

Building and broadening our supply chain

Discovery provides financial support, in the form of loans and grants, and non-financial support, in the form of training and mentorship opportunities, to selected enterprise and supplier development (ESD) beneficiaries. Grants to the value of R12 million were provided in the 2019 financial year, our current ESD loan book is sitting at just over R115 million, and the programme has supported 23 independent entrepreneurs in this financial year.

We work with enterprises where we see the potential for them to become successful businesses with a sustainable market, with business development support provided beyond funding where required. Funding is based on a thorough due diligence process conducted by the Finance team on the initial proposal, and additional development support is provided in areas where further development of the proposal is required. Robust governance practices are in place to manage the awarding of funding, with all decisions interrogated and monitored by the ESD Investment Committee, which comprises of key executive directors within the Discovery Group.

We are constantly searching for qualifying beneficiaries and it can be challenging to find companies that meet our criteria. We coordinate closely with the procurement team to identify and ensure that we are supporting suppliers that are strategic to Discovery's business.

The ESD programme's key objectives are as follows, all of which contribute to the ambition of being a force for social good:

- ✓ Addressing youth unemployment
- ✓ Creating jobs
- ✓ Providing access to, and lowering the cost of, healthcare
- ✓ Developing our supply chain
- ✓ Supporting innovative ideas for new products or services.

Discovery achieved its target for enterprise and supplier development, as set by the Financial Sector Code.

According to the World Bank, SMEs in emerging economies contribute up to 60% of total employment and up to 40% of national income, but access to finance is a key constraint to their growth. However, the reality in South Africa is far different. According to a study by the Small Business Institute in October 2018, "while formal SMEs contribute nearly 98.5% of the number of formal firms in the economy, they only account for 28% of the jobs". This highlights the need for targeted support for high-growth SMEs that drive job creation and economic growth - typically medium-sized businesses.

Discovery is a proud shareholder of the SA SME Fund, a private sector led initiative born out of the CEO Initiative, a partnership between the SA Government and the CEOs of a number of companies to stimulate the economy and create jobs. The R1.4 billion Fund focuses on building entrepreneurs and SMEs.

The SA SME Fund launched the CEO Circle in March 2019 as an initiative that aims to accelerate the growth of high-growth black businesses within the SA SME shareholders' supply chains. In August, seven companies were selected as CEO Circle Entrepreneurs 2019 (from an initial list of 140 nominations). They will get access to personalised support including access to capital, senior mentors and corporate decision makers. Importantly, all these companies have more than R50 million in revenue per year, high year-on-year growth, and are founded and led by black entrepreneurs.

Mid-sized companies are an important engine of economic growth. We will leverage the enormous power of our shareholders (being the top 50 corporates) and fund managers to help grow these businesses into significant players in the South African economy.

Adrian Gore, Discovery Group CEO and Chairman of the SA SME Fund

The SA SME Fund also has a key focus on investing in and growing the venture capital industry in South Africa. This support is critical for stimulating the dynamism and innovation of our economy. Discovery committed an initial investment to the SA SME Fund of R20 million.

Driving preferential procurement to support emerging businesses

To support the Group's ambition to maintain a B-BBEE contributor level 2 by 2023, the procurement team has taken a strategic decision to increase procurement spend with designated groups, with a focus on black youth-owned businesses. Support includes identifying suitable companies and facilitating access within Discovery's federated model in order to give them greater exposure and broaden their networks across the organisation.

To overcome the risk of working with companies that may not have the track record required, we pair them up with existing suppliers who are willing and able to mentor and support promising new businesses. While these development and partnership opportunities can be difficult to find and require willingness from more established suppliers, we are continually leveraging our position and buying power to achieve positive impact in supporting promising young businesses.

We also engage closely with existing suppliers to improve their B-BBEE ratings. While our primary objective is to optimise value for money, we maintain minimum requirements for awarding contracts. In instances where a supplier with a sub-optimal B-BBEE level is awarded a contract on the basis of a value proposition, we often agree predefined milestones with the supplier that must be achieved over the term of the contract.

One notable success has been our supplier for the staff restaurants at 1 Discovery Place, which has improved from level 4 in 2017 to level 1 in January 2019. Beyond meeting the contracted terms with Discovery, their B-BBEE performance has improved their profile and broader opportunities.

A key objective for procurement is to maintain fairness and integrity in the process of awarding and managing contracts. We work closely with internal teams to ensure clarity in defining the scope of work and transparency in the criteria we use in evaluating bidder proposals.



