



DISCOVERY

GOVERNANCE
REPORT 2021



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ABOUT 01

THIS REPORT

Our reporting suite for the financial year ended 30 June 2021 (FY2021) provides our stakeholders with a detailed and holistic overview of the Group, its prospects and performance. The Group's key stakeholders include providers of capital, clients, financial advisers, employees, business partners, healthcare providers, government and regulators, and the civil societies and communities in which we operate.



Integrated Annual Report



Notice of Annual General Meeting (AGM)



Sustainability Report



Task Force on Climate-related Financial Disclosure (TCFD) Report



Annual Financial Statements



Annual Financial Results Presentation and Booklet

In preparing this report, we were guided by:

- The JSE Limited Listings Requirements (JSE Listings Requirements) and Debt Listings Requirements
- The King Report on Corporate Governance for South Africa, 2016 (King IV™)*
- The Companies Act, No. 71 of 2008, as amended (Companies Act)

Discovery's Board confirms that the Group complied with the provisions of the Companies Act, its Regulations and the JSE Listings Requirements relating to its incorporation, and operated in conformity with its Memorandum of Incorporation during FY2021.

* Copyright and trademarks are owned by the Institute of Directors in South Africa (IoDSA) NPC and all of its rights are reserved.

We welcome your feedback on our reporting suite. For copies of this report or to submit any comments, email askthecfo@discovery.co.za.

ALL REPORTS CAN BE FOUND ON OUR WEBSITE AT WWW.DISCOVERY.CO.ZA.

We use the following icons for further reading:



This icon refers to more information in this report



This icon refers to more information in our Integrated Annual Report



This icon refers to more detailed disclosure in our Sustainability Report, available on www.discovery.co.za/info/2021sreport



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

OUR 02

GOVERNANCE

PHILOSOPHY AND

FRAMEWORK

We see governance as a critical component of value creation, promoting strategic decision-making that balances short, medium and long-term outcomes to reconcile the interests of the Group, stakeholders and society.

Our approach to governance extends beyond compliance. We believe that good governance creates and preserves value by ensuring responsible and ethical behaviour, as well as enhancing accountability, leadership, risk management, performance management and transparency.

Our Board of Directors (the Board) is the highest governing body of the Discovery Group and is committed to the principles of good corporate governance as set out in King IV™. Discovery's core purpose is to make people healthier and enhance and protect their lives. To enable the delivery of our purpose, the Board endeavours to preserve the Group's unique entrepreneurial spirit – with strong emphasis on innovation – while entrenching the principles of good governance and ethical leadership throughout the organisation.

The Group is committed to a values-based and ethical culture built on the principles of non-discrimination, fairness, integrity and transparency. Compliance with Discovery's values is monitored throughout the organisation.

Achieving our governance outcomes

King IV™ forms the cornerstone of our approach to governance and, as such, we support its overarching goals:



MAINTAINING AN ETHICAL CULTURE



DELIVERING GOOD PERFORMANCE



ENSURING EFFECTIVE CONTROL



MAINTAINING LEGITIMACY

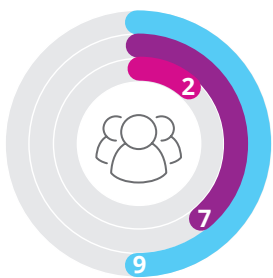
THE BOARD IS COMMITTED TO THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE AS SET OUT IN KING IV™. OUR KING IV™ APPLICATION REGISTER IS ON PAGE 36.



OUR 03 LEADERSHIP

Composition of the Board

The Discovery Board is committed to leading the Group responsibly, ethically and with integrity – ensuring that it operates in the best interest of the business and all its stakeholders.



DIRECTOR MIX
as at 7 October 2021

- Independent Non-executive Directors
- Executive Directors
- Non-executive Directors



AGE OF DIRECTORS
as at 7 October 2021

- 55 or younger
- 56 to 65
- 65 or older



DISCOVERY BOARD AREAS OF EXPERTISE, PRIMARY SKILLS AND EXPERIENCE



FOR DETAILED CURRICULA VITAE OF OUR LEADERSHIP TEAM, REFER TO PAGES 9 TO 15.

As at 30 June 2021, our Board comprised 17 Directors – 10 Non-executive and seven Executive, with our Chairperson as an Independent Non-executive Director. Subsequent to year-end, we appointed an additional Independent Non-executive Director to the Board to further enhance its independence, experience and skills.

Our Directors have diverse knowledge of the industry in which Discovery operates, as well as the requisite technical and academic qualifications, skills and experience necessary given the complexity of the Group's businesses in our South African, United Kingdom (UK) and partner markets. While our Executive Directors consider the best interests of all our stakeholders, they also act as representatives of our subsidiaries. Given Discovery's diverse operations, we believe this enhances discussion and, ultimately, enables more informed decision-making.

We believe that Board diversity encourages constructive debate among Directors and ensures that the Board considers all stakeholders in decision-making. The Board periodically considers its composition in terms of its knowledge, skills, experience, diversity and independence mix to discharge its roles and responsibilities objectively and effectively.

Our leadership continued

Board diversity

Discovery is committed to promoting diversity at Board level – including business and industry knowledge, skills and experience, age, gender, race and culture – recognising that diversity of thought makes prudent business sense. Our approach is set out in our Board Diversity Policy, which is informed by corporate governance best practice and meets regulatory compliance. The policy also sets out Discovery's voluntary minimum short and long-term targets in terms of race and gender representation at Board level. The requirements of this Board Diversity Policy, along with the voluntary minimum targets, are considered by the Nominations Committee when identifying and recommending suitable candidates for appointment to the Board.

On 30 June 2020, we set voluntary minimum targets to achieve 35% black and 25% female Board representation within three years, and 40% black and 30% female Board representation within five years. While the Nominations Committee was tasked with identifying suitable candidates to improve the gender and racial composition of our Board, it also focused on strengthening the Board's actuarial, data and technological knowledge capabilities. We made progress against these focus areas – during FY2021, we appointed an Independent Non-executive Director to enhance the Board's actuarial expertise and capabilities, and appointed an independent technology adviser to the Risk and Compliance Committee to further focus on the governance of technology and information. Subsequent to year-end, we appointed another Independent Non-executive Director to the Board. Considering these changes, on 7 October 2021 our Board comprised 28% female Directors (FY2020: 18%), while the representation of black Directors increased to 33% (FY2020: 29%). The Nominations Committee will continue to review the Board's composition annually and make recommendations on the appointment of new Directors and any actions that could be taken to meet the Group's voluntary minimum targets.

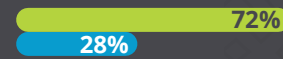
Determining independence

The categorisation of each Non-executive Board member as independent or not is assessed against the criteria outlined in King IV™. An Independent Director is defined as a Board member who exercises objective judgement, and there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence them unduly or cause bias in decision-making.

Every year, the Board conducts an assessment to ensure Directors' independence in fact and perception. The process includes an assessment of each Director's circumstances and performance to ensure that the Directors remain independent. We believe that the Independent Directors who serve on our Board are invaluable in facilitating robust debate and, as such, this assessment is viewed as critical.

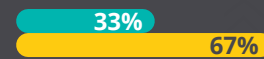
Regarding all Directors, the Board is satisfied that there are no relationships or conflicts of interest that could prevent them from acting in the best interests of the Group, and with due care in discharging their duties. Furthermore, regarding Directors who have served longer than nine years, the Board has assessed each Director

BOARD DIVERSITY STATISTICS AS AT 7 OCTOBER 2021:



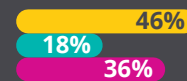
GENDER DIVERSITY

- Male
- Female



RACIAL DIVERSITY

- Black
- White



TENURE OF NON-EXECUTIVE DIRECTORS

- 0 to 4 years
- 5 to 8 years
- 9 years +

and is satisfied that the length of service does not adversely affect their independence or decision-making capabilities. The Board is comfortable that these Directors continue to be independent in character, behaviour, judgement and contribution towards Board decision-making, notwithstanding tenure.

While the Board is comfortable with the independence of the Directors, the Board is also aware that stakeholders require committed focus on increasing independence through the review of and potential addition of new members. The Board continues to review its composition and is committed to appointing new Directors in a mindful and considered manner to protect stakeholder value and deliver robust governance and leadership. The Nominations Committee assists the Board to ensure it has the appropriate balance of skills, qualifications and experience for it to execute its duties effectively; and is also responsible for establishing a succession plan for the Board – which includes identifying, mentoring and developing future candidates.

FOR MORE INFORMATION ON SUCCESSION PLANNING, AS WELL AS THE APPOINTMENT AND ROTATION OF DIRECTORS, REFER TO PAGE 21.






Our leadership continued

Key focus areas of our Board during FY2021

The Group's response to COVID-19

The COVID-19 pandemic continued to disrupt the markets in which we operate during FY2021, and significantly affected our communities, employees, financial advisers and other stakeholders. The pandemic emphasised the economic and social significance of our core purpose, and our Board spent significant time considering Discovery's response to COVID-19 to ensure we protected the health, safety and wellbeing of our people; protected and supported our clients; and supported country efforts in South Africa while maintaining financial strength and resilience. The Board also monitored Discovery's role in South Africa's national vaccination programme, as well as the execution of the Group's COVID-19 vaccine rollout strategy – which includes the establishment of vaccination sites across the country.

 REFER TO OUR ONLINE INTEGRATED ANNUAL REPORT AND SUSTAINABILITY REPORT FOR MORE INFORMATION ON OUR RESPONSE TO COVID-19.

Ensuring the business is positioned for growth

Over the past year, the Board continued to focus on ensuring Discovery's financial strength and resilience during the pandemic, and consistently monitored the impact of COVID-19 on the execution and delivery of the Group's strategy. Three key trends emerged during the pandemic – the increased focus on health, wellness and resilience; the accelerated use of technology and increased digitisation; and the increased importance of purpose and trust. During its annual strategy session, the Board reviewed the Group's strategy – keeping in mind the impact of these three trends on our medium and long-term objectives – and is satisfied that Discovery's long-term strategy remains fundamentally unchanged and that the Group is well positioned to pursue its growth ambitions. Furthermore, the Board is satisfied that Discovery has the necessary resource allocation plans in place to address the socioeconomic challenges and achieve the Group's long-term strategic objectives.

 REFER TO OUR ONLINE INTEGRATED ANNUAL REPORT FOR MORE INFORMATION ON OUR STRATEGY.

Strengthening the internal talent pipeline

Discovery's ability to accurately identify and develop the best talent has become a critical competitive factor. The Board continued to monitor the improvement in the overall quality of the Group's internal talent pipeline to ensure good succession coverage for critical roles in our executive management team. While a number of steps were taken to improve the Group's diversity profile, the Board acknowledges that there are opportunities for improvements, including transforming and developing our senior management team.

Ensuring leading remuneration practices

The Board continues to consider Discovery's remuneration policies and practices to ensure that they are fair, responsible and transparent. We endeavour to align our Remuneration Policy with the interests of our shareholders and other important stakeholder objectives, while also providing a competitive value proposition for high-performing employees.

During the year, the Board considered the implementation of a simplified, market-competitive Single Incentive Plan (SIP) as a simpler approach to executive remuneration, where the quantum and drivers of variable pay are clear and easy to understand for both our shareholders and employees. In addition, improved disclosure of the actual performance against targets, as well as the remuneration of our Directors, will provide enhanced transparency and governance.

 FOR MORE INFORMATION, REFER TO THE REMUNERATION REPORT IN OUR ONLINE INTEGRATED ANNUAL REPORT.

Considering the Ping An Health Insurance capital contribution

Ping An Health Insurance, in which Discovery has a 25% equity stake, is a specialist health insurance company in China, forming part of the Ping An Group. The nature of the business is changing, and Ping An Health Insurance is transitioning from relying heavily on a single product and channel into a sustainable, large-scale health insurer. Ping An Health Insurance required a capital contribution due to updated solvency rules – referred to as China Risk Oriented Solvency System (C-ROSS) Phase II, scheduled to be implemented with effect from 1 January 2022 – and to support solvency levels amid continued business growth. During the year, the Board considered the following: capital contributions made to date; further contributions required; Ping An Health Insurance's business risks; and the implications of the capital contribution on the Group. The transaction will be finalised in FY2022.

 FOR MORE INFORMATION, REFER TO THE CFO REPORT IN OUR ONLINE INTEGRATED ANNUAL REPORT.



Our leadership continued

Key focus areas of our Board during FY2021

continued

Overseeing compliance with the Mandatory Audit Firm Rotation rules


During the year, the Board (guided by the recommendations of the Audit Committee) continued to oversee Discovery's compliance with the Mandatory Audit Firm Rotation (MAFR) rules issued by the Independent Regulatory Board for Auditors in South Africa (IRBA), as well as the anticipated regulations of the Prudential Authority of the South African Reserve Bank (Prudential Authority) requiring significant insurance groups to have joint external auditors. As part of this, the Board considered costs, the transition period and handover from our current external auditors, the independence of prospective external auditors and their global reach, the timing of International Financial Reporting Standards (IFRS) 17 adoption and balancing the rules of various international jurisdictions.

PwC was the Group's sole external auditors for FY2021. For FY2022 and FY2023, Discovery intends to appoint KPMG to act as joint auditors with PwC, after which PwC's appointment will be terminated in accordance with the MAFR rules. We intend to appoint Deloitte & Touche (Deloitte) as joint auditors with KPMG for FY2024. The respective appointments of KPMG and Deloitte will be recommended to shareholders at the appropriate AGMs. Furthermore, the appointments of the audit firms and lead audit partners are subject to approval from the Prudential Authority.

Strengthening the Group's approach to climate change

We are committed to reducing our environmental footprint by responsibly managing and consuming energy, water and waste while exploring alternative long-term solutions. During the year, the Board approved a Group Climate Change Strategy to better account for present and future climate-related risks and opportunities. The strategy supports global and national imperatives, aligns with the recommendations of the TCFD and provides guidance on governance and strategy-related matters, risk management, metrics and targets. Our management team is responsible for delivering on Discovery's Climate Change Strategy with oversight from the Board, and our performance will be disclosed annually in our Integrated Annual Report and Sustainability Report.

 FOR MORE INFORMATION, REFER TO PAGE 26.

 FOR MORE INFORMATION, REFER TO OUR ONLINE INTEGRATED ANNUAL REPORT AND SUSTAINABILITY REPORT. OUR GROUP CLIMATE CHANGE STRATEGY CAN ALSO BE ACCESSED ON OUR WEBSITE.

Our Board's key focus areas during FY2022

During FY2022, our Board will oversee, among others, the following matters in their capacity as Discovery's highest governing body:

- Discovery's ongoing response to COVID-19.
- The Group's continued financial strength and resilience given the volatile socioeconomic environment.
- The delivery of the Group's Climate Change Strategy, including performance against climate-related goals.
- Gaining traction with Discovery Bank.
- Pursuing areas of potential scale.
- Finalising the Ping An Health Insurance capital contribution.

Board meetings

In terms of its Charter, the Board formally meets at least four times a year to discuss and review a formal schedule of matters. At these meetings, the Directors discuss the development and implementation of the Group's short, medium and long-term strategies, and engage with executive management about implementation of the strategies. The Board has conducted meetings virtually since March 2020.

The Board also has the authority to convene additional meetings as and when required. During the year, the Board convened one additional meeting, held in April 2021, to ensure it met at least every three months.

