



# Building a healthy and thriving society

**SUSTAINABLE DEVELOPMENT REPORT  
2016**

# Contents

In the **Introduction** to this report, we describe how Discovery meets its sustainable development reporting obligations:

- > **Our 2016 reporting** 2
- > **Stakeholder engagement** 3
- > **Commitment to the United Nations Global Compact** 3

**Part 1** describes the Vitality Shared-Value Insurance model and explains how it is applied to contribute to sustainable development goals at a local and global level:

- > **Reflections from Dr Penny Moumakwa** 4
- > **Our values** 8
- > **A business model to meet society's needs** 10
- > **Our contribution to global and local sustainable development goals** 12

**Part 2** offers a more detailed description of three ways in which Discovery contributes to sustainable development:



Products and services which make people healthier and better protected

- > **Healthy and responsible products and services** 18



Workplace health interventions, resulting in healthier, more productive and engaged employees

- > **Healthy and productive workforces** 26



Engagement with communities and stakeholder-led organisations to develop community infrastructure and capacity which supports improved health

- > **Healthy and prosperous communities** 36

**Our actions in all of these areas contribute to a healthier and thriving society, and help fulfil our ambition – to be a powerful force for social good.**

- > **Building a healthy and thriving society** 44

## Statement from the Discovery Social and Ethics Committee

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

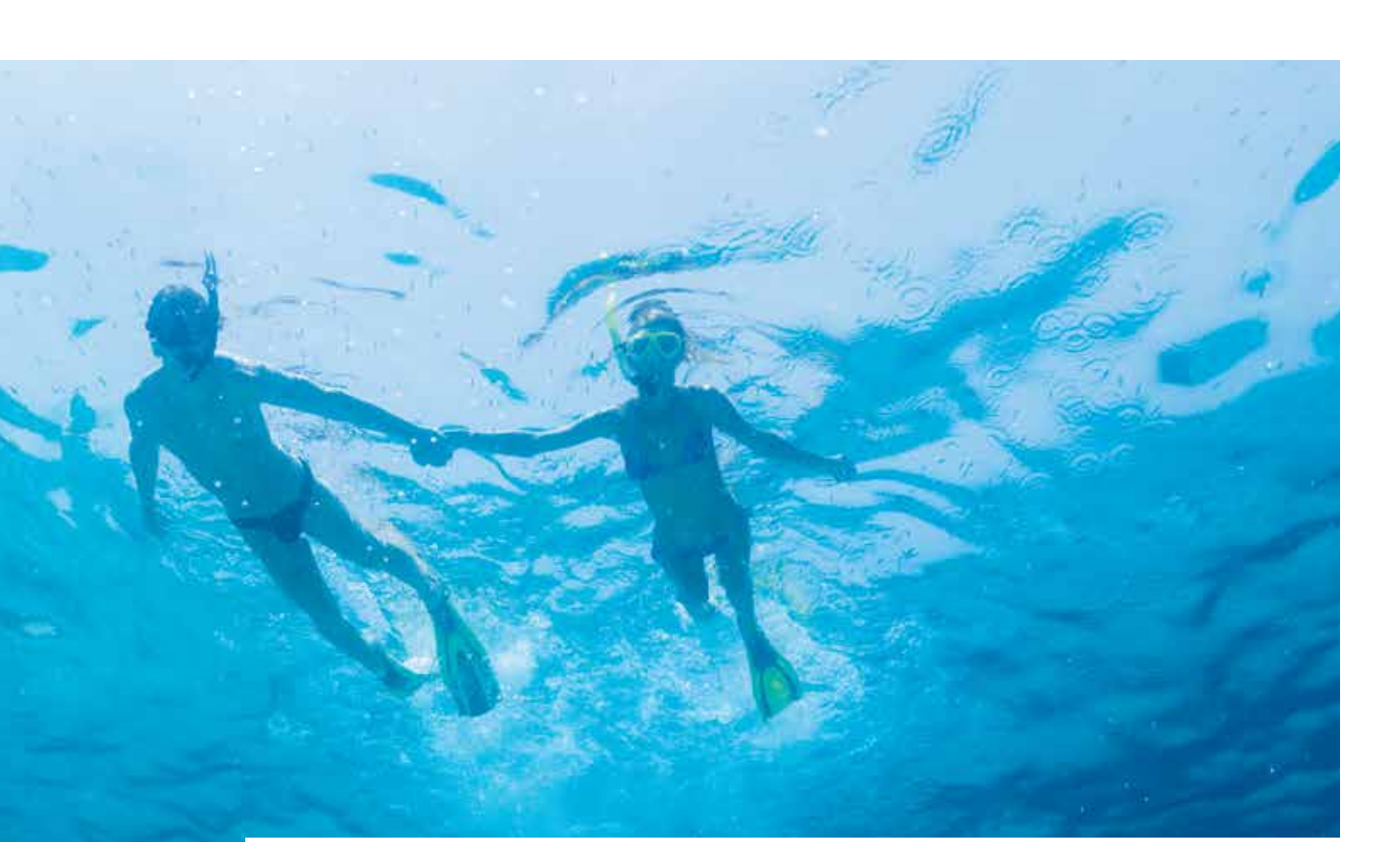
The Committee is satisfied that the 2016 Sustainable Development Report, together with the associated website and the Integrated Annual Report, provides a comprehensive and accurate view of Discovery's sustainable development performance for the past financial year.

