthiest employees by 2020.

Working towards this goal, we kicked off a three-year plan during the last part of the reporting period, developed to facilitate improved physical, nutritional, emotional, financial and social wellbeing. This health-promotion strategy focused on wellbeing awareness, followed by various challenges that engaged employees in self-assessment and health education.

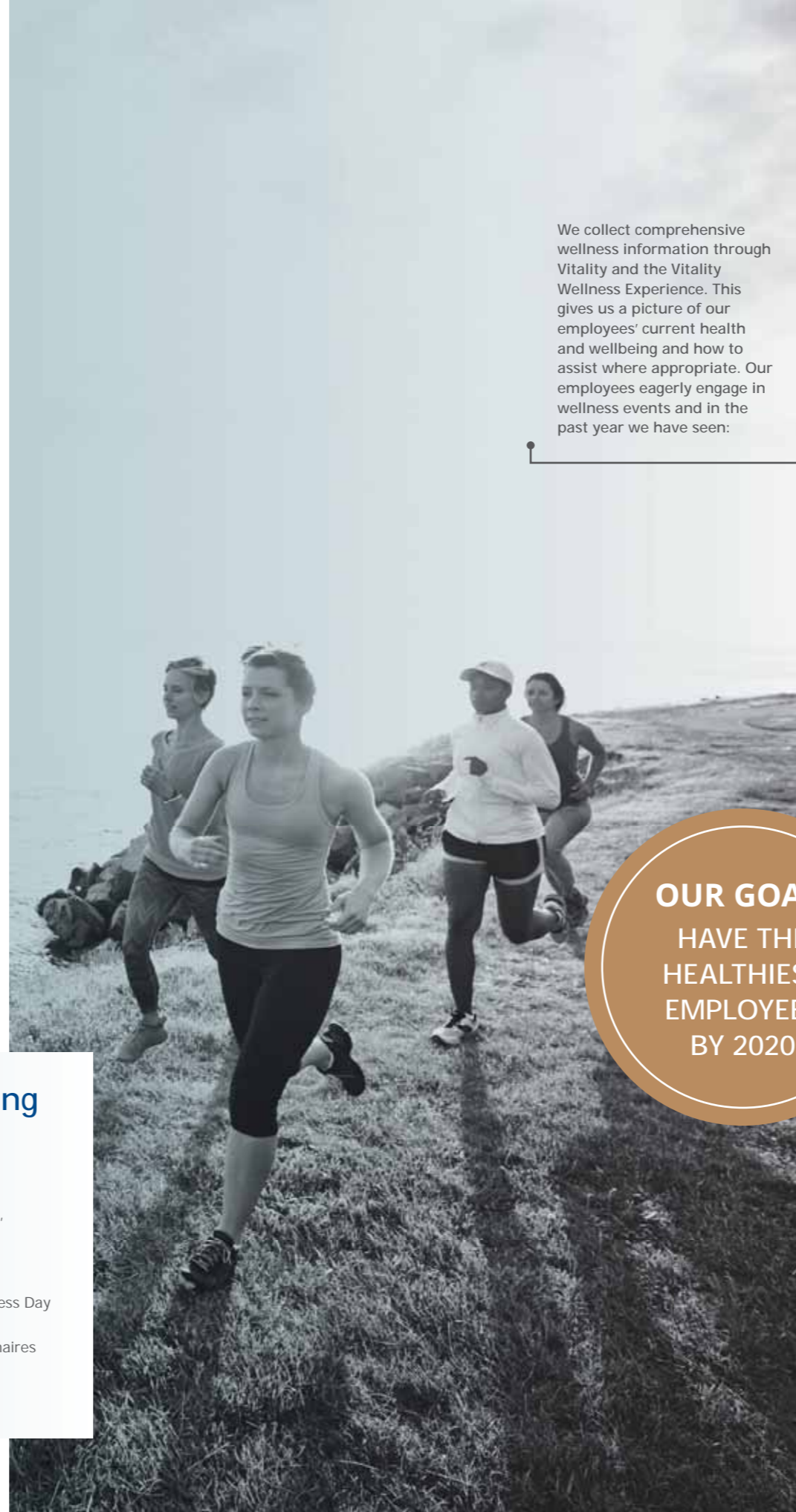
To complement these wellbeing campaigns, we also offer access to primary healthcare interventions at our on-site Wellness Centres. In addition, services to manage chronic health conditions are available to all of our employees, including referral to appropriate specialists for medical management.

We aim for selected campaigns to steer employees to improve their health over time. All programmes integrate fully with our employee-assistance programme and with Vitality.

Where we are and progress towards making our employees healthier

Part of our health-promotion plan over the year, included:

- Introducing Discovery employees to our redesigned **employee assistance programme**, Support 24/7.
- Measuring **financial and emotional stress**, rated as the highest need for intervention, and making recommendations to affected employees.
- Addressing awareness on **back care, breast cancer, disability disclosure** and a Wellness Day for people with disabilities.
- A smartphone based platform, beWELL, offering tools, guides, video clips and questionnaires about financial, emotional, social, nutritional and physical wellbeing and rewards for learning more.



We collect comprehensive wellness information through Vitality and the Vitality Wellness Experience. This gives us a picture of our employees' current health and wellbeing and how to assist where appropriate. Our employees eagerly engage in wellness events and in the past year we have seen:

STRESS LEVELS IMPROVE
17.3%

of employees reported feeling stressed. A decrease of 24.3% compared with 2016

BETTER BLOOD PRESSURE
13.5%

of employees had elevated blood pressure compared with 16.1% in 2016

MORE EXERCISE

From **50.1% not exercising enough** in 2016 to

48.5%

Discovery employees exercise an average **13.5% more in a month** compared with the tracked Vitality population

LESS SMOKING

Discovery employees who smoke **decreased by**

1.7%

in 2017 compared with 2016

**OUR GOAL:
HAVE THE HEALTHIEST
EMPLOYEES
BY 2020**

We will use the Discovery Healthy Company Index, Vitality Institute Health Metrics and Vitality Wellness Experience data to continually measure our progress. Our employees' indicators are stronger than the general Vitality membership base in certain areas. However, we have a number of areas where behaviour-change has to be encouraged for our employees to become healthier over the next few years. An area of particular focus for Discovery in 2018 will be to address nutrition and its impact on obesity and the cholesterol and blood glucose levels of our employees.

