

2018

DISCOVERY  
GOVERNANCE  
REVIEW





# Our leadership

The Board of Directors, as the ultimate governing authority, is committed to leading the Group responsibly, ethically and with integrity in the best interest of the Group and all its stakeholders. The Group's key stakeholders include shareholders, clients, partners, employees, regulators and the societies in which it operates.

The core purpose of Discovery is to make people healthier and to enhance and protect their lives. Discovery has a unique entrepreneurial spirit with a strong emphasis on innovation. The Discovery Board of Directors ("Board") is required to preserve these special attributes and ensure good governance.

## DISCOVERY LIMITED CHAIRPERSON

### Monty Hilkowitz (78)

**Chairperson**  
(Non-executive)



Monty is Chairperson of the Discovery Board of Directors. He worked for Southern Life Association and Swiss Re before joining Liberty Life in 1971, where he was appointed as Managing Director in 1978. He was appointed Chief Executive Officer of Westpac Life in Australia in 1986. He has been self-employed since 1989 and involved in investment management, financial services and insurance interests in several countries.

**Other directorships**  
Pioneer International (Chairperson).

**Appointed**  
11/04/2002

**Independent**  
Yes

**Committee memberships**  
Remuneration Committee

**Qualifications**  
FIA

**Areas of expertise**  
Investment management, financial services and insurance

## DISCOVERY LIMITED BOARD OF DIRECTORS

### Dr Brian Brink (66)

**Non-executive Director**



Brian retired as Chief Medical Officer of Anglo American plc at the end of 2014. He was awarded an honorary doctorate in medicine by the University of the Witwatersrand in recognition of his contribution to the private sector response to HIV and AIDS in South Africa. He has been a member of the private sector constituency on the Board of The Global Fund to Fight AIDS, Tuberculosis and Malaria since its inception in 2002. Brian has long experience in the funding and delivery of healthcare and remains actively engaged in discussions around universal health coverage, health systems strengthening and public-private partnerships in health.

**Other directorships**  
Brian serves on several NGO boards in the field of health and human rights, including Section27, Right to Care, the International Women's Health Coalition and GrassrootSoccer.

**Appointed**  
19/02/2004

**Independent**  
Yes

**Committee memberships**  
Risk and Compliance Committee  
Social and Ethics Committee  
Treating Customers Fairly  
Sub-Committee

**Qualifications**  
BSc (Med), MBCh, DMed (Hon)

**Areas of expertise**  
Health insurance, health services delivery, workplace health, health and human rights, health systems strengthening in resource poor settings. Thought leader on the role of the private sector in improving health in developing countries.

### Herman Bosman (49)

**Non-executive Director**



Herman is the Chief Executive Officer of RMB Holdings and Rand Merchant Insurance Holdings, having joined the companies in April 2014. Prior to his current role, he was Chief Executive Officer of Deutsche Bank South Africa (2006 - 2013) and Head of Corporate Finance at Rand Merchant Bank (2000 - 2006). In these capacities, Herman has acted as professional advisor to the Discovery executive on numerous occasions since 1999.

**Other directorships**  
FirstRand, Hastings Group plc and OUTsurance.

**Professional body membership**  
Board of Governors, University of Johannesburg, Endeavor South Africa (Chairman).

**Appointed**  
14/04/2014

**Independent**  
No

**Committee memberships**  
Risk and Compliance Committee (Chair)  
Remuneration Committee

**Qualifications**  
B.Comm LLB  
LLM (Cum Laude), CFA

**Areas of expertise**  
Professional strategy adviser and financial analyst



**Richard Farber (47)**  
**Non-Executive Director**  
(from April 2018)



Richard was a Partner at Fisher Hoffman Sithole (PKF) from 1998 until 2001 before joining Investec Bank, where he was the Group Accountant from 2002 to 2003. He joined Discovery as the Chief Financial Officer in 2003 and was appointed as the Financial Director on 1 July 2009. Richard relinquished his roles as Chief Financial Officer and Group Financial Director of Discovery from 30 April 2017. He remains a member of the Board of Directors.

**Professional body membership**

Richard was a member of the Financial Reporting Investigation Panel (FRIP) – previously known as the GAAP Monitoring Panel, from 2005 until 2014. He is a Chartered Accountant and a Fellow of the Chartered Institute of Management Accountants.

**Appointed**

1/07/2009

**Independent**

No

**Committee memberships**

Risk and Compliance Committee  
Actuarial Committee

**Qualifications**

BCom (Hons), CA (SA), FCMA, CA ANZ, MAICD

**Areas of expertise**

Strategy and policy development, and financial management

**Adrian Gore (54)**  
**Founder, Executive Director and Group Chief Executive**



Adrian is the founder and Group Chief Executive of the Discovery Group. Discovery is a diversified and multinational financial services group that is the global leader in behaviour-linked insurance. In 1998, he was recognised as South Africa's Best Entrepreneur by Ernst & Young, and in 2004, was chosen as South Africa's leading CEO in the annual Money Web CEO's CEO of the Year Awards. In 2008, he received the Investec Award for Considerable Contribution in a Career/Profession, and in 2010, he was named as the Sunday Times Business Leader of the Year. 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 Ernst & Young Global Life Time Achiever (Entrepreneurship) Award.

**Other directorships**

Past Chairman Endeavor South Africa chapter. WEF Industry Council Agenda on Future Health. Columbia University Mailman School of Public Health. WHO Commission to end Childhood Obesity. Chairman: SA SME Fund. Chairman: King David School Foundation.

**Professional body membership**

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

**Appointed**

Founder

**Independent**

No

**Qualifications**

BSc (Hons), FFA, ASA, MAAA, FASSA  
Honorary Doctorate Faculty of Commerce 2017 (Wits)

**Areas of 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

**Hylton Kallner (43)**  
**Executive Director**



Hylton graduated from the University of the Witwatersrand with a BEconSc in Actuarial Science in 1995. In 1996 Hylton started his career at Liberty Life in the actuarial division. In October 1996, he joined Discovery Health where he has held various positions in marketing, actuarial and strategic projects. He served as the Group's Chief Marketing Officer from 2006 to 2015 and is currently the Chief Executive Officer of Discovery Life. Hylton plays a key role in the executive committees of Discovery Limited, Discovery Health, Discovery Life, Discovery Invest, and Discovery Vitality. Hylton was also appointed to the Boards of Discovery Health and Discovery Life in April 2010.

**Professional body membership**

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

**Appointed**

3/06/2010

**Independent**

No

**Committee memberships**

Actuarial Committee  
Social and Ethics Committee

**Qualifications**

BEconSc, FFA, FASSA

**Areas of expertise**

Marketing, actuarial and strategic projects



**Neville Koopowitz (54)**

**Executive Director**



Neville joined Discovery as Marketing Director in 1996 and has played a key role in defining and building the Discovery identity as well as the development of Discovery's sales and distribution network. A particular area of focus of his has been the development of Vitality where he was the Chief Executive Officer from inception in 1997. In this role he oversaw the launch of Discovery Card. In 2005 he took up the role of Chief Executive Officer Discovery Health, which he held until his move to the UK in 2010. He is currently the CEO of VitalityHealth in the UK.

**Professional body membership**

Association of British Health Insurers (member of the Health Committee).

**Appointed**  
19/09/1999

**Independent**  
No

**Qualifications**  
BCom, CFP

**Areas of expertise**  
Corporate identity building, establishing new business and distribution channels. Business operations, strategy and management

**Dr Vincent Maphai (66)**

**Non-executive Director**



Vincent was the Director of Corporate Affairs and Transformation at SAB. Previously, he was the Southern African Chairperson of BHP Billiton. He has accumulated experience of 20 years in the academic profession, and 15 years as a senior executive in the private sector. Vincent has served on the Boards of various companies as Non-executive Chairperson, including the SABC and the Presidential Review Commission into the restructuring of the public sector. His two-year academic position at Williams College in Massachusetts has just ended.

**Other directorships**

Discovery Foundation (Chairperson).

**Professional body membership**

South African Academy of Sciences Institute of Directors.

**Appointed**  
8/12/2005

**Independent**  
Yes

**Qualifications**  
BA, BA (Hons), M Phil, D Phil, Advanced Management Programme (Harvard)

**Areas of expertise**  
Transformation and restructuring. Political analysis

**Herschel Mayers (58)**

**Executive Director**



Herschel qualified as an actuary in 1986. He joined Liberty Life after qualifying, and as a member of their Executive Committee, served as the Head of Individual and Group Business, Underwriting and Systems, Technology, Product Development, and Finance. Herschel joined Discovery in 2000 as the Managing Director of Discovery Life. In January 2006, Herschel was appointed as Chief Executive Officer of Discovery Life and Discovery Invest. He held this position until December 2015. He is now the Chief Executive Officer of VitalityLife and VitalityInvest in the UK.

**Other directorships**

Serves on the Board of the Association for Savings and Investment South Africa (previously LOA).