**Sindi Zilwa**  
Chairperson  
Discovery Social and Ethics Committee

We are constantly working to improve our reporting processes and measure our impacts and outcomes more effectively.

We welcome stakeholder feedback on our strategy, initiatives and reporting, which can be sent to [DiscoverySustainability@discovery.co.za](mailto:DiscoverySustainability@discovery.co.za).

The contact person for this report is:  
**Dr Penny Moumakwa**  
Head of Discovery People and Sustainable Development



# Discovery and sustainable development

Discovery is a South Africa-based Shared-Value Insurance company with operations on four continents, revenue of R33 billion and over 11 800 employees globally.

Our core purpose is to make people healthier and to enhance and protect their lives by delivering positive structural change to the markets and industries in which we operate.

Through our shared-value business model – **Vitality Shared-Value Insurance** – we create economic value while simultaneously addressing society's needs and challenges.





# Our 2016 reporting

Our sustainable development reporting seeks to meet the information needs of a broad stakeholder audience, complementing our Integrated Annual Report, which is targeted primarily at the providers of financial capital.

In 2016, our sustainable development reporting is composed of two elements:



Together, these provide a comprehensive account of our sustainable development performance for the financial year ending 30 June 2016.

## Report scope and boundary

**Information included in our reporting covers the material sustainability risks, threats and opportunities identified for the ongoing success of our business.**

As this report targets a broad stakeholder audience, we placed particular emphasis on stakeholder-developed standards, such as the United Nations Sustainable Development Goals, the United Nations Global Compact principles and the Global Reporting Initiative (GRI) G4 guidelines, to select our report content.

In 2016, we are reporting against the GRI G4 guidelines for the first time, on a core basis.

## Reporting on non-financial data

As indicated throughout this report and on our reporting website, some of the non-financial data published for the 2016 financial year covers South African operations only. This focus reflects the materiality of our South African operations to the business, as they account for 68% of our revenue and employ 83% of our workforce.

Recognising the fact that international operations are making a growing contribution, we have started to extend our processes for collecting non-financial data to cover operations located internationally. This report includes some data from our UK-based operations and we aim to expand this coverage further in our next reporting cycle.

All data and factual statements contained in this report have been subjected to a comprehensive internal audit review. External assurance has been undertaken on a number of material indicators.

## Stakeholder engagement

Our business interacts with various local and international stakeholder groups to meet sustainable development objectives.

A key stakeholder group for Discovery is our clients. Our everyday interactions with clients help define the nature of our products and services and the way in which they are delivered.

Our employees are critical to our success as they are the first line of contact with our clients and provide the energy and innovative ideas that fuel our business. By acting in line with our values, they contribute to our purpose and ambition.

At a local level, engagement with communities, local government and other businesses is undertaken to effect improvements in health

and sustainable development outcomes beyond our immediate client base.


At a national level, we engage with government and regulatory authorities on a regular basis, as we operate in a highly regulated business sector.

At a global level, we participate in international government- and stakeholder-led initiatives to contribute to international debate on two issues which are highly relevant to our business – the role of health in sustainable development and the application of shared-value business principles in the insurance sector.

## Commitment to the United Nations Global Compact (UNGC)

Discovery is fully committed to the work of the UNGC – a coalition of over 8 000 businesses seeking to align their strategies and operations with universal principles on human rights, labour, environment and anti-corruption.

Discovery became a signatory to the UNGC in June 2015. Throughout this report, which is also our first annual Communication on Progress to stakeholders, we set out the steps we have taken to incorporate the ten UNGC principles in our business.

 See the table on pages 46 to 47 of this report.

The multi-stakeholder approach embodied in the UNGC enables it to play an extremely valuable role in addressing the complex and pressing global sustainability issues we face today.

We are proud to report that we have been able to contribute in a substantive way to the work of the UNGC during the first year of our membership.

Together with the UNGC and the Danish pharmaceutical company Novo Nordisk, we will be leading an initiative to increase understanding of the role health plays in sustainable development and to develop metrics that can be used by business to improve disclosure of health-related issues.

We firmly believe that business has a key role to play in improving health outcomes and achieving sustainable development goals as described in the United Nations 2030 Agenda for Sustainable Development and in other national development programmes, including the National Development Plan of South Africa.

**Adrian Gore**  
Discovery Chief Executive

**We firmly believe that business has a key role to play in improving health outcomes and achieving sustainable development goals.**

# Discovery's contribution to sustainable development

## Reflections from Dr Penny Moumakwa

Head of Discovery People and Sustainable Development



**“Having a strong sense of ‘why’  
inspires us to do the impossible.”**

To watch a webcast with Dr Penny Moumakwa on Discovery's purpose and ambition and how they are translated into our business and sustainable development strategy, see our Sustainable Development Reporting website: [www.discovery.co.za/info/2016SDreport](http://www.discovery.co.za/info/2016SDreport)



Optimism and tenacity are two of Discovery's core values, and our business journey to date has demonstrated very clearly how we have put these into practice.

Undeniably, the last year has been challenging, with difficult economic conditions taking a toll, particularly in our home market of South Africa. Within this context, we have identified numerous priorities for growing our business through the development of new products, new business lines and new markets. We are excited about our achievements to date – in particular our track record in bringing to market products and services that have made life-changing differences to our clients and in our communities. At the same time, we recognise that we are taking on a tough agenda for business growth in a capital-constrained business environment, not just in South Africa, but globally.

This challenge doesn't dampen our optimism or temper our tenacity. On the contrary, it illustrates even more clearly the value that we can create through our clear sense of purpose, as we reflect on our role in society and our contribution to sustainable development.