BOARD MEETING ATTENDANCE DURING FY2021

Board member	ATTENDANCE
Non-executive directors	
M Tucker# (Chairperson)	5/5
HL Bosman	5/5
Dr B Brink*	5/5
SE De Bruyn#	5/5
R Farber	5/5
F Khanyile#	5/5
D Macready#	5/5
Dr TV Maphai#	5/5
HP Mayers*	1/1
M Schreuder***	2/2
SV Zilwa#	4/5
Executive directors	
A Gore	5/5
HD Kallner	5/5
NS Koopowitz	5/5
Dr A Ntsaluba	5/5
A Pollard	5/5
B Swartzberg	5/5
D Viljoen	5/5

Independent

* HP Mayers retired as Board member and member of the Actuarial Committee with effect from 26 November 2020.

** M Schreuder was appointed as Board member and member of the Audit Committee, Risk and Compliance Committee, and Actuarial Committee with effect from 19 February 2021.

Non-executive Directors may serve on the boards of other organisations. The Chairperson of the Discovery Board, who is also the Chairperson of the Nominations Committee, must be satisfied that the nature of the other organisation, its location and the expected time commitment will not affect the role and responsibility of the Non-executive Director to prioritise the affairs of the Discovery Group.



Our leadership continued

Our Board of Directors

**CHAIRPERSON OF THE BOARD****Mark Tucker (63)****Independent Non-executive Director**

Appointed: 1 March 2019

Qualifications: BA (Hons),
University of Leeds, ACA, ICAEW**Nationality** British**Committee memberships** Nominations Committee (Chairperson)**EXPERIENCE**

Mark is a qualified Chartered Accountant with over 35 years' experience in the financial services industry in the UK, US and Asia – including 25 years based in Hong Kong. Mark is the Non-executive Group Chairperson of HSBC Holdings. Most recently, Mark served as Group Chief Executive and President of AIA Group Limited, where he spearheaded its world-record-breaking initial public offering in Hong Kong in 2010. Before AIA, Mark held various senior executive roles with Prudential, including Group Chief Executive of Prudential plc. He was the founding Chief Executive Officer (CEO) of Prudential Corporation Asia Limited. Mark was also an Independent Non-executive Director of the Goldman Sachs Group and served on the Court of the Bank of England as a Non-executive Director from 2009 to 2012.

AREAS OF VALUE-ADDING EXPERTISE

Financial services, insurance, asset management and banking.

OTHER DIRECTORSHIPS

Non-executive Group Chairperson of HSBC Holdings plc, Chairperson of TheCityUK, Director of the Peterson Institute for International Economics, Director of Institute of International Finance, serves on the Asia Business Council and Advisory Board of the Asia Global Institute, Associate Professor at the Chinese University of Hong Kong, Member of the International Council of Advisers of the Hong Kong Academy of Finance, Member of UK Investment Council and Advisory Group on Trade Finance to the International Chamber of Commerce and Member of the B20 International Advocacy Caucus.

PROFESSIONAL BODY MEMBERSHIPS

Member of Asia Business Council, and Associate of the Institute of Chartered Accountants in England and Wales.

**Herman Bosman (52)****Non-executive Director**

Appointed: 14 April 2014

Qualifications: BCom LLB, LLM (cum laude), CFA

Nationality South African**Committee memberships**

- Risk and Compliance Committee
- Remuneration Committee
- Nominations Committee

EXPERIENCE

Herman is the CEO of RMB Holdings and Rand Merchant Investment Holdings, having joined the companies in April 2014. He served as CEO of Deutsche Bank South Africa from 2006 to 2013, and Head of Corporate Finance at Rand Merchant Bank from 2000 to 2006. In these capacities, Herman acted as a professional adviser to Discovery on several occasions.

AREAS OF VALUE-ADDING EXPERTISE

Strategy and corporate finance adviser, and financial analyst.

OTHER DIRECTORSHIPS

Director of RMB Holdings, Rand Merchant Investment Holdings and Hastings, Chairperson of OUTsure and Endeavor South Africa, Member of the University of Johannesburg Advancement Advisory Board, and Director of St Katharine's School Board.

Our leadership continued


Dr Brian Brink (69)
Independent Non-executive Director

Appointed: 19 February 2004
 Qualifications: BSc (Med), MBChB, DMed (Honorary)

Nationality	South African
--------------------	---------------

- | | |
|------------------------------|--|
| Committee memberships | <ul style="list-style-type: none"> ■ Risk and Compliance Committee ■ Social and Ethics Committee ■ Treating Customers Fairly Subcommittee |
|------------------------------|--|

EXPERIENCE

Brian retired as Anglo American plc's Chief Medical Officer at the end of 2014. He was awarded an honorary doctorate in medicine by the University of the Witwatersrand (Wits) in recognition of his contribution to the private sector's response to HIV/AIDS in South Africa. He served the board of The Global Fund to Fight Aids, Tuberculosis and Malaria in various capacities from 2002 to 2019. Brian has extensive experience in the funding and delivery of healthcare and remains actively engaged in discussions about health systems strengthening and public-private partnerships in health.

AREAS OF VALUE-ADDING EXPERTISE

Health insurance, health services delivery, workplace health, health and human rights, strengthening health systems in resource-poor settings, and thought leadership on the role of the private sector in improving health in developing countries.

OTHER DIRECTORSHIPS

Director of several non-governmental organisations (NGOs) in the field of health and human rights, including Section27, Right to Care and GrassrootSoccer.

PROFESSIONAL BODY MEMBERSHIPS

Health Professions Council of South Africa and the South African Medical Association.


Sonja De Bruyn (49)
Independent Non-executive Director

Appointed: 8 December 2005
 Qualifications: LLB (Hons), MA, SFA, Harvard Executive Programme

Nationality	South African
--------------------	---------------

- | | |
|------------------------------|---|
| Committee memberships | <ul style="list-style-type: none"> ■ Remuneration Committee (Chairperson) ■ Audit Committee |
|------------------------------|---|

EXPERIENCE

Sonja is the Founder and Principal Partner of Identity Partners, an investment firm that makes equity investments, conducts advisory work and is growing into the private equity space through the Identity Fund Managers. Until August 2007, she was an Executive Director of WDB Investment Holdings where she led the structuring of several of WDB's investment transactions. Before this, she was Vice President of Deutsche Bank's investment banking division, where she worked in mergers and acquisitions and corporate finance in South Africa and the UK.

AREAS OF VALUE-ADDING EXPERTISE

Law, business and economics.

OTHER DIRECTORSHIPS

Director of RMH Holdings Limited, RMI Holdings Limited and Remgro Limited.

PROFESSIONAL BODY MEMBERSHIPS

Association of Black Securities and Investment Professionals.


Richard Farber (50)
Non-executive Director

Appointed: 1 April 2018
 Qualifications: BCom (Hons), CA(SA), FCMA, CA ANZ, MAICD

Nationality	South African
--------------------	---------------

- | | |
|------------------------------|--|
| Committee memberships | <ul style="list-style-type: none"> ■ Risk and Compliance Committee ■ Actuarial Committee |
|------------------------------|--|

EXPERIENCE

Richard joined Discovery as CFO in 2003 and was appointed Financial Director on 1 July 2009. Richard relinquished these roles on 30 April 2017 and has since remained a Discovery Board member. He was a partner at Fisher Hoffman Sithole (PKF) from 1998 until 2001, before joining Investec Bank as Group Accountant until 2003.

AREAS OF VALUE-ADDING EXPERTISE

Strategy and policy development, and financial management.

PROFESSIONAL BODY MEMBERSHIPS

South African Institute of Chartered Accountants (SAICA), Chartered Accountants Australia and New Zealand, Australian Institute of Company Directors, and Fellow of the Chartered Institute of Management Accountants.



Our leadership continued



Adrian Gore (57)

Founder, Executive Director and Group Chief Executive

Appointed: Founder

Qualifications: BSc (Hons), FFA, ASA, MAAA, FASSA, Honorary DCom (Wits)

Nationality

South African

Committee memberships

■ Nominations Committee

EXPERIENCE

Adrian is the founder and Group Chief Executive of the Discovery Group. In 1998, he was recognised as South Africa's Best Entrepreneur by Ernst & Young and was chosen as South Africa's leading CEO in the annual Moneyweb CEO of the Year Awards in 2004. In 2008, he received the Investec Award for Considerable Contribution in a Career/Profession, and he was named Sunday Times Business Leader of the Year in 2010. Alongside his commitments, he works with other leaders to stimulate entrepreneurship in South Africa. In 2017, Adrian received the Frost and Sullivan Visionary Innovation Leadership Award for Africa, and the Ernst & Young Global Life Time Achiever (Entrepreneurship) Award.

AREAS OF VALUE-ADDING EXPERTISE

Strategy development and execution in leading change and building excellent financial services businesses, strong innovation, entrepreneurship and leadership skills that make a significant contribution to national thought leadership and creating positive social change.

OTHER DIRECTORSHIPS

Director of the Endeavor South Africa Chapter, World Economic Forum Industry Council Agenda on Future Health, Columbia University Mailman School of Public Health, World Health Organization Commission on Ending Childhood Obesity, Chairperson of the SA SME Fund and Chairperson of the King David School Foundation.

PROFESSIONAL BODY MEMBERSHIPS

Fellow of the Actuarial Society of South Africa and Faculty of Actuaries (Edinburgh), Associate of the Society of Actuaries (Chicago) and Member of the American Academy of Actuaries.



Hylton Kallner (46)

Executive Director

CEO: Discovery Bank

CEO: Discovery South Africa operations

Appointed: 3 June 2010

Qualifications: BEconSc, FFA, FASSA

Nationality

South African

Committee memberships

■ Actuarial Committee
■ Social and Ethics Committee
■ Risk and Compliance Committee

EXPERIENCE

On 1 January 2021, Hylton assumed the roles of CEO of Discovery Bank and Discovery Bank Holdings. Although he stepped down from various subsidiary boards, Hylton retains his role as Chairperson of the Discovery South Africa Executive Committee as the key coordination structure across the Group's South African businesses. He joined Discovery in October 1996, holding various positions within the Group across marketing, research and development, actuarial and strategic projects. He served as the Group's Chief Marketing Officer from 2006 to 2015 and Discovery Life CEO from 2016 to 2019. Hylton was appointed to the boards of Discovery Health, Discovery Vitality and Discovery Life in April 2010.

AREAS OF VALUE-ADDING EXPERTISE

Marketing, actuarial, strategy development, execution, building businesses, leadership and innovation.

PROFESSIONAL BODY MEMBERSHIPS

Fellow of the Faculty of Actuaries and the Actuarial Society of South Africa.



Our leadership continued



Faith Khanyile (54)

Independent Non-executive Director

Appointed: 1 October 2015

Qualifications: BA Econ, MBA (Finance), HDIP Tax, Executive Leadership Programme (Columbia University)

Nationality

South African

Committee memberships

- Social and Ethics Committee
- Nominations Committee
- Remuneration Committee

EXPERIENCE

Faith is a founding member and CEO of WDB Investment Holdings. Faith has over 24 years financial services sector experience. She held various senior and executive roles with Standard Bank Corporate and Investment Banking between 2001 and 2013. She was the Head of Corporate Banking, where she was responsible for strategy development and execution, people leadership, key client relationship management and business development. She also served on Standard Bank's CIB Executive and Credit committees. Before joining Standard Bank, Faith was with Brait Private Equity. In May 2016, Faith was accorded Doctor of Law by Wheaton College. She is also a recipient of the 2017 Business Woman of the Year Award (Corporate category) from the Businesswomen's Association of South Africa.

AREAS OF VALUE-ADDING EXPERTISE

Financial services, corporate and investment banking, governance, social investment and strategy development.

OTHER DIRECTORSHIPS

JSE Limited, Transcend Residential Limited, Seed Academy (Proprietary) Limited and Primestars (Proprietary) Limited.

PROFESSIONAL BODY MEMBERSHIPS

International Women's Forum South Africa.



Neville Koopowitz (57)

Executive Director

CEO: Vitality UK

Appointed: 19 September 1999

Qualifications: BCom

Nationality

South African

EXPERIENCE

Neville joined Discovery as Marketing Director in 1996 and has played a key role in defining and building the Discovery identity, and developing Discovery's sales and distribution network. One of his particular focus areas was the launch of Vitality in South Africa in 1997, serving as its CEO from inception whilst still maintaining his role of Chief Marketing Officer of the Discovery Group. In this role, Neville also oversaw the launch of Discovery Card. In 2005, he was appointed Discovery Health CEO, holding this position until 2010. He then moved to the UK and took up the role as CEO of PruHealth (now Vitality UK) to manage the acquisition of Standard Life Healthcare. He is currently the CEO of the Vitality UK Group which encompasses VitalityHealth, VitalityLife, VitalityInvest and VitalityCar.

AREAS OF VALUE-ADDING EXPERTISE

Corporate identity building, strategy and management, development and implementation of business operating models, product development and new market development.

PROFESSIONAL BODY MEMBERSHIPS

Association of British Health Insurers and member of its Health Committee.



David Macready (62)

Independent Non-executive Director

Appointed: 3 February 2020

Qualifications: BCom (Hons), CTA, CA(SA), Harvard (SEP), INSEAD (IDP)

Nationality

South African and British

Committee memberships

- Audit Committee (Chairperson)
- Actuarial Committee
- Risk and Compliance Committee

EXPERIENCE

David was an audit partner at Deloitte in South Africa and, subsequently, in London for six years before entering financial services. He held positions as Managing Director of Syfrets Private Bank, Managing Director of Nedbank Wealth, CEO of Old Mutual Investment Group and CEO of Old Mutual South Africa. Over a period of 21 years, he served on the Group Executive of Nedcor Investment Bank, Nedbank Group Limited and Old Mutual Limited. David retired following the Old Mutual managed separation at the end of 2018.

AREAS OF VALUE-ADDING EXPERTISE

Asset management, banking, insurance and wealth management. Accounting, auditing and governance.

PROFESSIONAL BODY MEMBERSHIPS

South African Institute of Chartered Accountants (SAICA).

Our leadership continued


Dr Vincent Maphai (69)
Independent Non-executive Director

Appointed: 8 December 2005

Qualifications: DPhil, Advanced Management Programme (Harvard), and other senior management certificates and diplomas

Nationality

South African

Committee memberships

■ Nominations Committee

EXPERIENCE

Vincent is the Non-executive Chairperson of Sibanye-Stillwater Limited and Stadio Holdings. Previously, he was Director of Corporate Affairs and Transformation at South African Breweries and the Southern African Chairperson of BHP Billiton. He has 20 years' experience as a professional academic and 15 years' experience as a senior executive in the private sector. Vincent served on the boards of various companies as Non-executive Chairperson. He also held a two-year academic position at Williams College in Massachusetts.

AREAS OF VALUE-ADDING EXPERTISE

Transformation, restructuring, and business social environment.

OTHER DIRECTORSHIPS

Sibanye-Stillwater Limited (Chairperson), Discovery Foundation (Chairperson), Stadio Holdings and Batiki Game.

PROFESSIONAL BODY MEMBERSHIPS

Academy of Science of South Africa and the IoDSA.


Dr Ayanda Ntsaluba (61)
Executive Director

Appointed: 1 July 2011

Qualifications: MBChB, MSc (London), FCOG (SA), Executive MBA (SA)

Nationality

South African

EXPERIENCE

Before joining Discovery in 2011, Ayanda served as Director-General of the Department of International Relations and Cooperation. Before this, he was Director-General of the Department of Health and chaired the Steering Committee of the South African Aids Vaccine Initiative. A qualified obstetrician and gynaecologist, Ayanda completed further tertiary education in health policy planning, international relations and business at eminent universities, including the University of London, Moscow Institute of Social Sciences and the University of Cape Town Graduate School of Business. Ayanda plays an instrumental role in Discovery's overall strategic planning, particularly in the healthcare system and Discovery's international expansion strategy.

