Discovery

TAX TRANSPARENCY REPORT

for the year ended 30 June 2024

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NAVIGATING OUR REPORTING SUITE

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

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

Clickable points of interest

Our reporting suite is best viewed in Adobe Acrobat for desktop, mobile or tablet. Click to download or update to the latest Adobe Acrobat Reader

OUR REPORTING SUITE

Our Tax Transparency Report is supported by a comprehensive suite of reports that aims to provide our stakeholders with a holistic overview of the Group, its prospects and performance. These reports can be accessed on our website.

Integrated Annual Report

Our primary report to our shareholders, providers of financial capital and other key stakeholders, detailing how we created, preserved or eroded value for our stakeholder groups.

Group Annual Financial Statements

Group audited consolidated annual financial results for Discovery Limited, the Embedded Value Statement and Five-year Review.

Sustainability Report

An overview of the Group's performance against our Integrated Sustainability Framework and, where appropriate, against relevant standards and frameworks.

Climate Report

Describes the Group's approach to climate change and provides climate-related disclosures regarding governance, strategy, risk management, metrics and targets.

Governance Report

Outlines governance philosophy, leadership and compliance with the King Report on Corporate Governance for South Africa, 2016 (King IV™)*.

Remuneration Report

Outlines our remuneration policy and implementation approach and factors influencing our remuneration-related decisions.

THIS REPORT

Tax Transparency Report

Communicates material tax disclosure information to demonstrate our commitment to tax transparency and operating as a force for good through our tax contributions.

Annual financial results presentation and booklet

ESG Databook

Notice of Annual General Meeting (AGM)

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About this *report*

Our FY2024 Tax Transparency Report, prepared in line with GRI 207, provides disclosures related to our approach to tax, our tax governance and risk management practices and tax-related stakeholder engagement. These disclosures demonstrate our commitment to tax transparency and operating as a force for economic and social good through tax contributions. Our report includes financial information illustrating the Group's tax-related activities in each jurisdiction within which we operate.

REPORTING SCOPE AND BOUNDARY

This Tax Transparency Report provides a comprehensive view of Discovery Limited's tax-related activities (hereafter referred to as Discovery or the Group) from 1 July 2023 to 30 June 2024 (FY2024). It also includes all material events up to the date of Board approval. Furthermore, this report includes both financial and non-financial information relating to the performance of our three market-specific strategic strands: Discovery SA, Vitality UK and Vitality Global.

FRAMEWORKS APPLIED

In preparing this report, we were guided by the:

- Companies Act, No. 71 of 2008, as amended (Companies Act)
- JSE Limited (JSE) Listings Requirements
- Global Reporting Initiative's Standard on Tax (GRI 207)
- King IV™
- International Financial Reporting Standards (IFRS)

FORWARD-LOOKING STATEMENTS

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

COMBINED ASSURANCE

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

- Joint external assurance of Annual Financial Statements by KPMG and Deloitte
- Limited external assurance of selected sustainability information by Nexia SAB&T
- Limited assurance of selected factual and quantitative financial and non-financial information by Group Internal Audit
- Verification of greenhouse gas (GHG) emissions inventory by Verify CO_2
- Verification of B-BBEE rating by Honeycomb BEE Ratings

Based on these engagements, Group Internal Audit believes the quantitative and qualitative information in this report accurately reflects the Group's performance for FY2024.

This report is the culmination of a Group-wide process led by the Group Tax function, with the oversight of the Group Executive. The process is reviewed in detail by our Group Audit Committee who, in turn, recommends the report to our Board for approval.

BOARD APPROVAL

Discovery's Board of Directors is responsible for the integrity of this report. The Board confirms this report materially complies with the requirements of the frameworks outlined above. After reviewing this report, the Board believes it accurately and comprehensively explains Discovery's approach to tax, its tax governance and risk management practices, tax-related stakeholder engagement and financial information of each tax jurisdiction in which it operates.

The Board unanimously approved this report on 14 October 2024.

Sir Mark E Tucker
Independent Non-executive Chairperson

Adrian Gore
Group Chief Executive

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

Message from our *Group CFO and Head of Group Tax*

DEON VILJOEN AND TARYN GREENBLATT

We are proud to present our third annual Tax Transparency Report for the year ended 30 June 2024. We continue to support transparent and comprehensive tax reporting as we strive to build a solid foundation of trust.

Our commitment to improving our tax transparency remains a key focus, and we are pleased to have been recognised in the PwC Building Public Trust through Tax Reporting study as the most improved tax reporter year on year for our FY2022 Tax Transparency Report. In addition, our tax transparency disclosures scored in the 100th percentile (best in class) in our MSCI ESG Rating assessment report in November 2023.

These achievements not only demonstrate our efforts to build credibility among stakeholders and revenue authorities, but also stand us in good stead to navigate a complex operating environment. Global and local tax policy is subject to frequent changes and, as such, Discovery regularly assesses developments in the external tax environment that could impact the Group and prepares for associated obligations. During the year, the Group transitioned to IFRS 17 *Insurance Contracts*, which became effective on 1 July 2023. The new standard significantly impacts how the Group reports and manages financial results, and has implications for current and deferred tax. In South Africa, we continue to contribute our technical skills to industry submissions for National Treasury to ensure that any remaining anomalies in the legislation related to this transition are addressed.

Another significant development in the tax landscape this year was the issuing of the draft Global Minimum Tax legislation in South Africa, as part of the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework's Two Pillar Solution. As a multinational enterprise that will be subject to this legislation, we are preparing for the additional compliance obligations expected to arise from FY2025. As the statutory tax rates for our material operating subsidiaries are in excess of the minimum 15% rate, we anticipate that only a limited number of jurisdictions, if any, will not meet this rate or the transitional safe harbour calculations which would alleviate certain obligations in the short term.