---

## Our core purpose – the reason Discovery exists – is to make people healthier and to enhance and protect their lives.

---

Fulfilling this purpose in a way that creates benefit beyond our business requires us to rethink traditional business paradigms and develop products that are designed to address societal needs.

Discovery therefore pioneered the Vitality Shared-Value Insurance model, to create insurance products which contribute to meeting society's needs.

We continuously refine and develop this model, as we increase our understanding of the drivers of healthier and lower-risk behaviours and as we develop products incentivising clients to put these behaviours into practice.

---

Our Integrated Annual Report provides an explanation of the way in which our Shared-Value Insurance business model is applied in each business unit.



See pages 46 to 95 of our Integrated Annual Report.

## Health and sustainable development

In the context of this introduction to our Sustainable Development Report, it is important to explain the role Discovery plays in sustainable development.

In its early days, the sustainable development agenda was dominated by the need to simultaneously address pressing environmental concerns, poverty and economic development. That debate has moved on to a broader framing of sustainable development, balancing environmental, social and economic objectives.

Today, there is growing recognition that health is an integral part of sustainable development, and in particular that it plays a critical role in poverty reduction.

Even now, however, debate on the role of health in sustainable development tends to focus on the needs of the sick, rather than on prevention, screening and health promotion. Both are important, as progress on sustainable development cannot be achieved if there is a high prevalence of illness and poverty. However, inappropriate development resulting in the overconsumption of resources also has serious implications for wellbeing.

We see a clear opportunity to slow and potentially reverse the current high level of growth in non-communicable diseases by placing people's consumption patterns and lifestyles on a more sustainable and healthy footing. This thinking is acknowledged in the United Nations Sustainable Development Goals, which includes targets for a one-third reduction in premature mortality from non-communicable diseases by 2030.

It is clear that Discovery's products have a role to play in helping to achieve this target, along with other health and sustainable development objectives.

## Discovery's contribution to sustainable development

Turning to the specific contribution Discovery makes to sustainable development, I would like to highlight three areas where our business has a significant positive impact. These are described in more detail in part 2 of this report.



1

**Firstly**, we contribute to fulfilling societal needs through our innovative products and services, such as Vitality Active Rewards, where we realise our core purpose of making people more engaged in improving their own health.

A sea change is taking place in the structure of insurance markets, which are starting to take on a behavioural approach to changing lifestyles and increasing longevity.

In the USA, for example, our partnership with John Hancock has struck an exciting chord with our business partners and with their clients, who are starting to embrace our products in support of healthier lifestyles.

Discovery is in the vanguard of this change. Not only do we develop products and services which address societal needs and challenges, we also deliver them in a responsible way, with close attention to data privacy and sovereignty, which is governed by regulation in all of our major markets.

For example, there has been rapid growth in the use of personal devices. During the year under review, we worked with the US-based companies Qualcomm and Microsoft to develop guidelines and a scorecard for the responsible use of data resulting from wearable technology.

We also seek to minimise the environmental footprint of our products. Through a successful employee engagement programme in South Africa we have achieved our objective of reducing energy consumption per employee at the same time as growing our business.



See pages 20 to 21 for information on our products and pages 24 to 25 for information on product responsibility and environmental impact.

### Discovery in Fortune's list of companies that "Change the World"

In August 2015, Discovery was recognised as a global leader in behavioural insurance, through its 17th place in Fortune's index of 51 companies that are "changing the world".

The ranking recognises companies that address major global problems as part of their competitive strategy.





## 2

**Secondly**, and in line with our values, we are seeking to progress current thinking on the linkages between health and employee productivity.

We believe that there is not only a clear moral case for business to safeguard and improve employee health, but also a solid business case, as we know that healthier employees are more engaged and more productive. Vitality data supports this perspective.

We are active in our own business in helping to improve the health of employees and have achieved some success at the US-based subsidiary of Discovery, The Vitality Group, which won the Global Healthy Workplace Awards in the small- and medium-sized enterprise category.

In South Africa, our target is to lead the Discovery Healthiest Company Index, a benchmarking study of employee health. Health outcomes among South African employees showed that we still have progress to make to place ourselves firmly in this group. In the coming year we will be placing much more emphasis on this area, with a fast-paced programme of employee health engagement centred on Vitality Active Rewards.

We are also stepping up our engagement with other businesses on the issue of healthy employees, both through The Vitality Group, whose core purpose is to support employee health programmes, and through initiatives such as Britain's Healthiest Company.



See pages 28 to 33 for more detail on our initiatives in support of healthier workforces and pages 34 to 35 for information on the health of our own employees.



## 3

**Thirdly**, in seeking out improved health outcomes for both clients and employees, we have come to realise the fundamental importance of fostering healthy and more productive communities. Community infrastructure that facilitates health plays a significant role in supporting health outcomes, just as poor infrastructure and the lack of facilities can obstruct it. Likewise, productive and prosperous communities are more likely to be healthy places to live and work.

We have therefore identified a third area of contribution to sustainable development outcomes – local and global stakeholder partnerships in support of healthier communities.

In South Africa, we partner with city authorities and emerging entrepreneurs, particularly in the health sector, to promote the infrastructural development, facilities and activities that enable people to live healthier and more prosperous lives. Globally we engage with international organisations such as the United Nations, through the United Nations Global Compact, the World Economic Forum and the World Health Organisation to contribute our insights to ongoing debate on how to build a healthier world.