Discovery is a strategic partner in establishing Mohau Equity Partners, a strategic long-term investor and 100% black women-owned business supported by funding from Discovery. Our objective is for Mohau to identify entrenched and strategic suppliers within Discovery that require support in improving their B-

BBEE profile. Mohau has already made a number of strategic investments to support the transformation of our supply chain, including a key supplier of consumables and devices used in Discovery wellness days.

Amendments to the B-BBEE Codes of Good Practice in 2018 have had an adverse impact on the levels of some of our suppliers. Our partnership with Mohau aims to support willing suppliers to improve their transformation performance.

Our objective to support black youth-owned business is about much more than the B-BBEE scorecard; it is about nation building and leveraging our success to improve the ecosystems where we have influence. We find that what they may lack in experience, they make up in agility and nimbleness, which matches Discovery's entrepreneurial culture.

We will continue to identify promising youth-owned black businesses and link them to opportunities in Discovery. One example is Isazi, which has developed an industry-leading document workflow solution using artificial and human intelligence to benefit its clients and unemployed youth.

More detail can be found in 'Our stories' through the link at the end of this page.

In the 2019 financial year, we spent over R1.37 billion as part of our procurement on black-owned businesses, equating to 24.3% of our total procurement spend of over R5.63 billion. Over R535 million was spent on black women-owned enterprises.

Supporting and developing community networks

Community health and wellbeing are of primary importance to us. In refining our approach to corporate social investment (CSI), we are working to achieve greater scale and thus greater impact by replicating working models and introducing social impact accelerators where necessary. We will retain our focus on healthcare, along with specific programmes in human resources for health, maternal and child health, and community development.

Our CSI philosophy is embedded in the overall business philosophy of being a pioneering and leading global business that implicitly transforms financial services. We are focused on ensuring that the social development models used in our initiatives and by our partners are measurable, replicable, scalable and inclusive.

Scaling our impact is key and we're shifting CSI functions to focus less on philanthropy and more on social development. It's about more than just the Rands and cents, it's about leveraging the models and the way Discovery thinks about the world, the way we think about business. We are not only working in social development spaces but connecting that back to commercial and economic viability to ensure programme sustainability. That is real shared value.

Ruth Lewin, Discovery's Head of Sustainability

Supporting our employees in their quest to volunteer for good



Discovery ForGood, our employee volunteer programme, demonstrates that Discovery's purpose lives in the actions of its people. Having met and exceeded our target to engage 60% of our staff in volunteer activities between 2014 and 2018, we have set a 70% engagement target for 2019 to 2023. As a cumulative target, we are already showing good progress, with 27% achieved up to the end of June 2019.

The objective of the volunteer programme is to leverage the capabilities of our staff in building healthier communities. Given the wide range of skills across Discovery, we work with communities to understand their real needs and match these to the skills and resources volunteered by Discovery's people.

For example, in our flagship Orange Farm partnership, our leadership development team provide a leadership programme for school principals. Importantly, these are interventions that were identified and requested by the relevant stakeholders in these communities.

We are also broadening the scope of activities for employees to volunteer their time and energy, to ensure that we provide an opportunity for employees to share their passion for being a force for good beyond their day-to-day work-related skills set. A good example is in providing mentorships to individuals or teams to ensure the success of ongoing programmes.

The Discovery/COJ Business Centre is an incubator programme that continues to provide business support, training and mentorship to entrepreneurs from the area.

We continue to strengthen the relationships with our development partners, the municipality and community stakeholders to ensure the sustainability of the model beyond the intervention of Discovery. We are in process of signing a Master Framework Agreement with City of Johannesburg (CoJ) to ensure that lines of accountability and commitment to the project are clear and maintained.

Also in Orange Farm, the Discovery CoJ Technical Skills Centre continues to provide technical training, and where possible, internships or job placements for young people. In partnership with PACT/USAID, Discovery implemented the YOLO (You Only Live Once) and ZAZI programmes. These focus on social and behaviour change communication for adolescents and youth of both sexes (in responding to the social and behavioural drivers of HIV), and positive decision making, negotiating relationships and addressing gender-based violence for young women aged 15 to 24 years old, respectively.

Key indicators for the Discovery CoJ Technical Skills Centre for 2019

- ✓ 47 technicians trained
- ✓ 39 technicians placed in learnerships or jobs
- ✓ 7 youth placed in internships
- 516 youth trained in technical skills

2 969 employees volunteered over 19 339.30 hours of their time, worth over R3 million in 2019.

Harnessing the power of an emerging network of leaders as a force for social good

The Discovery Foundation disburses grants to address the shortage of healthcare resources through training medical specialists, developing academic medicine and research centres, and increasing the number of sub-specialists to adequately meet the country's healthcare needs.