Our ability to navigate changes in the global tax environment is supported by good corporate governance. We see governance as an enabler of value creation and preservation, and, as such, our governance of tax reaches beyond compliance. As a responsible corporate citizen, our approach is based on ethical behaviour, accountability, compliance, leadership, risk and performance management, and transparency. We actively engage with relevant stakeholders and participate in industry debate to advocate for fair tax outcomes. Furthermore, we maintain open communication with revenue authorities and government tax policy divisions in our operating jurisdictions.

We believe our tax approach and practices support our contributions to society and our aim of being a demonstrable force for good. In FY2024, our global fiscal contribution of R11 108 million highlighted our progress in creating shared value. We expect our strategic growth initiatives to further boost our global contribution going forward.

> **Taxation can serve as both a revenue collection tool and a policy instrument to encourage sustainable growth, influence behaviour, enhance well-being and improve governance.**
>
> *UN Inter-agency Task Force on Financing for Development*

Who *we are*

Discovery is a global, integrated financial services organisation that uses a pioneering Shared-value model across businesses.

Our *business model*

We manage the creation, preservation and erosion of value through resources and relationships available or established to provide products and services through our composites. To understand our business is to understand our WHY, HOW and WHAT.

WHY WE ARE IN BUSINESS

Our core purpose

To make people healthier and enhance and protect their lives.

HOW WE OPERATE

What sets us apart

Our core purpose manifests through our pioneering and bespoke Shared-value model across our composites of Discovery SA, Vitality UK and Vitality Global – underpinned by our leading behaviour-change platform, Vitality, and supported by our unique foundation and operating model.

Our values

Our core purpose and values underpin every decision we make, ensuring we manage value creation, preservation and erosion in a way that is balanced.

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

Our strategic objectives

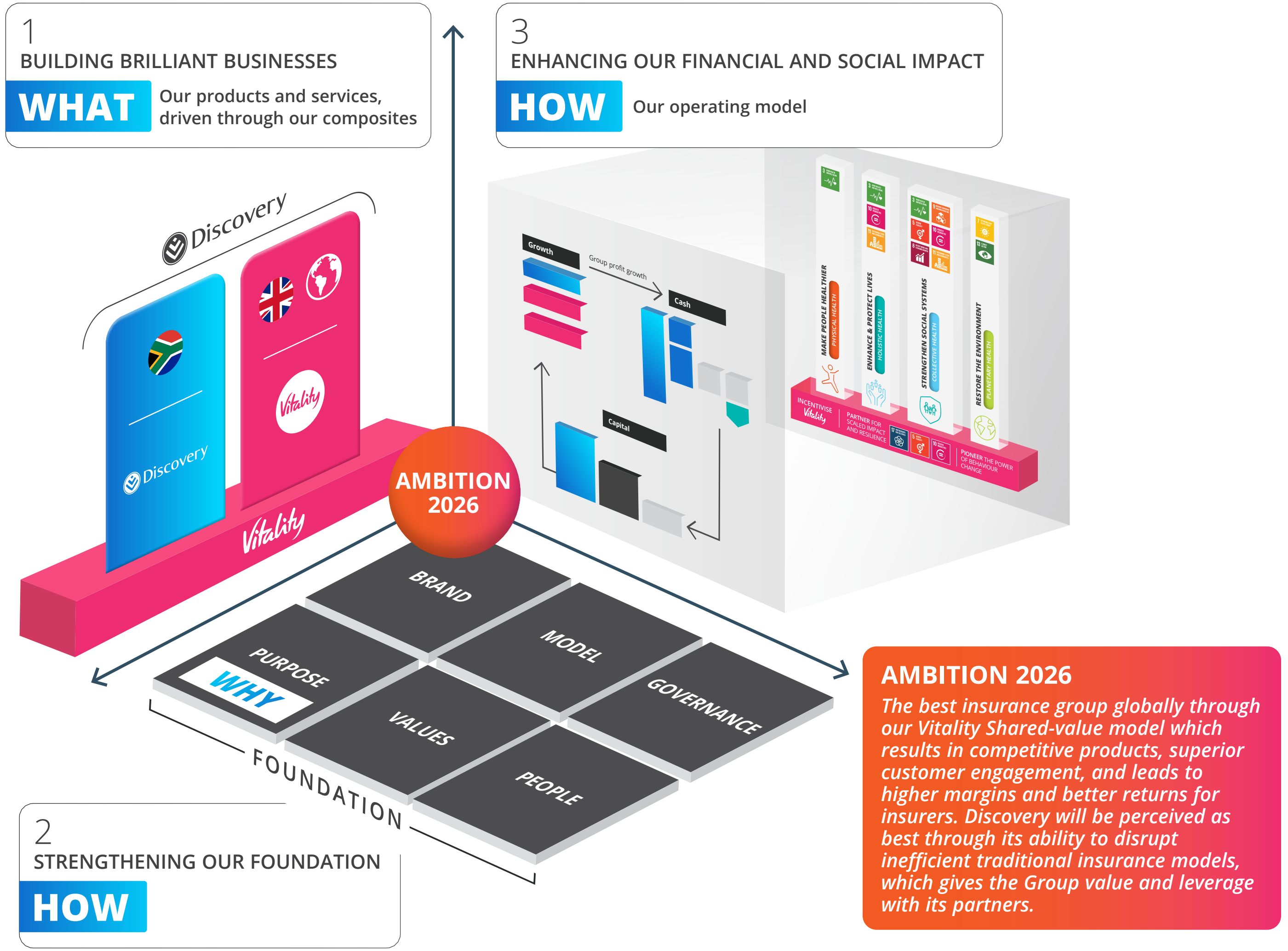
To deliver on our core purpose and strategy we focus on three strategic objectives:

1 BUILDING BRILLIANT BUSINESSES

2 STRENGTHENING OUR FOUNDATION

3 ENHANCING OUR FINANCIAL AND SOCIAL IMPACT

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



Our tax contribution at a glance

OUR TAX CONTRIBUTION FOR THE YEAR ENDED 30 JUNE 2024

NUMBER OF SUBSIDIARIES IN THE GROUP
48
(FY2023: 47)

EMPLOYEES
>13 800
(FY2023: >13 700)

GROUP INCOME STATEMENT PROFIT BEFORE TAX
R10 011 MILLION
(FY2023: R9 058 million)

GROUP INCOME STATEMENT TAX EXPENSE
R2 647[1] MILLION
(FY2023: R2 486 million)

NORMALISED PROFIT FROM OPERATIONS
R11 604 MILLION
(FY2023: R9 917 million)

1 *The current tax portion (excluding deferred tax) is R1 380 million. The corporate income tax contribution is R1 446 million. The difference of R66 million comprises additional provisional tax top-up payments made in FY2024 relating to FY2023 net of withholding tax payments which are disclosed as 'other taxes'.*

TOTAL TAX CONTRIBUTED BY TYPE[2]

CORPORATE INCOME TAX
13%
R1 446 MILLION
(FY2023: R1 763 million*)

INSURANCE PREMIUM TAX
18%
R2 029 MILLION
(FY2023: R1 673 million)

EMPLOYMENT TAXES[3]
44%
R4 899 MILLION
(FY2023: R4 174 million)

VAT AND GST[4]
22%
R2 402 MILLION
(FY2023: R2 078 million)

OTHER TAXES[5]
3%
R332 MILLION
(FY2023: R96 million)

TOTAL CONTRIBUTION
R11 108 MILLION
(FY2023: R9 784 million)

* *FY2023 included an exceptional provisional tax amount relating to the FY2022 financial year of R361 million.*

TOTAL TAX CONTRIBUTED BY REGION

SOUTH AFRICA
65%
R7 218 MILLION
(FY2023: R6 591 million)

UNITED KINGDOM
32%
R3 557 MILLION
(FY2023: R2 903 million)

UNITED STATES
3%
R301 MILLION
(FY2023: R265 million)

OTHER[6]
<1%
R32 MILLION
(FY2023: R25 million)

2 *Tax contribution includes both those taxes borne by the Group as well as those collected on behalf of the revenue authorities.*
3 *Includes employment taxes collected and paid over on behalf of policyholders.*
4 *Includes VAT expensed and not recovered.*
5 *Other taxes include franchise taxes, withholding taxes, dividend withholding taxes (excluding amounts withheld by other regulated intermediaries but including an approximation of amounts relating to the Discovery Limited ordinary share dividend declaration) customs duties and carbon taxes.*
6 *Other regions include Australia, China, Singapore, Isle of Man, Nigeria, Eswatini, Democratic Republic of Congo and Mauritius.*

Alignment to Discovery's sustainable development commitments

Our tax contributions support the following Sustainable Development Goals (SDGs):

8 DECENT WORK AND ECONOMIC GROWTH — Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

For more information on the Group's alignment to the SDGs, refer to our Sustainability Report.

Our *approach to tax*

Our core purpose has manifested in a globally relevant Shared-value model which creates value for our businesses, clients and society.

Discovery's tax strategy is captured in our Tax Policy Principles, which are aligned to our purpose and business model, and supports the contribution of a variety of local and international taxes that arise in the normal course of business, including corporate income taxes, as well as other direct and indirect taxes.

Discovery's Tax Policy Principles, which provides strategic guidance, has been reviewed and approved by the Group Audit Committee, Group Risk and Compliance Committee and the Board of Directors. Group Tax and the Finance Executive Committee considers the tax strategy annually and updates tax policies, including the transfer pricing policy, as required . The Board has delegated responsibility for the oversight of tax matters and the review of the tax strategy to the Group Chief Financial Officer (CFO).

OUR TAX PRINCIPLES

Five tax principles guide Discovery's approach to tax.

01 COMMITMENT TO COMPLIANCE

02 RESPONSIBLE ATTITUDE TO ARRANGING TAX AFFAIRS

03 CONSTRUCTIVE APPROACH TO ENGAGING WITH TAX AUTHORITIES

04 TAX REPORTING PROCEDURES AND PROVISIONS

05 MONITORING, CONTROL AND TAX RISK MANAGEMENT

The Group's Tax Policy Principles can be accessed on our website.

Our approach to regulatory compliance

Discovery is committed to operating in a sustainable manner and complying with all statutory tax obligations in the regions in which we operate. Our focus 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 and embedding a Tax Risk Management Framework and Transfer Pricing Policy across the Group. In addition to this, our Annual Financial Statements are prepared in accordance with IFRS, and specifically IAS 12 *Income Taxes*, which requires the accurate reflection of all taxes incurred and owing.

Discovery is committed to complying with the spirit and letter of the tax laws and regulations in the countries in which we operate. This includes paying taxes according to where the value is created.

As highlighted in our Tax Policy Principles, our approach to compliance includes:

- Filing accurate, timely tax returns and settling any tax obligations in the correct reporting period
- Disclosing relevant facts and circumstances to tax authorities when required
- Claiming tax reliefs and incentives where these are available and appropriate.

INCORPORATING TAX CONSIDERATION INTO BUSINESS AND SUSTAINABLE DEVELOPMENT STRATEGIES

By operating as a responsible tax payer and engaging constructively with tax authorities, we are able to support sustainable development in the jurisdictions in which we operate, which aligns with our objective to be a force for good.