See pages 38 to 43 for more detail on our partnerships in support of healthy and productive communities.

## A healthy and thriving society

Taken together, our actions in these three areas help support a thriving and healthy society and contribute towards a balanced view of sustainable development, in which health plays an important role in contributing to poverty reduction and development.

This is what we mean when we speak about our ambition to be a powerful force for social good.

# Our values

Our values frame our decisions and are the foundation of our actions.

They are brought alive by our leadership and employees, in how we think and act.

Our values reflect our fundamental belief in people as the driving force behind the delivery of our products and services. We aim to recruit and retain motivated and skilled employees who share our values. Through a range of training and engagement activities, we strive to liberate their potential to the full.

During the last financial year, an ethics framework for the business was formalised and communicated to employees. Our ethics framework reinforces the emphasis we place on values and is being rolled out more widely in our business through the Ethics Office. Regular checks are undertaken to assess risks relating to corruption.

One incident of corruption was confirmed during the year. The incident occurred in November 2015, when an employee requested payment from a member to overturn a non-disclosure decision. The employee resigned pending a disciplinary hearing.

Great people

Liberating the best in people

Innovation and optimism

Intellectual leadership

Dazzle clients

Business astuteness and prudence

Drive, tenacity and urgency

Integrity, honesty and fairness



# A business model to meet society's needs

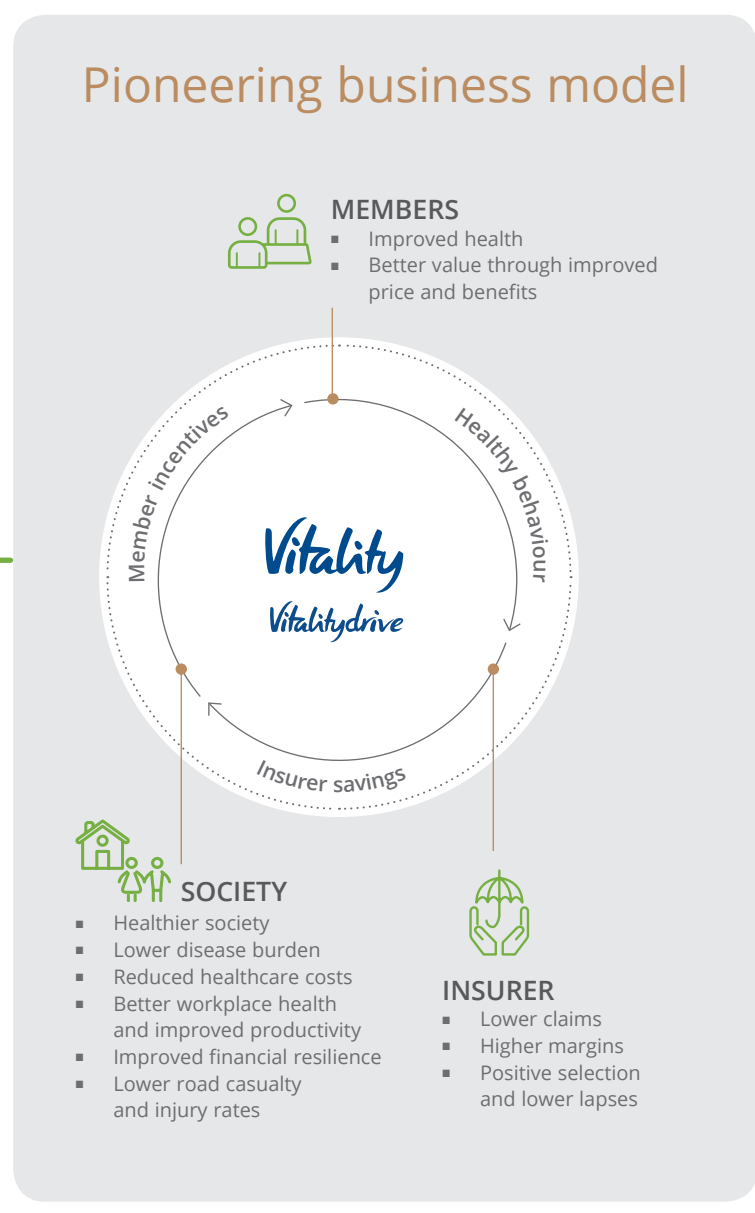
The Vitality Shared-Value Insurance business model creates value beyond our membership base by increasing the value placed on illness prevention and a healthy lifestyle and by showing how the pursuit of health is important for business and individuals. Our social programmes help to build healthier and more productive communities, and ultimately a healthier and more prosperous society that can achieve its sustainable development goals.

**Stakeholder-driven purpose and ambition**

**Our core purpose** is to make people healthier and enhance and protect their lives.

---

**Our ambition** is to be the best insurance organisation in the world and a powerful force for social good.



## Innovative products and services



Incentivised wellness

Dynamic pricing

Health-related investment enhancements

Incentives promoting safer driving behaviour

See pages 18 to 25.

## Member engagement



# 2.4 million

Vitality now has over 2.4 million members, and has seen an eightfold increase in actively engaged members since 2008

In research undertaken among over 700 000 employees in US-based companies, highly engaged Vitality members exhibited lower median body mass index (BMI), systolic and diastolic blood pressure and blood glucose levels and less stress. They were less likely to smoke and more likely to have a higher positive perception of their own health.

## Sustainable development outcomes



Healthier and productive workforces

See pages 26 to 35.



Healthier and prosperous communities

See pages 36 to 43.