Looking ahead, we are also focussed on further integrating our employee assistance programme and Vitality. Vitality Move, introduced as part of the Discovery Vitality product update, will be available to all employees from 2018. A new Lifestyle Management programme will also be available in the next year to encourage 'readiness to change' through education, dietary guidance, exercise therapy, emotional intervention and incentives.



Healthy and prosperous communities

OUR COMMITMENTS

We will create 10 000 direct and indirect jobs by 2018 through our enterprise development interventions

We will engage 60% of Discovery employees in volunteering

75% of the Discovery Foundation's individual beneficiaries will be black and at least 75% of its total financial support will go to black people

We will provide opportunities for accredited education and training to 500 eligible youths living in Orange Farm, Johannesburg



Discovery's Shared Value Insurance Model gives expression to our belief that we are very much part of the communities that surround us – local, national and global. Community health and wellbeing are of primary importance to Discovery.

The world today, including South Africa, faces some major social challenges that cannot be addressed by one stakeholder alone. Business, governments, and civil society need to work together to create organisations and communities where people can thrive. We are moving with purpose and intention towards greater collaboration, recognising that a greater positive impact on communities is possible when many stakeholders work together. We have partnered with a number of organisations in the last year to launch and drive initiatives which will make a real difference for the communities and beneficiaries involved.

Discovery considers South Africa our primary market, and we are focused on promoting a more equitable and inclusive society. We have placed particular emphasis on supporting entrepreneurship and small business development in South Africa to tackle unemployment and skills shortages.

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

Discovery ForGood

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

The Discovery Fund

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

The Discovery Foundation

funds specialist training with the objectives of retaining doctors in public health, advancing research in crucial areas of medicine and supporting improved health outcomes in rural areas



Thriving communities

THE ORANGE FARM FLAGSHIP PROGRAMME

Being bold and ambitious is how Discovery approaches its core business, and our approach to employee volunteering is no different.

Discovery has a wealth of assets in the form of our employees' talents and expertise, and harnessing those assets to invest in communities is at the core of our employee volunteer programme, **Discovery ForGood**.

How our approach to volunteering has shifted

Over the years, our approach to volunteering has developed and changed in a number of ways. It has seen us moving away from general or once off interventions towards a more strategic approach, where employees can invest their time and efforts in a systematic and coordinated way, to contribute to a community project over time. Our time frames have lengthened to build more long-term relationships. Another step-change has been a move towards collaboration, to empower our social partners to take charge of their own sustainability and growth. Lastly, our programme model needs to be replicable to benefit from lessons learned and insights gained, so that we can apply them in other contexts.



A long-term relationship with the community of Orange Farm has been established

Discovery's five-year flagship employee volunteer programme in Orange Farm, in partnership with the City of Johannesburg (CoJ), was developed in support of this vision to promote thriving communities. The flagship is being implemented with the help of additional strategic and creative partnerships between Discovery, the CoJ and other key stakeholders from the public and private sector, and civil society.

Orange Farm is located approximately **45 kilometres** south of Discovery's headquarters in Johannesburg.

The township is one of the largest informal settlements in South Africa, with most estimates suggesting a population of around **400 000 people**.

The unemployment rate is **60%**, with the youth being particularly affected.

Ensuring a deep understanding of the needs of the residents of Orange Farm was a critical first step in shaping the nature and focus of our volunteers' time. The emphasis is on sharing our employees' time and expertise, rather than on cash or donations.



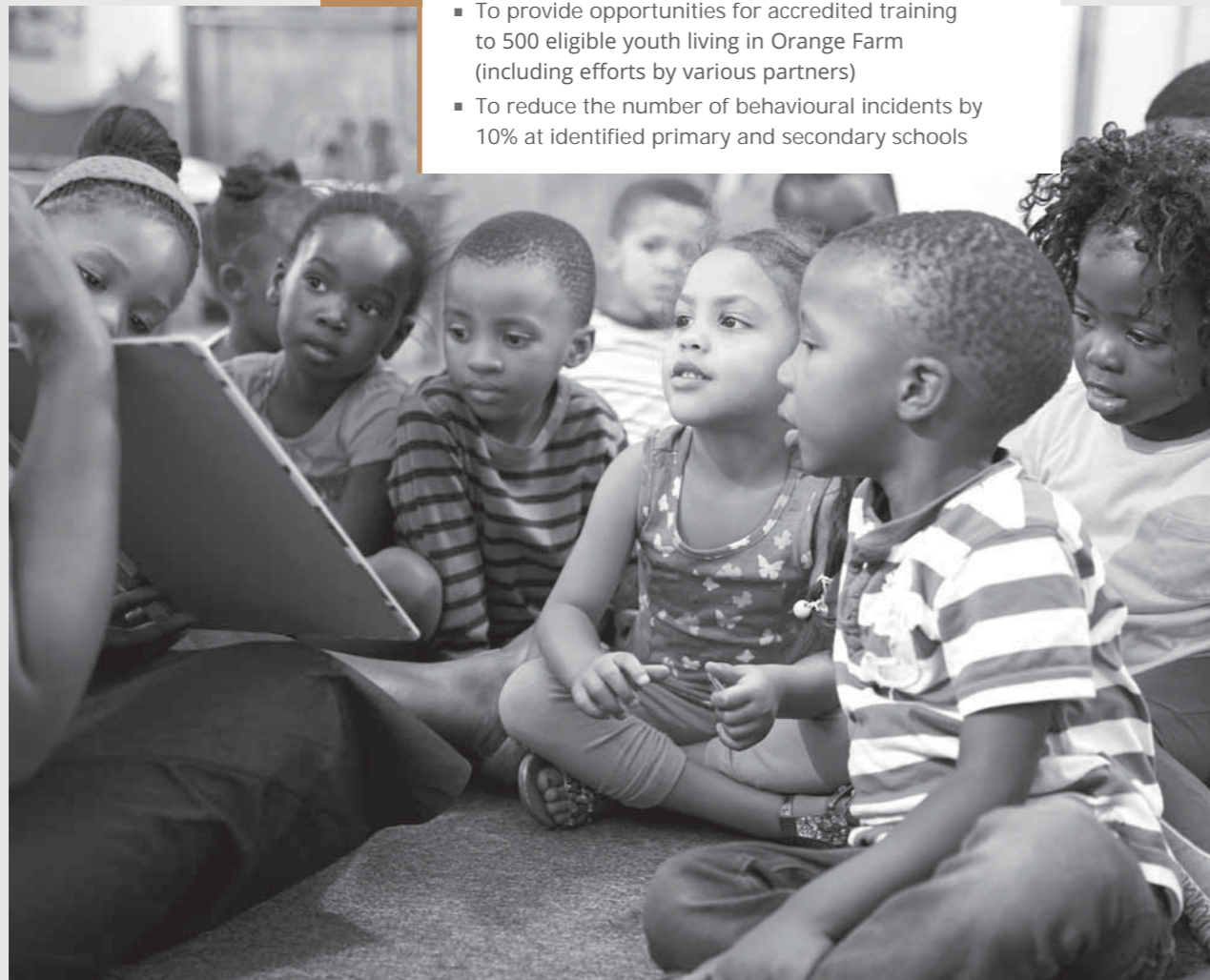
THRIVING COMMUNITIES | THE ORANGE FARM FLAGSHIP PROGRAMME continued