Our tax strategy aligns with the wider Group strategy and the Group Tax function is an active strategic business partner, understanding the tax implications and ensuring that business strategies are executed in the most tax efficient and responsible manner.

The Group Tax function is involved in the planning, implementation and documentation for material business combinations, changes in corporate structure, cross-border financing and trading arrangements, funding transactions and significant new processes or products affecting tax compliance.

Responsible arrangement of tax affairs

Commercial activities are structured to maximise value sustainably for shareholders and all other stakeholders. Tax planning is undertaken within this context:

- Economic substance and commercial rationale for transactions undertaken are paramount. All transactions are required to have a business purpose. Therefore, no artificial arrangements may be implemented, particularly in order to transfer value to low-tax jurisdictions.
- So-called tax havens are not used as a means to avoid taxes on business activities that would in the normal course of events take place elsewhere.
- Due consideration is given to the tax laws of the countries in which Discovery operates and double taxation is eliminated where possible.
- Cross-border intragroup transactions are undertaken on an arm's length basis in accordance with the OECD transfer pricing principles.

Tax governance and *tax risk management*

GOVERNANCE

The Discovery Board, as the highest governing body within the Group, together with the Group Audit Committee and Group Risk and Compliance Committee, oversees the Group's tax practices and affairs.

Responsibility for compliance with the Group's tax strategy lies with the Board. The Board delegates the day-to-day responsibility for tax risk management to the respective CFOs and finance teams of the various business areas, who are supported by the Group Tax function and the in-country Group tax specialists, where applicable. Together, the business CFOs, Group Tax and in-country tax specialists are responsible for monitoring the Group's overall tax compliance, monitoring changes in tax legislation while proactively managing the impacts thereof, and ensuring that appropriate financial controls are in place in terms of King IV™.

GROUP BOARD

Provides oversight of the Group's tax practices and affairs and is responsible for compliance with the Group's tax strategy

For detail on Discovery's governance structures, see our Governance Report.

AC Group Audit Committee

Provides oversight of the Group's tax practices and affairs. Reviews detailed tax updates twice a year per tax jurisdiction.

Bi-annual tax update report by the Head of Group Tax to the Group Audit Committee include (per tax jurisdiction):

- Status update of in-country tax return submissions and outstanding queries from revenue authorities
- Any material pending legislative changes and the relevant impact
- An update on indirect taxes
- An update on material items in terms of IAS 12: *Income Taxes*, for example, deferred tax assets recognised
- An update on compliance with the Group Transfer Pricing Policy
- Details of material tax opinions sought
- Any other relevant matters impacting the tax control environment and tax risk management status.

RCC Group Risk and Compliance Committee

Provides oversight of the Group's tax practices and affairs as it relates to tax risks and the management thereof.

GROUP CFO

Supported by the Head of Group Tax and the Finance Executive Committee.
Provides oversight of tax matters and the review of the Group tax strategy.

GROUP TAX FUNCTION AND IN-COUNTRY TAX SPECIALISTS

Provide advisory support and guidance to CFOs and finance teams including implementation of tax policies and monitoring of the control environment.

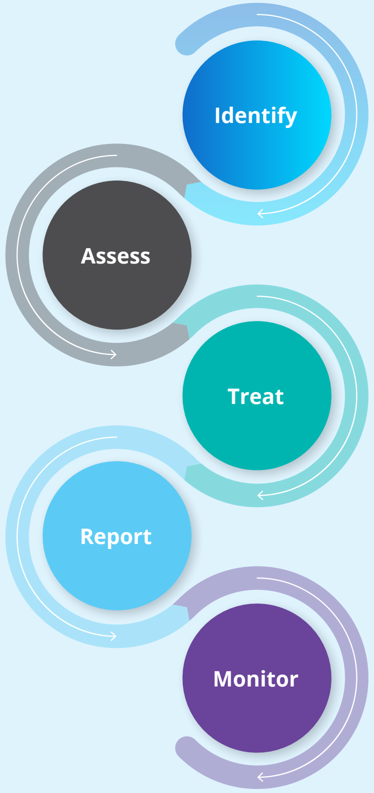
Provide tax updates per jurisdiction to the Head of Group Tax for the bi-annual Group Audit Committee submission.

CFOs AND FINANCE TEAMS

Responsible for day-to-day tax risk management within the various business areas.

TAX RISK MANAGEMENT

Tax risk management forms part of the Group's wider Enterprise Risk Management Framework. The framework has a clearly defined risk taxonomy, which includes a risk-rating matrix that assesses the likelihood of certain risks and the magnitude of their impact. Our risk appetite and limits are set at business entity and Group level, with clear accountability and reporting requirements. Tax risk is further managed through Discovery's three lines of defence model to monitor risk and provide assurance.



Refer to our Governance Report for more details on Discovery's three lines of defence model.

Ongoing tax risk identification and assessment

Potential tax risks are monitored on an ongoing basis by finance and tax teams across the business. Where business identifies transactions where the tax treatment is uncertain, the treatment is escalated to the Group Tax and/or in-country tax specialist who analyses the transaction and using their professional skills and judgement, advises on the appropriate route in order to achieve tax compliance and efficiency. When making tax decisions, consideration is given to the materiality of any item, the financial impacts and any perceived reputational risk that may arise. If the Group Tax specialist identifies that there is uncertainty of interpretation or complexity in relation to a particular matter, external advice is sought as needed.