Healthier and thriving society that can achieve its sustainable development goals

See pages 44 to 45.



# Our contribution to global and local sustainable development goals

The United Nations (UN) Sustainable Development Goals (SDGs) were agreed in September 2015 and offer a blueprint for the planet's sustainable development. Through our Vitality Shared-Value Insurance business model, we make important contributions to achieving the goals and their associated targets.

As part of an ongoing review of our framework for evaluating business performance, we are looking at integrating relevant SDGs with our business focus areas. This will include measurement of business performance in relation to the SDG targets.

Reflecting our core business focus, we see targets relating to SDG 3 – Good health and wellbeing – as particularly important. We have already accumulated data that is helpful in quantifying our contribution to targets on HIV and AIDS and non-communicable diseases.



National development goals have been developed in many of Discovery's markets. In South Africa, for example, the National Development Plan's Vision for 2030 touches on many areas that are covered in the SDGs, one of which is health.

## South Africa's National Development Plan (NDP) sets out a 2030 vision for health

A health system that works for everyone and produces positive health outcomes is not out of reach. It is possible to:

- Raise the life expectancy of South Africans to at least 70 years
- Ensure that the generation of under 20s is largely free of HIV
- Significantly reduce the burden of disease
- Achieve an infant mortality rate of fewer than 20 deaths per thousand live births, including an under-five mortality rate of fewer than 30 per thousand

## Support for the “Every Woman Every Child” Movement

Discovery has committed to support “Every Woman Every Child”, a global movement that mobilises and intensifies international and national action by governments, the UN, the private sector and civil society to address the major health challenges facing women, children and adolescents.

Discovery’s commitment will be in three areas:

### Discovery Vitality

Our target is to improve maternal and child health by sharing our intellectual property and providing financial and other resources to make physical activity, nutrition education and the delivery of primary healthcare more accessible.

### Discovery Foundation

We will continue to strengthen health systems and investment in the education of health specialists and the development of academic medicine to benefit maternal and child health.

### Discovery Fund

In partnership with Discovery Insure, we have committed to share Discovery Insure’s intellectual property in telematics technology and to provide financial and other support to organisations committed to the safety of children.

## GOAL 3

### 3 GOOD HEALTH AND WELLBEING



#### Relevant targets:

- > By 2030, reduce premature mortality from non-communicable diseases by one third through prevention and treatment, and promote mental health and wellbeing
- > By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, waterborne diseases and other communicable diseases
- > By 2020, halve the number of global deaths and injuries from road traffic accidents

The NDP targets a significant reduction in non-communicable chronic diseases, identified in the plan as one of the four major areas of disease burden in South Africa. It also targets the improvement of primary healthcare in communities and the development of skilled, committed healthcare professionals, which are important focus areas for the Discovery Fund and the Discovery Foundation.



The UN Sustainable Development Goals are interconnected, and our ability to achieve the SDG health targets will depend on progress made in a number of other goals.

Through our core business and our social programmes, we make substantive contributions to other SDG targets. Several of these contributions are described below.

## GOAL 2

2 ZERO HUNGER



### End hunger, achieve food security and improved nutrition and promote sustainable agriculture

By 2030, end all forms of malnutrition, including achieving the internationally agreed targets on stunting and wasting in children under five years of age by 2025, and addressing the nutritional needs of adolescent girls, pregnant and lactating women and older persons

Health outcomes are intrinsically linked to nutrition. Unsustainable agricultural practices leading to the accumulation of harmful pesticides in soil and watercourses have the potential to damage the health of those people who depend on being able to use these resources safely.

Food price volatility affects the health outcomes of vulnerable communities, who may opt for cheaper, less nutritious food in times of high food price inflation. The goal of the Vitality HealthyFood benefit is to make nutritious foods more affordable and accessible, by rewarding healthy food choices.



#### Supporting improved nutrition

Dr Makanda Itaka is a nutrition expert, whose work with vulnerable communities in South Africa is funded by the Discovery Foundation

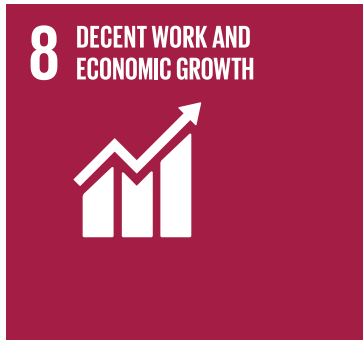
<https://www.youtube.com/watch?v=iVm68RDraj4>

## GOAL 11

11 SUSTAINABLE CITIES AND COMMUNITIES



# GOAL 8



## Promote inclusive and sustainable economic growth, employment and decent work for all

By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

We support this goal and associated target in a number of ways:

- > **Through Discovery People, where we aim to create a values-based culture of opportunity and innovation, free from discrimination**
- > **Through our work with other businesses, to promote healthy workforces**

In South Africa in particular, there is an imperative to achieve an inclusive and transformed workforce that equitably represents all sectors of society.

Recruiting and retaining black South Africans in senior positions remains a key priority.

We have set a target of

**25%** representation by equity candidates in each of our business unit executive committees, and have met this target in all but two business units.

**68%** of candidates undertaking leadership development programmes run by the business during the year were from equity groups.



See our Sustainable Development Reporting website for more information and data on diversity in our business

[www.discovery.co.za/info/2016SDreport/people](http://www.discovery.co.za/info/2016SDreport/people)

## Make cities inclusive, safe, resilient and sustainable

By 2030, ensure access for all to adequate, safe and affordable housing and basic services, and upgrade slums

By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

There is a clear link between the health of employees, members and the communities from which they originate.