A number of interventions are in place to achieve the Foundation's mandate of ensuring 75% of financial support reaches black people. This includes our focus on targeting historically disadvantaged institutions, and underserved and rural areas. We also engaged with the Deans of specific medical schools and CEOs of associated academic hospitals to raise awareness about the Foundation's funding programmes and the potential for collaboration in training, services and research across various academic health platforms.

In the 2019 financial year, 92% of academic and sub-specialist awardees in terms of award value, met the B-BBEE criteria set by the Discovery Foundation. In terms of headcount, 86% of awardees met the B-BBEE criteria. We enjoy high levels of collaboration and support from Foundation alumni, who participate in the screening committee processes and help host the annual Discovery Foundation conference with parallel sessions on topics that add value to the strategic direction of the Foundation.

In the 2019 financial year, the Foundation committed in excess of R19 million (2018: over R21 million) on the awards programme, with R13 million (2018: R16.3 million) spent directly to provide 43 (2018:52) doctors with specialist training and clinical research opportunities. Approximately R11.1 million (2018: R7.7 million) was awarded to a total of 14 institutions (2018: 11 institutions).

Funding programmes to improve the lives of vulnerable communities

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

The Discovery Fund is funding and actively involved in key programmes, including:

Safe Travel to School

Discovery Insure's Safe Travel to School programme is implemented by the Discovery Fund and our partner Childsafe. It currently transports approximately 18 000 children to school every day (a dramatic increase from 10 356 last year) and we have 863 drivers on the programme. A steering committee comprising representatives from Discovery Insure, Fund Trustees, CSI and Marketing are working to guide and support the excellent work being done.

Hlokomela

Hlokomela started as an innovative HIV and Aids educational and treatment programme. It now supports farmworker communities across almost 100 farms in Limpopo and Mpumalanga. Discovery has funded a research project through HE²RO (the health economics and epidemiology research unit at the University of the Witwatersrand) to investigate funding and partnership models to extend Hlokomela's services into primary healthcare and extend this model to other farms. A steering committee will be developing an implementation strategy for the proposed model, and includes representation from the Discovery CSI and Marketing teams, Hlokomela, Agri SA, Tshikululu and HE²RO. We are also in discussion with Agri SA on improving healthcare provision to farm workers, with a business case in development and aligned to other social programmes provided by Agri SA.

Umthombo Youth Development Foundation

We support the Umthombo Youth Development Foundation, which identifies, trains and supports rural youth to become qualified health care professionals to address the human resource shortages at rural hospitals. The success of the model has been driven by ongoing mentoring for those young people to support their progress during their university studies, with a 92% pass rate since Umthombo started. Originally working to capacitate the Mosvold Hospital, it has grown into an NGO that is providing healthcare professionals to district hospitals in the broader area up to the Mozambique border. Given their success, Umthombo is scaling and diversifying its model to include education by attracting skilled science and maths teachers to underserved rural areas. Replicating these models will help scale the impact in social programmes that are driving sustainable impact to communities in need.

Discovery Fund is also funding important initiatives in attracting skills and training in healthcare, including:

Africa Health Placements

Africa Health Placements, which recruits local and international doctors to work in South Africa's understaffed rural hospitals

Breast Health Foundation

Breast Health Foundation's training platform, Phakamisa, provides online training to healthcare professionals on breast care in private and public hospitals.

We are applying the Social Impact Accelerator Programme to provide a high-engagement mechanism to better support the Fund's high-impact, long-term and flagship programme partners to scale the impact of their interventions.



36 projects received support worth R20 million from the Discovery Fund in 2019.

Supporting improved healthcare delivery in South Africa

Being a force for social good means recognising and actively contributing to the health of South Africans. Discovery supports efforts to improve healthcare delivery by focusing on access, equity, efficiency, quality and sustainability. Given our data-led approach to driving improvements in health, Discovery shares its expertise and insights to support evidence-based decision making that benefits the healthcare system.

Discovery has stated its commitment to work with government to support the implementation of National Health Insurance (NHI) to achieve universal health coverage. We believe that cooperation across all sectors in the public and private healthcare sphere are needed to confront the immense challenges facing South Africa, and indeed the world at large, in supporting health. As a result, we have consistently expressed our support and made our capabilities available for its development, including by being active stakeholders in providing submissions on legislation and engaging with regulators to ensure the sustainability of our business, the industry and the broader healthcare ecosystem.

Our position on NHI is unequivocal: we are supportive of an NHI that assists in strengthening and improving the healthcare system for all South Africans – little is more important. We are committed to assisting where we can in building it, and making it workable and sustainable.