**Professional body membership**

Fellow of the Institute of Actuaries.

**Appointed**  
11/03/2000

**Independent**  
No

**Committee memberships**  
Actuarial Committee

**Qualifications**  
BSc (Hons), FIA, FASSA

**Areas of expertise**  
Product development, finance, and strategy development



**Tito Titus Mboweni (59)**

**Non-executive Director**  
(Resigned with effect from 10 October 2018)



Mr T.T. Mboweni is the former Governor of the Reserve Bank of South Africa (1999 to 2009) and also Chairperson of the Committee of Central Bank Governors. He is the former Deputy Head of the ANC's Department of Economic Policy (1990 to 1994) and the Head of the ANC Policy Department (1994 to 1998).

In December 2017, he was re-elected a member of the ANC National Executive Committee (NEC). He is a member of the NEC Economic Transformation sub-committee.

Member of the Thabo Mbeki Foundation Council of Advisors, Nelson Mandela Children's Hospital Board of Trustees and Chairman of its Fundraising Committee.

He is honorary professor of economics at a number of universities in South Africa and Chairman of the International Advisory Board of the Oxford University African Studies centre.

Mr Mboweni resigned from the Discovery Limited Board with effect from 10 October 2018.

**Other directorships**

Chairperson of the Boards of Nampak Ltd and Accelerate Property Fund, as well as Chairperson of the African Centre for Economic Transformation. He is an Advisor to Goldman Sachs International and a member of the Advisory Board for Total Oil Marketing's Strategic Consultative Committee for Africa and Middle East and was non-executive Director of Discovery Bank.

**Appointed**

1/1/2014

**Independent**

Yes

**Committee memberships**

Risk and Compliance Committee

**Qualifications**

BA Economics and Political Science (NUL), MA Development Economics (UEA), Diploma in International Business Diplomacy (Georgetown University).

**Areas of expertise**

Political analysis, economic analysis, public policy design and execution, executive management, macro-level strategy and advice

**Dr Ayanda Ntsaluba (58)**

**Executive Director**



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. A qualified obstetrician and gynaecologist, Ayanda completed further tertiary education in the fields of health policy planning, international relations, and business at eminent universities, including Harvard University, the University of London, and the Moscow Institute of Social Science. Ayanda plays an instrumental role in Discovery's overall strategic planning, particularly within the healthcare system and in Discovery's international expansion strategy.

**Professional body membership**

He has served on a number of statutory bodies, including the Medical Research Council (SA) and the Health Professions Council of South Africa.

**Appointed**

1/7/2011

**Independent**

No

**Qualifications**

MBChB, MSc (Lond), FCOG (SA)

**Areas of expertise**

Health policy planning, international relations, and business

**Les Owen (69)**

**Non-executive Director**



Les has over 40 years of experience in the UK and Asia Pacific insurance markets. He was the Group Chief Executive of AXA Asia Pacific Holdings Limited (2000 to 2006) and Chief Executive of AXA Sun Life in the UK (1995 to 1999). Les joined the Board of Discovery in 2007 and is Chairperson of the Discovery Limited Audit Committee.

**Other directorships**

Non-executive Director of Computershare Ltd and Royal Mail plc.

**Professional body membership**

Fellow of the Pensions Management Institute (UK).

**Appointed**

6/12/2007

**Independent**

Yes

**Committee memberships**

Audit Committee (Chairperson)  
Risk and Compliance Committee  
Actuarial Committee

**Qualifications**

BSc (Hons), FPMI

**Areas of expertise**

International insurance markets



**Alan Pollard (49)**  
Executive Director



Alan, a qualified actuary, joined Discovery in 1994 and was Head of Research and Development where he was responsible for the design and development of Discovery Health products. From 2005, he served as Chief Executive Officer of Discovery Vitality until relocating in 2012 to serve as Chief Executive Officer of The Vitality Group in the US until 2016. Following the restructure of Vitality Group to include the Discovery Partner Market business, Alan serves as President of Product and Innovation of Vitality Group, and continues to be based in the US.

**Professional body membership**  
Actuarial Society of South Africa; Institute of Actuaries.

**Appointed**  
30/08/2007

**Independent**  
No

**Qualifications**  
BSc (Hons), FIA, FASSA

**Areas of expertise**  
Product design, behavioural economics

**John Robertson (70)**  
Executive Director



John joined Discovery in 1993 and was responsible for information technology strategy, systems development, information technology infrastructure, and finance. He is currently responsible for technology infrastructure services that support Discovery Group companies in South Africa and internationally. He is also responsible for corporate applications, shared services and facilities.

John has announced his retirement as an Executive Director and Group Chief Information Officer from the Board of the Company with effect from 31 August 2018.

He will remain available for certain of his operational responsibilities to facilitate a smooth transition.

**Appointed**  
17/09/1999

**Independent**  
No

**Committee memberships**  
Risk and Compliance Committee

**Qualifications**  
BCom, CTA, CA (SA), HDipTax

**Areas of expertise**  
Information technology strategy, systems development, infrastructure and finance

**Sonja de Bruyn Sebotsa (46)**  
Non-executive Director



Sonja is the Founder and Principal Partner of Identity Partners, an investment firm which makes equity investments, carries out advisory work, and provides debt and equity finance for SMEs through the Identity Development Fund. Until August 2007, she had been an Executive Director of WDB Investment Holdings where she led the structuring of several of WDB's investment transactions. Before this, she was a Vice President in the investment banking division of Deutsche Bank, where she worked in Mergers and acquisitions and Corporate Finance in South Africa and the UK.

**Other directorships**  
Serves on the Boards of RMB Holdings Ltd, RMI Holdings Ltd, Dimension Data SA and Remgro Ltd.

**Appointed**  
8/12/2005

**Independent**  
Yes

**Committee memberships**  
Audit Committee  
Risk and Compliance Committee  
Remuneration Committee (Chairperson)

**Qualifications**  
LLB (Hons), MA, SFA, Harvard Executive Programme

**Areas of expertise**  
Law, business, and economics



**Barry Swartzberg (53)**  
**Chief Executive Officer**  
**Vitality Group**



Barry is the co-founder of Discovery. He was instrumental in establishing Discovery Health's marketing, distribution, and operational functions, first as Chief Marketing Officer (1992 –1996), and then as Chief Operations Officer (1997 – 1999). He then served as CEO from 2000 to 2005, establishing the company's first low-income medical scheme and launching 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, established the first Insurance Partnership with AIA, and established Vitality USA. Barry now serves as the CEO of Vitality Group, which is responsible for the expansion of Discovery's Shared-Value Insurance model outside of South Africa and the UK. He serves on the Boards of Discovery Limited, Discovery Insure, Vitality Group in the US, and Ping An Health in China.

**Other directorships**  
Director of Endeavor – non-profit entity that assists scale up entrepreneurs.

**Professional body membership**  
Fellow of the Faculty of Actuaries (Edinburgh).

**Appointed**  
3/8/1999

**Independent**  
No

**Qualifications**  
BSc, FFA, ASA, FASSA, CFP

**Areas of expertise**  
Infrastructure development, business diversification, strategy development and execution

**Sindi Zilwa (51)**  
**Non-executive Director**



Sindi is a retired Chartered Accountant, previously an entrepreneur and CEO of Nkonki, a firm she co-founded in 1993 and managed until she retired through a management buyout (23 years later) on 31 October 2016. She received the Businesswoman of the Year Award from the Executive Women's Club in 1998, and in 2008, the Woman of Substance Award by the African Women Chartered Accountants Forum. In 2014, she received an Overall Professional Woman of the Year by SAPSA and in 2016, she was acknowledged as the Outstanding CEO of the Black Audit Firm's Award. In 2013, she authored her first book, ACE Model-Winning Formula for Audit Committees, which is used by the Institute of Directors to train Audit Committee members, and published Creating Effective Boards and Committees in 2016.

**Other directorships**  
Aspen, Metrofile, Mercedes Benz of South Africa Limited, Tourvest Limited, and Gijima

**Appointed**  
20/02/2003

**Independent**  
Yes

**Committee memberships**  
Social and ethics Committee  
Audit Committee  
Risk and Compliance Committee

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

**Areas of expertise**  
Accounting, auditing, compliance,  
governance, risk management and  
transformation

**Faith Khanyile (51)**  
**Non-executive Director**



Faith is a founding member and the CEO of WDB Investment Holdings (WDBIH). She held various senior and executive roles with Standard Bank, Corporate & Investment Bank (2001 to 2013). She was responsible for strategy, relationship and business development, and served on their Executive and Credit Committees. Before joining Standard Bank, Faith was with Brait Private Equity and seconded to start and manage WDBIH (1995 to 2000). She completed a BA Economics degree with Honors at Wheaton College, USA, has an MBA (Finance) from Bentley Graduate School of Business, and completed an HDIP Tax. She also participated in the Columbia University Executive Leadership Programme in 2007 and was awarded the Doctor of Law by Wheaton College in May 2016.