We have established a strong partnership with the City of Johannesburg to support health and safe infrastructure and address pressing challenges relating to issues such as safe school transportation.



See pages 40 and 41 for more detail.



This section of our report provides further information on our actions and performance on:



Healthy and responsible  
**PRODUCTS AND SERVICES**

Page 18



Healthy and productive  
**WORKFORCES**

Page 26

Outcomes in these areas meet the expectations of stakeholders and support a healthy and thriving society.





# Part 2



Healthy and  
prosperous  
**COMMUNITIES**

Page 36



“The simple idea  
of making people  
healthier has taken us  
on a journey ...”

To watch a webcast with Group  
Chief Executive Adrian Gore on  
Discovery's purpose and the Vitality  
Shared-Value Insurance business  
model, see our Sustainable  
Development Reporting website

[www.discovery.co.za/info/2016SDreport](http://www.discovery.co.za/info/2016SDreport)



# Healthy and responsible **PRODUCTS AND SERVICES**

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







## Making people healthier, and enhancing and protecting their lives

Vitality Shared-Value Insurance helps members around the world to become healthier and better protected by giving them access to the tools, knowledge and incentives that support behaviour change.

### Applying Vitality Shared-Value Insurance in different business areas

The Vitality Shared-Value Insurance business model is applied differently in each area of our business, but in each case the product design principles remain the same. The purpose embodied in our products is the creation of social and member value alongside value for the insurer.



See pages 10 to 11 for an explanation of our business model.

In our health insurance business, Vitality provides members with access to a broad range of exercise and illness-prevention pathways and guides, and incentivises members to make use of them in their daily lives.

Drawing on the expertise developed in the health insurance sector, our unique approach to shared-value insurance has been replicated in other aspects of the business.

For example, short-term car insurance offered through Discovery Insure rewards improved driving behaviour, enabling a reduction in poor driving and a decrease in the number of serious and fatal road accidents. Discovery Insure's clients are offered rewards such as substantial rebates on fuel to incentivise lower-risk driving behaviour. Dynamic pricing of policies is being rolled out to reinforce the link between safe driving and vehicle premiums and to enable clients to benefit from lower-cost policies that are underpinned by better driving.

In the same way, the group's investment products reward clients for behaviours that lower health risks and contribute to longevity. For example, data on clients' health and driving patterns is used to assess and underwrite client risk dynamically, resulting in clients paying premiums that reflect their risk profile, as well as lower lapse rates for the insurer and improved health outcomes for clients.

### Continuous innovation – the example of Vitality Active Rewards with Apple Watch

Each year, we launch new products and services to refine the Vitality model further and to innovate and grow each of our business areas.

A successful innovation during the 2016 financial year was Vitality Active Rewards with Apple Watch, which encourages increased physical activity, better nutrition and higher uptake of health screening by providing more immediate and personalised incentive structures that are tailored according to participants' exercise history and health risk factors.

Initial results have shown dramatic and sustained behaviour change, with a 20% increase in physical activity for those who engaged in the benefit and 81% for those who also took the Apple Watch.

See our Integrated Annual Report (pages 42 to 45) for a more detailed explanation of the impact of the Vitality Active Rewards programme.





## Establishing The Global Vitality network

The Vitality Network is a system of partner insurers who employ the Vitality business model. Partner insurers participate in collective network assets such as technology collaborations, global reward partnerships, and academic and media partnerships.

The Vitality Network has been extended to 14 global markets, including the USA, Australia and several key markets in Southeast Asia. A recently-signed agreement with the Sumitomo Life Insurance Company and the SoftBank Group will see the network rolled out in Japan, the second-largest life insurance market globally.



## CASE STUDY

# The Everyday Athlete programme

A highly successful example of implementing the Vitality Shared-Value Insurance model in the UK market has been the Everyday Athlete programme.

Analysis of data relating to over 6 600 UK-based Vitality members showed that previously sedentary individuals who increased their activity levels to the minimum level of 150 minutes per week, as recommended by the UK government, were able to increase their expected life span by more than three years.

We therefore introduced a programme that advocated making small improvements to physical exercise. These didn't need to involve going to the gym or engaging in sport, but could be everyday activities that made health accessible – the “democratisation of health”. We engaged clients in this philosophy through a creative branding process that recast sedentary individuals as “Everyday Athletes”.

We are proud of the results this programme has achieved. Its objective was to create a movement of healthy people, including, for example, individuals doing exercise that would not ordinarily be thought of as sport – taking their dog for a walk or washing their car.

The programme also acknowledges and supports grassroots and amateur sports events and was promoted using well-known professional athletes, for example through the Vitality ambassador Jessica Ennis-Hill, British heptathlete and Olympic medallist.





## Service excellence, responsible products and minimising the use of natural resources

Innovating products and services that meet our purpose is essential, but it is equally important that these products and services are delivered in a responsible way, ensuring service excellence to our clients and minimising the use of natural resources.

### Service excellence

**Our objective is to employ, retain and develop engaged and committed people who operate according to high standards of service excellence and in line with our business values.**

Discovery aims to create a values-based culture of opportunity and innovation. This implies a focus on the integration of our values into our business culture and ethics, as well as providing a stimulating and rewarding environment.

As we operate in a service industry, employees play a critical role in enabling us to achieve our business objectives. They are typically the first point of contact for clients with our business. Through them, new business may quickly be won or lost.