- Adrian Gore, Discovery Group CEO

There were a number of major regulatory and policy developments in 2018, including the Medical Schemes Amendment Bill, NHI Bill and the provisional report of the Competition Commission's Health Market Inquiry. Discovery has made comprehensive submissions in response to policy developments and regulations, addressing key matters impacting healthcare and healthcare cover, including:

- Escalating cost of healthcare cover and profitability in the private sector – with submissions made to the HMI on issues including:
 - Cost drivers and innovations in product design to manage these costs
 - Effective competition in private healthcare
 - The role of base benefit options and supplementary cover
 - The implications of underwriting restrictions
 - The need for amendments to the Health Professionals Council of South Africa rules to facilitate value-based contracting
- Accessibility of cover – ongoing engagement with regulators on policy constraints
- Ongoing compliance with regulations through transparent engagement with the Council for Medical Schemes and through compliance monitoring.

For more details on Discovery's assessment on developments in key healthcare regulations, see:

- [A view from Dr Jonathan Broomberg, CEO of Discovery Health, on the National Health Insurance Bill and the Medical Schemes Amendment Bill – July 2018](#)

Within our value-based care division, we are applying our expertise, data and extensive partnerships with healthcare specialists, medical societies and providers to support the delivery of quality cost-effective healthcare. We are supporting the South African Society of Obstetricians and Gynaecologists and their members (see 'Our stories' below), as well as specific initiatives focused on areas like arthroplasty and bundled fee arrangements for specific procedures to ensure cost-effective care. These programmes are supported by data and analysis that helps our partners and other healthcare stakeholders understand current challenges and measure progress. Sharing our understanding, research and insights are a critical contribution to improve healthcare access and delivery.

Through the Discovery Foundation, we have supported training for 321 healthcare specialists to the value of R230 million since inception in 2006, with 42 new recipients supported in the 2018 financial year to the value of R27 million* to read "with 43 new recipients supported in the 2018 financial year to the value of R13 million.

Discovery has supported the Public Health Enhancement Fund (PHEF) since its inception in 2012. As a forum for the private health sector to engage with and strategically support the Minister of Health, the PHEF aims to address challenges facing the health sector for the collective benefit of all South Africans. In increasing the number of healthcare professionals, the PHEF has supported the training of 75 doctoral and medical science research scholars in health over the past six years at various universities.

Discovery has contributed R34.9 million to the PHEF since 2013, which includes a contribution of R5 million in the 2019 financial year.

[More details are available on the Public Health Enhancement Fund website](#)

In the 2019 financial year Discovery has contributed over R40 million as part of our corporate social investment into public health through the Discovery Fund and Discovery Foundation.



Curbing fraud, waste and abuse in the healthcare system

In 2019, Discovery Health's efforts to curb fraud, waste and abuse in the healthcare system resulted in a substantial R529 million recovered on behalf of client schemes. These efforts also prevent additional fraud, waste and abuse, which is key in reducing costs in healthcare delivery.

Discovery has a specialised team of over 100 analysts and professional investigators that uses forensic software systems to identify unusual claim patterns. Also, more than half of investigations result from valuable tip-offs from whistle blowers who help to identify fraud, waste and abuse.

Our fraud investigation processes are objective, impartial and fact-based. They comply fully with applicable legislation and have been tested and approved in courts of law. The entire forensic investigation process was also audited and tested by an independent legal firm in 2018 to ensure full compliance.

"We have a contractual and ethical duty to ensure that members' funds are disbursed to pay for valid claims only. Without this rigorous approach, fraud, waste and abuse depletes the available pool of funds needed for healthcare treatment for members and drives up premiums."

Dr Jonathan Broomberg, CEO of Discovery Health

As part of an industry-wide collaboration to combat fraud, waste and abuse, Discovery is actively supporting the Council for Medical Schemes and working with all stakeholders to guard against the corrosive effects of corruption in the healthcare system. If you would like to report any suspicious behaviour relating to fraud, waste or abuse you can call 0800 00 45 11 (toll free phone number) or email discovery@tip-offs.com



2018 commitment

- We'll help build a more resilient healthcare system.

- We'll contribute to a more inclusive health ecosystem.

- We'll improve health and safety for target communities.



Our progress in 2019

- The Discovery Foundation spent in excess of R19 million on the awards programme, with R13 million spent directly to provide 43 doctors with specialist training and clinical research opportunities.

[Harnessing the power of an emerging network of leaders as a force for social good](#)

- Discovery shares its expertise and insights to support evidence-based decision making that benefits the healthcare system and is an active stakeholders in providing submissions on legislation and engaging with regulators. We also provide information to our key stakeholders on policy developments to ensure they are properly informed. [Supporting improved healthcare delivery in South Africa](#)

- The Discovery Foundation's mandate is to ensure that 75% of financial support reaches black people, including its focus on historically disadvantaged institutions and underserved and rural areas.