Typical transactions or events that require external advice include transactions, issues or risks that are significant to Discovery and/or where the impact on Discovery is material but the legislation is unclear. An event, transaction or risk is significant if it would markedly affect Discovery's compliance, operational, financial or strategic outcomes or processes. For example, if it results in a tax outcome that varies from industry patterns or past performance of Discovery, or results in a considerable variation between economic and tax performance. Where relevant, a formal opinion of support for a transaction would be obtained or a ruling may be sought from the tax authorities as appropriate.

OUR GROUP TAX SPECIALISTS

A team of in-house tax specialists with a combination of commerce, chartered accountancy and taxation qualifications. The teams' specialist areas include direct and indirect tax compliance, international tax considerations, transfer pricing and IFRS tax reporting in the insurance and financial services industry.

OUR IN-COUNTRY TAX SPECIALISTS

Tax specialists across our countries of operation that have the requisite knowledge and expertise to support the CFOs on country-specific tax issues.

EXTERNAL ADVISERS

An expert selected based on their particular area of industry and subject matter expertise, who is engaged to provide advice as required.

Tax risks are assessed as low, medium or high by considering the key components of tax risk and understanding the particular events that could trigger them, the chance of these events occurring and their associated impact. Tax risks considered include transactional, operational, compliance, financial accounting, tax management and reputational risks.

Additional mechanism to assess tax risks

- Group Internal Audit reviews the Group Tax function as part of the annual financial control review
- External audit reviews, in line with audit materiality, compliance with the Income Tax Act and IFRS reporting requirements as a part of the annual reporting audit process
- External advisers review significant transactions including internal restructures for tax purposes
- External advisers review annual transfer pricing documentation in line with OECD requirements.

Tax risk management

Tax risks arising from changes in legislation are actively managed through participation in industry workgroups and appropriate government engagement (for example through National Treasury workshops).

Tax risk reporting mechanisms

Employees are encouraged to report any unethical behaviour directly to the Ethics Office or to use the anonymous whistleblowing hotline. The whistleblowing hotline is the main mechanisms for reporting tax-related concerns about unethical or unlawful behaviour.

Refer to our Sustainability Report for more details on Discovery's whistleblowing hotline.

ASSURANCE OF TAX DISCLOSURES

The respective finance teams led by their CFOs are responsible for ensuring that the tax risk management and transfer pricing policies are appropriately adopted and applied to business operations. In addition, they oversee the implementation of effective compliance relating to tax reporting as required by legislation.

Each CFO is required to provide a tax attestation to support the tax disclosures in the Annual Financial Statements, which includes (among others):

- Confirmation of adherence to Discovery's Tax Policy and Risk Management framework
- Confirmation of compliance with the relevant taxation requirements of all countries in which they have oversight and that we have brought to account all liabilities for taxation due to the relevant tax authorities, whether in respect of any corporation or other direct or indirect taxes
- Confirmation that they are not aware of any non-compliance that would give rise to additional liabilities by way of penalty or interest; alternatively, if there has been an incident, confirmation that these values have been correctly provided and, where applicable, disclosed in the financial statements
- Confirmation that the systems in place are capable of identifying all material tax liabilities and the appropriate documentation and record keeping as required under the law of each country has been maintained
- Confirmation that all returns and payments that were required to be made, within the applicable time limits, to the relevant tax authorities have been made
- Confirmation that in managing the tax affairs of the company, they have taken into account any special provisions such as transfer pricing and controlled foreign company legislation applied in different tax jurisdictions
- Confirmation that deferred tax assets have been recognised for the carry-forward of unused tax losses and unused tax credits in accordance with the requirements of IAS 12 *Income Taxes*.

EVALUATION OF TAX GOVERNANCE AND TAX RISK MANAGEMENT

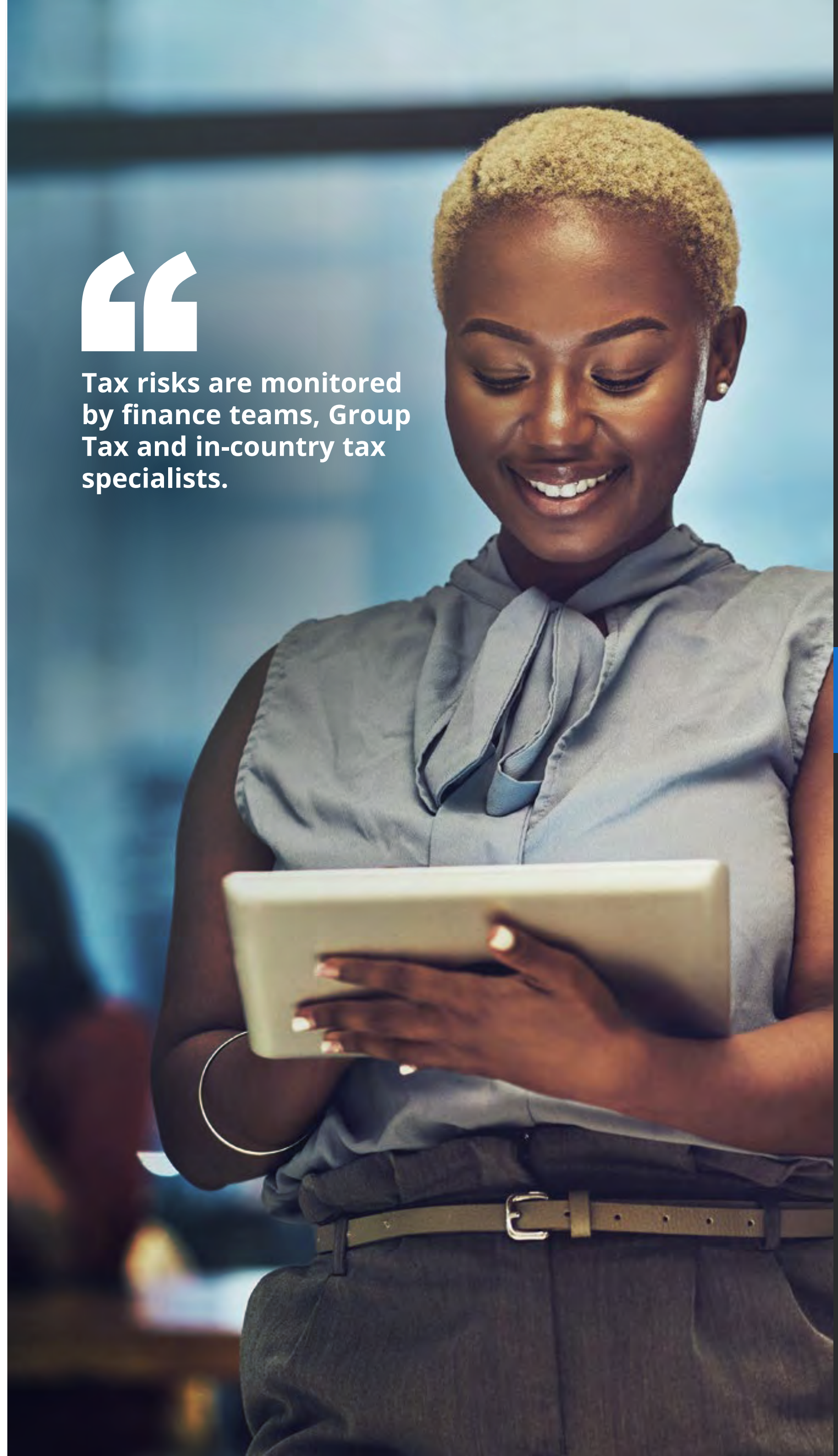
Group Internal Audit performs annual assessments on the tax internal financial control environment.