**Appointed**  
01/10/2015

**Independent**  
Yes

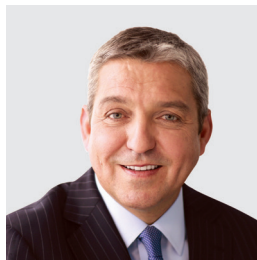
**Committee memberships**  
Social and Ethics Committee

**Qualifications**  
BA Econ, MBA (Finance), HDIP Tax,  
Executive Leadership Programme

**Areas of expertise**  
Financial services, corporate and  
investment banking, and strategy  
development



**Robert Enslin (55)**  
Non-executive Director



Robert Enslin is president of the Cloud Business Group and is a member of the Executive Board of SAP SE. He is responsible for all end-to-end cloud business functions. As a member of the Executive Board, Robert provides direct input into SAP's business strategy that fuels the research and development priorities. Robert joined the SAP Executive Board in 2014 while serving as president of Global Customer Operations. Before this, he served as chief operating officer and executive vice president of Fast Growth Markets for the global field organization, and was responsible for developing operations in India, Turkey, Brazil, China, and other emerging-market countries.

Robert initially joined SAP in 1992 and was instrumental in building a significant SAP presence in South Africa. Before joining SAP, Robert spent 11 years in various roles in the IT industry.

**Other directorships**

Member of the Board of Directors of Docker in San Francisco, California.

**Professional body membership**

Executive Sponsor for SAP's Autism at Work program and honorary global Chairman of the Els for Autism Golf Challenge.

**Appointed**  
04/05/2017

**Independent**  
Yes

**Experience**  
Creating and managing completely integrated portfolios to further scale and accelerate long-term business strategy. Enablement of efforts across geographies and overseeing functions such as services, ecosystem and channel, and solutions.

**Areas of expertise**  
Global business, enterprise software technology, go-to-market strategy development, sales enablement and execution, leadership and strategic partner development

**Deon Viljoen (53)**  
Group Chief Financial Officer and Executive Director



Deon joined the Discovery Group in May 2017 as Group Chief Financial Officer. Before joining Discovery, he was with the Alexander Forbes Group. Deon originally joined them in 2003 as Finance Director of Investment Solutions. He later became Finance Director of the Group's African operations. In 2007, when the Group was the subject of a private equity transaction, Deon took the role of Group Chief Financial Officer. In this role, Deon served as Executive Director on the Board of Alexander Forbes Group Holdings Limited, and the listed special purpose vehicle Alexander Forbes Preference Share Investments Limited, as well as on subsidiary boards and Committees. Deon was instrumental in the strategic repositioning during the private equity holding and the relisting in 2014. He also served as interim Chief Executive during 2016.

Deon was named CFO of the Year 2015 by CFO SA.

Earlier in his career, he was a partner and director of PricewaterhouseCoopers Johannesburg. As part of his specialisation in banking and financial services, he advised clients and presented on topics such as financial risk management.

**Professional body membership**

While in the accountancy profession, Deon was a member of the SAICA Banking Industry Group. He also chaired the Investment Management and the Collective Investment Schemes Industry Groups.

**Appointed**  
01/05/2017

**Independent**  
No

**Committee memberships**  
Risk and Compliance Committee  
Social and Ethics Committee  
Actuarial Committee

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

**Areas of expertise**  
Specialised in financial services including banking, and expertise in specialist topics such as financial risk management





## PRESCRIBED OFFICERS OF THE BOARD

### **Dr Penny Moumakwa (54)**

**Head of Discovery People and Sustainable Development**  
(to January 2018)



Penny joined Discovery in 2005 and has held various leadership positions. She was the Head of Human Resources, Enterprise Development and Social Responsibility for Discovery, and a Director of Discovery Health. She is also a member of the Board of Witkoppen Clinic and African Health Placements. Penny qualified as a medical doctor in 1987 and worked in both the public and private sectors as a clinical doctor until 1996.

**Qualifications**  
MBChB

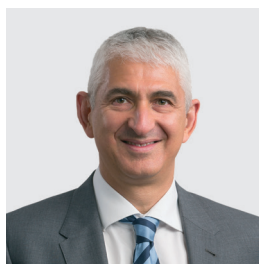
### **Kenny Rabson (50)** **CEO Discovery Invest and Employee Benefits**



Kenny joined Discovery in 2000 as a founding member of Discovery Life. He was responsible for all actuarial functions in Discovery Life and Discovery Invest, with particular focus on product development and strategy of these companies. Kenny was appointed as CEO of Discovery Invest in January 2016. Before joining Discovery, he worked at Liberty Life in their corporate valuations area, performing the annual valuations and analysis of surplus work. He qualified as an actuary through the Institute of Actuaries in the UK in 1994 and moved to Liberty's where he established his skills in product development. This culminated in Kenny establishing Liberty's linked investment product company in 1997. In May 2018, he spearheaded the launch of Discovery into Umbrella Funds.

**Qualifications**  
BSc FIA, FASSA

### **Jonathan Broomberg (57)** **CEO Discovery Health**



Jonathan studied medicine at the University of the Witwatersrand and then read Philosophy, Politics and Economics at Balliol College in the United Kingdom. He completed MSc and PHD degrees in Health Economics at the London School of Hygiene and Tropical Medicine. Jonathan joined Discovery Health in 2005 as Head of Strategy and was appointed CEO in 2010. Prior to joining Discovery Health, he managed private equity and venture capital investments in the healthcare and education sectors. Jonathan also spent several years in academic research and consultancy in health economics and policy, and served as a special advisor to Dr Nkosoza Dlamini Zuma, South Africa's Minister of Health between 1994 and 1999. Alongside his private sector interests, he maintains active engagement in South African and global public health affairs. He is also a Director of Soul City Institute, a member of the Council of the University of the Witwatersrand, and a Trustee of the Discovery Foundation.

**Qualifications**  
MBBCh, BA (Hons), MSc, PhD



# The Discovery Board of Directors

The Board of Directors, as the ultimate governing authority, is committed to leading the Group responsibly, ethically and with integrity in the best interest of the Group and all its stakeholders. The Group's key stakeholders include, shareholders, clients, partners, employees, regulators and the societies in which it operates.

The Board currently consists of Non-executive and Executive Directors, with diverse industry knowledge, academic qualifications, skills and experience. This diversity allows for enhanced decision making and the effective discharge of the Board's governance responsibilities. The Board is satisfied its composition has the appropriate mix of knowledge, skills, experience, diversity and independence.

The roles of the Chairman and Group Chief Executive are independent. It is clearly-defined in the Board Charter to ensure no individual has unrestricted decision-making power. The Chairperson, Monty Hilkowitz, is an independent Non-executive Director. He is responsible for leading the Board. The Group Chief Executive, Adrian Gore, is responsible for the executive management of the Group.

Non-executive Directors may serve on the Board of other organisations. The Chairman of the Discovery Board must be satisfied that the nature of the other organisation, its location and the expected commitment time will not affect the role and responsibility of the Non-executive Director to make the affairs of the Discovery Group a priority.

The Board Charter sets out the roles and responsibilities of the Board. A comprehensive review of the Charter was undertaken to ensure it is aligned with the principles and practices recommended in the King IV Code.

The Board formally meets six times a year to discuss and review a formal schedule of matters. At these meetings the Directors discuss the development and implementation of the long- and short-term strategies of the Group, and engage with executive management on the implementation of Group strategies.

The independence of the Non-executive Directors and the Chairman was assessed and found to be in accordance with the provisions of the King Code of Governance and the Companies Act.

## Appointment and rotation of directors

Appointments to the Board are made formally and transparently, with the assistance of a sub-committee, specifically established to assist with searching for and vetting potential Directors. Members of the Audit Committee are identified by the Board and recommended to the shareholders at the Group's Annual General Meeting. Non-executive Directors are appointed for three years. The re-appointment of Directors is not automatic. It is dependent on the knowledge and skills required by the Board, the Director's fit, and the diversity targets determined by the Board.

## Gender and race diversity

Diversity in race and gender forms an integral part of the way Discovery conducts its business and this is clear from the Board Charter, recruitment policies and the Group Broad-Based Black Economic Empowerment Policy, which incorporates the diversity targets for the Board. Discovery is committed to maintaining a working environment that is fair and non-discriminatory. The Board recognises that diversity encourages constructive debate and ensures it considers all its stakeholders. In light of this, the Board formally adopted the Broad-Based Black Economic Empowerment Policy to annually review the status of gender and race diversity, and to set achievable targets to ensure fair representation. At present, there are three women on the Board and six out of the total of twenty members are black. The Board is satisfied that its current composition reflects the appropriate mix of knowledge, skills, diversity and experience required to meet the objectives of the Group.

## Group Financial Director

The Audit Committee reviews the qualifications and performance of the Group Financial Director annually. The performance and financial knowledge of the Financial Director, Deon Viljoen, was reviewed as part of his appointment. The Committee has confirmed that it is satisfied with the appropriateness, expertise and adequacy of the finance function within the Group during the period.