[Harnessing the power of an emerging network of leaders as a force for social good](#)

- The Discovery Fund strengthens and improves health systems by developing human capital and skills, as well as primary healthcare service delivery. It also provides support to health policy, advocacy and infrastructure programmes.

[Funding programmes to improve the lives of vulnerable communities](#)

- Through our value-based care division, we are applying our expertise, data and extensive partnerships with healthcare specialists, medical societies and providers to support the delivery of quality cost-effective healthcare.

[Supporting improved healthcare delivery in South Africa](#)

Related documents and stories

[OUR STORY: Supporting best-practice obstetric care through society led pathways, electronic records and value-based remuneration](#)

[OUR STORY: Supporting a home-grown South African AI business](#)

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Healthy and inclusive organisation

Driving an ethical and inclusive culture



Related material matters and issues

2. Ensure our people management strategies address broader social concerns.

- Enhance systems that support diversity, equity and inclusivity.
- Develop talent to support business growth.

3. Leverage our capacity to support resilient ecosystems.

- Support national objectives to enhance market sustainability.

4. Active corporate citizenship that aligns to our values.

- Operate an ethical and compliant business.
- Manage electricity and water consumption.

Building a highly ethical workplace culture

Building a healthy and inclusive organisation is a vital part of Discovery's ambition to be a powerful force for social good. Healthy companies are a combination of their people, purpose, culture, strategy and systems. We are working to build a culture that is inclusive and accountable, where our people are valued and developed, and where ethics consciously informs decision making.

“Ethics is at the heart of sustainability, as the conscience of an organisation.”

Tswelo Kodisang, Discovery's Chief People Officer

Where ethics are not well defined in an organisation, employees can fall back to their own frame of reference – their personal ethics. With over 12 950 people in Discovery Group, it is crucial for the organisation to set the required standards for values-driven behaviour and drive a culture of ethical business practice.

Ethical issues often extend beyond what is legal or compliant, although there is often overlap. For example, Discovery has strong governance processes to monitor conduct risk and adherence to Treating Customers Fairly (TCF) regulations. Where internal teams may be satisfied that a change to a product or a new product meets TCF regulations from a financial, legal and business perspective, the Ethics Office is increasingly performing an important function in advising on the ethical implications beyond compliance, so ensuring that ethics is deeply embedded in product design.

A detailed assessment of ethics risks, opportunities and management processes is currently being performed by PwC. Once concluded, the assessment will inform an ethics strategy to guide our approach to driving ethical business and to develop metrics to measure ethics culture over the next three years.

The Ethics Office's mandate extends to international operations where Discovery has management control.

In Vitality Group markets where we do not have management control, we are still able to provide input on ethics, on issues from human rights and child labour policies, to environmental issues. For example, in one area of operation we were able to advise our partners on the adverse environmental effect of rhino poaching, with ingredients derived from rhino horn subsequently being removed from their medicine formulae.

Key indicators

- ✓ 757 employees attended ethics training
- ✓ 7 597 successful online ethics courses completed
- ✓ 9 incidents reported to the ethics hotline

We have partnered with the Gordon Institute of Business Science (GIBS) to launch the GIBS Ethics Barometer for South African business. It aims to impact attitudes and behaviours, and help ensure a more successful, sustainable future for South African businesses and our nation. For Discovery, our participation will provide a benchmark against participating organisations in measuring ethical conduct in relation to all our stakeholders, and so provide insight into opportunities to extend ethical business practice to enhance the sustainability of our organisation.

Ethical data use and data protection

Data is a key enabler of our Shared-Value business model. Without it, we would not be able to track and incentivise healthy behaviours, and measure if those behaviours are achieving real impact. But we are cognisant that our reputation is ultimately held in how we contract with our clients, which includes how we use data and how clients trust us with managing their data.

With rapid advances in technology and big data, we are revising our approach to data management and the ethical use of data. Through the Ethics Office, we have set a challenge to test that we are always ahead of what is merely legal and compliant: we must be in step with what is ethical and in the

best interest of the collective.

Discovery is unique in South Africa in terms of the volumes of data we collect and analyse. We have a comprehensive Data Governance Policy Framework covering all aspects of the collection, use and retention of data.

To protect client information, we have robust processes controlling access to specific systems and databases. Database owners are senior and executive-level staff, and actuarial evaluation teams provide authorisation for each user, review access logs and revoke access to any employee who moves to a different role. Teams that perform analysis on data drawn from different businesses can only access consolidated and anonymised data stored in a central data lake. Here again, access is strictly controlled.