AREAS OF VALUE-ADDING EXPERTISE

Health policy planning, international relations, stakeholder management and business.

OTHER DIRECTORSHIPS

Clinix Health Group, University of KwaZulu-Natal Council, Business Leadership South Africa and BRICS Business Council (South African Chapter).


Alan Pollard (52)
Executive Director

Appointed: 30 August 2007

Qualifications: BSc (Hons), FASSA

Nationality

South African

Committee memberships

 ■ Risk and Compliance Committee
 ■ Actuarial Committee

EXPERIENCE

In 1994, Alan joined Discovery as Head of Research and Development, where he was responsible for designing and developing Discovery Health products. From 2005, he served as Discovery Vitality CEO until relocating to the United States of America (USA) in 2012 to grow Vitality's presence in North America. Alan serves as President of Global Product and Innovation of Vitality Group, and continues to be based in the USA.

AREAS OF VALUE-ADDING EXPERTISE

Product design and behavioural economics.

PROFESSIONAL BODY MEMBERSHIPS

Fellow of the Actuarial Society of South Africa.



Our leadership continued



Marquerithe Schreuder (52)

Independent Non-executive Director

Appointed: 19 February 2021

Qualifications: BCom (Hons), FIA, FASSA

Nationality

South African

Committee memberships

- Risk and Compliance Committee (Chairperson)
- Audit Committee
- Actuarial Committee

EXPERIENCE

Marquerithe is a qualified actuary and has been a Fellow of the Institute of Actuaries and a Fellow of the Actuarial Society of South Africa since 2000. She was an Independent Director of Hannover Re Africa Group, where she acted as the Chairperson of the Actuarial and Risk and Remuneration committees. Marquerithe was also a Director at the Actuarial Insurance Solutions division of Deloitte. Further, she continues to serve on the Actuarial Society of South Africa's Life Assurance Tax Subcommittee.

AREAS OF VALUE-ADDING EXPERTISE

Insurance capital, risk and finance management, stakeholder guidance and oversight, business management, and regulatory and insurance tax requirements.

OTHER DIRECTORSHIPS

None

PROFESSIONAL BODY MEMBERSHIPS

Fellow of the Institute of Actuaries, Fellow of the Actuarial Society of South Africa.



Barry Swartzberg (56)

Executive Director**Chief Executive Officer: Vitality Group**

Appointed: 3 August 1999

Qualifications: BSc, FFA, ASA, FASSA, CFP

Nationality

South African

EXPERIENCE

Barry is the co-founder of Discovery. He was instrumental in establishing Discovery Health's marketing, distribution and operational functions as Chief Marketing Officer from 1992 to 1996 and Chief Operations Officer from 1997 to 1999. He then served as CEO from 2000 to 2005, launching the first low-income medical scheme plans and Discovery Health's administration services business for closed medical schemes. From 2005 to 2014, he served as Group Executive Director responsible for Discovery's strategy and new business development. In this role, he initiated Discovery's strategy to launch a retail bank, helped start Discovery Insure, secured the shareholding in Ping An Health Insurance, established the first insurance partnership with AIA and established Vitality USA. Barry now serves as Vitality Group CEO, responsible for expanding Discovery's Shared-value Insurance model beyond South Africa and the UK. He also serves on the boards of Discovery Insure, Vitality Group and Ping An Health Insurance in China.

AREAS OF VALUE-ADDING EXPERTISE

Infrastructure development, business diversification, strategy development and execution.

OTHER DIRECTORSHIPS

Director of Endeavor and Discovery Fund.

PROFESSIONAL BODY MEMBERSHIPS

Fellow of the Faculty of Actuaries (Edinburgh), Fellow of the Society of South African Actuaries and Associate of the Society of Actuaries (Chicago).



Deon Viljoen (56)

Executive Director**Group Chief Financial Officer (CFO)**

Appointed: 1 May 2017

Qualifications: BCom Accountancy (cum laude), BCom (Hons), CA(SA)

Nationality

South African

Committee memberships

- Risk and Compliance Committee
- Social and Ethics Committee
- Actuarial Committee

EXPERIENCE

Deon joined the Discovery Group in May 2017 as Group CFO. He serves on the boards of various of the Group's subsidiaries and committees, including the Group Executive Committee. Before joining Discovery, he was with the Alexander Forbes Group, where he joined in 2003 as Finance Director of Investment Solutions. He later became Finance Director of the group's African operations and, in 2007, assumed the role of Group CFO. In this role, Deon served as Executive Director on Alexander Forbes Group Holdings Limited's Board and the listed special purpose vehicle Alexander Forbes Preference Share Investments Limited, as well as various subsidiary boards and committees. Deon was instrumental in strategic repositioning during the private equity holding and the relisting in 2014. He also served as interim CEO in 2016. Deon was named CFO of the Year 2015 by CFO SA. Earlier in his career, he was a Partner and Director of PwC Johannesburg. As part of his specialisation in banking and financial services, he advised clients and presented on topics such as financial risk management. While in the accountancy profession, Deon was a member of the SAICA Banking Industry Group and chaired the Investment Management and the Collective Investment Schemes industry groups.

AREAS OF VALUE-ADDING EXPERTISE

Financial services, banking, and expertise in specialist topics such as financial risk management.

PROFESSIONAL BODY MEMBERSHIPS

South African Institute of Chartered Accountants (SAICA).



Our leadership continued



Sindi Zilwa (54)

Independent Non-executive Director

Appointed: 20 February 2003

Qualifications: BCompt (Hons), CTA, CA(SA), Advanced Taxation Certificate (SA), Advanced Diploma in Financial Planning (UOFS), Advanced Diploma in Banking (RAU)

Nationality

South African

Committee memberships

- Social and Ethics Committee (Chairperson)
- Audit Committee
- Risk and Compliance Committee
- Treating Customers Fairly Subcommittee

EXPERIENCE

Sindi is certified as a Chartered Director (SA) by the IoDSA. She is a retired businesswoman, previously an entrepreneur and CEO of Nkonki, an audit firm she co-founded in 1993 and managed until she retired through a management buyout in October 2016. She received the Businesswoman of the Year Award from the Executive Women's Club in 1998 and the Woman of Substance Award from the African Women Chartered Accountants Forum in 2008. In 2014, she was named Overall Professional Woman of the Year in the South African Professional Services Awards (SAPSA) and, in 2016, she was acknowledged as an Outstanding CEO of a Black Audit Firm's Award. In 2013, she authored her first book, *The ACE Model: Winning Formula for Audit Committees*, and published *Creating Effective Boards and Committees* in 2016.

AREAS OF VALUE-ADDING EXPERTISE

Accounting, auditing, compliance, governance, risk management and transformation.

OTHER DIRECTORSHIPS

Sibanye Stillwater, Metrofile, Mercedes Benz of South Africa Limited, Massmart, and Cell C Limited.

PROFESSIONAL BODY MEMBERSHIPS

South African Institute of Chartered Accountants (SAICA) and IoDSA.

NEW BOARD APPOINTMENT SINCE YEAR-END



Monhla Hlahla (58)

Independent Non-executive Director

Appointed: 15 August 2021

Qualifications: BA (Hons) (Economics), MA (Urban Planning), Advanced Management Programme (INSEAD)

Nationality

South African

Committee memberships

- Audit Committee
- Social and Ethics Committee

EXPERIENCE

Monhla is a highly experienced executive and business leader with over 35 years' experience in infrastructure development and management. Monhla has a depth of experiences in corporate governance, based on a demonstrated history of non-executive directorships in a variety of industries. Her experiences are a combination of strong operational experiences and extensive exposure to private and public sector governance and leadership, that places Monhla uniquely among the leading Executive Coaches from the African continent. She previously served as Managing Director of Airports Company South Africa (ACSA), and under her management, ACSA embarked on its biggest ever capital expenditure programme to cater for the increasing number of passengers going through South African airports. She also served as the Chairperson of the Johannesburg Water Utility, the Trans-Caledon Water Authority and the Industrial Development Corporation. In 2014, Monhla was honoured by the President of France with the Chevalier de la Legion d'Honneur and, in 2005, both the Black Business Quarterly and the Businesswomen's Association named her Businesswoman of The Year.

AREAS OF VALUE-ADDING EXPERTISE

Corporate governance, risk management, HR and leadership development, stakeholder value management, business acumen, systems and technical planning, and financial services.

OTHER DIRECTORSHIPS

Royal Bafokeng Holdings (Pty) Ltd (Chairperson), and Africa 50.

Herschel Mayers retired as member of the Board and Actuarial Committee with effect from 26 November 2020.

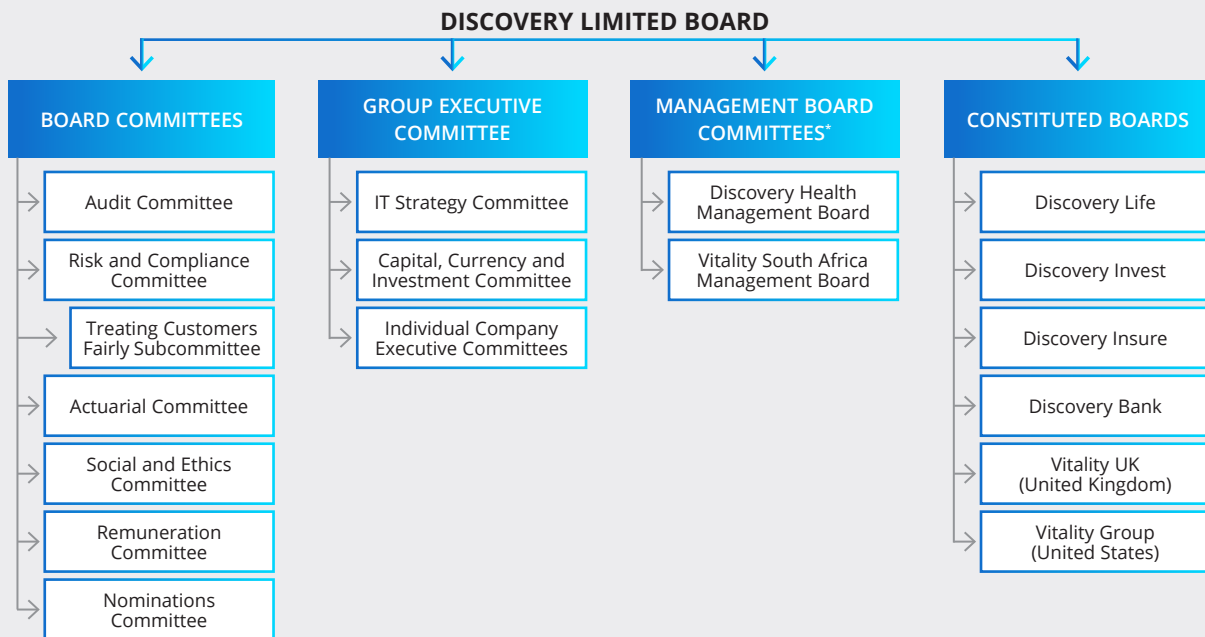
Our leadership continued

Our governance structures

The governance structure of the Group is strengthened by the Board and Management Committees that support the Board in the performance of its responsibilities. The Board has oversight of the Board committees, Group Executive Committee, Management Board committees and Constituted Boards. Vitality UK, Vitality Group, Discovery Life, Discovery Invest, Discovery Insure and Discovery Bank all have Board and governance structures that operate independently from the Group.

Focus is placed on ensuring the strength of our Management and Constituted Boards to entrench strong governance throughout the Group. The Board is satisfied with the composition of these structures.

FOR MORE INFORMATION ON OUR BOARD COMMITTEES, REFER TO PAGE 28.



* The Constituted Board for Vitality South Africa and Discovery Health is the same as that of the Group, with the exception of ME Tucker, M Hlahla, D Macready and M Schreuder. To further support this structure, Management Board committees were formed.

GROUP EXECUTIVE COMMITTEE

The Group Executive Committee is responsible for implementing the strategies approved by the Discovery Board and for managing the affairs of the Group. It meets every week and is chaired by Adrian Gore, our Group Chief Executive. Furthermore, business units across our primary and partner markets have established Executive Committees that meet regularly, and who report to the South African Executive Committee, UK Executive Committee and Vitality Group Executive Committee, as relevant. Feedback on the activities of each business unit and composite is provided during the weekly meetings of the Group Executive Committee.

MANAGEMENT BOARD COMMITTEES

The Management Board committees meet at least four times a year, and were established to assist the Board in overseeing the strategic outlook and objectives of the business, considering developments and proposals, as well as considering risks and product and actuarial issues.

Governance structure	Independent Non-executive Directors	Non-executive Directors	Executive Directors	Members of Management
Discovery Health Management Board	5	2	6	7
Vitality South Africa Management Board	5	2	7	6

CONSTITUTED BOARDS

The Discovery Life, Discovery Invest, Discovery Insure, Discovery Bank, Vitality UK and Vitality Group businesses all have Constituted Boards, which operate autonomously and independently of the Group Board, and include Independent Non-executive Directors. Minutes of these Constituted Board meetings are tabled at Group Board meetings to ensure that the Board monitors the extent to which these Boards deliver, and to ensure alignment to the overall Group strategic framework. Adrian Gore, our Group Chief Executive, served as the Chairperson of Discovery Bank's Constituted Board from 13 February 2017 to 31 March 2021 – an arrangement that was a special dispensation granted by the Prudential Authority during the start-up period of the business. On 1 April 2021, Dr Reuel Khoza was appointed as the Independent Non-executive Chairperson of Discovery Bank.

Our Group Board also serves as the Constituted Board for Vitality South Africa and Discovery Health.