## Company Secretary

The Company Secretary, Thys Botha, is responsible for ensuring sound governance procedures are followed and maintained. In accordance with the JSE Listings Requirements, the Board has evaluated the Company Secretary's competence qualifications, skills, knowledge and experience. The Board is satisfied that the Company Secretary has fulfilled his responsibilities and is suitably qualified to continue fulfilling these responsibilities.

## Trading in Discovery shares

In line with best practice and regulatory provisions, policies and procedures have been implemented to manage the trading of shares and conflict of interest. Directors are prohibited in 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.



### King Code

The Board has recognised that to be a sustainable and ethical company, the business of the Group must be conducted in accordance with the principles and practices contained in the King IV Code. King IV principles and recommendations are entrenched in the governance and risk management structures, policies and procedures.

### Board committees

The Board is ultimately responsible and accountable for the governance, performance and strategy of the Group. The Group governance structure is strengthened by the Board and management committees that support the Board in the performance of its responsibilities. Each committee acts within approved terms of reference and their authority is delegated by the Board.

Several committees have been established to assist the Board in the fulfilment of its responsibilities.

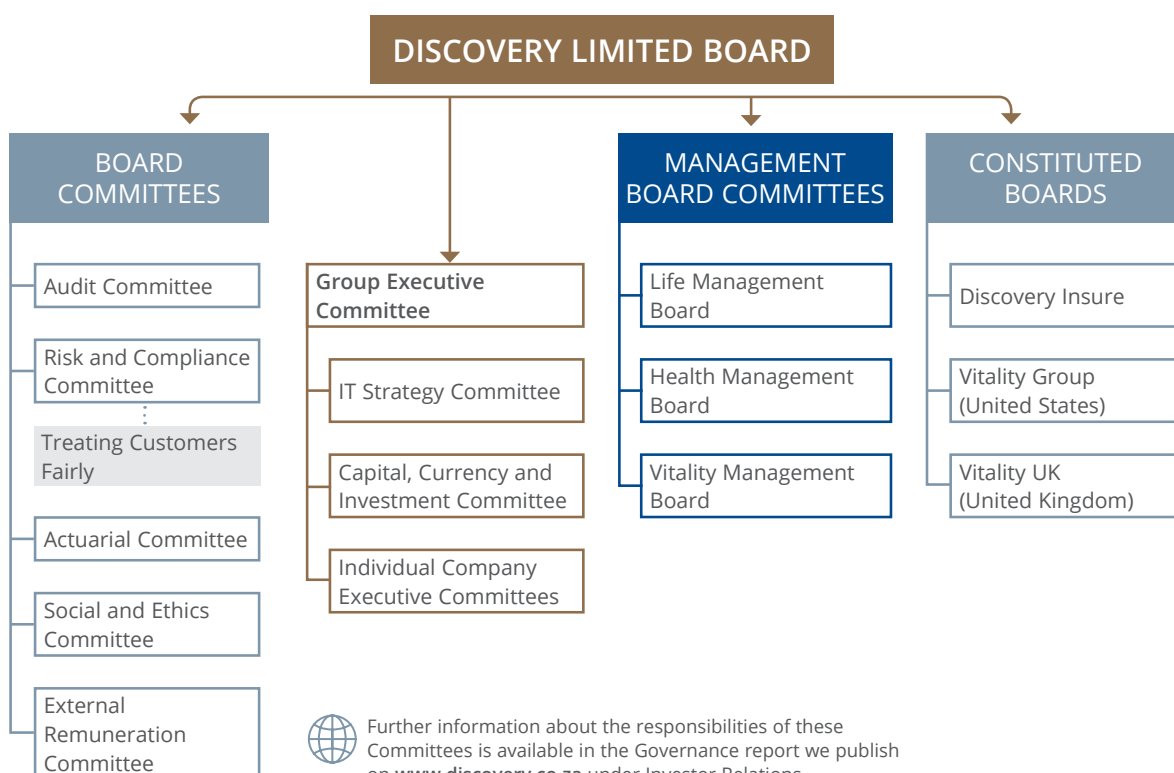
### Governance structure of Vitality UK

VitalityLife and VitalityHealth have a Board and governance structure that operate independently from the Group.

### Nominations Committee

When the Board identifies a need to appoint a Director with a specialist skill, a Nomination Committee is set up to find an individual who would be suited for this role. Once identified, the Nominations Committee shares the details and skills of candidates with the Board. The duties of the Nomination Committee end here. Board members collectively decide about inviting an individual to join the Board. In most cases, the Nominations Committee will include the Chairman of the Board, the Chief Executive and Non-executive Director, Mr Herman Bosman.

### Overview of the Board and committees





## COMMITTEES OF THE DISCOVERY LIMITED BOARD

### AUDIT COMMITTEE

#### Membership

The Committee is chaired by an Independent Non-executive Director and comprises of at least three independent Non-executive Directors, who are appointed to the Committee by the Board and approved by the stakeholders at the Annual General Meeting.

#### Mandate

The Audit Committee provides independent oversight of the integrity of the Annual Financial Statements and the effectiveness of the Group's internal Audit, external Audit and finance function. Three highly-skilled and experienced independent Non-executive Directors are elected annually at the Annual General Meeting to serve as members of the Committee.

### RISK AND COMPLIANCE COMMITTEE

#### Membership

The Committee is chaired by a non-Independent Non-executive Director and comprises Executive and Non-executive Directors. Of the six Non-executive Directors, two are non-independent and four are independent. The Chairman of the Committee is appointed by the Board.

Of the seven Non-Executive Directors, three are non-independent.

#### Mandate

The Committee is responsible for ensuring the material risks, which may affect the Group, are identified, evaluated and effectively managed and reported. In addition, the Committee is tasked with ensuring the Group's policies and processes are adequate to ensure compliance with the required legislative and regulatory requirements.

### REMUNERATION COMMITTEE

#### Membership

The Committee is chaired by an Independent Non-executive Director and comprises of at least three Non-executive Directors. The Committee is assisted by an Internal Remuneration Committee, comprising Executive Directors, Heads of Control Functions of the Group and an external remuneration expert.

#### Mandate

The Remuneration Committee, with the assistance of the Internal Remuneration Committee, assists the Board in ensuring the organisation remunerates fairly, responsibly and transparently. The Committee 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. Three Non-executive Directors serve on this Committee.

### ACTUARIAL COMMITTEE

#### Membership

The Committee is chaired by a non-board member, who is an independent expert Actuary, and comprises of at least eight members, and includes Executive Directors of relevant companies within the Group, Statutory Actuaries, the Chief Financial Director, Non-Executive Directors and members of Executive Management or Executive Directors. The Chairman of the Committee is appointed by the Board.

#### Mandate

The Actuarial Committee provides assurance to the Board for the accuracy of the calculations and the appropriateness of the assumptions underlying the liabilities and capital of the Group.

### SOCIAL AND ETHICS COMMITTEE

#### Membership

The Committee is chaired by an Independent Non-executive Director and comprises of at least five members, of which three are Independent Non-executive Directors and two members of the Executive Management or Executive Directors. The Chairperson of the Committee is appointed by the Board.

#### Mandate

The Social and Ethics Committee is tasked with assisting the Board with the implementation and monitoring of strategies to ensure social and economic development, and the integration of ethics and transformation within the Group.





## MANAGEMENT BOARDS

The Management Boards 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 risks and product and actuarial issues.

Governance structure	Independent Non-executive Director	Executive Director	Members of Management	Non-Independent
Life Management Board	4	5	-	2
Health Management Board	2	7	2	-
Vitality Management Board	1	6	8	-

### Mandate

The Group Executive Committee meets every week and is chaired by the Group Chief Executive. All the business units within the Group, including the offshore operations, have established executive committees that meet regularly. Feedback on the activities of each business unit is provided at the weekly meetings of the Group Executive Committee.

## GROUP EXECUTIVE COMMITTEE

### Mandate

The Group Executive Committee is mandated and responsible for implementing the strategies approved by the Discovery Board and for managing the affairs of the Group.