The Ethics Office will provide a key role in assessing ethical and fair data use in how our products are delivered. For example, by ensuring that our incentives structures can also fairly reward disabled clients for healthy behaviours, or accounting for reduced activity among pregnant women. We will be working to anticipate ethical issues and proactively build solutions into our products.

The Ethics Office will also provide an advisory role on megatrends that may impact the Group, including the ethical implications of artificial intelligence, machine learning and robotics. With the increasing pace of advancement in these fields, a more proactive approach to ethics is crucial in protecting the interests of our clients and remaining true to our values.

There were 9 complaints regarding breaches of customer privacy and losses of customer data during the year.

We have a significant duty of care to our members who trust us with their data, and we do everything we can to minimise the risk of breaches to our systems.

Derek Wilcocks, Discovery's chief information officer



Developing talent to support our strategy

To meet the bold targets set in the Group's Ambition 2023 strategy, Learning and Leadership plays a key role in developing the skills for the demands of business and ensuring our people have the capabilities to keep us competitive and relevant in a global market. Our Learning and Leadership team shapes leadership and capability development across Discovery, which ultimately impacts performance and organisational culture over time.

The world of work is going through a large-scale transition where critical skills and expertise will be an imperative for organisations to succeed in the new digital economy. Therefore, we must lead the business in understanding and assessing the skills we need now, and the skills we will need in the future. Many of the skills required into the future are emerging in a combination of different professional disciplines and are therefore not taught in specific degrees or courses, but instead rely on self-driven and lifelong learning.

We are evolving Discovery's learning capability and developing a strategy to enhance the Learning and Leadership capability into the future by revising our business skills curriculum in direct response to the challenges of the new world of work. This requires deep development expertise as well as a good understanding of Discovery's context, and we are collaborating with experts to bring an external perspective.



Attracting the top actuarial talent to Discovery

The Adrian Gore Fellowship, our actuarial recruitment programme, selects the top 30 to 40 actuarial students nominated by universities across South Africa. These candidates complete a programme at Discovery, after which we offer permanent roles to the best performers. The programme started in 2013 and we still have 47 fellows working at Discovery.

The programme adds immediate value to the development of the candidates and the business. The six fellows selected in the last intake are supporting key projects such as:

- Providing research and development expertise as part of task-team developing Discovery Life's expansion into the mass market
- Developing a retirement modeller tool, designed specifically for the South African market
- Analysing the experience of five million Ping An Vitality members to demonstrate the value of the programme
- Engaging in social upliftment, where one fellow is developing a wildlife educational tour for underprivileged children.

Over the past 27 years, we have learnt the value of great people and the need for leadership to create the conditions for continuous learning. We empower our employees to take charge of their own development and encourage them to take joint responsibility with their teams and managers. By taking active responsibility for their professional development, our employees can take up the opportunities offered by Discovery to adapt to a rapidly changing world and prepare themselves for the future.

Introduced in 2018, our mentorship programme was designed to support and accelerate the development of designated high potential talent at senior levels in the organisation. From the lessons learnt about key success factors of mentorship from this programme, we are now evolving the approach to focus on designated talent across all levels in the organisation and allowing us to build fluency in development planning. Mentorship remains a strategic enabler in advancing the careers of our people.

Inspired by our ambition to be a force for social good, Discovery extends skills programmes beyond employees to include their relatives and dependents in Grades 10 to 12 as well as students studying at South African tertiary education institutions. This is building a pipeline of talented individuals who can contribute to South Africa more broadly in the future. In 2018 we introduced a bursary scheme to support the education of employees' identified dependents in specific income levels, including the so-called 'missing middle' income group. To date, 90 employees have made use of the newly launched scheme to the value of R2.4 million.

Key indicators

- ✓ R82 million spent on external learning and development
- ✓ Total B-BBEE training spend of just over R304 million amounting to 74.6% of total training spend
- ✓ 25% new hires meeting or exceeding emotional intelligence (EQ) assessment
- ✓ 649 of our employees completed a leadership development course during the year and, on average, each of our employees received 34.91 hours of training

In our 2018 report, we committed to the following skills development targets for the 2019 financial year:



Our success in greatly exceeding the target in learnerships was due to Discovery Health increasing their number of learnerships significantly.



Developing leadership depth and managing diverse teams

Our logic of applying shared value in every business has not changed; we've demonstrated our capacity to build products and services and expand into new countries by leveraging our Shared-Value business model as a common chassis, which has been enhanced with the development of Vitality One.