04

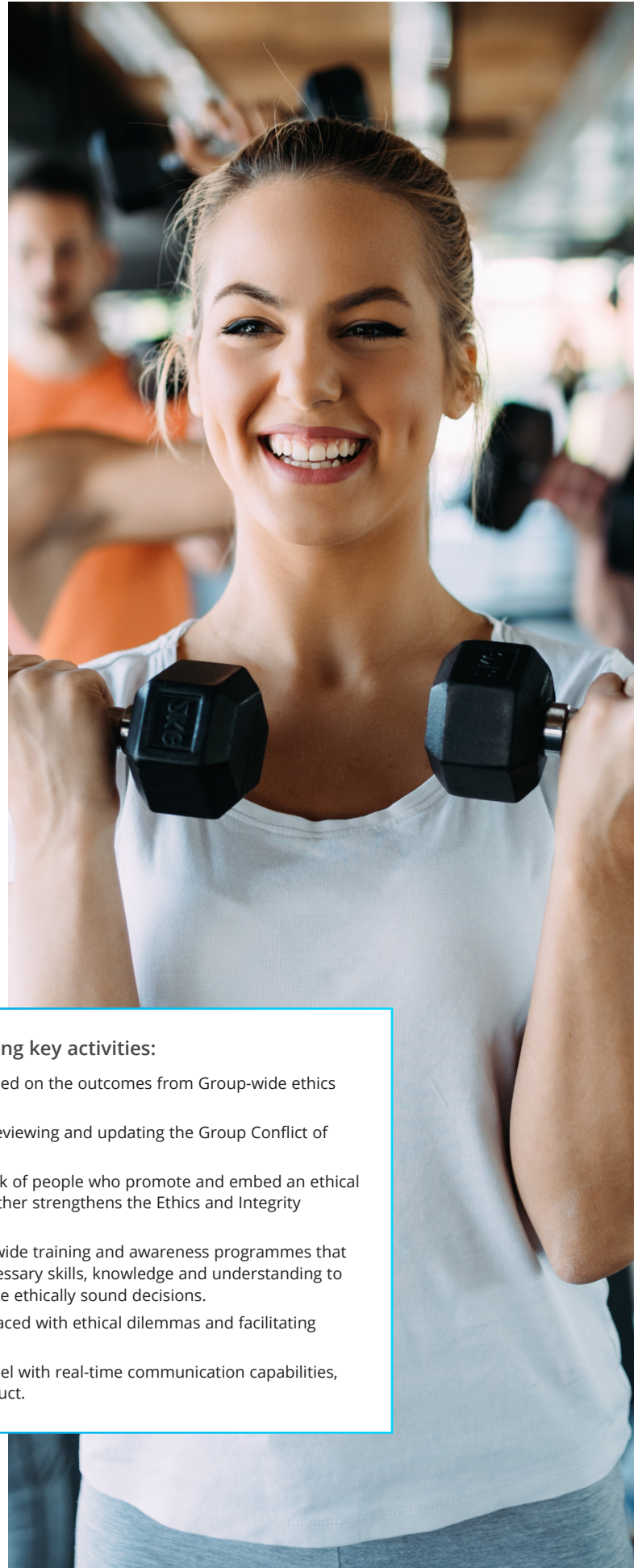
MAINTAINING AN ETHICAL CULTURE

The principles and recommendations contained in King IV™ are entrenched in our governance and risk-management structures, policies and procedures. This informs the way we do business, and forms the foundation from which we build an ethical culture throughout the Group. Above all, the Board leads ethically and effectively, thereby ensuring the sustainability of our business.

The Group has established a dedicated Ethics Office. The Board, assisted by the Social and Ethics Committee, mandates and oversees the Ethics Office which, in turn, manages and implements the Ethics Management Strategy and Plan throughout the Group. Furthermore, as a Group function, the Ethics Office supports the Board, executives, management and employees in cultivating and strengthening an ethical culture within the organisation.

 REFER TO PAGE 33 FOR MORE INFORMATION ON OUR SOCIAL AND ETHICS COMMITTEE.

 REFER TO OUR ONLINE SUSTAINABILITY REPORT FOR MORE INFORMATION.



During the year, the Ethics Office focused on the following key activities:

- Assisting management to identify and roll out corrective action based on the outcomes from Group-wide ethics risk assessments.
- Continuing to strengthen the Group's ethics standards, including reviewing and updating the Group Conflict of Interest, Group Whistleblowing and other ethics-related policies.
- Launching an Ethics Ambassadors programme to identify a network of people who promote and embed an ethical culture based on the shared core values across the Group; this further strengthens the Ethics and Integrity Framework.
- Integrating ethics through ongoing and compulsory online Group-wide training and awareness programmes that equip employees with a basic ethics vocabulary, as well as the necessary skills, knowledge and understanding to anticipate and recognise ethical challenges and dilemmas and make ethically sound decisions.
- Providing advisory and consulting services to management when faced with ethical dilemmas and facilitating ethically sound decisions.
- Promoting EthicsDefender, a safe and anonymous reporting channel with real-time communication capabilities, to encourage employees to report wrongdoing and unethical conduct.

Maintaining an ethical culture continued



a Ethics risk assessment

The Ethics Office, together with Group Risk Management, ensures that Discovery's key ethics-related risks are appropriately identified, assessed and managed. Group Risk Management also supports risk owners in reporting these ethics-related risks, as well as ensuring that adequate frameworks and processes are in place to manage and mitigate ethics-related risks.

b Ethics strategy

The Ethics Office facilitates the implementation of the Group Ethics Management Strategy and Plan.

The Ethics Management Strategy and Plan is informed by the outcomes of the Group-wide ethics risk assessments and prioritises high ethics-related risks and opportunities. Promotion of an ethical culture across all areas, and among all employees, focuses on:

- Ensuring Discovery's leaders set an example through ethical leadership
- Reinforcing the organisation's core values
- Promoting 'ethics talk' at all levels of the Group
- Promoting ongoing communication, training and awareness of these matters

c Ethics standards

Ethics standards promote a common understanding of acceptable conduct across all operations in every region where Discovery operates. Discovery's core purpose and values set the standards for appropriate conduct within the organisation.

The Ethics Office provides input into the development and maintenance of ethics-related policies, including the Conflicts of Interest and Whistleblowing policies, as well as anti-corruption aspects of procurement, fraud management and the Fraud Risk Management Policy.

Employees are required to annually confirm their understanding of the Group's ethical standards on an internal learning platform, thereby ensuring that a values-based culture is maintained throughout the Group. Employees are also encouraged to report any unethical behaviour directly to the Ethics Office or to use the anonymous whistleblowing hotline.

An ethics helpline is available for employees who need advice on ethics-related matters. Dedicated and qualified Ethics Officers provide guidance and support to all employees. Furthermore, employees and contractors can anonymously report matters of concern to a hotline, which is independently managed by Deloitte and, now in real-time, through the independently managed EthicsDefender application.

d Ethics integration

The Ethics Office maintains a comprehensive training and awareness programme for all employees, which consists of induction and ongoing online training modules.

An annual Group-wide campaign supports the Ethics Office's efforts, including electronic media aimed at ethics awareness. A dedicated website is maintained internally to keep employees informed about matters relating to ethics.

e Monitoring and reporting

The Ethics Office, together with Group Internal Audit, has developed a risk-based monitoring plan to ensure independent assessment and assurance of the efficiency of the Ethics Management Framework.

DELIVERING **05** GOOD PERFORMANCE

The Board appreciates that Discovery's core purpose, strategy, Shared-value Insurance model, performance, sustainable development, and risks and opportunities are inextricably linked. These elements are crucial to creating value for our stakeholders.

Discovery continues to embody the philosophy of integrated thinking, which is driven through our core purpose of making people healthier and enhancing and protecting their lives. As an integrated financial services organisation, we leverage our pioneering Shared-value Insurance model to drive organic growth and transform the financial services industry globally. We identify, execute and measure our strategic decisions to create sustainable value for our stakeholders. In doing so, we consider how our decisions affect the six capitals and, in turn, how these capitals impact our business as we pursue our medium and long-term strategic objectives.

The Board reviews at least annually with executive management, as well as the heads of control functions, the Group's strategy and proposals for any acquisitions, investments, disposals, products or services, while considering the associated risks. The Board approves the strategy, key performance measures and targets of all executives, and oversees the implementation of the strategy plans. The Risk and Compliance Committee assists the Board with the governance of the operational and legislative risks, and monitors implementation.

 REFER TO PAGE 31 FOR MORE INFORMATION ON OUR RISK AND COMPLIANCE COMMITTEE.

The Board and executive management also perform an annual assessment of the Group's strategy, business model, performance and sustainable development as it applies to the core purpose. Regular reports are provided to the Board on the sustainability of Discovery's business and its impact on the environment, communities and other stakeholders.

Ongoing training

On appointment, all Directors participate in a comprehensive induction programme. Director training – covering financial, actuarial, economic and industry-related matters – is conducted to refresh Directors' skills and knowledge. Furthermore, Directors are required to attend professional development training and briefings to keep abreast of legal and regulatory risks, developments and changes that could impact the environment in which the Group and its subsidiaries operate.

Specific topics during FY2021 included:

- Environmental, social and governance (ESG) trends and the implications thereof for Discovery
- The Protection of Personal Information Act, No. 4 of 2013 (POPI Act)
- The Group's Own Risk and Solvency Assessment (ORSA)
- Briefing on China, including strategic management issues, political changes and macroeconomic business developments

Assessing our effectiveness

We recognise that an effective Board safeguards the Group's sustainable success. Regular assessments of the Board's effectiveness are crucial in ensuring that the Board fulfils its role and responsibilities, supporting continuous improvement of its performance and effectiveness.

The Board assesses and evaluates its own performance annually, as well as that of its Chairperson, the Board committees and the individual committee members. The performance of Non-executive Directors is assessed annually by the Chairperson, based on each Director's contribution to the matters before the Board. The performance of Executive Directors is assessed annually by the Group Chief Executive, based on agreed performance targets. The Nominations Committee oversees the annual performance assessment of the Board, Board committees and individual Non-executive Directors, and makes recommendations to the Board based on the results of these assessments. The Board confirms that it has executed its responsibilities under the Board Evaluation policy.

 FOR MORE INFORMATION, PLEASE REFER TO OUR NOMINATIONS COMMITTEE REPORT ON PAGE 34.

06

ENSURING EFFECTIVE CONTROL

The Board of Directors is the focal point and custodian of corporate governance within Discovery. To this end, the Board ensures that corporate governance and good practice are inherent in the fulfilment of its responsibilities.

The Board Charter sets out the roles and responsibilities of the Board. The Board holds its Directors accountable for their integrity, competence, responsibility, fairness and transparency. Our Charter is reviewed annually to ensure that it is aligned with the principles and practices recommended by King IV™, in addition to other regulatory and legislative requirements.

The Board has oversight of the application of corporate governance principles, supported by specific statutory and other Board committees. The provisions set out in the Companies Act, King IV™ and regulatory requirements have been applied to the delegation of authority of the Board committees in assisting the Board with specific duties and functions.

Separation of roles and responsibilities

The role of the Chairperson of the Board and the Group Chief Executive are independent and not held by the same person, as clearly defined in the Board Charter, to ensure that no individual has unrestricted decision-making power. Our Chairperson, Mark Tucker, is responsible for leading the Board while Adrian Gore, our Group Chief Executive, is responsible for the executive management of the Group.

Our Chairperson is responsible for:

- Providing overall leadership to the Board in respect of the proper and effective functioning of the Board as a collective.
- Presiding over Board meetings to ensure that material matters and issues are tabled and that adequate time is allocated for the thorough interrogation of matters.
- Representing the Board to shareholders and ensuring that good relations are maintained.
- Monitoring the Board dynamic and ensuring that roles and responsibilities of the Directors, the Board and its committees are clearly outlined, as well as ensuring Board and committee effectiveness, and that individual members act with the utmost integrity at all times.
- Formulating, together with the Group Chief Executive and Company Secretary, the annual work plan for the Board and setting the agenda for Board meetings.
- Ensuring and monitoring performance evaluations of the Board, Board committees and individual Directors, which are conducted annually.
- Promoting a culture of openness and debate among Directors, senior management and heads of control functions, and acting as a link between the Board and management.
- Maintaining regular dialogue and accessibility to advise the Group Chief Executive and Executive Directors on all material matters affecting the Group.
- Assisting the Remuneration Committee in determining the performance objectives of the Group Chief Executive and Executive Directors, as well as their performance against these objectives.

Our Group Chief Executive is responsible for:

- Overall day-to-day management of the Group.
- Recommending to the Board the appointment of Executive Directors and CEOs of each business and ensuring proper succession planning and performance appraisals of members of the Group Executive Committee.
- Developing and recommending to the Board the long-term strategy and vision of Discovery and its quantified expression.
- Developing and recommending to the Board Discovery's capital expenditure programme, annual business plans and budgets that support our long-term strategy and approach to sustainability.
- Ensuring that effective management teams and management structures are in place throughout the Group.
- Ensuring that appropriate policies are formulated and implemented.
- Ensuring that an effective Risk Management Framework, Compliance Framework and Internal Audit Strategy are implemented.
- Monitoring performance against agreed performance and sustainability targets, and reporting to the Board accordingly.
- Establishing an organisational structure and operating model to ensure effective execution, monitoring and review of the strategy, sustainability, governance and control imperatives.
- Setting the tone in providing ethical leadership and creating an ethical environment.
- Ensuring adherence to relevant industry best practices standards.
- Serving as the chief spokesperson of the Discovery Group.



Ensuring effective control continued

Succession planning

The composition and succession planning of the Board is reviewed regularly and remedial actions are undertaken where necessary.

Appointment and rotation of directors

The Board is ultimately responsible for the appointment of new Directors, and the Board Charter provides a formal, transparent process in the evaluation, nomination, election and appointment of Board members. When the Board identifies the need to appoint a Director, these appointments are made with the assistance of the Nominations Committee, a constituted committee set up to assist with the search for and vetting of potential Directors.

 REFER TO PAGE 34 FOR MORE INFORMATION ON OUR NOMINATIONS COMMITTEE.

Once suitable candidates are identified, the Nominations Committee shares the details and skills of these individuals with the Board. Board members collectively deliberate on these recommendations before putting names forward. Thereafter, Directors are appointed through formal, transparent processes by ordinary resolution at a shareholder meeting or the AGM.

Non-executive Directors are appointed for a period not exceeding three years and are subject to re-election on a rotational basis. The reappointment of Non-executive Directors is not automatic, and depends on the knowledge and skills required by the Board, the Director's suitability and the diversity targets determined by the Board.

Company Secretary

Our Company Secretary is responsible for ensuring that sound governance procedures are followed and maintained. There is an independent relationship between the Board and the Company Secretary, and the objectivity of the Company Secretary is not prejudiced.

Thys Botha served as Company Secretary until his retirement on 30 November 2020. In August 2020, the Board evaluated Thys' competence, qualifications, skills, knowledge and experience in accordance with the JSE Listings Requirements, and was satisfied that he fulfilled his responsibilities. Nobuhle Mbongo was appointed as Company Secretary on 1 December 2021. Upon her appointment, the Board satisfied itself that she has the necessary competence, qualifications and experience to fulfil her duties. Nobuhle's performance will be assessed during FY2022.

Delegation of authority

Delegation of authority to management is clearly defined to ensure effective exercise of authority and responsibilities. The Board reviewed and approved a revised Delegation of Authority Framework during FY2021, which details the powers delegated to each Board committee and clearly indicates the matters reserved for consideration by the Board and the Group Chief Executive. The Board determines the level of materiality of matters for its sole decision. Other matters are delegated to the Group Chief Executive, Board committees and the Executive Committee. The delegations are reviewed on an annual basis. The Board is satisfied that the Delegation of Authority Framework allows for the effective discharge of its responsibilities, and ensures that no individual has unrestricted decision-making power.


Conflicts of interest

In line with best practice and regulatory provisions, policies and procedures have been implemented to manage the trading of shares. Directors are prohibited from dealing directly or indirectly in shares during closed periods.

In addition, Directors are required to disclose if they have a direct or indirect interest in any matter for consideration by the Board. The disclosure is recorded in a register by the Company Secretary. Moreover, Board members are required to declare any conflicts of interest and recuse themselves from any such discussions during Board or committee meetings.

Remuneration

The Group reviews its remuneration philosophy annually to ensure that its employees and the Board are remunerated fairly, responsibly and transparently. Furthermore, the Board, assisted by the Remuneration Committee, ensures that all Directors, Executives and employees are remunerated fairly and responsibly in line with industry standards, with relevant approvals tabled for shareholder consideration. The remuneration philosophy is aligned with Discovery's strategy and linked to individual performance through appropriate objectives that are reviewed by the Remuneration Committee. Biannual assessments are conducted and reviewed against the strategy and business plan.

 REFER TO OUR FULL REMUNERATION REPORT AS INCLUDED IN OUR ONLINE INTEGRATED ANNUAL REPORT.