The Orange Farm community self-identified the following three areas as priorities and this paved the way for Discovery employees to be of practical assistance

1

YOUTH DEVELOPMENT

- To provide opportunities for accredited training to 500 eligible youth living in Orange Farm (including efforts by various partners)
- To reduce the number of behavioural incidents by 10% at identified primary and secondary schools



2

HEALTH

- To strengthen the primary healthcare through a Ward-Based Outreach Team Programme (WBOTs) in Orange Farm. **The role of these teams is to provide home and community based health services and they are linked to the fixed Primary Health Care facilities. They are one of the National Department of Health's focus areas in its effort to reengineer primary health care and their role**
- To strengthen operations at specifically identified healthcare facilities in Orange Farm
- To support active and healthy lifestyles among youth between the ages of 12 and 35 years old, as well as for public servants and taxi drivers. **Taxi drivers and public servants are some of the most visible and critical service providers interacting with the community in Orange Farm**



3

UNEMPLOYMENT

- To facilitate access to employment opportunities for beneficiaries in Orange Farm
- To strengthen the leadership of small and medium enterprises (SMEs), non-governmental organisations and entrepreneurs for sustainability and employment creation through mentorship





CASE STUDY

THRIVING COMMUNITIES | THE ORANGE FARM FLAGSHIP PROGRAMME continued

Carefully building together with our partners

Given the complexity of such an engagement, establishing our partnership with the community took almost a year. Gradually building trust and relationships with the people of Orange Farm, with the local municipality, the provincial government and local health facilities, has taken time. A comprehensive baseline assessment of the community at the start of the partnership is underway, and in future its results should help in measuring impact and progress. One of our priorities has been to encourage and facilitate more public and private sector partners to join our programme in Orange Farm, to bring additional expertise and resources to extend the positive impact.

Partnerships include

- MSC Artisan Academy
- JP Morgan Chase & Co
- Department of Basic Education: Johannesburg South District
- Rhiza Babuyile-Township Fleva (a local business incubator)
- Local schools and clinics, and
- Taxi drivers

Highlights to date



A TOTAL OF 19% OF EMPLOYEES AT OUR SANDTON HEAD OFFICE PARTICIPATED IN VOLUNTEERING AS PART OF THE ORANGE FARM INITIATIVE IN THE PAST YEAR.

Establishing a sustainable, multi-disciplinary training facility in Orange Farm was a priority. The Discovery/City of Johannesburg Technical Skills Centre has now been renovated and equipped with assistance from partners MSC Artisan Academy and Harambee. The Centre aims to develop basic engineering skills amongst the eligible unemployed youth of Orange Farm. On successful completion of the training, learners obtain an accredited qualification in basic engineering, electrical work and welding to National Qualifications Framework (NQF) Level 2.

Over 400 people applied in August 2016, and 34 learners were accepted into the three-month course as part of the pilot phase in October 2016. Every learner who completed the first course has now successfully been placed in a learnership programme or a job. 24 of the 34 were absorbed into a learnership programme with Johannesburg Water, demonstrating the importance of the partnership between Discovery and the City of Johannesburg.

Various business units in Discovery require call centre agents as part of the annual learnerships offered. These opportunities have been extended to young people from Orange Farm. In 2016, 93 young people applied and one candidate was successfully taken on board by Discovery Vitality Life call centre. To increase the number of Orange Farm youth who successfully secure learnerships or jobs, the Aspire Foundation is providing a 13-week training course to help with preparation for placement.



Read more about Personal Assistant Lerato Sikhosana's journey from Orange Farm to Discovery's head office on page 4.

Hands-on assistance with health screenings has been another area of employee volunteering with great results. As part of a cancer awareness drive, and in partnership with PinkDrive and the Chris Hani Baragwanath Academic Hospital (CHBAH), 195 Orange Farm community members were examined, four of whom were referred to CHBAH for further medical assistance. Discovery volunteers from the oncology and HIV Care departments attended the event to assist with creating awareness, providing administrative support, and providing health information to community members. Discovery employees also contributed their skills and time by conducting health testing in the community as part of Mandela Day and over 500 community members underwent health tests over a two-day period.

Additional health tests have been conducted with taxi drivers, NPO project managers, members of the Community Works Programme (CWP) and youth at the Technical Skills Centre.

OUR APPROACH

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Discovery Sustainable Development Report 2017



The Discovery Fund

During the 2017 financial year, the Discovery Fund supported **57 projects** with a total contribution of **R32 million**.

The Fund remains focussed on strengthening primary healthcare systems. Here is a snapshot of some of the organisations and initiatives we have supported in the past year are captured here.