Our leadership development and executive development programmes include specific themes on leading and managing in a fast-changing and complex world. Guided by Discovery's strategic focus on being a powerful force for social good, Learning and Leadership is embedding social relevance into each of the programmes in our leadership curriculum. We believe that leaders naturally operate across all four levels in delivering against Discovery's purpose, supported by the impact of our Shared-Value business model and our focus on being a powerful force for social good.

To prepare our line managers for the new demands of leadership, which includes managing diverse teams with four to five distinct generations, we have done extensive work to understand their needs depending on their unit and level. We have successfully piloted the Lead the Discovery Way programme to equip them with the skills to lead effectively with a particular emphasis on an inclusive approach to leading all Discovery's people.

Key indicators

In our 2018 report, we committed to the following leadership development targets for the 2019 financial year:



The biggest driver of the difference between what we committed to and achieved was delegates that did not qualify as per the Council for Higher Education academic requirements of the programme, i.e. insufficient experience and outstanding documentation, and in some instances nominees were studying at the time.

Enhancing systems that support diversity and inclusivity

Achieving our transformation goals requires practical strategies to build an inclusive and nurturing workplace culture. Through a dedicated analytics team within Human Resources, we analyse feedback from the Employee Experience Survey to measure progress in diversity and inclusion across our South African operations. We also run diversity and inclusion hackathons nationally to provide a qualitative basis for understanding the themes and challenges facing teams, and to provide input from all levels of the Group to support faster progress on the deep work of transformation.

Data and analytics are a key enabler of Discovery's Shared-Value business model and we are leveraging these capabilities to power the future of the employee experience at Discovery. The insights from analysing talent management data is supporting evidence-led interventions and more equitable decisions by helping us remove bias from the recruitment system, providing a basis for fair and equitable remuneration and promotions, and providing data to enhance approaches in enterprise development.

We have made strong progress in attracting and retaining the best black talent as measured against the employment equity component of our 2016 transformation strategy. We are developing a new employment equity calculator and setting ambitious targets, with progress measured monthly through our people dashboard and linked directly to the executive scorecard. We will report against the new transformation strategy and targets in the 2020 financial year.

We have included specific training in our leadership development programmes to raise awareness of the risks of unconscious bias and the opportunities in promoting diversity and inclusion across increasingly diverse teams. This is a key theme in the newly developed foundational leadership programme, Leading the Discovery Way. We will continue measuring the impact of our initiative through the Employee Experience Survey.

People with disabilities can often experience obstacles in the open labour market, both in terms of securing employment in the formal economy and during the course of their employment. These obstacles can range from unconscious bias or stigma related to a lack of understanding around the nature and effect of their disabilities, to a lack of reasonable accommodation or inadequate tools and equipment for them to perform their jobs optimally. The vocational environment and infrastructure itself can sometimes also present challenges in terms of universal accessibility, and prevent people with disabilities from engaging with and within their work environments.

As reported last year, the design of 1 Discovery Place was deliberately designed to ensure that the environment also fosters and encourages inclusion of people with disabilities throughout all onsite facilities. We continue to focus on providing meaningful employment opportunities for people with disabilities by vigorously promoting employment equity measures within our recruitment practices. Further, we have engaged in a robust programme – called DiscoverAbility – that seeks to identify people with disabilities, assess and provide for their specific needs in terms of reasonable accommodations, and ensure their inclusion in growth and development opportunities.

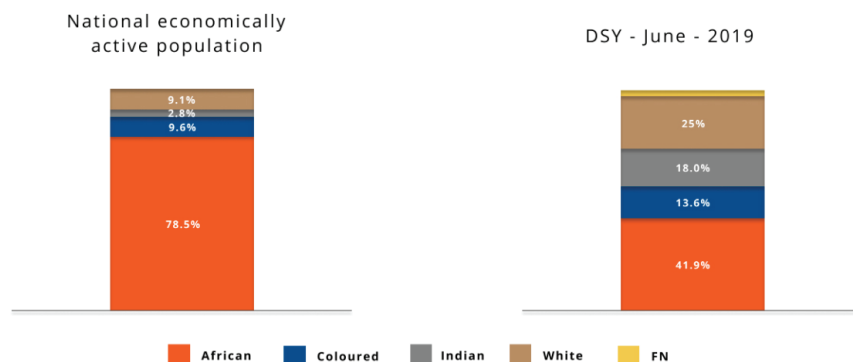
In 2019, we experienced great success through our DiscoverAbility programme, raising our profile and representation of people with disabilities from 1.22% to 1.77% across the organisation.