#### Potential and intellect

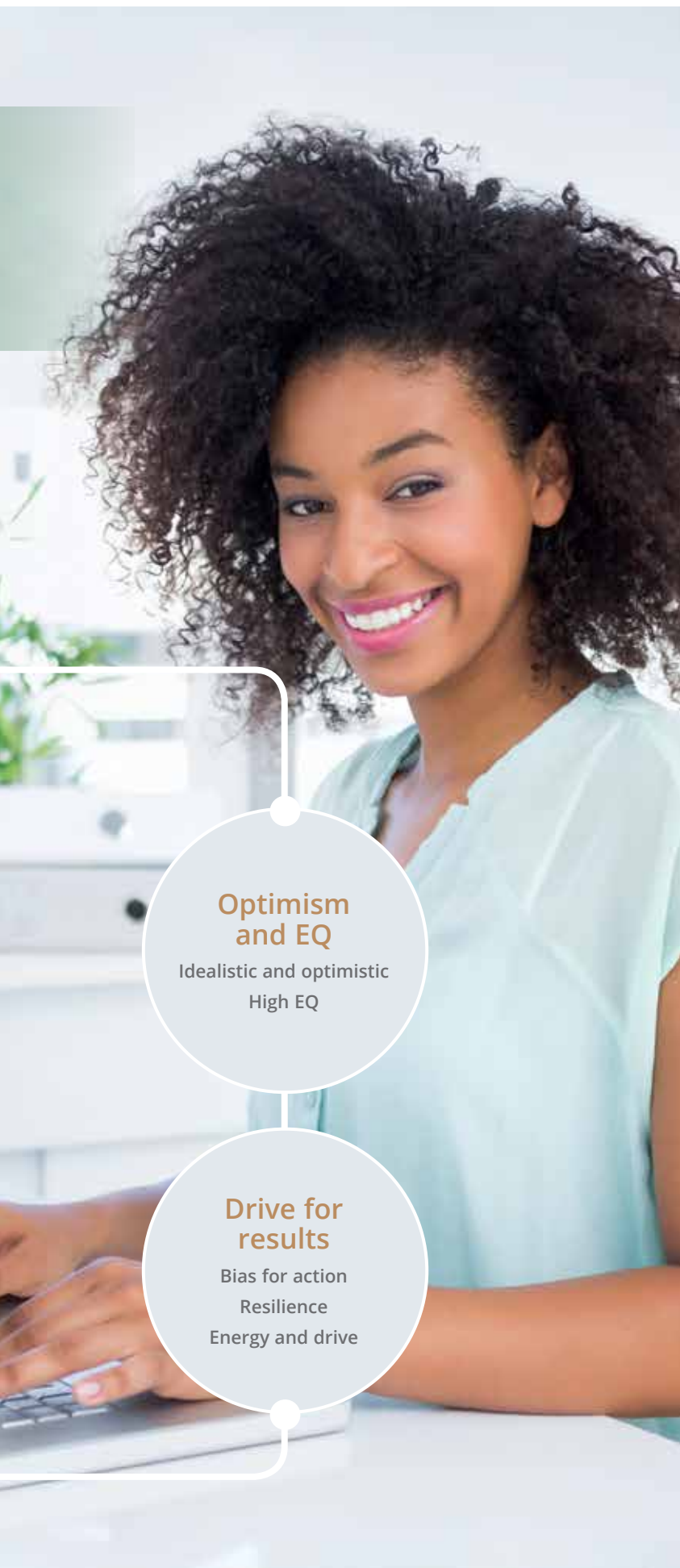
Superior intellect  
Learning agility  
Trailblazer

#### Values

Highly ethical  
Integrity  
Social conscience

### Employees who thrive at Discovery are exceptional

We seek out the best person for every role. We have a clear understanding of the qualities we are seeking out in new employees and we set the bar at exceptional.



**Optimism and EQ**

Idealistic and optimistic  
High EQ

**Drive for results**

Bias for action  
Resilience  
Energy and drive

**The objectives of Discovery's people strategy are:**

**1** To attract, develop and retain talent that creates economic and social value

**2** To work actively towards achieving inclusivity and transformation

**3** To make Discovery employees healthier

We measure the effectiveness of our delivery against our people ambition through three sets of metrics, relating to recruitment, engagement and business impact.

We also focus on developing an inclusive and transformed workforce that equitably represents all sectors of society. Recruiting and retaining black South Africans in senior positions remains a key priority. We have set a target of 25% representation by equity candidates in each of our business unit executive committees, and have met this target in all but two business units.

We strive to eliminate discrimination in our business, both by managing people fairly and by ensuring that our products and services do not discriminate against any group. One incident of discrimination was reported through our tip-off line in November 2015, relating to benefits for pregnant members. These benefits have now been revised.



See our Sustainable Development Reporting website for additional employee data.  
[www.discovery.co.za/info/2016SDreport/people](http://www.discovery.co.za/info/2016SDreport/people)



Information on the health of our employees is included in this report, on pages 34 to 35.