The **Safe Travel to School Programme** (STTS) in the Western Cape was created in 2014 as a partnership between Discovery and Childsafe.



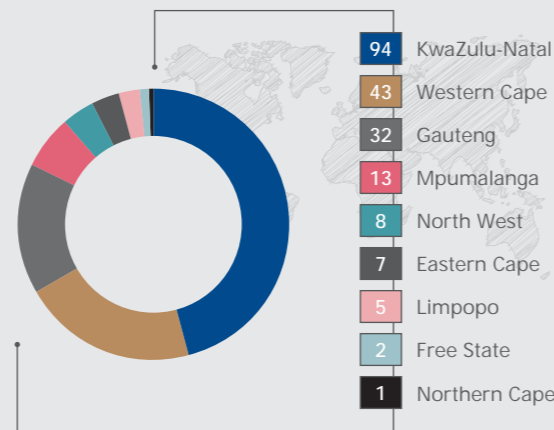
It is a particularly relevant initiative given the launch of Discovery Insure and our focus on safer driving and fewer accidents.

With support from the Discovery Fund, the programme is designed to make roads safer for children travelling to and from school by reducing the number of school transport vehicles involved in road accidents. This is achieved by implementing monitoring, training and specific incentives and rewards to develop a cohort of roadworthy and safety-aware school transport drivers. The focus extends beyond the drivers to raise awareness amongst school children, educators, parents and caregivers about road safety and how vital it is to know and comply with the rules of the road. To date, the STTS programme has 492 drivers involved and is looking to expand the reach of the programme in 2018. The Fund's support for the STSS also supports Sustainable Development Goal (SDG) 3's target to reduce the number of deaths from road accidents.



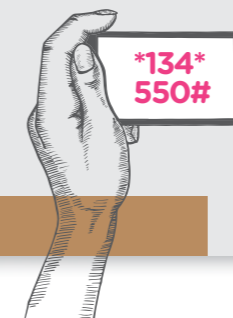
The Discovery Fund has supported **Africa Health Placements** for a number of years, an organisation which facilitates the placement of foreign trained health professionals willing to work in South Africa.

These medical professionals perform a vital role in strengthening healthcare across South Africa and often provide much-needed assistance in securing better health outcomes for underserved communities across South Africa. In 2017, Africa Health Placements placed 204 medical doctors and one pharmacist from 31 different countries into the South Africa public health sector, where vacant funded posts were available.



Using cellphone based technology, **MomConnect** is designed and implemented by the National Department of Health to improve access to information for pregnant women and new mothers across the country. MomConnect had a million subscribers by the end of 2016.

The application has received positive feedback and outreach to nurses via dedicated training on MomConnect has contributed to the significant growth in numbers since its launch. Building on this success, the Discovery Fund partnered with the National Department of Health to fund **NurseConnect**. This is an extension of MomConnect and focuses on nurses and midwives to provide them with practical support and resources to support job performance. NurseConnect has registered more than 18 000 nurses by the end of May 2017. Linked to these messaging services is a mobisite where nurses can access much more material related to the same topic that is contained in the SMS. Through its funding support of MomConnect, the Discovery Fund aims to support SDG 3's target to support maternal and child health.



PARTNERING TO IMPROVE MATERNAL AND CHILD HEALTH

The Impact Bond Innovation Fund

A collaborative project, which applies the principles of impact investing to **improve public health outcomes**, has been established in partnership with the Department of Health in the Western Cape.

The project aims to improve health indicators in a critical area – health and development outcomes for pregnant women and children up to the age of five years. SDG 3 specifically targets the elimination of preventable deaths in children under five, yet the rate of child mortality remains stubbornly high.

Both the Department of Health and the Discovery Fund have committed R3 million each per annum over three years as 'outcomes funders'. Community-based organisations work to achieve specific health and development outcomes through projects which improve antenatal care attendance rates, increase exclusive breastfeeding, reduce mother-to-child HIV transmission rates, improve immunisation rates, reduce stunting rates and provide cognitive stimulation to young children. Intermediaries support community-based organisations to achieve the stated outcomes. They also verify the outcomes achieved through the projects, which are the basis for payment by the outcomes funders.



The Discovery Foundation

We reported in 2016 that the Discovery Foundation had concluded the first ten years of its existence, and we are extremely proud of our achievements and impact in that time.

Our vision has been strengthened by the overwhelming evidence of positive change in communities and we remain committed to improving the quality of healthcare for everyone through this investment. The Discovery Foundation is proud to have played a role in supporting the ground-breaking work of all grant recipients over the last ten years, and is committed to making an even greater impact in the years to come.

Discovery Foundation Trustees

Five independently elected trustees ensure that the Discovery Foundation remains transparent and independent. In consultation with experts, the trustees review all applications and decide on the appropriate grants and funding. At present the Foundation's trustees are:

- **Dr Vincent Maphai**, Chairperson of the Discovery Foundation, former Chair of BHP Billiton South Africa and an experienced executive at several blue chip companies
- **Bernadette Moffat**, Executive Director of ELMA Philanthropies Africa and former CEO of the Women's Development Bank Trust
- **Dr Maurice Goodman**, Chief Medical Officer at Discovery Health
- **Dr Jonathan Broomberg**, Chief Executive Officer at Discovery Health
- **Professor Marian Jacobs**, Emeritus Professor of Paediatrics and Child Health at the University of Cape Town and an advisor to the Discovery Foundation



78 awards
made by the Foundation in 2016/17 of which 59 went to individuals and 19 to institutions

R22 million
committed to the Foundation in the last year

R189 million
committed and 353 awards made since the Foundation's launch in 2006

DEMONSTRATING TANGIBLE INVESTMENT IN THE HEALTHCARE SYSTEM

Strengthening the South African healthcare system



DISCOVERY FOUNDATION

Medical students form the pipeline for the Discovery Foundation

SUB-SPECIALIST AWARDS
R68 million to 74 recipients to date

MASSACHUSETTS GENERAL HOSPITAL AWARD
R7 million to three recipients to date

ACADEMIC FELLOWSHIP AWARDS
R62 million to 123 recipients to date

EXCELLENCE AWARDS
R14 million to 4 recipients to date

RURAL FELLOWSHIP AWARDS
R34 million to 134 recipients to date

MEDICAL STUDENT LOAN GUARANTEE FUND
74 loans underwritten by the Discovery Foundation

The Foundation has also funded 62 beneficiaries undertaking doctoral level studies in a wide range of disciplines such as neurology, paediatrics, gastroenterology, cardiology, HIV and Aids, and tuberculosis.