Tax risks are monitored by finance teams, Group Tax and in-country tax specialists. Potential financial consequences associated with these risks are evaluated in terms of IFRS reporting requirements. Any material tax risks are reported through to Discovery's Group Risk Management team who evaluate and monitor the ongoing risk as part of the Group's wider Enterprise Risk Management Framework.

UNCERTAIN TAX POSITIONS

Uncertain tax positions arise when there is uncertainty over whether the relevant tax authority will accept the income tax treatment as submitted per the income tax return. For example, whether the tax authority would accept the treatment of an item as capital in nature or whether it will permit the deduction of certain expenditure.

Discovery considers IFRIC 23 *Uncertainty over Income Tax Treatments* to assess the disclosure, recognition, and measurement of "uncertain tax positions" in its Annual Financial Statements.



Stakeholder engagement *and tax landscape*

OUR ENGAGEMENT WITH TAX AUTHORITIES

In line with our tax principles, engagements with tax authorities are conducted in an honest, courteous, and timely manner. The Group endeavours to build sustainable transparent relationships with tax authorities. Should unintended errors arise, these will be corrected as soon as practicable after identification. The Discovery Group seeks to resolve any matters with the tax authorities through active and transparent discussion. However, should there be disagreement with a ruling or decision thereafter and the Group strongly believe that its interpretation of the law is correct, the Group is prepared to litigate.

OUR CONTRIBUTION TO INDUSTRY TAX ADVOCACY

The Group is represented on various industry bodies and seek to ensure that changes to legislation are robust and sustainable for both industry and the fiscus. In South Africa, Discovery is a member of the Association for Savings and Investments South Africa (ASISA), South African Insurance Association (SAIA), the Banking Association of South Africa (BASA) and the Institute of Retirement Funds Africa (IRFA) tax committees. Through these memberships we advocate for tax reforms pertinent to our stakeholders. Recent focus areas include:

- The transition to IFRS 17 *Insurance Contracts* for insurance businesses which, among others, allows for a six-year phase-in of transitional tax impacts arising from the change in valuation basis for long-term insurers and three years for short-term insurers
- The tax amendments related to the Draft Global Minimum Tax Bill and Draft Global Minimum Tax Administration Bill
- Tax-related impacts of the Two-Pot retirement system reforms, which aims to assist clients with unexpected expenses when they have no alternative while improving their income to live on during retirement. The Group has been extensively involved in these legislative reforms, sharing notable insights with National Treasury through these memberships at Parliament's Standing Committee on Finance and submitting various recommendations for relevant legislative amendments.

ENGAGING WITH OUR STAKEHOLDERS ON TAX

Maintaining good relationships with key stakeholder groups is critical to creating and sustaining value across the Group. In support of this, our Board adopted a strategic approach to our stakeholder engagements, with principles formalised in our Stakeholder Engagement Framework. The framework includes a stakeholder matrix that guides our levels of engagement with each stakeholder group. This engagement varies depending on our objectives, outcomes, timeframes and resources, as well as levels of influence or interest of stakeholders.

Refer to our Integrated Annual Report for more information on our stakeholders.

As part of our engagements with government and regulators we engage with tax authorities. Tax authorities expect Discovery to pay taxes timeously and communicate openly and transparently. Discovery believes it has a good relationship with this stakeholder group based on feedback from government and regulators, and in meeting our obligations and commitments.

MANAGING TAX WITHIN A MULTINATIONAL TAX ENVIRONMENT

Discovery is a multinational enterprise operating across various tax jurisdictions. We keep abreast of the ever-changing tax landscape locally and internationally.

Our international tax landscape

In terms of the international landscape, Discovery Group formally adopted a Transfer Pricing Policy to ensure that all cross-border intercompany transactions are conducted using the 'at arm's length principle'. Transfer pricing documentation is prepared in line with the OECD's initiative to address base erosion and profit shifting. This includes the annual submission of the Discovery Master File which includes a high-level overview of the Group's operations and Transfer Pricing Policies, as well as various subsidiary Local Files which include the detailed transfer pricing documentation on all material intercompany transactions specific to the entity's jurisdiction.