Governance of technology and information

The governance of technology and information has been delegated to the Group Risk and Compliance Committee, supported by the Chief Information Officer (CIO) and CIO Forum, which is responsible for ensuring that the Group implements appropriate system security, data integrity and business continuity processes. Furthermore, the committee is responsible for overseeing the implementation of all structures, processes and mechanisms in relation to the Information Technology (IT) Governance Framework to ensure cyber and data-related risks are appropriately managed, and that the IT risk management plan is effectively implemented. We include technology risks in the Group's risk management process, which are reviewed regularly. Changes to our systems are security tested before implementation and underpinned by regular, comprehensive external testing.

Technology is governed by our Discovery IT Governance Charter, which guides the structure and mandate of technology within Discovery, and aligns with the requirements of the Board committees, King IV™, assurance providers and regulators. The charter focuses specifically on cybersecurity, data governance, business continuity, financial management, technology architecture and operations. We also introduced executive and Board oversight to monitor our compliance with the standards of the European General Data Protection Regulation (GDPR) and the POPI Act in South Africa. Discovery uses the National Institute of Standards and Technology (NIST) Cybersecurity Framework and the ISO 27001 Information Security Standard to classify technology risks.

The IT function has processes in place to monitor Discovery's networks for cyberattacks and other data-related incidents – including leaks of information – to ensure rapid response times. The threat of cyber risk within Discovery is managed by the information security discipline, comprising people, processes and procedures, as well as associated technologies to protect against malicious and non-malicious threats. More sophisticated cybercrime, and the greater impact and likelihood of this risk, has necessitated a heightened focus. An independent external party audits our security policies, systems and processes at least every two years.

In response to increased cyber threat, Discovery has been enhancing our cyber capability programme to embed and improve our overall cyber resilience capability. Efforts have focused on three elements:

- **Cyber capability assessment** – risk assessment of current cyber resilience capabilities.
- **Cyber security strategy** – cyber risk appetite setting and framework development.
- **Cyber risk programme** – ongoing monitoring and oversight of the cyber programme.

Discovery is committed to ensuring the security and confidentiality of all personal information processed from internal and external stakeholders, including Discovery employees. Information shared with any local or international third parties is disclosed strictly in accordance with relevant data protection legislation.



Ensuring effective control continued

Key FY2021 focus areas included:

- Strengthening the IT capabilities across the Group and its functions, including the appointment of an independent technology adviser to the Risk and Compliance Committee to focus on the governance of technology and information.
- Extending our security, privacy and data loss perimeters without impacting our ability to service our clients or support our partners.
- Enhancing our data governance and compliance with data privacy requirements, including the appointment of Information Officers at Group and subsidiary levels to drive compliance with the policy framework for data governance across Discovery.
- Implementing full data anonymity, governed by a Discovery-wide Data Dictionary and Data Anonymisation Framework.
- Developing and implementing a data privacy programme to ensure readiness with the POPI Act by year-end.
- Providing data, privacy and cybersecurity awareness training to our financial advisers and service providers, as well as our employees and, for specific modules, their families.
- Investing in technology aligned with business requirements, and working with assurance providers to identify any risks or compliance-related issues and promptly addressing them.
- Ensuring the rapid and sustainable transition to a hybrid working model, and continued to update the working-from-home risk assessment.
- Approving the Business Continuity and Disaster Recovery Policy and Group Privacy Policy (available at discovery.co.za/corporate/privacy).
- Testing our disaster recovery, business continuity and systems performance management processes in real time, enabling us to adapt the way we operate in response to changes in our environment. Therefore, it was decided not to conduct a formal business continuity test during the year.
- Reviewing and updating the CIO Forum's mandate to ensure ongoing alignment with King IV™.
- Mitigating access control risk by implementing multi-factor authentication measures.
- Reviewing the Group's cybersecurity insurance cover, including the provision for remedial work by an insurer-approved team of experts in the event of a cybersecurity incident, which was found to be satisfactory.
- Considering, approving and overseeing Group-wide technology projects through the Group Software Capex Forum.
- Reviewing software licensing agreements to ensure compliance, reduce licenses not used and negotiate better bundles with larger software vendors.

Key FY2022 focus areas include:

- Optimising our current technological environment and preparing for the future.
- Leveraging technology to enable a hybrid working model post-COVID-19, with employees working from our offices and their homes.
- Ensuring ongoing compliance with the requirements of relevant data protection legislation.

Combined assurance

Discovery has adopted and implemented a Combined Assurance Model throughout the Group that complies with King IV™ principles and is designed to address the business' significant strategic, sustainability, financial, operational and compliance-related risks. As defined by King IV™, the Combined Assurance Model aims to incorporate and optimise all assurance services and functions so that, taken as a whole, these:

- Enable an effective control environment.
- Support the integrity of information used for internal decision-making by management, the Board and its committees.
- Supports the integrity of the organisation's external reports.

To adhere with regulatory requirements, the Group established four key control functions – being the Internal Audit function, Compliance function, Actuarial function and Risk Management function – that operate independently of one another to support the Combined Assurance Model.

The purpose of combined assurance is to integrate the efforts of management and assurance providers, both internal and external, to ensure that material risks facing Discovery are assured efficiently and that suitable controls exist to mitigate these risks to an acceptable level. To achieve this, combined assurance:

- Links strategic objectives to risk management and assurance activities.
- Provides the basis for identifying any areas of potential assurance gaps and duplication of resources.
- Informs the Board, the Audit Committee and the Risk and Compliance Committee, and assists in providing a view regarding the combined assurance status in the Integrated Annual Report.
- Provides an integrated assurance service and enhances accountability.
- Ensures an adequate and effective risk-control environment that enhances decision-making that is aligned with the risk appetite and the integrity of the risk-related reports for better decision-making.

To further strengthen the Board's governance, Discovery adopted the three lines of defence governance model, which clearly separates business management from governance and control structures. This ensures that all persons within Discovery are aware of the risk management system.



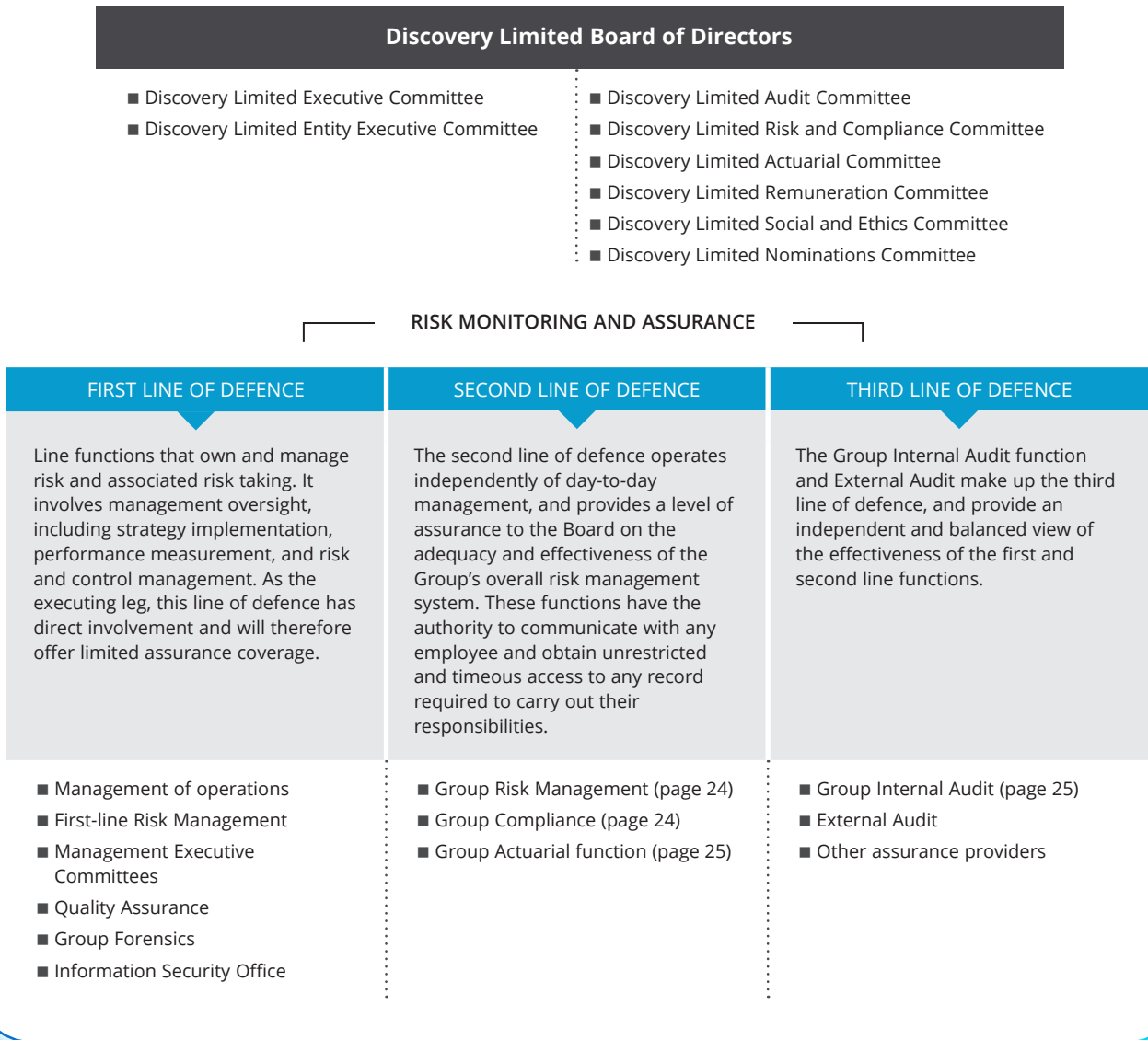
REFER TO OUR ONLINE INTEGRATED ANNUAL REPORT FOR FURTHER INFORMATION ON OUR CAPABILITIES AS A STRATEGIC ENABLER.



REFER TO OUR ONLINE SUSTAINABILITY REPORT FOR FURTHER INFORMATION ON DATA STEWARDSHIP.

Ensuring effective control continued

THREE LINES OF DEFENCE MODEL



The Combined Assurance Model is reviewed and approved annually, and oversight thereof has been delegated to the Audit Committee. Combined assurance is formally administered through the Group Combined Assurance Forum. The forum is chaired by the Group Chief Risk Officer (CRO), who reports on all aspects of combined assurance directly to the Audit Committee. The Board is satisfied that the assurance results indicate an adequate and effective control environment and integrity of reports for better decision-making.



Ensuring effective control continued

MANAGING RISK TO ACHIEVE OUR STRATEGIC OBJECTIVES

The Board has ultimate responsibility for the governance of risk and approves the risk appetite on a regular basis. The Board acknowledges the importance of risk management as it is linked to the strategy, performance and sustainability of the Group. The Board is assisted by the Risk and Compliance Committee, which is delegated to manage the implementation processes to ensure business risks are identified and managed within acceptable parameters.

Discovery has a clearly defined Risk Management Framework, which includes a risk-rating matrix that assesses the likelihood of certain risks and the magnitude of impact. A robust approach, coupled with established roles and responsibilities and a clear governance structure, ensures that regular assessments of the business risks and risk tolerance levels are conducted for each risk category, considering both current and emerging risks. The Risk Management Framework is designed to address all the significant strategic, sustainability, financial, operational and compliance-related risks that could undermine the Group's ability to achieve its business objectives into the future. Annually, Discovery prepares an ORSA, which provides a holistic view of the risk exposures in the Group and how these risks affect capital, solvency and the business strategy.

The role of Group Risk Management

Discovery's Group Risk Management is an independent function operating as part of the second line of defence. The function is responsible for designing and ensuring the operational effectiveness of the risk management system, and consists of several skilled resources, including actuaries, accountants, project risk specialists, IT specialists, finance specialists and risk management analysts. This team coordinates and challenges risk information and establishes appropriate risk reporting procedures.

Group Risk Management is the custodian for combined assurance across Discovery, and its primary responsibilities include:

- Assisting Discovery to identify, assess, monitor and manage its material risks and related opportunities, and promote a sound risk culture.
- Assisting the Discovery Board and senior management to develop and maintain Discovery's risk management system, including promptly informing the Discovery Board of any circumstances that may have an adverse material effect on Discovery.
- Reviewing the results of regular stress and scenario tests.
- Integrating the view of risk and capital, and ensuring that sufficient capital is in place to operate sustainably within the risk appetite and in light of the prevailing risk profile.
- Enhancing our risk management capabilities across the Group is a key focus area for FY2022, and include:
 - Strengthening our data analytics capabilities.
 - Further maturing our combined assurance approach.
 - Deepening the assessment of risks relating to ESG, and climate change.
 - Further work on the Recovery and Resolution Planning Framework.
 - Embedding of the contagion risk methodology and Risk Concentration Policy.
 - Continuation of risk culture initiatives to further raise risk maturity across the Group.

 REFER TO PAGE 31 FOR MORE INFORMATION ON OUR RISK AND COMPLIANCE COMMITTEE.

 REFER TO OUR ONLINE INTEGRATED ANNUAL REPORT FOR DETAILED INFORMATION ON OUR MATERIAL RISKS.

GROUP COMPLIANCE

Effectively managing compliance risk maximises Discovery's opportunities in the market and enhances its competitive position by building stakeholder trust. By integrating a strong compliance programme into daily business activities and strategic planning, we entrench a compliance culture across the Group. This ensures that Discovery is able to protect its reputation, ensure transparency in product and service offerings, and minimise the risk of regulatory action.

The Group Compliance function is an integral part of the Board-approved Enterprise Risk Management Strategy, along with several supporting policies.

The role of the Group's Compliance function

Discovery endeavours to adhere to all regulatory requirements. Furthermore, we seek to avoid breaching any regulations that could result in the unfair treatment of our clients and/or regulatory action. The Board is committed to developing and maintaining a strong compliance management capability and culture, which contribute to Discovery's growth and provide appropriate protection to its client and stakeholders.

The Group's level of compliance with applicable legislation, rules, standards and codes is monitored by an independent Group Compliance function, established to support the Board, executives, management and employees to embed compliance into the Group's culture, business principles, operational and management processes. It also extends to any agreements with clients, service providers and other third parties. The function is responsible for designing an effective compliance management and control system, and for monitoring and reporting on the operational effectiveness of this system.

The Group's Compliance function is independent, operating as part of the second line of defence, and reports directly to the Board through its Risk and Compliance Committee, and Social and Ethics Committee.

Discovery has invested in skilled and experienced compliance resources to:

- Foster an environment where regulatory compliance is embedded in Discovery's culture, business planning, decision-making and day-to-day business activities.
- Actively communicate the effectiveness and business benefits of compliance management to all stakeholders.
- Consider the impact of the regulatory requirements in all strategic and operational business decisions, as well as the processes and control environments within Discovery.
- Continually develop and enhance Discovery's compliance management capability in a way that benefits the business.
- Provide reasonable and independent assurance to the Board and its committees, regulatory forums, senior management and regulators.
- Develop a risk-based compliance monitoring plan to assess the effectiveness of the controls in place to manage and mitigate regulatory risks to the business.
- Develop a robust training programme for all employees to embed a culture of compliance.

Ensuring effective control continued

Our approach to compliance

Given our broad geographic footprint and the requirement to adhere to various local and international laws, rules, codes and standards, compliance is built into our corporate governance structures and frameworks.