## BOARD AND COMMITTEE MEETINGS

	Board	Audit Committee	Risk and Compliance Committee	Actuarial Committee	Social and Ethics Committee	Remuneration Committee
Monty Hilkowitz (Chairman)	6/6*					4/4
Adrian Gore	6/6				2/3	
<b>Discovery Non-executive Directors</b>						
HL Bosman*	5/6		6/6			3/4
Dr Brian Brink	6/6		6/6		4/4	
SE Sebotsa*	6/6	6/7	6/6			4/4*
F Khanyile	6/6				4/4	
TV Maphai	6/6					
TT Mboweni (resigned 10 October 2018)	6/6		6/6			
AL Owen*	6/6	7/7*	6/6	8/8		
SV Zilwa*	5/6	7/8	6/6		4/4*	
R Farber (Non-executive Director from 1 April 2018)	5/6		2/2	1/1		
R Enslin	5/6					
<b>Discovery Executive Directors</b>						
D Viljoen	6/6		5/6	8/8	4/4	
R Farber (Non-executive Director from 1 April 2018)	5/6		2/4	5/7		
HD Kallner	6/6		5/6	5/8	4/4	
NS Koopowitz	6/6					
HP Meyers	5/6			3/8		
Dr A Ntsaluba	6/6				2/3	
A Pollard	5/6					
JM Robertson	6/6		6/6		2/3	
B Swartzberg	6/6		5/6		1/3	
B Hore (Discovery Bank)			2/2			
<b>Group Executive and Prescribed Officers</b>						
Dr P Moumakwa (Resigned end of January 2018)	6/6				3/3	
Dr J Broomberg	4/6		6/6		1/3	
KS Rabson	6/6			5/6		
A Rayner			6/6	8/8		
S Meintjies			5/6			
Anton Ossip			4/6			
Shrey Viranna (Resigned end of January 2018)			6/6			
<b>Actuarial Committee</b>						
C van der Riet				2/2		
<b>Independent Chairman of the Actuarial Committee</b>						
Peter Tripe* (Appointed 1 November 2017)				5/5		
Rob William				7/8		
Rob Lee				8/8		

\* Chairperson



# 1 | Group Risk Management

Group Risk Management is a function independent of day-to-day management. Its primary responsibilities include:

- Assisting Discovery to identify, assess, monitor, and mitigate its material risks, 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 circumstance that may have an adverse material effect on the risk management system of Discovery; and
- 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.

# 2 | Discovery key risks

	Risk detail	Risk response	Stakeholders
DELIVERY ON GROWTH PLANS	<p><b>Ambitious growth</b></p> <p>Discovery has ambitious plans to grow both its existing and new businesses across multiple fronts. Key new businesses launched during the year included:</p> <ul style="list-style-type: none"> <li>▪ Discovery Insure commercial lines;</li> <li>▪ Umbrella Funds;</li> <li>▪ VitalityInvest; and</li> <li>▪ myOwn Health.</li> </ul> <p>This was in addition to obtaining the banking licence and further expanding the international partners with the addition of Sumitomo in Japan.</p> <p>The launch of new businesses pose the following risks:</p> <ul style="list-style-type: none"> <li>▪ Business risk, should these new businesses not achieve their projected volume targets to cover the capital and ongoing operating expenses; and</li> <li>▪ Operational risk relating to new systems, people and processes.</li> <li>▪ Ability to fund growth.</li> </ul>	<p>Discovery aims to provide best-in-class, innovative insurance and financial services solutions which meet customer needs throughout their lives and which provide true shared value through Vitality.</p> <p>Governance structures across the Group oversee the development of strategies and implementation of key initiatives. We employ competent management with a track record of delivering innovative businesses. Big data capabilities and access to unique sources of financial and wellness behavioural data enable Discovery to construct unique shared-value solutions which are scalable.</p> <p>A robust capital framework exists to manage and allocate Group capital and to source required funding. Capital and liquidity requirements are modelled and monitored regularly and linked to the risk management process. We have a formal debt programme in place and successfully raised R1.5 billion of Medium Term Note debt on favourable terms at our maiden issue, which was very well supported.</p>	Shareholders and customers
	<p><b>Information technology stability</b></p> <p>Discovery's businesses are supported by the extensive use of technology. Discovery faces risks associated with:</p> <ul style="list-style-type: none"> <li>▪ <b>Infrastructure stability:</b> The stability and continuity of critical systems and applications, which impact client experience and business performance;</li> <li>▪ <b>Inadequate systems:</b> Could result in errors and disruption to business with adverse consequences on customer service, loss of customer data and failure to manage business effectively;</li> <li>▪ <b>Legacy technology:</b> There is a risk that outdated technology may not be able to support business processes resulting in operational objectives not being achieved;</li> <li>▪ <b>The accumulation of technical debt:</b> resulting from the need to keep up with technology applications and the pace of innovation within Discovery.</li> </ul>	<p>IT stability actions include:</p> <ul style="list-style-type: none"> <li>▪ Implementing business-continuity and systems performance management processes;</li> <li>▪ Having a strong technical and risk focus to all aspects of systems and technology; and</li> <li>▪ Implementing projects to monitor and manage technical debt and replace legacy technology.</li> </ul>	



	Risk detail	Risk response	Stakeholders
	<p><b>Data and cyber security</b></p> <ul style="list-style-type: none"> <li>The global prevalence of cyber-crime is increasing. A cyber-attack could burden Discovery with substantial costs and reputational damage, for example through business interruption if systems are unavailable; and</li> <li>The integrity of data which, if not maintained correctly, could lead to inappropriate decisions and losses due to incorrect claims, payments and collections.</li> </ul>	<p>Data and cyber-security actions include:</p> <ul style="list-style-type: none"> <li>Continually updating and upgrading data and systems security measures, using detection and monitoring tools to identify data and access breaches.</li> <li>Monitoring data breaches to ensure they are reported and addressed.</li> <li>Ensuring a range of data and process quality assurance measures are in place to monitor the integrity of data and systems.</li> <li>Conducting regular penetration testing, using both internal and external resources.</li> </ul>	
<b>DISCOVERY BANK</b>	<p>The plan to launch a bank introduces a variety of risks, including the need to build robust and effective products and systems, to resource and operationalise the business, to attract new customers and to retain existing customers through a migration process that will see intense competition from existing and new competitor banks.</p>	<p>We have assembled a team of experienced and innovative professionals to build and operate our bank. With a strong product focus, supported by effective technology, unhampered by legacy system issues, we believe we can compete successfully. Strong governance and oversight ensure that the risks of doing so are identified and managed.</p>	<p><b>Shareholders, customers and regulators</b></p>
<b>ECONOMIC</b>	<p>The South African economy experienced another year of relatively low growth, below that required to significantly expand the economy and provide meaningful employment growth. Tailwinds from the potential for slowing global trade in the wake of US imposition of tariffs on China and other countries, and higher oil prices layer over domestic confidence that has been hit by policy uncertainty amid debates on land expropriation and the Mining Charter. This has contributed to the SARB cutting its growth forecasts for the SA economy and, coupled with inflationary pressures brought on by the depreciating rand and the current high unemployment rate, there are signs that consumers are under considerable strain. This presents risk to Discovery in the form of lower new business, higher lapses, lower take up of premium increases, higher credit default rates and higher claims rates.</p> <p><b>UK market</b></p> <p>The economic uncertainty surrounding the UK's exit from the European Union coupled with subdued levels of inflation has had a number of implications for the UK businesses. The most significant issue has been low interest rates, which have negatively impacted product pricing and actuarial reserves.</p>	<p>Discovery aims to develop world-class businesses that can compete regardless of prevailing economic circumstances. Diversification by geography and industry helps to improve resilience to economic outcomes. Innovative and responsive product solutions aim to give some protection against the level and volatility of interest and inflation rates for both the company and its policyholders. A focus on retention and growth strategies are deployed in our established, emerging and new businesses.</p>	<p><b>Shareholders and customers</b></p>





	Risk detail	Risk response	Stakeholders
<b>USE OF DATA</b>	<p>Discovery makes use of a plethora of data to provide services or develop products which meet customer needs. The responsible collection, use and security of personal data are paramount to operating ethically and to preserve the trust of our customers.</p>	<p>We have a policy not to sell, disclose or transfer personal data to any third parties not consented to by our customers in order to provide the services underlying our products. We have a privacy statement that covers the collection, recording, organising, storing, updating, distributing and removing or deleting of personal information.</p> <p>We operate appropriate data security mechanisms to ensure the security of client data.</p>	<p><b>Shareholders, employees, customers and regulators</b></p>
<b>SENIOR MANAGEMENT TRANSFORMATION</b>	<p>Discovery faces the risk of transformation at senior management levels not occurring at a fast enough pace and of not attracting, developing and retaining black South African staff at all levels.</p>	<p>Transformation remains a key focus for the Discovery Board and management and is supported through the remuneration system for management incentives, targeted recruitment, retention and training programmes and financial support through bursaries.</p>	<p><b>Shareholders, employees and regulators</b></p>
<b>INSURANCE</b>	<p>Given its multiple licenced insurance entities, Discovery is exposed to material insurance risks, both in the life and non-life sectors in the South African and UK markets such as claim, expense and lapse risk.</p>	<ul style="list-style-type: none"> <li>■ Ensuring that the underwriting risk policies for each of the licensed insurance entities are robust and embedded in the business.</li> <li>■ Ensuring that the lapse experience is controlled through retention strategies including customer service, and focusing on providing solid client solutions that meet established needs.</li> <li>■ Ensuring that adequate reinsurance arrangements are in place. The appropriateness of the reinsurance arrangements is reviewed annually by the Discovery Limited Actuarial Committee. This review includes the level of reinsurance cover, the credit exposure to reinsurers and the cost of reinsurance.</li> <li>■ Using skilled actuarial resources to understand the risks associated with the insurance businesses and implementing mitigating actions.</li> <li>■ Ensuring each business attains sufficient scale to effectively diversify the insurance risks underwritten.</li> <li>■ Conducting regular experience analyses.</li> <li>■ Developing products that contain risk-mitigating features.</li> </ul>	<p><b>Shareholders</b></p>