Discovery submits a country-by-country report on behalf of all its subsidiaries which details, among others, the revenues, profit before tax and number of employees per jurisdiction. This report allows revenue authorities to assess transfer pricing and other base erosion and profit sharing-related risks with regards to the multinational groups operating in their countries. Discovery has filed Master File, Local File and country-by-country reports based on financial reporting periods as required up to 30 June 2023. The June 2024 information is required to be submitted by 30 June 2025.

In October 2021, over 135 countries, including South Africa and the UK, agreed to the OECD/G20 Inclusive Framework Two-Pillar Solution to address the tax challenges arising from the digitalisation of the economy. The intention is to ensure large multinational enterprises pay a 15% minimum level of tax on the income arising in each jurisdiction where they operate. The OECD has issued model rules, setting out the framework, with the rules expected to be implemented across jurisdictions through their own domestic legislation.

The Group expects to be subject to the rules from FY2025:

- The UK has enacted the Finance (No.2) Act 2023 which includes a Multinational and Domestic top-up tax
- South African draft legislation has been issued in the form of the Draft Global Minimum Tax Bill and the Draft Global Minimum Tax Administration Bill which are expected to be finalised and enacted following a public consultation process with National Treasury.

Discovery has no related current tax exposure for FY2024 and has applied the exception to recognise and disclose information about related deferred tax assets and liabilities, as provided in the amendments to IAS 12 *Income Taxes* issued in May 2023. Discovery will be implementing new processes to ensure compliance with the regulations and will continue to work with its external advisors to determine any exposure as the legislation takes effect.

As a reporting financial institution, Discovery is required to provide client information and client data to the relevant regulatory authority in terms of the United States Foreign Account Taxation Compliance Act and the common reporting standards of the OECD.

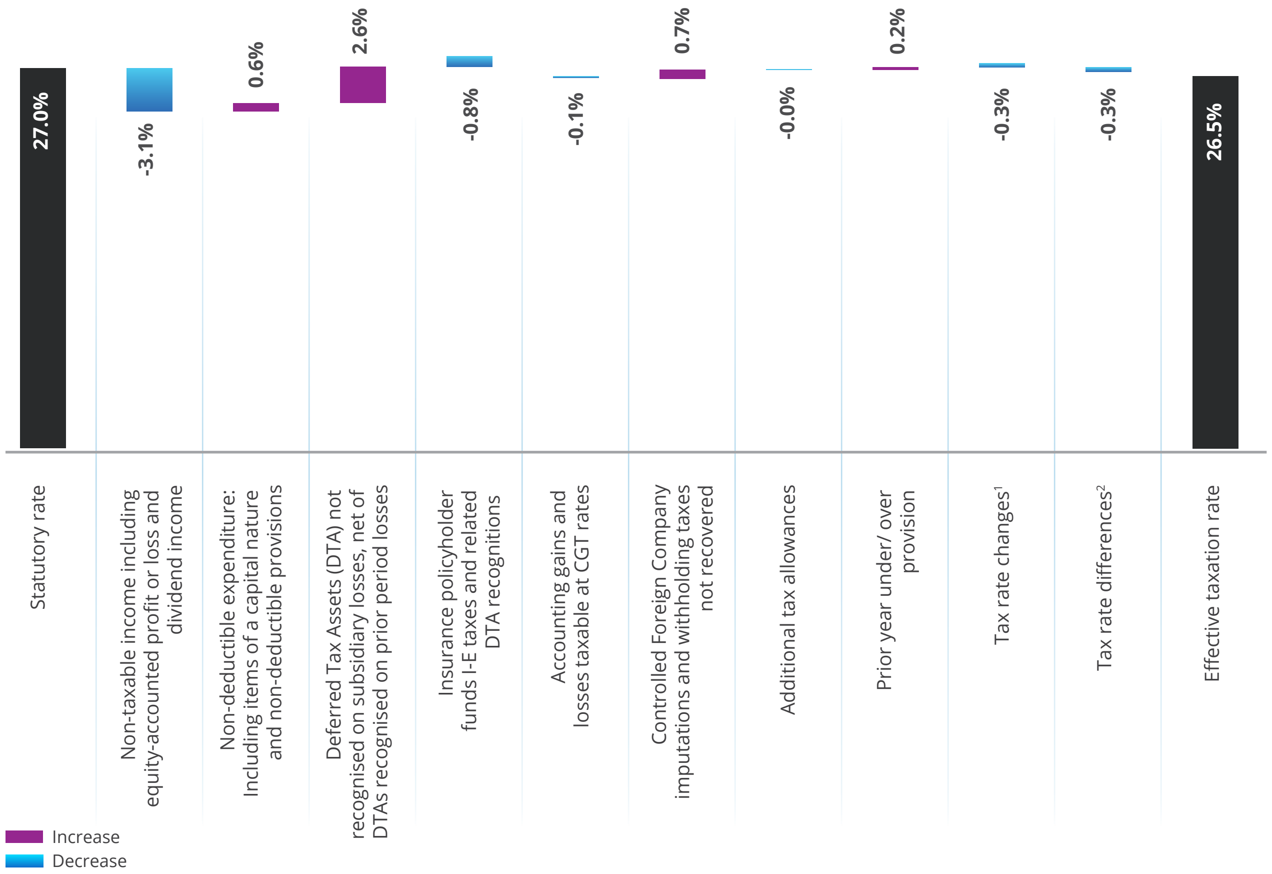
The Group seeks to avoid double taxation as far as possible and utilises tax credits where these are available and appropriate.