Certain clinical specialist areas, specifically geriatrics, experienced a significant boost. Specialist care in cardiology and other categories of non-communicable diseases, such as rheumatology, have also grown through the Foundation's support.



The Foundation's ten-year review was an opportunity for strategic reflection. One avenue for further exploration is the growing requests from alumni of the Foundation to have greater engagement both during their studies, and once these have been completed. Trustees of the Foundation are exploring ways to strengthen links with alumni and formalise their involvement in the Foundation's processes and structures, including their participation in selection processes, assisting in identifying black candidates and playing advisory roles.

LOOKING TO THE FUTURE, THE TRUSTEES OF THE FOUNDATION HAVE COMMITTED TO THE FOLLOW SIX UNDERTAKINGS FOR THE NEXT TEN YEARS:

- 1 To build on the Foundation's successes and continue with its mandate to extend financial support for both doctoral-level research and doctors pursuing sub-specialisation
- 2 To continue to support rural health and replicate successful models which already exist, with an emphasis on institutional strengthening
- 3 To develop a strategic technical advisory committee with academic representation from various institutions, with the intention of growing this into a think-tank for the Foundation, with diverse input from various academic experts
- 4 To structure a discretionary pool of awards with a clear strategic framework aligned to the Foundation's focus and objectives
- 5 To strengthen its monitoring and evaluation systems
- 6 To integrate Foundation alumni into the structures of the Foundation and also link this to expert input.



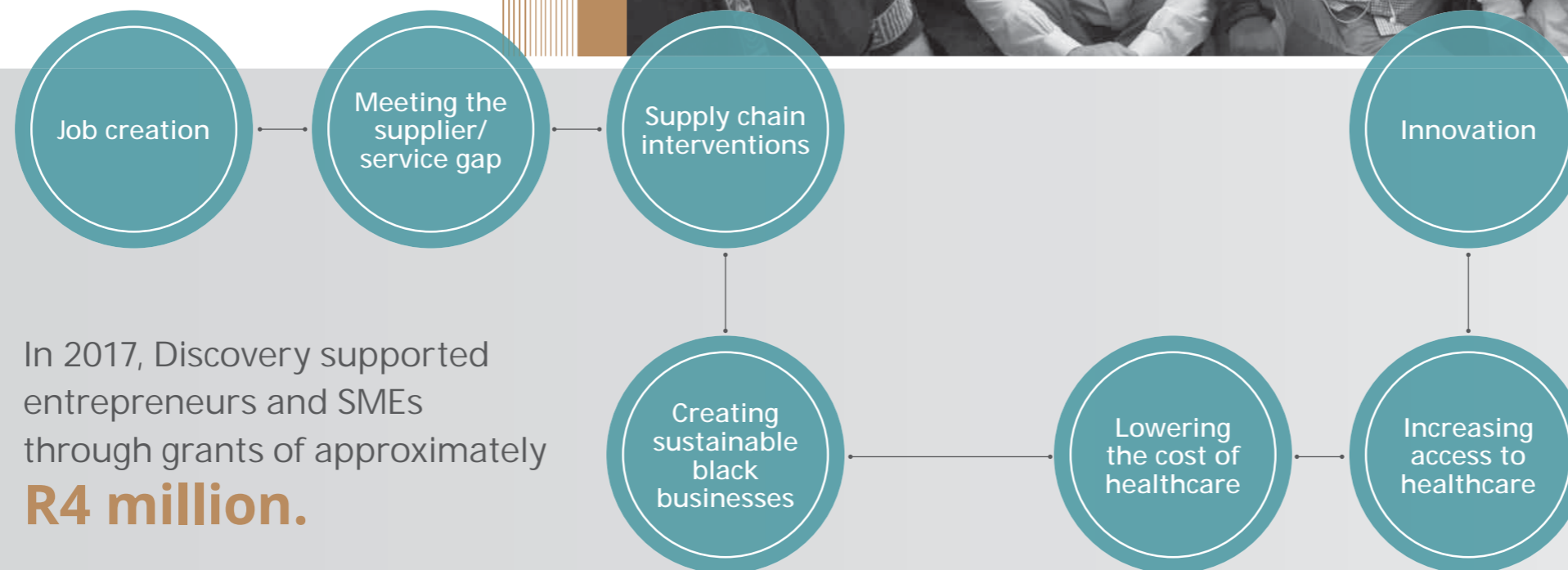
DISCOVERY HAS CONTRIBUTED APPROXIMATELY R27 MILLION TO THE PUBLIC HEALTH ENHANCEMENT FUND.

In addition to the capacity-building work undertaken through the Discovery Foundation and the contributions by the Discovery Fund, **Discovery has contributed approximately R27 million to the Public Health Enhancement Fund since it was established in 2012 and approximately R4.7 million in 2017.** The Public Health Enhancement Fund is a vehicle enabling business to partner with government to build capacity in the public health sector.



Enterprise and supplier development

For Discovery, enterprise and supplier development is about contributing towards an inclusive and growing economy by supporting small and medium enterprises (SMEs) and high impact entrepreneurs through the following avenues:



In 2017, Discovery supported entrepreneurs and SMEs through grants of approximately **R4 million.**



Read more about this on page 68.