	Risk detail	Risk response	Stakeholders
<b>REGULATORY CHANGE</b>	<p>The regulatory environment, both locally and internationally, continues to develop and presents challenges and risks to the current and future operating model. For the year under review, GDPR (for our European businesses) and SAM (for the South African insurance businesses) took effect. Further developments occurred in the area of Treating Customers Fairly, Financial Intelligence Centre Act amendments, amended Financial Services Charter Sector Codes and the new Fit and Proper requirements for intermediaries under the Financial Advisory and Intermediary Services Act. The new regulatory environment in South Africa will see greater focus on Group supervision, as Discovery becomes regulated as a financial conglomerate, with both banking and insurance activities.</p> <p>Looking forward, Discovery will be impacted by:</p> <ul style="list-style-type: none"> <li>▪ The timing and impact of the National Health Insurance Bill and Medical Schemes Amendment Bill.</li> <li>▪ The Retail Distribution Review and its potential impact on Discovery's product and distribution model.</li> <li>▪ The requirements of the Protection of Personal Information Act.</li> <li>▪ The impact of IFRS17 and the effect it will have on reporting on profits and other financial metrics as well as operational changes required.</li> <li>▪ The findings and recommendations of the Health Market Inquiry (HMI).</li> </ul>	<p>Discovery's business leaders, supported by the respective compliance functions and other technical specialists, are engaged with regulators, lawmakers and thought leaders, both directly and through Discovery's participation in industry and professional bodies. Discovery does so to influence and stay apprised of key regulatory developments. Significant developments that affect Discovery's business model, people, processes, products, distribution and systems, are addressed proactively through dedicated multi-disciplinary project teams. These teams ensure we comply with regulatory requirements and that we can adapt our business accordingly. Discovery has a zero tolerance for regulatory non-compliance.</p>	<p><b>Shareholders, policyholders and regulators</b></p>



### 3 | Key focus areas for Group Risk Management during the year

#### Solvency Assessment and Management (SAM) readiness

SAM came into effect on 1 July 2018. Discovery was compliant for the go-live as the requirements of both SAM and Solvency II were largely already firmly embedded in the business. All relevant businesses went through at least three full solvency assessment cycles (most of them four), including the full Own Risk and Solvency Assessment (ORSA) process and reporting. Measurement of solvency according to the SAM framework is part of the business reporting cycle and integrated with our capital management framework.

Discovery has focused on using the ORSA process to extract valuable insights to improve business intelligence, resilience to adverse scenarios and to identify opportunities to improve the deployment of capital.

#### Focus on cyber risk

The threat of cyber risk within Discovery was previously managed organically as part of information security discipline, consisting of people, processes and procedures, and associated technologies to protect against malicious and non-malicious threats. The increased sophistication of cyber-crime, and the increased impact and likelihood of this risk has necessitated a heightened focus on this risk.

In response to the increased cyber threat, Discovery has been enhancing the cyber capability programme to embed and improve overall cyber resilience capability. Effort has been focussed around three elements including:

- **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.

#### Embedding and maturing risk management capabilities

Further strengthening of the risk management capabilities occurred during the year in both first and second line risk teams, and encompassing both risk systems as well as key risk personnel. Additional technology and actuarial specialist skills have been recruited and work has continued to further strengthen the links between the UK and SA risk resources, and between the teams responsible for risk and capital management respectively. All significant risk policies were reviewed, refreshed and approved; attestation of compliance with policy requirements was completed for all relevant risk policies during the year.

### 4 | Combined Assurance Model

Discovery has employed a Combined Assurance Model. It is a coordinated approach that ensures that all assurance activities provided by management, internal assurance providers and external assurance providers adequately address material risks facing Discovery and that suitable controls exist to mitigate these risks to an acceptable level. As such, the Combined Assurance Model:

- Links risk management activities with assurance activities.
- Provides the basis for identifying any areas of potential assurance gaps and duplication of the resources.
- Informs the Discovery Board as well as the Discovery Audit and Discovery Risk and Compliance Committees and assists to provide a view regarding the Combined Assurance status.
- Provides an integrated assurance service and enhances accountability.
- Ensures an adequate and effective risk control environment enhancing decision taking aligned with the risk appetite and the integrity of the risk-related reports for better decision making.

#### Internal audit

The Audit Committee reviewed and approved the Internal Audit Charter and the Annual Internal Audit Plan, which have been prepared on a risk-based approach. The performance of the Chief Audit Executive has been reviewed by the Audit Committee and the Committee was satisfied with his performance and independence. The results of the annual internal effectiveness evaluation of the audit function found it to be both independent and effective in its responsibilities. The Audit Committee assessed the skills of the audit team and found it satisfactory. An Independent assurance review is conducted at least every five years. The latest review was completed during the previous period.





# Group compliance

Discovery considers compliance with applicable laws, industry regulations, codes and its own ethical standards and internal policies as an integral part of doing business. The Board is committed to developing and maintaining a strong compliance management capability and culture, while providing appropriate protection to policyholders, clients and stakeholders.

This is achieved by:

- Fostering an environment where regulatory compliance is embedded in the Group's culture, business planning, decision making and business activities.
- Actively communicating the effectiveness and business benefits of compliance management to all stakeholders.
- Considering the impact of the regulatory requirements in all strategic and operational business decisions, as well as the processes and control environments within the Group.
- Continually developing and enhancing the Group's compliance management capability.
- Providing independent assurance to the Group's senior management and Board.

## 1 THE ROLE OF THE GROUP'S COMPLIANCE FUNCTION

The Group's compliance function is independent from operational management, operating as part of the second line of defence. It was established to support the Board, executives, management and employees to embed compliance into the culture, business principles, operational and management processes of the Group. It 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 the system.

Discovery has invested in skilled and experienced compliance resources to:

- Maintain all legislative, regulatory, industry and best-practice requirements and standards impacting the operations within the Group.
- Support management with the implementation of the regulatory frameworks impacting the activities and operations in the Group.
- Develop a risk-based compliance plan to monitor and assess the effectiveness of the controls implemented to manage and mitigate the regulatory risks to the business.

## 2 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.

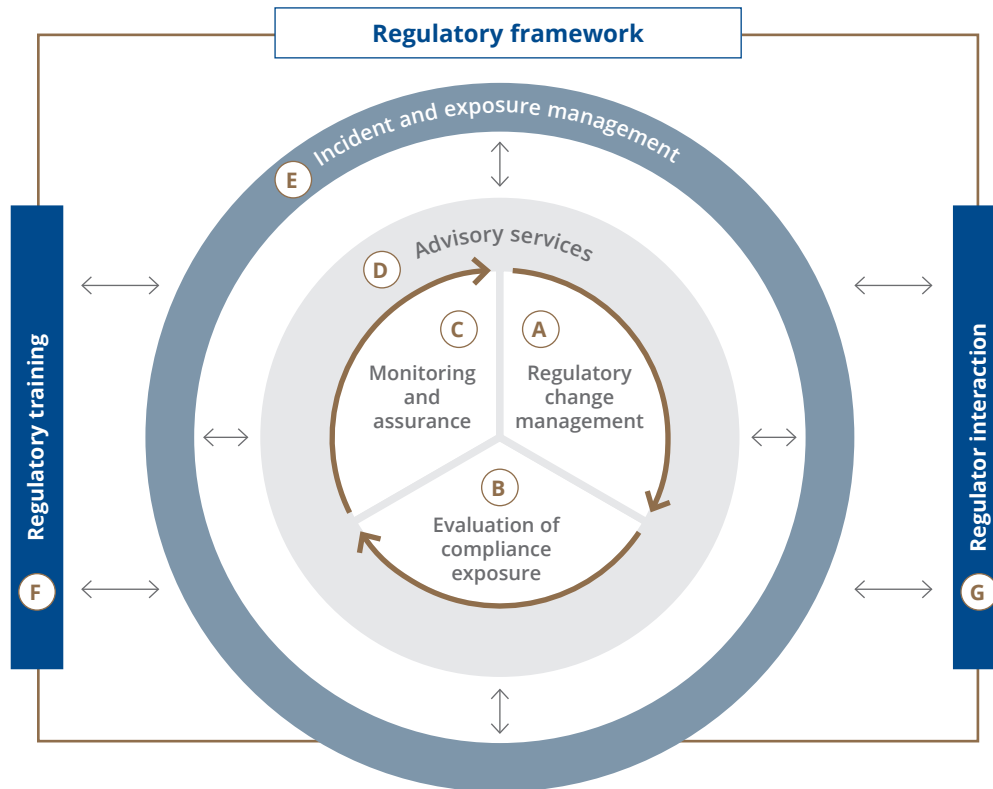
The South African business operations are supported by experienced compliance officers within a centralised compliance team, while our international business areas are supported by dedicated compliance teams in their respective jurisdictions. The work of these teams is closely aligned to the standards and guidelines within the Group Compliance Function in South Africa.