Our local tax landscape

For South African entities that are in a tax paying position, tax has been provided at 27% (FY2023: 27%). Discovery uses the South African tax rate in respect of its tax rate reconciliation as Discovery is domiciled in South Africa and the most significant operations are in South Africa.

Taxation in respect of the South African life insurance operations is determined in accordance with the rates and basis applicable to section 29A of the Income Tax Act at the reporting date.

JUNE 2024 RECONCILIATION OF STATUTORY RATE TO GROUP EFFECTIVE TAX RATE



1 *Tax rate changes refer to the impact arising from a change in statutory tax rate.*
2 *Tax rate differences refer to the impact of lower statutory tax rates in jurisdictions outside of SA, for example the UK at 25% and the US using a rate of 22.3% for the period (federal tax of 21% + combined state tax of 1.3%).*

Financial assistance received from governments

Discovery is committed to collaborating with governments in the jurisdictions we operate in. In terms of the South African Income Tax Act, a section 11D research and development incentive was approved by the South African Department of Science and Technology for the development of certain innovations pertaining to Discovery Bank. The funds were used to develop novel technological advancements to the financial industry. The independently verified amounts result in a tax saving of R6 million for FY2023 (FY2022: R7 million). The FY2024 value will be verified in the coming months.

Learnership allowances claimed in terms of section 12H of the Income Tax Act resulted in a tax saving of R2 million for FY2024 (FY2023: R1.5 million).

Country-by-country report

ECONOMIC CONTRIBUTION OF TAXES PAID FOR THE YEAR ENDED 30 JUNE 2023

The disclosure is based on the most recent required submission to the SA tax authorities. It is based on the requirements of the OECD as part of the Base Erosion and Profit Shifting Action plan 13 which requires all large multinational enterprises to submit the report for use by tax administrations in high level risk assessments. Note that values shown are aggregated and not eliminated based on consolidation methodology and were also submitted in line with legislation prior to the IFRS17 restatements. The 30 June 2024 information is due to be submitted to the SA tax authorities by 30 June 2025.

Tax jurisdiction	Regulated financial services/ Insurance	Administration management and support services	Sales, marketing and distribution	Other[1]	Unrelated party revenue R million	Related party revenue – local R million	Related party revenue – foreign R million	Total revenue R million	Profit (loss) before income tax R million	Income tax paid (cash basis) including withholding taxes[2] R million	Income tax accrued – current year[3] R million	Stated capital R million	Accumulated earnings R million	Number of employees[4]	Tangible assets other than cash and cash equivalents[5] R million
South Africa[6]	✓	✓	✓	✓	79 239	8 237	2 038	89 514	5 607	1 763	1 441	34 021	39 880	11 025	3 201
United Kingdom	✓	✓	✓	✓	16 966	8 032	55	25 053	1 440	35	157	50 705	4 301	2 614	672
United States of America		✓		✓	3 350	121	46	3 516	121	54	54	6 069	(1 512)	249	197
Singapore				✓	2	1	58	61	10	1	2	211	6	10	–
Australia				✓	*	–	7	7	(4)	–	–	192	(66)	2	–
Isle of Man[7]	✓	✓			79	–	–	79	(35)	–	–	133	(24)	1	–
DRC		✓			14	–	–	14	1	*	*	*	2	26	*
Nigeria		✓			1	–	–	1	(7)	*	*	–	(17)	1	*
Eswatini		✓			4	–	–	4	*	*	*	*	1	5	*
Mauritius		✓			*	28	–	28	21	1	1	1	22	–	–
Guernsey[8]	✓				1 766	–	–	1 766	408	–	–	–	–	–	–
China		✓			*	–	16	16	(1)	–	–	4	(1)	3	–
Total					**101 422**	**16 418**	**2 219**	**120 059**	**7 562[9]**	**1 854**	**1 655**	**91 336**	**42 590**	**13 936**	**4 071**

1 *Includes, among others, internal group finance, holding company, purchasing and procurement.*
2 *The income tax paid per the Discovery Annual Financial Statements (AFS) is R1 839 million. The difference of R15 million relates to a prior year allocation.*
3 *Income tax accrued reflects the current tax accrued for the year and excludes deferred tax. Current income tax accrued per the Discovery AFS is R1 550 million. The difference of R105 million relates to IFRS adjustments on consolidation.*
4 *The number of employees is defined as permanent employees with benefits.*
5 *Consists of property, plant and equipment and inventory.*
6 *The Discovery Collective Investment Schemes (CIS) funds in South Africa are consolidated into Discovery AFS and have therefore been included in the country-by-country report. Total revenue includes an amount of R11 964 million pertaining to these funds. The revenues generated are for the policyholders and not for the Discovery Group.*
7 *For FY2023, operations in the Isle of Man include the performance of client relationship management, sales/marketing to key group clients largely located in the UK and Europe as well as reinsurance activities. Isle of Man has sound legislative and regulatory frameworks in this regard.*
8 *Discovery Life Limited is tax resident in South Africa and pays tax on its worldwide income, including those generated from its Guernsey branch. While there is no tax paid in Guernsey, all related income is also included and taxed in South Africa in line with section 29A of the Income Tax Act.*
9 *This is an aggregated value. The main differences to the reported number per the Discovery AFS of R7 372 million relate to consolidation adjustments relating to, among others, the arrangement with PAC.*
* *Amount less than R500 000.*

Corporate tax rates as reported for FY2023 include: SA 27%, UK 20.5% (as the statutory tax rate increased from 19% to 25% effective 1 April 2023) and US 22.3% (federal tax of 21% + combined state tax of 1.3%).

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