Overarching Board-level policies ensure compliance with all applicable laws, codes, best practice and standards across the Group while also encouraging ethical behaviour. The Board regularly reviews compliance-related matters – including procedures and policies – ensuring a holistic view of compliance management across the Group.

Discovery's South African businesses are supported by experienced Compliance Officers within a centralised compliance team, except for Discovery Bank, which has its own compliance team. Our international businesses are supported by dedicated compliance teams in their respective jurisdictions. The work of these teams closely aligns with the standards and guidelines of the Group Compliance function in South Africa.

Our focus areas

CONTINUOUSLY EVOLVING THE GROUP COMPLIANCE FUNCTION IN RESPONSE TO THE CHANGING REGULATORY LANDSCAPE

As the Twin Peaks regulation model continues to embed outcomes-based legislation and more intensive supervision, we consistently evolve our Group Compliance function to remain agile and anticipate future risks. We maintain strong partnerships with the businesses across the Group to drive and embed regulatory change, explain regulatory responsibilities, frame regulatory compliance policies and act as a guide to help prevent regulatory breaches. This includes facilitating implementation and embedding first-line compliance functions to assist management with fulfilling their compliance obligations at a business unit level.

INCREASING MONITORING TO DEEPEN ASSURANCE

We are enhancing our risk-based monitoring methodology, process and procedures to enhance focus in those areas that pose the greatest risk to the business. This will allow continued targeting of resources at the high-risk areas, where the potential implications of non-compliance are the most significant.

ENHANCING LOCAL AND INTERNATIONAL DATA PRIVACY

We continue to guide and monitor Discovery's compliance with data protection requirements locally and internationally. To this end, Discovery implemented a global privacy programme across the Group. The Group Compliance function continues entrenching and embedding data protection principles within Discovery's culture by expanding data protection knowledge and understanding. By participating in regulatory and industry body discussions, Discovery will endeavour to influence industry standards and approaches to data protection.

ENABLING AND EMBRACING DIGITALISATION

We continue to support the Group's innovation and transformation in the move towards digitalisation, while ensuring we do not lose sight of the importance of cybersecurity and privacy, data ownership and integrity.

THE ROLE OF THE GROUP'S ACTUARIAL FUNCTION

The Group's Actuarial function operates as part of the Group's second line of defence, and supports the Risk Management and Compliance functions. For life insurance entities in the Group, the Actuarial function informs the Board and its Actuarial Committee of the reliability and adequacy of technical provision calculations, capital requirements, premiums, pricing activities and compliance with related statutory and regulatory requirements. The Head of the Actuarial function is a regulated role that expresses an opinion on these calculations and ensures the establishment of appropriate reporting procedures and feedback to the Board.

For the non-life insurance entities in the Group, the Head of the Actuarial function is not a regulated role. However, the Actuarial function still oversees the reliability and adequacy of the technical provision calculations, capital requirements, premium, pricing activities and compliance with related statutory and regulatory requirements.

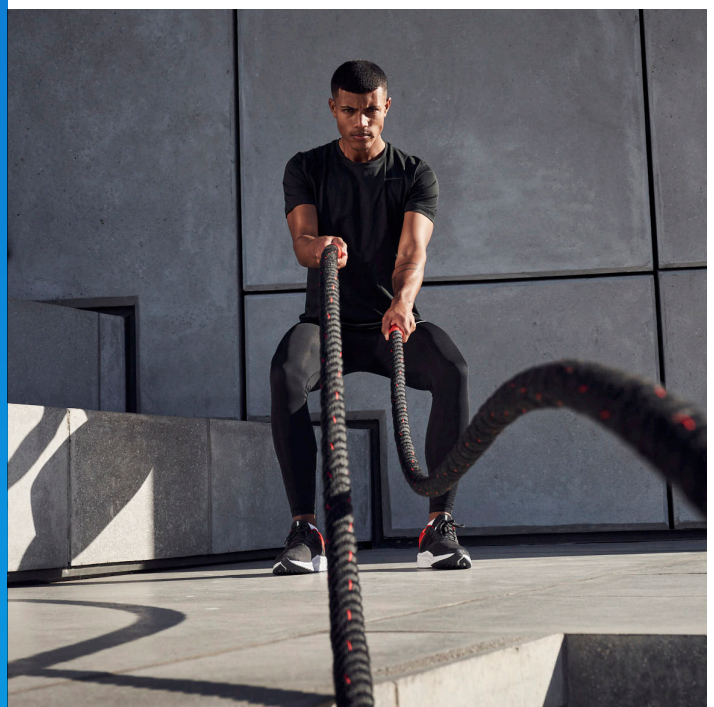
 REFER TO PAGE 32 FOR MORE INFORMATION ON OUR ACTUARIAL COMMITTEE.

THE ROLE OF THE GROUP'S INTERNAL AUDIT FUNCTION

In line with the Combined Assurance Model, our Internal Audit function, together with other assurance providers, provides assurance of the organisation's significant risks and material matters, and incorporates applicable legislation in its reviews. Appropriate policies and processes are in place to ensure the independence of the internal auditors.

The responsibilities of the Group's Internal Audit function, along with those of the Internal Audit functions of separate regulated entities, are limited to delivering assurance-related work assigned or agreed upon in terms of the scope of the Combined Assurance Plan. Group Internal Audit is also responsible for conducting an annual review of the effectiveness of the combined assurance process across Discovery.

 REFER TO PAGE 29 FOR MORE INFORMATION ON OUR AUDIT COMMITTEE.



07

MAINTAINING LEGITIMACY

Our stakeholders

Balancing the best interests of the company and the interests and expectations of stakeholders is paramount to the Board. Stakeholder relationships form an important part of Discovery's business and we recognise the significance of regular engagement with stakeholders through our various platforms. Our Social and Ethics Committee is tasked with ensuring an inclusive approach to stakeholder engagement, and assists the Board with monitoring our relationships with our stakeholders as a standing agenda item.

Reports issued by Discovery are aimed at enabling stakeholders to make informed decisions about the Group's performance, as well as its short, medium and long-term prospects. Discovery's interim and annual results, as well as its reports, are reviewed and approved by the Board with the assistance of the Audit Committee, as well as internal and external auditors. The Board committees oversee that reports are compliant with regulatory obligations and meet the legitimate needs of stakeholders.

Discovery's continued growth and success depends on how we engage with, understand and respond to our stakeholders' needs, concerns and insights. Our Board monitors Discovery's relationships with our stakeholders through the Social and Ethics Committee. The Board also engages directly and indirectly with stakeholders as needed.

During the year, the Board met with the Prudential Authority as part of its supervisory approach. Going forward, it is expected that this will be an annual engagement. The Board engages with our providers of capital during the Group's AGM, and meets with them throughout the year on an ad hoc basis. Our Board also responds to queries from providers of capital, asset managers and ESG analysts on Discovery's approach and response to climate change.

We conduct regular assessments, using various mechanisms, to evaluate the quality of the relationships with our stakeholders at Group and business unit level. The Board is satisfied that the bases of our assessments provide an holistic and accurate view of these relationships.

Responsible corporate citizenship

We are determined to be an exceptional employer, excellent partner and a good corporate citizen. Discovery prides itself on measurable corporate programmes that reflect the importance of stakeholders' interests and the Group's core purpose to make people healthier and enhance and protect their lives. Discovery is an active corporate citizen in communities where it operates and positively contributes to the economy, society and environment. We are also a signatory to the United Nations Global Compact and subscribe to the United Nations Sustainable Development Goals (SDGs).

 REFER TO OUR ONLINE SUSTAINABILITY REPORT FOR MORE INFORMATION ON OUR RELATIONSHIPS WITH BROADER SOCIETY.

The Board has delegated the responsibility of ensuring that the Group is a responsible corporate citizen to the Social and Ethics Committee. In ensuring Discovery is a responsible corporate citizen, the duties of the Social and Ethics Committee will, among others, include:

- Reviewing and approving the strategy adopted by the Group to promote equality and to prevent unfair discrimination and corruption, as well as the Group's Corporate Social Investment (CSI) Strategy, and recommending this to the Board for approval.
- Reviewing and approving the Group's strategy to eradicate gender-based violence and sexual harassment in the workplace, and recommending this to the Board for approval.
- Reviewing and approving the strategy proposed by the Group for corporate sponsorships and donations, as well as the processes that are in place to identify initiatives that would receive sponsorships and donations from the Group.
- Reviewing and approving initiatives, processes and controls implemented by the Group to promote and enhance diversity, equality and inclusion, thereby ensuring we nurture an inclusive work environment and eradicate any form of discrimination.
- Reviewing and approving any flagship projects and initiatives aimed at contributing to the development of communities identified by the Group from time to time.
- Monitoring, on an ongoing basis, progress in the implementation of community development initiatives and material sponsorships and evaluating whether or not the objectives are being realised.

Climate change

As a global financial services organisation, we recognise that our ability to do business is fundamentally linked to the sustainable wellbeing of the communities in which we operate. Our core purpose aligns with our goal of maintaining an environment that enables and sustains good health, and we have an opportunity to become part of the climate-change solution by leveraging our Shared-value Insurance model to minimise any negative impacts we have on the climate. Since our inception, we have seen the power of aligning our interests to those of our clients and society – and applying our business model to help address climate change is the next evolution in our shared-value thinking.

We closely monitor climate change developments, including best practice initiatives among global financial institutions, with the aim of embedding these principles across our primary markets. To this end, we support the objectives of the UN SDGs, and have also set out to adopt and implement the recommendations of the TCFD.

During the year, we finalised a Group Climate Change Strategy to better account for present and future climate-related risks, be proactive in the face of rising stakeholder action and support our goal of being a force for social good. The Group's climate-related governance model is embedded in existing governance structures and structured to ensure effective monitoring and communication of climate-related matters from day-to-day operations within each business to the Board.

Maintaining legitimacy continued

Our Board, through our Social and Ethics Committee, oversees our Climate Change Strategy, analyses the climate context and challenges and reviews the Group's performance against climate-related and general sustainability matters on a regular basis. The Social and Ethics Committee Chairperson reports to the Board every quarter. The Risk and Compliance Committee monitors the main climate-related risks and opportunities, and provides recommendations on mitigation plans to manage the identified risks. Our Audit Committee reviews and approves public disclosures through external reporting.

REFER TO OUR ONLINE SUSTAINABILITY REPORT FOR MORE INFORMATION.

REFER TO OUR ONLINE INTEGRATED ANNUAL REPORT FOR MORE INFORMATION ON CLIMATE CHANGE AS A KEY RISK TO THE BUSINESS.

REFER TO OUR ONLINE TCFD REPORT FOR MORE INFORMATION ON OUR RESPONSE TO CLIMATE CHANGE AND GOVERNANCE.

Responsible Investment

Discovery aims to build a sustainable business that benefits future generations by delivering on our core purpose. The Board recognises that Responsible Investment requires the recognition, evaluation and incorporation of material ESG issues into investment analysis and decision-making processes, as well as integrating ESG opportunities and issues through active ownership policies and practices.

As asset owners and institutional investors, it is our duty to act in the best long-term interests of our beneficiaries. Accordingly, the Board approved a Group Responsible Investment Policy in September 2020 that sets out Discovery's principles for responsible investment, which aim to align our investment philosophy with relevant principles and industry codes of best practice. The policy also states that responsible investment requires the recognition, evaluation and incorporation of material ESG risks and opportunities into investment and ownership decisions by subsidiaries across the Group.

When selecting and appointing asset managers, we consider the extent to which responsible investment is embedded in their investment and ownership practices. Furthermore, we monitor appointed asset managers' responsible investment approach to increase accountability.

The Group is a signatory to the Principles for Responsible Investment (PRI), committing to the PRI's six principles.

REFER TO OUR ONLINE SUSTAINABILITY REPORT FOR MORE INFORMATION ON DISCOVERY'S APPROACH TO RESPONSIBLE INVESTMENT.

Responsible and transparent approach to tax

Discovery is committed to complying with all statutory tax obligations of the regions in which we operate. Our Board, together with the Audit Committee, oversees the Group's tax practices and affairs. While the responsibility for the Group's tax strategy lies with the Board, day-to-day responsibility is delegated to the respective CFO's and finance teams of the various business areas, who are supported by the Group Tax function and the in-country Group tax specialists.

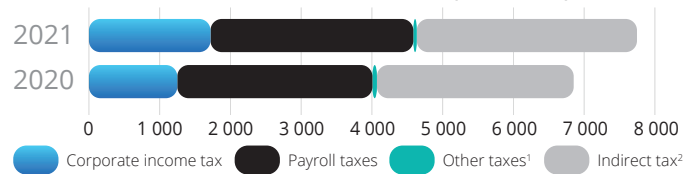
Our focus also extends beyond basic compliance to ensure that our approach to tax management creates value for our stakeholder groups. We achieve this by:

- Giving due consideration to the tax-related legislation of the countries where we operate.
- Ensuring that each transaction we undertake has economic substance and business purpose.
- Embedding a Group Tax Policy across our business, which addresses tax management principles, as well as a Tax Risk Management Framework.
- Not using so-called tax havens to avoid taxes on our business activities that would, in the normal course of events, take place elsewhere.

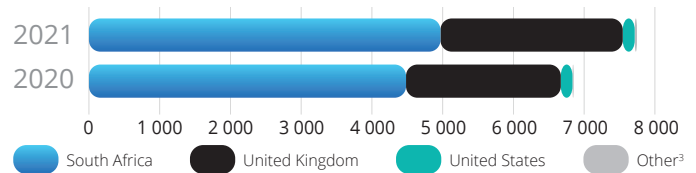
- Undertaking cross border intra-group transactions using the arm's length principle in accordance with the Organisation for Economic Co-operation and Development's transfer pricing principles.
- Constructively engaging with tax authorities in a way that is honest, courteous and timely to protect and enhance our reputation and good standing with them.
- Accurately disclosing tax reporting procedures.
- Ensuring that our finance and tax teams are adequately staffed with the appropriate skills to monitor and keep abreast of developments in tax legislation; regular training is undertaken as appropriate.
- Effectively managing our tax risk, seeking external advice or directly engaging with revenue authorities as and when appropriate.

We understand that tax is a material consideration for our stakeholder groups. Accordingly, Discovery is committed to responsibly arranging its tax affairs and structuring commercial activities to sustainably maximise value for shareholders and other stakeholders. As part of this, we ensure we file accurate, timely tax returns and settle any tax obligations in the correct period. In the diagrams below, we disclose our total tax contributions (including those withheld and collected on behalf of revenue authorities) for the past two financial years by tax type and by region of operation and contribution.

TOTAL TAX CONTRIBUTED BY TYPE (R'million)



TOTAL TAX CONTRIBUTED BY REGION (R'million)



- 1 Other taxes include franchise taxes, withholding taxes, dividend withholding taxes (excluding amounts withheld by other regulated intermediaries) and carbon taxes.
- 2 Indirect tax includes VAT, GST and UK Insurance Premium Tax.
- 3 Other regions include Australia, Singapore, Isle of Man, Nigeria, Eswatini, Democratic Republic of Congo and Mauritius.

OUR GROUP TAX POLICY IS AVAILABLE ON OUR WEBSITE.

Sustainable procurement practices

Discovery is committed to sustainable procurement practices. We are undertaking a supplier mapping exercise and policy review to ensure we maximise ESG considerations during our procurement processes. This will ensure the procurement of goods and services from socially and environmentally responsible suppliers who subscribe to core values in the areas of human rights, labour standards, the environment and anti-corruption.