CASE STUDY

Enterprise development

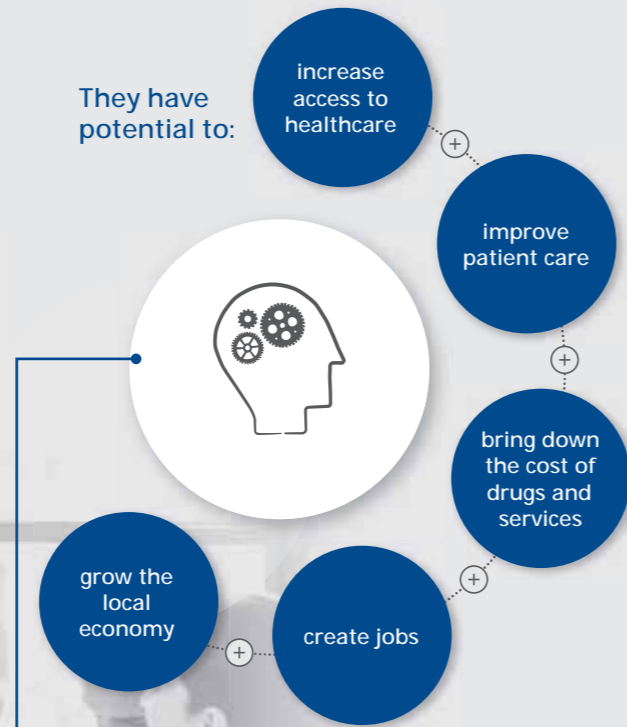
SOUTH AFRICA'S 'MED-TECH' ENTREPRENEURS VISIT CALIFORNIA TO TAKE THEIR BUSINESSES TO THE NEXT LEVEL

In 2016 Discovery embarked on the Discovery Entrepreneurs Medtech Silicon Valley Programme, focusing on supporting entrepreneurial innovation in the fields of medical technology (or 'med-tech' for short) and healthcare.

The programme is designed to provide local South African med-tech entrepreneurs with the opportunity to network and learn in a global market, whilst also being supported through the guided execution of customised business development support plans.

The benefits to society of growing successful new businesses in the med-tech space are clear.

They have potential to:



All of these benefits are core imperatives for Discovery.



"...I have a mentor who was more than a fan cheering for my success on the side, but an educator who made sure that he teaches me valuable lessons about business... I feel having the right mentor who cares and believes in me first as a person and has made me reach a level of growth I never thought I would have reached at this point in my life."

Nneile Nkolise
iMed Tech, Discovery entrepreneur



CASE STUDY

ENTERPRISE DEVELOPMENT | SOUTH AFRICA'S 'MED-TECH' ENTREPRENEURS VISIT CALIFORNIA TO TAKE THEIR BUSINESSES TO THE NEXT LEVEL continued

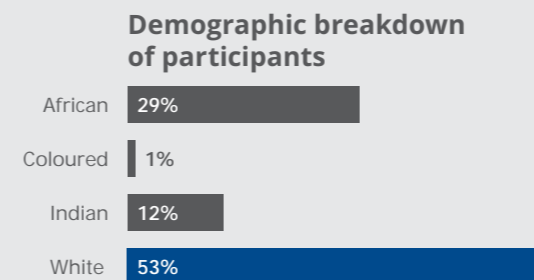
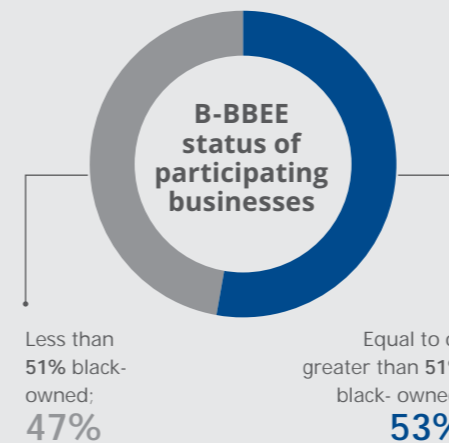


"The trip was a truly inspiring experience that enabled us to interact with the leading med-tech entrepreneurs and academics of Silicon Valley... The level of cooperation, sharing of knowledge and experience, use of technology and financial resources between entrepreneurs and academics creates deep synergies, enabling the enhancement of healthcare for the benefit of society in general. This is an important learning I intend leveraging as my contribution toward advancing entrepreneurship in South African healthcare."

Fareed Chothia
Discovery, Strategic Initiatives Executive

Seventeen promising med-tech entrepreneurs were selected to participate in a comprehensive business development programme, the majority of whom represented black-owned businesses. The programme culminated in a trip to Silicon Valley in the United States of America in November 2016, where the entrepreneurs connected with med-tech experts and entrepreneurs working in a wide range of fields and cutting edge technology. In preparation for the trip, the participants were invited to attend a two-day 'Discovery Entrepreneur Bootcamp', where they were given a chance to network, refine their business pitches, and pair with experienced business mentors to share their advice and insights. The entrepreneurs continue to work with their mentors on an ongoing basis to strengthen and refine their business strategies.

ON THE TRIP, THE 17 ENTREPRENEURS WERE GIVEN EXPOSURE TO A WIDE RANGE OF EXPERTS, VARYING FROM LEGAL ADVICE ON PATENTS AND BEING AN ENTREPRENEUR IN THE MED-TECH SPACE, TO BRIEFINGS ON CUTTING EDGE TECHNOLOGY, TO VISITING SUCCESSFUL START UPS WHO ARE SHAKING UP THE HEALTHCARE MARKETS WITH THEIR DISRUPTIVE PRODUCTS AND IDEAS.



They also visited academic institutions working at the forefront of healthcare innovation, including the University of California, San Francisco and the Stanford Byers Centre for Biodesign – they even visited the Tesla factory, the brainchild of South Africa's famous entrepreneur Elon Musk.

Important connections and opportunities were also created during the trip. Entrepreneur Allison Martin, from 'UDoTest', was introduced to Launchpad Digital Health during the trip and was accepted onto the six-month accelerator programme based in San Francisco. Allison moved to San Francisco in January 2017 to begin the programme.

Enterpriseroom and En-novate partnered with Discovery on this exciting initiative. Enterpriseroom provided guidance and mentorship, as well as practical business development support. En-novate delivered all the trip logistics and carefully designed and arranged the participants' programme for their time in California.

OUR APPROACH

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Discovery Sustainable Development Report 2017

"I'D HEARD ABOUT ENTERPRISE DEVELOPMENT SUPPORT FROM DISCOVERY, SO I APPROACHED THEM"

Managing Director | Jeremiah Brokers | Durban, South Africa

Minenhle
Mfeka



PROFILING DISCOVERY PEOPLE

I'm extremely competitive. As an entrepreneur and small business owner, you can't be complacent, or someone else is going to get what you want.