[View a video on Discovery's DiscoverAbility campaign](#)

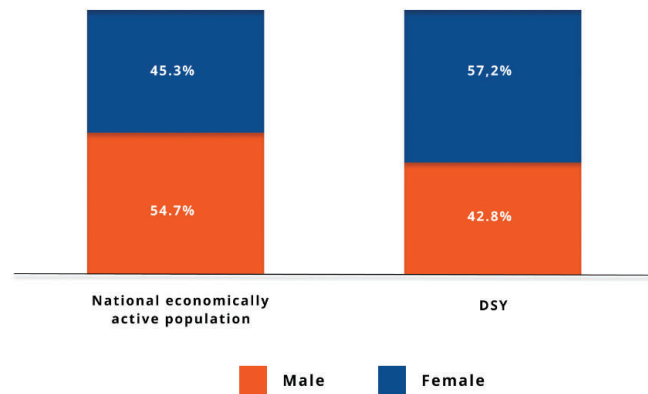
Job creation is the greatest lever in Broad-Based Black Economic Empowerment. With strong employment growth at Discovery (with just over 8 000 employees added from 2016 to 2019), we are able to have a meaningful impact on transformation, with approximately 55% of new jobs going to African candidates. This supports our efforts to better reflect South Africa's economically active population.

In recognising the urgent challenge of youth unemployment in South Africa, Discovery is participating in the Youth Employment Service (YES) initiative which was officially launched by President Cyril Ramaphosa in March 2018. See 'Our stories' below for an update on our progress.

Our overarching approach to inclusivity is in creating an incredible employee experience for all our employees. We conduct at least one employee engagement survey annually, with an additional survey undertaken depending on the needs of the business. This allows us to benchmark our employee experience against local and global high-performing norms, which we consistently outperform.



Gender profile versus national economically active population



- ✓ 2 441 New employees added in 2019 (representing a new hire rate of 24.7%)
- ✓ 31% increase in black representation at general and deputy general manager level (20% in 2018)
- ✓ 17.11% employee turnover (2018: 14.28%)
As a measure across our South Africa operations, turnover includes Discovery's large call centre operations as part of Discovery Health, and shifting business priorities.
- ✓ 78% Response rate in the 2019 Employee Engagement Survey (77% in 2018)
Strong improvement recorded in diversity and inclusion ('Where I work, management supports diversity in the workplace') and immediate management ('The behaviours of my immediate manager are consistent with the Discovery values').

Achieving gender balance in management level and pay

Discovery recognises the urgency in achieving a more equitable gender balance in our workplace, particularly in senior leadership positions across all our businesses. At present 49% of senior management (2018: 49%) which is beyond the National Economically Active Population and 18% of the Discovery Board (2018: 15%) are women. We continue to place emphasis on achieving greater female representation in our succession planning process. Over the coming year we will conduct detailed analysis into income differentials which will guide us towards an organisational response.

In the United Kingdom, gender is receiving national attention with the introduction of mandatory gender pay gap reporting for companies with more than 250 employees in 2017. Pleasingly, we are among the lowest scoring companies on median pay gap in the financial services sector.

We completed an in-depth analysis on pay which confirmed that we have slight equal pay for equal work issues; any differences are accounted for by factors like experience and qualifications.

Our challenge is under-representation of women in executive and senior management positions. To narrow this gap, we have set ambitious targets to increase the percentage of appointments to senior management roles are filled by women. In 2018, we also signed up to the Women in Finance Charter, a Government Treasury-led initiative to achieve better gender representation and equity in the financial services sector.

There is also a gender focus in succession planning across the Vitality UK business. Training in diversity, equity and inclusion is compulsory for all employees, and has been supplemented by additional learning and development on unconscious bias for managers.



Managing our direct environmental impact

Discovery is committed to responsibly managing its environmental impact and minimising the use of natural resources in our business.

Discovery measures its greenhouse gas (GHG) emissions in its South African, United States and United Kingdom operations. Our GHG emissions are generated primarily through electricity consumption, fugitive emissions and stationary fuels (diesel), and includes emissions generated by our employees' travel into work each day.

Discovery's approach to environmental management is articulated in our Environmental Policy, with defined objectives and goals against all environmental impact areas. Our three key environmental objectives are to:

1. Reduce and monitor our direct environmental footprint
2. Drive behaviour change by creating awareness and educating our employees
3. Understand the impact of climate change on our business.

These objectives are reviewed periodically by our Environmental Forum and progress is reported to the Social and Ethics committee quarterly.

We have implemented an efficient digital platform for data monitoring in South Africa for carbon emissions, supporting accurate tracking, monitoring and reporting across all emission sources. This will ensure that our data is accurate, verified and meets all the required standards. As a result of our