Further initiatives include compiling a Supplier Code of Conduct for current and new suppliers to sign, thereby ensuring alignment with Discovery values and environmental objectives. Discovery will also collaborate with suppliers to address identified risks through capacity building and leveraging relationships with industry bodies that would be able to provide the necessary guidance for suppliers.

OUR 08 BOARD COMMITTEES

Discovery's Board of Directors acknowledges its responsibility to effectively discharge its duties, ensuring that the delegation of powers within our governance and business structures promotes independent judgement. The Board is ultimately responsible and accountable for the governance, performance and strategy of the Group, as well as delivering value for our providers of capital while balancing the needs of other stakeholders.

The Board has delegated some of its responsibilities to appropriately constituted Board committees. Six Board committees have been established in line with the requirements of the Companies Act and King IV™ to assist the Board in the fulfilment of its responsibilities. A clear balance of power ensures that no individual, directly or indirectly, has undue decision-making powers.

Board committees act within the bounds of approved Terms of Reference, which clearly define the responsibilities and duties delegated by the Board. The Terms of Reference are reviewed annually and submitted to the Board for approval.

The Terms of Reference prescribe the minimum number of members for each committee, as well as the proportion of independent Directors to ensure that independence is exercised. Each Board committee is required to have at least three members with sufficient capability and capacity to function effectively, and members are evaluated to ensure an appropriate balance of skills, qualifications and experience to perform their duties.

The Chairperson of each Board committee is appointed by the Board and reports directly to the Group Board after each meeting on the activities, written resolutions and decisions made by the committee, enabling the Board to monitor performance and ensure that the committees are acting in line with the delegations provided. The Board encourages the sharing of information across committees to drive collaboration and integration while maintaining accountability and empowering independent judgment. Our Non-executive Directors serve on multiple Board committees to ensure the efficient and effective flow of information between committees. Furthermore, Board members may attend any committee meeting as an invitee or observer to provide insight into particular matters of interest, but may not take part in any decisions made by the appointed members of the committee.



THE CURRICULA VITAE (CVS) OF THE DIRECTORS OF OUR BOARD COMMITTEES, WHICH DETAIL THEIR QUALIFICATIONS AND RELEVANT EXPERIENCE, CAN BE FOUND FROM PAGE 09.





Our Board committees continued

AUDIT COMMITTEE

PURPOSE

The Audit Committee provides independent oversight of the integrity of the Group's Annual Financial Statements and the effectiveness of the Group's internal audit, external audit and Finance function.

COMPOSITION AND MEETING ATTENDANCE

The Audit Committee is chaired by an Independent Non-executive Director and comprises at least three highly skilled and experienced Independent Non-executive Directors, who are appointed annually by the Board and subsequently approved by the shareholders at the AGM. During FY2021, external audit and Group Internal Audit, as well as the Group CFO, CIO, CRO, Chief Compliance Officer (CCO) and other relevant invitees attended meetings by invitation to provide pertinent information and insight into their areas of responsibility.

The Audit Committee met six times during the year and comprised the following members as at 30 June 2021:

Name	Board status	Appointment to committee	Number of meetings attended*
D Macready (Chairperson)	Independent Non-executive Director	February 2020	6/6
SE De Bruyn	Independent Non-executive Director	November 2005	6/6
M Schreuder	Independent Non-executive Director	February 2021	2/2
SV Zilwa	Independent Non-executive Director	August 2003	5/6

* In addition to the regular meetings above, the Audit Committee held six meetings during the year to discuss MAFR and specific topics of relevance, as well as an annual meeting with the Prudential Authority. The attendance of these meetings is not included in the table above.

Key focus areas in FY2021

- Reviewing and approving Internal Audit's Charter and Audit Plan, ensuring that it provides objective and relevant independent assurance.
- Reviewing the expertise, skills, resources and experience of the Internal Audit and Finance functions, which were found to be satisfactory.
- Assisting the Board to evaluate the effectiveness of the Group's internal financial controls, which were found to be adequately designed and effectively implemented with no concerns raised.
- Considering the adequacy of assurance provided regarding the internal financial control environment to which the CEO and the CFO will attest from 30 June 2021 (JSE Listings Requirement).
- Reviewing the effectiveness of governance structures for all international businesses where Discovery has management control.
- Reviewing the Group's capital adequacy by considering the work of the Actuarial Committee.
- Reviewing the results of the Solvency and Liquidity Test conducted prior to considering the dividend declaration.
- Monitoring the implementation of IFRS 17 and the application thereof through appropriate accounting policies.
- Reviewing the performance of the Group CFO and the performance and independence of the Chief Audit Executive (CAE), which were confirmed to be satisfactory.
- Confirming the appointment of PwC as Discovery's sole external auditors for FY2021.
- Considering the requirements of IRBA's MAFR rule and the anticipated regulations of the Prudential Authority, and made recommendations to the Board for approval.
- Satisfying itself that PwC has, at all times, acted with unimpaired independence, after considering:
 - Representations made by the external auditors to the Audit Committee;
 - Independence criteria specified by IRBA and international regulatory bodies, as well as criteria for internal governance processes within audit firms;
 - Auditor suitability assessment in terms of paragraph 3.84(g) (iii) and section 22.15(h) of the JSE Listings Requirements; and
 - The extent of other work undertaken by the auditors for the Group.
- Overseeing the Group's Tax function, including the Tax Strategy and Policy, material tax decisions, tax affairs, tax reform proposals, qualified resources and skills, and all material issues raised by the tax authority.
- Reviewing and recommending to the Board the approval of the Interim and Annual Financial Statements and related disclosures, including the draft announcement of the financial results.
- Considering the impact of any financial, fraud, IT and other risks on the integrity of Discovery's financial results.
- Considering significant audit-related matters regarding COVID-19, including the impact thereof on the Group's systems, control environment, finance function, internal and external audit, and reporting implications.
- Reviewing the Integrated Annual Report and considering the accuracy and completeness thereof.
- Overseeing an external independent assessment of the Group Internal Audit function, which received a rating of "Generally Conforms", the best possible rating that can be achieved.

Planned focus areas in FY2022

- Overseeing compliance with IRBA's MAFR rule, subject to the approval by shareholders at the FY2021 AGM and approval by the Prudential Authority.
- Ensuring a smooth external audit process during FY2022 with the appointment of KPMG as joint auditors with PwC.
- Monitoring the implementation of IFRS 17 and the application thereof through appropriate accounting policies.
- Reviewing the progress and implications of the Prudential Book transfer in VitalityLife.

The Audit Committee performed an internally managed effectiveness review during the reporting period and is satisfied that it fulfilled its responsibilities as per its Terms of Reference for FY2021.

Our Board committees continued

REMUNERATION COMMITTEE

PURPOSE

The Remuneration Committee assists the Board in ensuring that the organisation remunerates fairly, responsibly and transparently. Furthermore, it oversees the implementation of the remuneration philosophy for Directors and makes recommendations to the Board regarding the remuneration structure and base fees for Non-executive Directors for approval by shareholders.

COMPOSITION AND MEETING ATTENDANCE

The Remuneration Committee is chaired by an Independent Non-executive Director and comprises at least three Non-executive Directors. In executing its functions, the committee is supported by an internal Remuneration Committee, which includes Executive Directors, CEOs of business units, heads of control functions of the Group and external remuneration experts.

The Remuneration Committee met four times during the year and comprised the following members as at 30 June 2021:

Name	Board status	Appointment to committee	Number of meetings attended
SE De Bruyn (Chairperson)	Independent Non-executive Director	August 2016	4/4
HL Bosman	Non-executive Director	July 2014	4/4
F Khanyile	Independent Non-executive Director	November 2019	4/4

Key focus areas in FY2021

- Reviewing Discovery's remuneration philosophy and ensuring that it is fair and equitable and, after approval thereof, tabling it along with the Remuneration Report at the AGM for a non-binding advisory vote by shareholders.
- Recommending Non-executive Directors' remuneration structure and base fees to the Board for approval by Discovery's shareholders.
- Reviewing and approving the framework, performance targets and measures used to assess the performance of Executive Directors and their related remuneration awarded.
- Considering the implementation of a simplified, market-competitive Single Incentive Plan (SIP) based on the annual award of a single total incentive determined as a percentage of employees' guaranteed package.
- Approving the three components of the FY2020 Remuneration Report and establishing that the report complies with the provisions of the Companies Act and King IV™.
- Overseeing the implementation of the Malus and Clawback Policy, including the process followed for the forfeiture of unvested awards or unpaid short-term incentives (STIs) (malus) and the clawback of vested awards or paid STIs.
- Overseeing the implementation of the Minimum Shareholding Requirement Policy for senior executives.
- Considering advice and input from external advisers on improved remuneration policies, salary and incentive benchmarking, and good remuneration governance practices.
- Providing relevant training and information sessions for committee members to inform compliance with legislation and best practice.
- Reviewing the vertical pay gap between Discovery's highest and lowest paying employees as part of the Group's approach to fair and responsible remuneration.
- Considering the appropriateness of STIs payments to the participants in management incentive schemes, including Executive Directors, taking into account the impact of COVID-19 on performance to ensure that remuneration decisions strike a fair balance between sentiment and performance.

Planned focus areas in FY2022

- Ensuring our remuneration structures remain suitable and competitive to attract and retain the best talent across our markets.
- Overseeing the implementation of the SIP.
- Ensuring a strategy to recover the retention position for key talent is in place, following a decrease in share price during the second half of the year, as well as the impact on the LTIP vesting conditions.
- Reviewing the use of the Black Economic Empowerment Share Scheme to attract and retain talent.
- Driving a culture of ownership and increased alignment with shareholders.
- Developing and disclosing metrics that monitor fair and responsible pay, as well as pay disparities based on gender and race.
- Reviewing ESG-related targets linked to remuneration practices.

The Remuneration Committee is satisfied that it fulfilled its responsibilities as per its Terms of Reference for FY2021.



REFER TO OUR FULL REMUNERATION REPORT IN OUR ONLINE INTEGRATED ANNUAL REPORT FOR MORE INFORMATION ON OUR REMUNERATION COMMITTEE AND ITS ACTIVITIES.



Our Board committees continued

RISK AND COMPLIANCE COMMITTEE

PURPOSE

The Risk and Compliance Committee is responsible for ensuring that material risks, which could affect the Group, are identified, evaluated and effectively managed and reported. In addition, the Committee is tasked with ensuring that the Group's policies and processes are adequate to ensure compliance with the required legislative and regulatory requirements. The committee also ensures that adequate systems of fraud management are in place, as well as processes and controls that manage business continuity and disaster recovery within the Group.

COMPOSITION AND MEETING ATTENDANCE

The Risk and Compliance Committee comprises at least eight members, including Executive and Non-executive Directors, the CRO and Chief Actuary (Group), CCO and the CIO. Of these members, the majority must be Non-executive Directors. During the year, Discovery appointed an independent technology adviser to the Risk and Compliance Committee to bolster the committee's skills and expertise.

The Risk and Compliance Committee met six times during the year and comprised the following members as at 30 June 2021:

Name	Board status	Appointment to committee	Number of meetings attended
M Schreuder* (Chairperson)	Independent Non-executive Director	February 2021	2/2
HL Bosman*	Non-executive Director	April 2015	6/6
Dr B Brink	Independent Non-executive Director	April 2015	6/6
R Farber	Non-executive Director	April 2015	6/6
J Ferreira	Group CCO	June 2019	6/6
HD Kallner	Executive Director	December 2015	6/6
D Macready	Independent Non-executive Director	February 2020	6/6
A Rayner	CRO and Chief Actuary (Group)	April 2015	6/6
D Viljoen	Executive Director and Group CFO	May 2017	6/6
D Wilcocks	Group CIO	August 2018	6/6
SV Zilwa	Independent Non-executive Director	April 2015	5/6

* HL Bosman resigned as Chairperson with effect from 21 April 2021, but remains a member of the Committee. M Schreuder was appointed as Chairperson with effect from 21 April 2021.

Key focus areas in FY2021

- Overseeing the operations of the Group's independent Risk Management function to ensure the adequacy and effectiveness thereof.
- Reviewing the Group's risk management plans, risk-related policies and frameworks, and confirming that they are appropriate and have been implemented satisfactorily.
- Considering detailed risk reports from the CRO, the residual risk profile of the Group, as well as key risk trends, including key top-of-mind topics such as the impact of COVID-19 at various risk exposures.
- Considering risk reports of the relevant risk committees of other Group regulated entities, including Discovery Bank, Vitality UK insurance entities, and Vitality Group.
- Reviewing the annual refresh of the risk appetite statements and metrics.
- Reviewing the Group ORSA and Discovery Life ORSA reports, challenging findings where required.
- Overseeing the Group's Compliance function, and monitoring the compliance landscape, ensuring that Discovery complies with applicable laws, regulatory rules, codes and standards, and assessing the impact of new laws and regulations on the Group to keep the Board up to date on any material developments.
- Reviewing the Group compliance plans, policies and frameworks and related approvals.
- Considering comprehensive reports from the CCO that detail regulatory changes, regulatory exposures and breaches, as well as any material findings in monitoring reviews.
- Providing oversight of Discovery's IT Strategy, and considering the adequacy and effectiveness of the Control Framework and governance structures within the IT environment.
- Reviewing and considering the cybersecurity posture, as well as associated risks and controls.
- Overseeing the implementation of anti-fraud programmes and controls, as well as fraud-related policies and reports from the Forensics function on Discovery's fraud risk profile.
- Considering feedback from the Group Treating Customers Fairly Subcommittee.
- Reviewing and approving the risk and compliance-related content of the Integrated Annual Report.
- Identifying and monitoring the main climate-related risks and opportunities for Discovery, and monitoring and providing recommendations on relevant mitigation plans to manage these risks.
- Monitoring Discovery's compliance with the POPI Act.

Planned focus areas in FY2022

- Continuing to focus on the core activities of the committee as outlined in its Terms of Reference.
- Ongoing consideration of the risks related to COVID-19.
- Further considering the risks and potential financial impacts related to climate change.

The Risk and Compliance Committee performed an internally managed effectiveness review during the reporting period and is satisfied that it fulfilled its responsibilities as per its Terms of Reference for FY2021.



Our Board committees continued

ACTUARIAL COMMITTEE

PURPOSE

The Actuarial Committee provides assurance to the Board on all matters of an actuarial nature, including the identification, review and management of actuarial risks and the appropriateness of the assumptions underlying the product terms, liabilities and capital of the Group.

COMPOSITION AND MEETING ATTENDANCE

The Actuarial Committee is a non-statutory committee of the Board, and comprises at least eight members. The committee is chaired by an independent expert actuary who is not a member of Discovery's Board, and includes Non-executive Directors and Executive Directors of relevant companies within the Group, including the Group CFO, the Group Head of Actuarial function, and members of executive management.

The Actuarial Committee met seven times during the year, and comprised the following members as at 30 June 2021:

Name	Board status	Number of meetings attended ¹
P Tripe (Chairperson)	Independent expert actuary	7/7
R Farber	Non-executive Director	6/7
HD Kallner	Executive Director	7/7 [#]
R Lee	Independent expert actuary	7/7
D Macready	Independent Non-executive Director	7/7
HP Mayers*	Non-executive Director	2/4
KS Rabson	Group Executive	7/7 [#]
A Rayner	CRO and Chief Actuary (Group)	7/7
M Schreuder**	Independent Non-executive Director	1/1
R van Reenen	Group Executive	2/2
D Viljoen	Executive Director and Group CFO	7/7
R Williams	Independent expert actuary	7/7

¹ Two additional meetings were convened during the year to discuss specific topics. The attendance of these meetings is not included in the table above.