I worked for Discovery on the sales side as a business consultant from 2005 to 2008 and then transferred down to Durban where I became a KeyCare specialist. That's where I came across a small business, a brokerage, with a lot of potential. The owner Colleen was looking to retire soon and I saw great synergy – here was a solid business where I could concentrate on sales. At Discovery I'd won the Top Achiever Award twice, the CEO Award (for the highest amount of annual business brought to Discovery by rand value) four times, and then I was a Platinum SEAL five years in a row. That helped to prepare me! I had heard about enterprise development support from Discovery, so after an initial chat to Colleen I approached the enterprise development team for a loan to purchase the brokerage. I had to prove to Discovery that their money would be safe – that this business was sustainable, that we had a business plan to ensure it was going to grow, and that I was the right person to take it forward. Once they were satisfied, Discovery granted me a loan to buy the brokerage, and I left to become Managing Director at the end of 2016. We've recently taken over three other companies bringing our total number of clients to around 2 600. My advice to anyone thinking about their own enterprise development or starting a business would be – do your homework and strive to understand the space you are going into. Then relentlessly build toward your vision.

Discovery People

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Discovery People

OUR COMMITMENTS

We will launch a Discovery Leadership Index to support our ambition of growing leaders for Discovery and beyond

We will prioritise mentorship as an effective channel through which senior Discovery leaders can model exemplary values-based behaviours

Discovery People is about growing generations of distinctive and outstanding leaders – for Discovery and beyond.

We are deeply engaged in the process of transforming our workforce at all levels. Recruiting talented and high-performing individuals and then fostering a workplace culture where they are valued, nurtured and developed is imperative to our business. In South Africa particularly, the need to continue the hard work of creating a more just, a more equal and a more inclusive society is always present. Hiring, retaining and promoting black and particularly African citizens is a priority to ensure that our employee profile better reflects South Africa's full talent context. Globally, we recognise the urgency in achieving a more accurate gender balance in the workplace, particularly in senior leadership positions across all our business units.



Transforming to reflect the full range of talent South Africa has to offer

Discovery's transformation strategy sets out the action plan for achieving our ambition to fully and accurately reflect South Africa's talent context. Compliance is important, but for us it only touches on one dimension of our vision for our business.

Our approach centres on the following principles:

PROVIDING LEADERSHIP

Discovery strives to hold a leadership position on transformation in the financial services sector, leading the way in terms of our performance and our impact.

CUTTING THROUGH THE COMPLEXITY

We want to make our vision for transformation simple, and develop a clear understanding of the actions required for Discovery.

GAINING COMPETITIVE ADVANTAGE

We want Discovery to be a place where all South Africans want to work, as well as to be a partner of choice for our suppliers. We want to be a company that reflects the full range talent and expertise available in our local context.

HAVING OPEN AND HONEST DISCUSSIONS

Building trust to have frank and robust discussions about the opportunities and challenges inherent in transformation is needed. Space needs to be created for all parties, including those external to the business, to discuss these matters.

In addition to our own transformation strategy, we are assessed annually against a Broad-Based Black Economic Empowerment (B-BBEE) scorecard, which verifies progress against categories such as equity ownership, management control, preferential procurement, enterprise development and skills development.

The 2017 financial year has seen good progress in some areas, while others continue to pose a challenge and require further work.

From January 2017, all companies listed on the Johannesburg Stock Exchange require a formalised gender policy on the promotion of gender diversity at board level, and will be required to disclose how they are performing against this policy. Discovery is committed to this initiative and to achieving better gender inclusivity at board level.

We are pleased to have met our 2016 target of

- Achieving 25% representation of black people on executive committees (exco) for all divisions across the business
- The number of women in our workforce increased slightly from 45.8% to 46.2%

The number of women in senior management at Discovery has also grown by 28.9% since 2015.

In 2017, we introduced a Next Generations Leadership Programme. Five of our top divisional managers joined other exceptional leaders from various organisations across Africa on a ten-month journey to develop innovative solutions to the continent's greatest challenges.

Our 2017 cohort of Discovery Next Generation Leaders Programme talent comprised 100% African talent, with 60% female talent representation.

Building an inclusive workplace culture

At Discovery, we believe we have a unique and rewarding workplace culture, which recognises high performance and celebrates our employees' successes. We continue to take proactive steps to build and grow a culture of which we are all proud.

Continuous learning is part of performance management. We recognise that our Discovery leaders generally have exceptional technical capabilities, expertise and motivation – but we are also interested in how we can do better in other dimensions such as self-awareness and social skills. We launched a number of programmes to enhance our leaders' emotional quotient or 'EQ' capabilities in February 2017, focusing on fundamentals such as self-regulation, managing energy levels, building trust and facilitating productive conversations. To date, 261 people have attended these programmes and rated the relevance of the content to their current work and experience at Discovery highly.

In February 2017 we also introduced our 'Leading in Context' intervention, where senior leaders host discussions with top talent in small groups to share their wisdom and experience in successfully navigating Discovery's culture.

In late 2017, we will move to new headquarters, 1 Discovery Place in Sandton. By bringing together all our employees into one building for the first time, we hope to further strengthen our unique company culture.

261 people have attended programmes on self-awareness and social skills since their launch in early 2017



CASE STUDY

WORK READINESS PROGRAMME FOR PEOPLE LIVING WITH A DISABILITY DELIVERS RESULTS

One area identified for improvement in our most recent B-BBEE scorecard assessment was working to include more disabled individuals in our workforce, and invest suitably in training opportunities to support this. In our 2016 B-BBEE scorecard assessment, Discovery achieved 9.13 points (91.3%) out of an available 10 points. The gap was attributable to the targets associated with developing people living with a disability – at present, Discovery's current training spend on its employees living with a disability does not meet the required spend target, which is 0.3% of payroll.