The Group Compliance Function is also responsible for implementing and monitoring the Anti-Money Laundering Control Framework within the Group.





Below is a high-level overview of the compliance processes across the Group:



**A REGULATORY CHANGE MANAGEMENT**  
 Our regulatory change management activities are aimed at:  
 Identifying legislative, regulatory and supervisory developments that impact the Group.  
 Analysing these changes, and assisting and advising management with implementing appropriate controls to address the requirements.

**E INCIDENT AND EXPOSURE MANAGEMENT**  
 We assist the Group with the identification of regulatory incidents and exposures, advising them on the necessary corrective actions and monitoring the progress towards implementation.

**B EVALUATION OF COMPLIANCE EXPOSURES**  
 We have implemented a risk-based evaluation process across the Group to assess the level of compliance exposure. We also assist the Group Risk Management Function with the evaluation of the regulatory risk within the Group.

**F REGULATORY TRAINING**  
 We maintain a comprehensive regulatory training programme for all employees to ensure awareness of the regulatory requirements impacting their responsibilities. During the year 9 868 people have been trained.

**C MONITORING AND ASSURANCE**  
 We develop an annual risk-based monitoring plan for the independent assessment of the appropriateness and efficiency of the control framework. We do so by ensuring compliance to regulatory requirements and the evaluation of progress towards implementation of corrective actions.

**G REGULATOR INTERACTION**  
 Discovery works with various regulators and authorities in each of the jurisdictions in which we operate. We maintain open and active dialogue with all our regulators to respond proactively and pragmatically to emerging issues and questions. Where applicable, we participate in industry discussions to maintain and enhance the regulatory environment.

**D ADVISORY SERVICES**  
 Our experienced compliance officers provide general guidance and support to the business to assist with the effective implementation of the control framework and regulatory requirements.  
 They also support the Group with all campaigns, external communication, marketing material and general client communication.



## OUR FOCUS

### IMPLEMENTATION OF A GROUP WIDE ANTI-MONEY LAUNDERING (AML) FRAMEWORK

The programme launched in the previous year to implement the new AML requirements will continue in the upcoming year. We will ensure Discovery's processes are aligned to the new requirements as they become effective. We will also continue our engagement with the regulators as well as our participation in various industry forums aimed at defining the AML regulations.

### IMPLEMENTATION OF TWIN PEAKS IN SOUTH AFRICA

#### • Implementation of the new regulatory model

The Financial Sector Regulations Act No 9 of 2017 (FCRA) became effective on 1 April 2018. The enforcement of the FCRA anticipated the first step towards the commencement of the New Insurance Act.

Most of the FCRA came into effect except for the sections:

	Effective date
Creating an inter-ministerial council	1 January 2019
Laws regarding significant owners and financial conglomerates	1 March 2019
Provisions replacing the current Ombud system, including fees	1 October 2018

The FCRA segregate the Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA), each mandated to oversee different aspects of the financial services industry. This has a significant impact on the Discovery Group and we are actively engaging with regulators to ensure Discovery is appropriately aligned with the new requirements.

#### • Implementation of the prudential requirements

The Prudential Standards became effective on 1 July 2018. Discovery is engaging with the regulator and relevant industry bodies around the development of the framework.

#### • Market Conduct Framework

The Market Conduct Authority under FCSA became operational and effective on 1 July 2018. We actively engage with the FSCA in developing and implementing the framework.

### ENHANCING THE LOCAL AND INTERNATIONAL DATA PRIVACY REQUIREMENTS

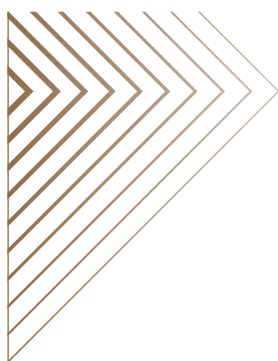
We will continue our efforts to align both the local and international businesses with emerging data protection requirements. We are closely monitoring the regulatory developments in both South Africa and the UK.

### ENHANCEMENT TO OUR GOVERNANCE STRUCTURE

Work around the implementation of King IV has been completed and is constantly monitored against industry and legislative developments. The governance requirements imposed by the Prudential Authority Standards became effective on 1 July 2018, bringing enhanced governance requirements. We are closely monitoring the developments to ensure that our governance structure remains fully aligned to industry developments.

### IMPLEMENTATION OF THE RETAIL DISTRIBUTION REVIEW (RDR)

During the past year, we have continued our engagement with the regulator as well as our participation in various industry initiatives. The process is ongoing and we expect this to continue over the next period.



# Ethics

Integrity, honesty and fairness form an integral part of the Discovery Group values. The Group is committed to a values-based, ethical culture based on non-discrimination, fairness, integrity and transparency. The Ethics Office is an independent Group function established to support the Board, executives, management, and employees in cultivating an ethical culture in the organisation. The ethics office is mandated by the Board, through the Social and Ethics Committee, to implement the Ethics Strategy.



\* Framework in line with the Ethics Institute

**a ETHICS RISK ASSESSMENT**

The Ethics Office, in partnership with Group Risk Management, ensures that all the key risks to the Discovery Group are appropriately identified, assessed, and managed.

Group Risk Management also supports risk owners in reporting on these risks and ensuring that adequate frameworks and processes are in place to manage and mitigate ethical risks.

The Ethics Strategy, in terms of our Ethics report, prioritises the integration (institutionalisation) of ethics across all areas, and among all employees, by:

- Ensuring Discovery's leadership sets an example through ethical leadership.
- Reinforcing the organisation's core values.
- Promoting "ethics talk" at all levels of the company.
- Promoting ongoing communication, training and awareness on these matters.

**b ETHICS STRATEGY**

Ethics standards promote a common understanding of acceptable conduct across all operations, in every region where Discovery operates. Discovery's core values and Leadership Charter set standards for appropriate conduct in the organisation. At an operational level, the Ethics Office provides input on the development and maintenance of the following policies:

- Whistle-blowing
- Corporate gifts and entertainment
- Fraud management and fraud risk management policy.

**c ETHICS INTEGRATION AND STANDARDS**

A helpline is available for employees who need advice on ethical-related matters or want to report unethical conduct. The ethics officers provide guidance and support to all employees. Employees can also make anonymous reports to a hotline, independently managed by Deloitte.

**d INSTITUTIONALISATION**

The Ethics Office maintains a comprehensive training and awareness programme for all employees. The training programme consists of induction, face-to-face, and ongoing online training modules. An annual Group-wide campaign supports these efforts and includes posters, desk drops, and electronic media aimed at ethics awareness. A dedicated website is available internally to keep employees informed of and educated on ethics matters.

**e MONITORING AND REPORTING**

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



# Discovery Limited

## King IV application

The Board of Directors of Discovery Group 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 are reviewed at least annually.

### LEADERSHIP

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

The Board is the governing body of the Discovery Group and is committed to the principles of good corporate governance set out in King IV as being the overarching principles for an ethical foundation.

Integrity, honesty and fairness forms an integral part of the Discovery's values and committed to a values-based, ethical culture based on non-discrimination, fairness, integrity and transparency. Compliance with Discovery's values are monitored throughout the organisation.

The Group has implemented policies, rules and procedures to ensure the ethical culture is maintained and the Board leads ethically and effectively. The Board holds its directors accountable based on their integrity, competence, responsibility, fairness and transparency. The Chairman oversees and evaluates the Board's effectiveness on an ongoing basis.

The Board is required to declare any conflicts of interest and recuse themselves from any such Committee meeting discussions.

### 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

The Group has established a dedicated and independent ethical function. The Board, assisted by the Social and Ethics Committee, has oversight of this function through the Ethics office. A comprehensive Ethics and Integrity Framework is being developed with the Ethics Guiding principles at its core. This Ethics and Integrity Framework will include all of the ethics-related policies, such as whistle-blowing, human rights and personal benefit.

Employees are required to confirm their understanding of the Code of Ethics on an internal learning platform, thereby ensuring that a values-based culture is maintained. Employees are encouraged to report any unethical behaviour directly to the Ethics Office or to make use of the whistle-blowing process. The Ethics Office investigates incidents and reports any material breaches to the Social and Ethics Committee. The Board reviews the Code of Ethics on an annual basis.

### RESPONSIBLE CORPORATE CITIZENSHIP

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

The Social and Ethics Committee has been delegated the responsibility by the Board of ensuring the Group is a responsible corporate citizen. The Committee oversees that governance outcomes are consistent with the Group's purpose and strategy. Discovery is an active corporate citizen in communities where it operates by contributing to the economy, society and environment as set out in the Group's Sustainability Report.