* HP Mayers retired as Board member and member of the Actuarial Committee with effect from 26 November 2020.

** M Schreuder was appointed with effect from 19 February 2021.

Attended in person or by proxy.

Key focus areas in FY2021

- Reviewing the basis, methodology and results of the solvency calculations for each business and the Group, including the appropriateness of the iterative method of calculating the risk margin for Discovery Life.
- Reviewing the results, analysis and external disclosures of the financial soundness valuation and the embedded value results for the Group, as well as IFRS reporting for Discovery Life.
- Identifying and analysing all relevant actuarial risks across the Group, including the actuarial aspects of the ORSA for various entities, and ensuring that relevant management strategies are in place to manage risks. Reviewing reports from management and external advisers on actuarial risks to Discovery, and considering any other reports of a technical actuarial nature.
- Confirming that, from an actuarial perspective, Discovery complied with all applicable legislation, regulatory requirements, notices and codes, and that Discovery adheres to international best practice.
- Understanding the impact of COVID-19 on the actuarial components of the reserving and reporting bases and recommending adjustments as and when required.
- Considering all technical actuarial aspects of IFRS 17: Insurance Contracts, which will come into effect in 2023, and coordinate with the Audit Committee.
- Considering the financial soundness and actuarial risks associated with new products, as well as revisions of existing products and the actuarial risks associated with new business initiatives.
- Considering the asset liability matching profile of the Group.
- Reviewing the Actuarial Control function, including the charter, plan and skills.
- Considering the Head of the Actuarial function's review of the reinsurance arrangements for all regulated entities, and reviewing the appropriateness and adequacy thereof.
- Reviewing the minutes of Discovery Insure, Vitality Group, VitalityLife and VitalityHealth's subsidiary Actuarial Committees to consider relevant actuarial issues, their management and the impact on the Group's actuarial risks.

Planned focus areas in FY2022

- Focus on areas as outlined in its Terms of Reference.
- Ensure the Group's preparedness for the implementation of IFRS 17.
- Continue to monitor and understand the impact of COVID-19 on the actuarial components of the reserving and reporting bases.

The Actuarial Committee performed an internally managed effectiveness review during the reporting period and is satisfied that it fulfilled its responsibilities as per its Terms of Reference for FY2021.



Our Board committees continued

SOCIAL AND ETHICS COMMITTEE

PURPOSE

The Social and Ethics Committee assists the Board in implementing and monitoring strategies that facilitate sustainable social, economic and sustainable development, and in integrating ethics and transformation across Discovery. The committee also makes recommendations to the Board on good corporate citizenship, Climate Change Strategy, environmental health and safety, stakeholder relations, and an inclusive economy.

COMPOSITION AND MEETING ATTENDANCE

The Social and Ethics Committee is chaired by an Independent Non-executive Director, and comprises at least five members of which three are Independent Non-executive Directors and two are Executive Directors.

The Social and Ethics Committee met five times during the year and comprised the following members as at 30 June 2021:

Name	Board status	Appointment to committee	Number of meetings attended*
SV Zilwa (Chairperson)	Independent Non-executive Director	May 2018	5/5
Dr B Brink	Independent Non-executive Director	May 2018	5/5
HD Kallner	Executive Director	May 2018	5/5
F Khanyile	Independent Non-executive Director	May 2018	5/5
D Viljoen	Executive Director and Group CFO	May 2018	5/5

* The Social and Ethics Committee held two additional meetings during the year to discuss specific topics. The attendance of these meetings is not included in the table above.

Key focus areas in FY2021

- Overseeing Discovery's ethical standards and values, as well as the monitoring thereof to ensure an ethical culture is deeply rooted across the Group.
- Considering the impact of COVID-19 on skills development, enterprise and supplier development, preferential procurement and sustainable development.
- Monitoring Discovery's compliance to the Disaster Management Act, No. 53 of 2005, in relation to workplace occupational health and safety regulations.
- Ensuring compliance with the UN Global Compact Principles, the recommendations of the Organisation for Economic Co-operation and Development regarding corruption, as well as applicable legislative and regulatory requirements that impact social and economic development.
- Overseeing the Group's Sustainability Framework and dashboard as well as considering, approving and monitoring the key sustainability performance indicators.
- Reviewing the Group's enterprise development and preferential procurement policies and implementation thereof while ensuring alignment with the Group's transformation objectives.
- Monitoring Discovery's corporate citizenship approach, as well as objectives that promote equality, prevent unfair discrimination and corruption, and support CSI, corporate sponsorships and donations.
- Overseeing the Group's environmental and health and safety strategies and objectives, including analysis of its carbon footprint and remediation to improve its status, as well as approving the Group Climate Change Strategy.
- Monitoring the Group's stakeholder engagement, advertising and public relations strategies and objectives.
- Overseeing the Group's labour-related policies and frameworks in addition to its Employment Equity Plan and Skills Development Strategy.
- Ensuring that appropriate frameworks and methodologies are in place to monitor conflicts of interest.
- Monitoring the Group's target level of compliance with the Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice and its progress in terms of transformation targets against actual metrics, with specific regard to our B-BBEE scorecard, employment equity plan, skills development and CSI dashboards.
- Reviewing the FY2020 Sustainable Development Report, as well as the assurance processes supporting key data included therein, and recommending this to the Board for approval.
- Monitoring Discovery's response to the COVID-19 pandemic, including the roll out of vaccinations.

Planned focus areas in FY2022

- Maintaining Discovery's level 1 B-BBEE score.
- Reviewing and approving Discovery's Sustainable Development Strategy.
- Monitoring and overseeing the implementation of the Group's Climate Change Strategy.

The Social and Ethics Committee performed an independent effectiveness review during the reporting period and is satisfied that it fulfilled its responsibilities as per its Terms of Reference for FY2021.

 MORE INFORMATION ON HOW WE MAINTAIN AN ETHICAL CULTURE CAN BE FOUND FROM PAGE 17.

 REFER TO OUR ONLINE SUSTAINABILITY REPORT FOR MORE INFORMATION ON THE SOCIAL AND ETHICS COMMITTEE'S ACTIVITIES.

Our Board committees continued

NOMINATIONS COMMITTEE

PURPOSE

The Nominations Committee assists the Board in identifying potential candidates for the Board, and will make recommendations on the appointment of Executive or Non-executive Directors to the Board. The Board, in turn, presents the approved candidates to the shareholders for consideration at the AGM. The committee is also responsible for succession planning in respect of the Group Chief Executive and Board members, as well as the evaluation of the Board's performance.

COMPOSITION AND MEETING ATTENDANCE

The Nominations Committee is chaired by the Chairperson of Discovery's Board, and comprises at least three members. Discovery's Group Chief Executive is also a member of the committee, along with a representative of the major shareholder and two Independent Non-executive Directors.

The Nominations Committee met two times during the year and comprised the following members as at 30 June 2021:

Name	Board status	Appointment to committee	Number of meetings attended
M Tucker (Chairperson)	Independent Non-executive Director	November 2019	2/2
HL Bosman	Non-executive Director	November 2019	2/2
A Gore	Executive Director and Group Chief Executive	November 2019	2/2
F Khanyile	Independent Non-executive Director	February 2020	2/2
Dr TV Maphai	Independent Non-executive Director	February 2020	2/2

Key focus areas in FY2021

- Ensuring the Board has the appropriate balance of skills, qualifications and experience for it to execute its duties effectively.
- Identifying suitable candidates to improve the gender and racial composition of the Board.
- Recruiting, shortlisting and recommending the following appointments:
 - Marquerithe Schreuder as an Independent Non-executive Director of the Board and member of the Audit Committee, Risk and Compliance Committee and Actuarial Committee.
 - Monhla Hlahla as an Independent Non-executive Director of the Board and member of the Audit Committee and Social and Ethics Committee.
- Addressing the Board's actuarial, data and technology skills gaps.
- Overseeing the succession plan for the Board, which includes identifying, mentoring and developing future candidates.
- Overseeing the annual performance assessment of the Board, Board committees and individual Non-executive Directors.
- Recommending the re-election of Non-executive Directors whose terms are coming to an end and, in doing so, considered their performance and attendance on the Board and committees.
- Considering the composition of Board committees, as well as the allocation of roles and responsibilities, to achieve a balanced distribution of power.
- Overseeing the continuous development of Directors through ongoing training interventions.

Planned focus areas in FY2022

- Improving Board diversity, considering the voluntary minimum targets for race and gender representation at Board level.
- Strengthening the Board's knowledge and expertise by assessing and addressing identified skills gaps.
- Overseeing succession planning for the Board, and ensuring a smooth transition for any potential Board members appointed.

The Nominations Committee is satisfied that it fulfilled its responsibilities in accordance with its Terms of Reference for FY2021.



Our Board committees continued

TREATING CUSTOMERS FAIRLY SUBCOMMITTEE

PURPOSE

The Treating Customers Fairly Subcommittee is tasked with assisting the Risk and Compliance Committee in ensuring the fair treatment of customers by the Group. The Treating Customers Fairly Subcommittee functions as the independent governance forum overseeing the Treating Customers Fairly Framework, ensuring that an appropriate culture encouraging the fair treatment of customers is established and that management implements suitable processes to ensure that Discovery treats customers fairly. In addition, the Treating Customers Fairly Subcommittee assists the Social and Ethics Committee from time to time to discharge its obligations for the fair treatment of customers.

COMPOSITION AND MEETING ATTENDANCE

The Treating Customers Fairly Subcommittee is a subcommittee of the Risk and Compliance Committee and comprises at least five members, of which three are independent Non-executive Directors of Discovery Constituted Boards, and one is a member of the Social and Ethics Committee. The Chairperson is appointed by the Risk and Compliance Committee in consultation with the Chairperson of the Group Board. Each business entity over which the Treating Customers Fairly Subcommittee has direct oversight is represented by a member of its executive management team, or by a member of senior management nominated by the executive management team. The Treating Customers Fairly Subcommittee meets a minimum of four times in a year. Discovery Bank has its own treating customers fairly processes and governance structures in place, and a representative of the business attends each Treating Customers Fairly Subcommittee meeting to report on Discovery Bank's activities in this regard.

During the year, officials from the Financial Services Conduct Authority attended one of our meetings. No negative comments or recommendations arose from this inspection.

The Treating Customers Fairly Subcommittee met four times during the year and comprised the following members as at 30 June 2021:

Name	Board status	Appointment to committee	Number of meetings attended
J Awbrey (Chairperson)	Independent Non-executive Director (Discovery Life and Discovery Insure)	January 2017	4/4
Dr B Brink	Independent Non-executive Director (Group)	January 2017	3/4
J Ferreira	Group CCO	November 2018	4/4
A Rayner	CRO and Chief Actuary (Group)	January 2017	4/4
SV Zilwa	Independent Non-executive Director (Group)	January 2017	3/4

Key focus areas in FY2021

- Reviewing all frameworks dealing with the fair treatment of customers, including the complaints management process.
- Ensuring that appropriate steps were taken to embed the frameworks within the business entities.
- Overseeing the development and launch of all significant new products.
- Improving customer communication for integrated product development.
- Reviewing internal system integration within the Group.
- Focusing on lapse rate reporting.
- Considering regulatory training requirements post the effectiveness review.
- Focusing on social media interaction from a treating customers fairly perspective.
- Consolidating product summaries for all Discovery businesses, focusing on product integration and the impact on customers 65 or older.
- Reviewing the Insurance Ombudsman's published annual report to determine the Group's treating customers fairly performance in comparison with our competitors.

Planned focus areas in FY2022

- Ongoing review of all frameworks dealing with the fair treatment of customers, including the complaints management process.
- Continuing to ensure the appropriate steps are taken to embed the frameworks across the business.
- Implementing social media interaction reporting within the Treating Customers Fairly Framework.
- Focusing on positive market conduct highlights.
- Reviewing local and international market conduct trends.
- Conducting applicable regulatory training.
- Enhancing consolidated product summaries to improve their value and impact.
- Improving and simplifying treating customers fairly reporting for all business units, including Discovery Bank.
- Focusing on the quality of advice provided by intermediaries to our customers.

The Treating Customers Fairly Subcommittee performed an internally managed effectiveness review during the reporting period and is satisfied that it has fulfilled its responsibilities as per its Terms of Reference for FY2021.



FY2021 09

KING IV™ APPLICATION REGISTER

Discovery's Board of Directors recognises the importance of being a responsible corporate citizen, and is committed to ethical and effective leadership towards achieving the King IV™ outcomes. The Board has primary accountability for the governance and performance of Discovery. The application of the King IV™ principles is referenced below.

LEADERSHIP

Principle 1: The governing body should lead ethically and effectively.

 REFER TO PAGE 4 AND 19 OF THIS GOVERNANCE REPORT.

ORGANISATIONAL ETHICS

Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

 REFER TO PAGE 17 OF THIS GOVERNANCE REPORT.

RESPONSIBLE CORPORATE CITIZENSHIP

Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

 REFER TO PAGE 26 OF THIS GOVERNANCE REPORT.

STRATEGY AND PERFORMANCE

Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

 REFER TO PAGE 19 OF THIS GOVERNANCE REPORT.

 REFER TO PAGE 27 OF OUR ONLINE INTEGRATED ANNUAL REPORT.

REPORTING

Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.

 REFER TO PAGE 26 AND 29 OF THIS GOVERNANCE REPORT.

PRIMARY ROLE AND RESPONSIBILITIES

Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.

 REFER TO PAGE 20 OF THIS GOVERNANCE REPORT.

COMPOSITION

Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

 REFER TO PAGE 5 AND 21 OF THIS GOVERNANCE REPORT.

COMMITTEES

Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

 REFER TO PAGE 28 OF THIS GOVERNANCE REPORT.



FY2021 King IV™ Application register continued

EVALUATION OF PERFORMANCE

Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.

 REFER TO PAGE 19 AND 21 OF THIS GOVERNANCE REPORT.

APPOINTMENT AND DELEGATION TO MANAGEMENT

Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

 REFER TO PAGE 21 OF THIS GOVERNANCE REPORT.

RISK GOVERNANCE

Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

 REFER TO PAGE 24 OF THIS GOVERNANCE REPORT.

 REFER TO PAGE 34 OF OUR ONLINE INTEGRATED ANNUAL REPORT.

TECHNOLOGY AND INFORMATION GOVERNANCE

Principle 12: The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.

 REFER TO PAGE 21 OF THIS GOVERNANCE REPORT.

 REFER TO PAGE 16 OF OUR ONLINE INTEGRATED ANNUAL REPORT.

COMPLIANCE GOVERNANCE

Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

 REFER TO PAGE 24 OF THIS GOVERNANCE REPORT.

REMUNERATION GOVERNANCE

Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

 REFER TO PAGE 21 AND 30 OF THIS GOVERNANCE REPORT.

ASSURANCE

Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

 REFER TO PAGE 22 OF THIS GOVERNANCE REPORT.

STAKEHOLDERS

Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

 REFER TO PAGE 26 OF THIS GOVERNANCE REPORT.

 REFER TO PAGE 45 OF OUR ONLINE INTEGRATED ANNUAL REPORT.

RESPONSIBILITIES OF INSTITUTIONAL INVESTORS

Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practised by the organisation to promote the good governance and the creation of value by the companies in which it invests.

 REFER TO PAGE 27 OF THIS GOVERNANCE REPORT.

 REFER TO OUR ONLINE SUSTAINABILITY REPORT.

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