Discovery saw this as an opportunity to make an impact in terms of identifying talented South Africans living with a disability who could contribute positively to our business and purpose. A pilot programme initiated in January 2017 saw ten unemployed people living with a disability being recruited and placed on a Work Readiness Programme, with the objective of preparing the participants to qualify for learnerships at Discovery's Cape Town offices. The programme enjoyed significant success – seven of the participants on our Work Readiness Programme were evaluated as the best candidates who were interviewed for the learnerships, out of a group of 20 general applicants. Graduates of the pilot programme then went on to take up 70% of the available learnership places at Discovery Cape Town.

Noting the success of this initiative we are looking to replicate it in other areas of the business, to broaden and expand entry points for people living with a disability to join the Discovery team.

70% OF THE AVAILABLE LEARNERSHIP PLACES AT DISCOVERY'S CAPE TOWN OFFICES WERE TAKEN UP BY PEOPLE LIVING WITH A DISABILITY.

During our **'Defy Gravity'** campaign we invited Discovery employees to tell us their personal stories of how they have succeeded against the odds. There are remarkable stories from people we work alongside every day, who have overcome adversity and difficulty to achieve the previously unimaginable. These stories are not only inspiring, but help to build awareness of what it means to have an inclusive and welcoming workplace culture, where people's different journeys and personal triumphs are recognised and celebrated.



One such story is that of Chanty Mathebula featured on page 67.

"DAZZLING CLIENTS IS EMBEDDED IN ME"

I'm currently the head of Client Services within Discovery Life. I joined Discovery in 2000, and I've seen constant innovation over the last 17 years to keep up with changes in our industry, in the economy and with technology. I've seen the launch of Life, Invest and Insure in South Africa, and global launches and expansion within Discovery. And the common theme is growth – soon we will move into 1 Discovery Place which is very exciting!

Our people are the core of everything we do, and we aim to liberate the best in them. We have a unique leadership style and culture, and I've been consistently recognised and rewarded in the years I have been here – it can be small things, just a pat on the back or a note saying "thank you". I appreciate knowing I'm doing a good job, and I encourage the same in my leaders.

Rewards and recognitions don't only have to be financial. Dazzling clients is embedded in me – I'm extremely professional and I go out of my way to exceed expectations in every interaction with both internal and external clients. I think clients just want two things: great service and simplicity. That's it. To keep my team motivated to deliver exceptional service we have a whole lot of incentives in place. We celebrate our team's successes and the compliments they receive, and we reward our top performers monthly. We encourage teamwork and collaboration, and a learning culture. We offer a half day off based on performance, and also a half day holiday on your birthday – unheard of in a call centre, right? This encourages having a work-life balance too because I think one of the risks facing companies today is that they don't adapt to people's growing need for flexibility in the workplace. I'm really proud of my achievements. One of the challenges I created for myself was overseeing the relocation of our call centre to KwaZulu-Natal. Another was reducing the unclaimed payback payments that are due to our clients, which was one of the biggest projects I inherited and was very challenging.

Actually, moving from being a staff member to being a leader was not an easy move, it was a huge mindset shift and it took a lot of learning and time to get where I am currently in terms of people management, but I had a lot of feedback from staff, senior Discovery leaders and mentors with similar values to me, and that helped me make the transition. You've got to stay focused, know your purpose and love what you do!

Hawa Manjoo

Head of Client Services | Discovery Life |
Discovery Sandton, South Africa



"IF YOU PUT YOUR MIND, EFFORT AND HEART INTO SOMETHING, YOU WILL ACHIEVE IT"

Chanty Mathebula

Actuarial analyst | Discovery Life |
Discovery Sandton, South Africa

I was raised by my mom in Nkowankowa, a township just outside Tzaneen in Limpopo. One thing I've learnt is that your circumstances don't have to be where you end up – if you really want to change where you are, then it's all up to you. If you put your mind, effort and heart into something you will achieve that particular thing. I started as an actuarial analyst at Discovery Life in January 2017 after participating in the Adrian Gore Fellowship while I was finishing my Honours at the University of Cape Town. I'm on Vitality and recently achieved my Diamond status! The Adrian Gore Fellowship for actuarial science students is a competitive process for the ultimate prize which includes getting mentorship from Adrian Gore himself. Universities in South Africa nominate their top five Honours students in actuarial science.

You then go through a lot of tests and interviews with Discovery, and if you pass those you are invited to Johannesburg for a week of presentations and activities. It's a really amazing experience – you get to learn about Discovery and what the company stands for. From there, the top six are picked – and I was fortunate to be part of that group – then the top three, and then finally a winner. Those who make it into the top six like me are fortunate enough to be offered a job at Discovery. I still eat lunch with the friends I made during the Adrian Gore Fellowship every week. Getting picked to proceed so far in the Fellowship process really made me believe in myself, and my whole perception of myself changed.

Investing in our suppliers

We recognise that investing in our supply chain presents a significant opportunity for Discovery to accelerate the transformation of South Africa's economy and to support broad-based black economic empowerment. By partnering with local businesses, we can use our procurement spend to deliver meaningful positive impact.

We are working to identify existing black-owned business suppliers of all sizes for further engagement and collaboration. Our supplier development strategy ensures that we are placing greater emphasis on preferential procurement. All our business units are sensitised, and our managers are proactive about transforming our supply chain as a business imperative.



WE ARE PUTTING PARTICULAR EMPHASIS ON FOSTERING SUPPLY COMPANIES OWNED BY BLACK YOUTH – 'YOUTH' BEING DEFINED AS BEING BETWEEN 18 TO 35 YEARS OLD.

This is being done by:

proactively **identifying black youth owned entities** within the existing supply chain with the intent to arrange advance or early payments terms;

awarding **additional bonus points** when evaluating bid proposals to black youth owned entities, to give them an added advantage in our procurement processes; and

identifying **commoditised goods or services** which can be earmarked for supply by black youth owned entities.

Prioritising youth empowerment is consistent with our external efforts in the CEO Initiative (see page 14) as well as our approach in our Orange Farm flagship community programme.

Our supply chain development work takes place in close coordination with our enterprise development function.

BBBEE spend
on 51%
Black-Owned
Suppliers
R45
million

BBBEE spend
on 30%
Black-Women-Owned
Suppliers
R43
million