Discovery prides itself by measureable corporate programmes that reflect the importance of stakeholders' interest and the Group's core purpose to make people healthier and enhance and protect their lives.





### 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

The Board and the executive management perform an annual assessment of the Group's strategy, business model, performance and sustainable development as it applies to the core purpose.

The Board has a clearly set out strategy and meets at least annually with the Executive Team and heads of Control Functions to review the strategy and proposals in any acquisitions, investments, disposals, products or services, taking the associated risks into account.

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 the effect of the implementation.

Regular reports are provided to the Board concerning the sustainability of Discovery's business and its impact on the environment, communities and other stakeholders through the implementation of Board-approved policies.

### 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

The interim and annual results, and reports are reviewed and approved by the Board with the assistance of the Audit Committee, and the Internal and External Auditors.

The Board Committees oversee that reports are compliant with regulatory obligations and meet the legitimate needs of stakeholders. The Audit Committee will, in respect of the Discovery Group's Integrated Annual Report:

- Review the report and consider the accuracy and completeness of the information and any factors that may predispose the management team to present an incomplete or misleading picture of the company's position, performance and sustainability.
- Review the disclosure of sustainability matters to the extent that it has an impact on the financial results, and ensure that it does not conflict with the information contained in the financial statements. The Committee will liaise closely with the Social and Ethics Committee to exchange information relevant to sustainability issues that may impact the financial results of the Group.
- Ensure all the disclosures prescribed by legislation have been included and are accurate.

The Group's Integrated Annual Report is published annually on the website, together with audited financial statements and sustainability development reports.

### PRIMARY ROLE AND RESPONSIBILITIES

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

As the custodian of Governance, the Board ensures that corporate governance and good practice form an integral part in the fulfilment of its responsibilities. The Board's duties and mandate are set out in the Board Charter and is part of the overall Governance Framework of the Group. The Charter and Framework is submitted to the Board for review.

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 Code of Corporate Governance and regulatory requirements have been applied to the delegations of authority of the Board Committees in assisting the Board with specific duties and functions.

**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

The Board currently consists of Non-executive and Executive Directors who have diverse industry knowledge, academic qualifications, skills, independence and experience considering the size of the Group.

The majority of the Board is non-executive Directors of which the majority is also independent. The Group CEO and CFO are members of the Board. The Chairman of the Board is an Independent Non-executive Director and is not a Chairman of any other Board Committees. The roles and responsibilities of the Chairman is clearly documented in the Board Charter.

The Board Charter provides a transparent process in the evaluation, nomination, election and appointment of Board members. The Board considers set diversity objectives for vacancies on the Board. The Board is ultimately responsible for the appointment of new Directors.

The composition and succession planning of the Board is reviewed regularly and where necessary, recommendations are made. The members of the Board are evaluated to ensure the appropriate balance of knowledge, skills, experience, diversity and independence. The members of the Board are required to verify their Fit and Proper status at least annually.

Details of the qualifications and experience of each Board member, their independence, committee memberships and other commitments can be found in this report.

**COMMITTEES**

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

The Board has delegated some of its responsibilities to appropriately constituted Board Committees. The role of the Chairman of the Board and the Chief Executive Officer are not held by the same person and operate independently.

The Board and Board Committees are established in line with the Companies Act and King IV requirements. There is a clear balance of power to ensure that no individual, directly or indirectly, has undue decision-making powers.

The Board-appointed committees have clearly defined responsibilities and duties, all of which are set out in the Charter or Terms of Reference. The Chairman of each Board Committee reports directly to the Chairman of the Group Board after each meeting, allowing the Board to monitor the performance and ensure that the committees are acting in line with the delegations provided. The Charter or Terms of Reference allows for the minimum number of members and the proportion of independent directors to ensure an appropriate balance of power and independence is exercised.

The Board Committees' delegation are reviewed annually. The members of each committee is evaluated to ensure an appropriate balance of skills, qualifications and experience to perform their duties.

Each Board Committee has a formal Charter or Terms of Reference, which is reviewed annually and submitted to the Board for approval. Each Board Committee is required to have at least three members with sufficient capability and capacity to function effectively. Members of the Board may attend any Board Committee meeting as in invitee or observer, but may not take part in any decisions of the Committee.

Details of Board Committees and meeting attendance are provided in this report.

**EVALUATIONS OF THE 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

The performance of the Board and Board Committees are reviewed during the financial year to ensure they fulfil their roles and responsibilities.

The performance was evaluated during the financial year in terms of processes and responsibilities of the Board, the Chairman, its Committees and individual Directors.

The performance of the Chairman and the Company Secretary was reviewed. There is an independent relationship between the Board and the Company Secretary and the objectivity of the Company Secretary is not prejudiced.

Evaluations of the Board and Board Committees are conducted regularly.

**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 effective exercise of authority and responsibilities

The Board has approved and implemented appropriate delegation of authority detailing the powers delegated to each Board Committee and clearly indicating the matters reserved for the consideration of the Board and the CEO.

The Board determined the level of materiality over which matters are for their sole decision. Other matters are delegated to the CEO, Board Committees and the Executive Committee. These delegations are reviewed on an annual basis.

Delegations of authority to management is clearly defined to ensure effective exercise of authority.

**RISK GOVERNANCE**

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

The Risk and Compliance Committee assists the Board in the governance of risk and is tasked with identifying, assessing and mitigating the risks affecting Discovery.

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, 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. Regular assessments are conducted on the business risks and risk tolerance levels for each category of risk. The risk management framework is designed to address all the significant strategic, sustainability, financial, operational and compliance-related risks that could undermine the ability to achieve business objectives into the future.

Discovery prepares an Own Risk and Solvency Assessment (ORSA), which provides a holistic view of the risk exposures in the Group and how these risks affect capital, solvency and business strategy.

**TECHNOLOGY AND INFORMATION GOVERNANCE**

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

The governance of information and technology has been delegated to the Group CIO Committee who is responsible for ensuring that the Group implement appropriate system security, data integrity and business continuity processes.

The Group CIO Committee is responsible for overseeing the implementation of all structures, processes and mechanisms in relation to the IT governance framework to ensure there is appropriate management of cyber and data risks and an effective implementation of the IT risk management plan.

The IT function has processes in place to monitor Discovery's networks for cyber-attacks and other data-related incidents, including leaks of information, allowing them to respond quickly to any such events. Technology-risks are included in the Group's risk management process and are reviewed at regular intervals. All changes are security tested before implementation and this is enforced by regular, comprehensive external testing.



### 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 it supports the organisation being ethical and a good corporate citizen

An independent Compliance function was established and reports directly to the Board on the Group's level of compliance to the applicable legislation, rules, standards and codes.

The Risk and Compliance Committee was delegated the authority by the Board to assist and ensure that Discovery complies with applicable laws, adopt certain regulatory rules, codes and standards. The Committee monitors the compliance landscape, assesses the impact of new laws and regulations, and keeps the Board updated on material developments.

Overarching board-level policies ensure compliance across the Group with all applicable laws, codes, best practice, standards, and encourage ethical behaviour. The internal audit function incorporate applicable legislation in their reviews.

The Board regularly review compliance matters, including the procedures and policies, giving a holistic view of compliance management across the Group.

### 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 short-, medium- and long term

The Group reviews its remuneration philosophy annually to ensure that its employees and the Board are remunerated fairly, responsibly and transparently.

The Board, assisted by the internal and external Remuneration Committees, ensures that all Directors, Executives and employees are remunerated fairly and responsibly in line with industry standards.

The remuneration philosophy is aligned with Discovery's strategy and linked to individual performance through the setting of appropriate objectives that are reviewed by the Remuneration Committee. Bi-annual assessments are done and reviewed against the strategy and business plan. Discovery's remuneration philosophy is reviewed and approved annually.

### 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

The Group has developed and implemented an assurance model that is reviewed and approved annually. The Board has delegated oversight of the assurance model to the Audit Committee.

The Audit Committee reviews the expertise, resources and experience of the Internal Audit and Finance functions. The assurance model is implemented throughout Discovery and designed to address all the significant strategic, sustainability, financial, operational and compliance-related risks.

The appointment of the external audit firm has been confirmed. The Audit Committee is satisfied that the external auditor is independent.

The Board is satisfied that the assurance results indicate an adequate and effective control environment and integrity of reports for better decision making.

### STAKEHOLDERS

**Principle 16:**  
In the execution of its governance roles 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.

Balancing the best interest of the company and interests and expectations of stakeholders is paramount to the Board. The Social and Ethics Committee is tasked with ensuring a stakeholder inclusive approach.

Stakeholder relationships are an important element of Discovery's business and we recognise the significance of regular engagement with stakeholders through various platforms.

The Social and Ethics Committee assists the Board with monitoring stakeholder engagements as a standing agenda item.