## Product responsibility

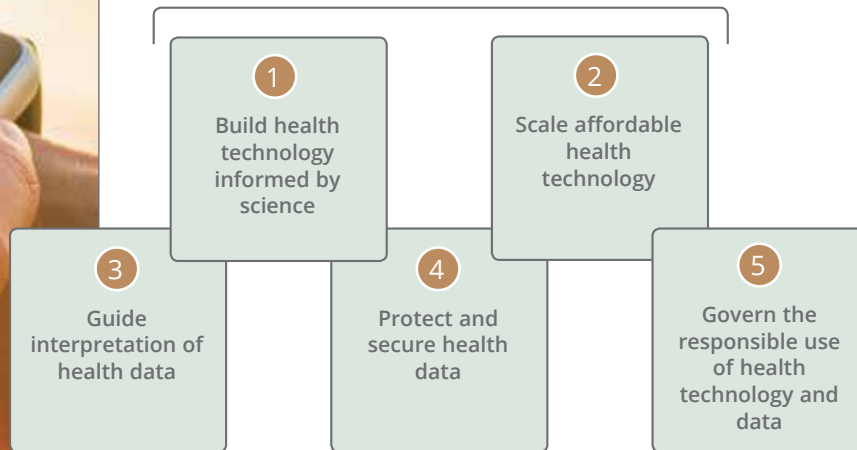
The increased use and sophistication of personalised health technology, for example wearable tracking devices, has the potential to reduce the prevalence of chronic diseases by targeting the leading risk factors of physical inactivity, unhealthy diet and non-adherence to medication.

However, the use of data resulting from this technology can invade individual privacy and compromise confidentiality. Facilitating the sustained uptake and acceptability of personalised health technology therefore requires adherence to a product responsibility framework that evaluates and addresses its ethical, legal and social implications.

Discovery adopts a proactive approach to issues such as health data privacy and has worked with the US-based companies Qualcomm and Microsoft to develop guidelines for the responsible innovation of personalised health technology and the appropriate stewardship of data obtained from its use. A self-evaluation tool measuring compliance with the guidelines has been developed to aid management and external reporting.



The guidelines propose a blueprint for evaluating and optimising the use of personalised health technology, based on five objectives:



The responsible marketing of products and services is also a critical area for our business and incidences of non-compliance with regulations are tracked and reported.

During the year under review, one incident of non-compliance with regulations relating to the marketing of products and services was reported in our short-term insurance business, Discovery Insure.

An offer relating to the use of the Gautrain in Johannesburg was viewed by the South African Financial Services Board (FSB) as product inducement. The offer was made by Discovery Insure because it held the view that the use of the Gautrain lowered the risk of accident to clients. The FSB found that this risk link was not justified and the case was escalated to the Enforcement Committee, which issued a R100 000 fine.

In addition, six substantiated complaints were received regarding breaches of customer privacy or the loss of customer data were received during the year. Investigations were conducted in each case and customer data was found to have been removed without proper business reason or authorisation. Six employees have resigned as a result of these violations and one employee has received a written warning.



See our Sustainable Development Reporting website for additional data on our product responsibility performance. [www.discovery.co.za/info2016SDreport/compliance](http://www.discovery.co.za/info2016SDreport/compliance)

## Managing our environmental footprint

Due to the nature of our business, our environmental footprint is relatively small. We are not intensive users of energy or other natural resources. However, as a responsible business that understands the environmental imperatives we face, we strive to minimise the environmental impact of our operations.

Our environmental policy and strategy articulate the need for a comprehensive approach to understanding and addressing environmental issues. Our main focus is on logistics and facilities, where we closely manage our two major impacts – electricity and waste. To further support our environmental management efforts, we are implementing the ISO 14000 (2015) management system.

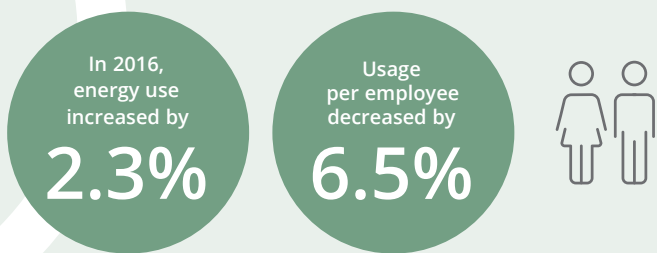
In 2018, Johannesburg-based employees will move into a new five-star green-rated building, which will enable us to reduce our environmental footprint even further, through features such as rainwater and greywater harvesting and natural lighting control systems. Locally sourced and recycled materials have been used in the construction of the building.

Cleverly designed to consider physical, emotional and mental wellbeing in the workplace, we anticipate that the new building design will further encourage innovation and collaboration, provide an energy- and resource-efficient workplace and reduce our operating costs.



## Energy consumption and emissions reduction

In South Africa, energy usage and emissions are increasing at a rate far below that of our business growth. We focus both on achieving energy savings by making buildings and infrastructure more energy-efficient and on employee engagement to reduce energy consumption. Electricity remains our largest emissions source, accounting for 54% of total measured emissions (2015: 61%).



*Data on energy and waste is collated for South African operations only. Data on energy usage per employee includes full-time contractors and support staff.*

### Waste

We continue to make progress towards achieving our ambitious target of zero waste to landfill by 2018. Our recycling rate across all offices in South Africa increased to 80% in 2016 (2015: 69%).



See our Sustainable Development Reporting website for additional environmental data. [www.discovery.co.za/info/2016SDreport/environment](http://www.discovery.co.za/info/2016SDreport/environment)

## Climate change and the insurance industry

Extreme weather events related to climate change have an impact on the risk profile of the insurance industry, and are a particularly relevant consideration for the evaluation of risk in our short-term insurance business, Discovery Insure. Our current efforts are focused on increasing our understanding of the nature of potential changes in the risk profile of our clients and in mitigating their impact.

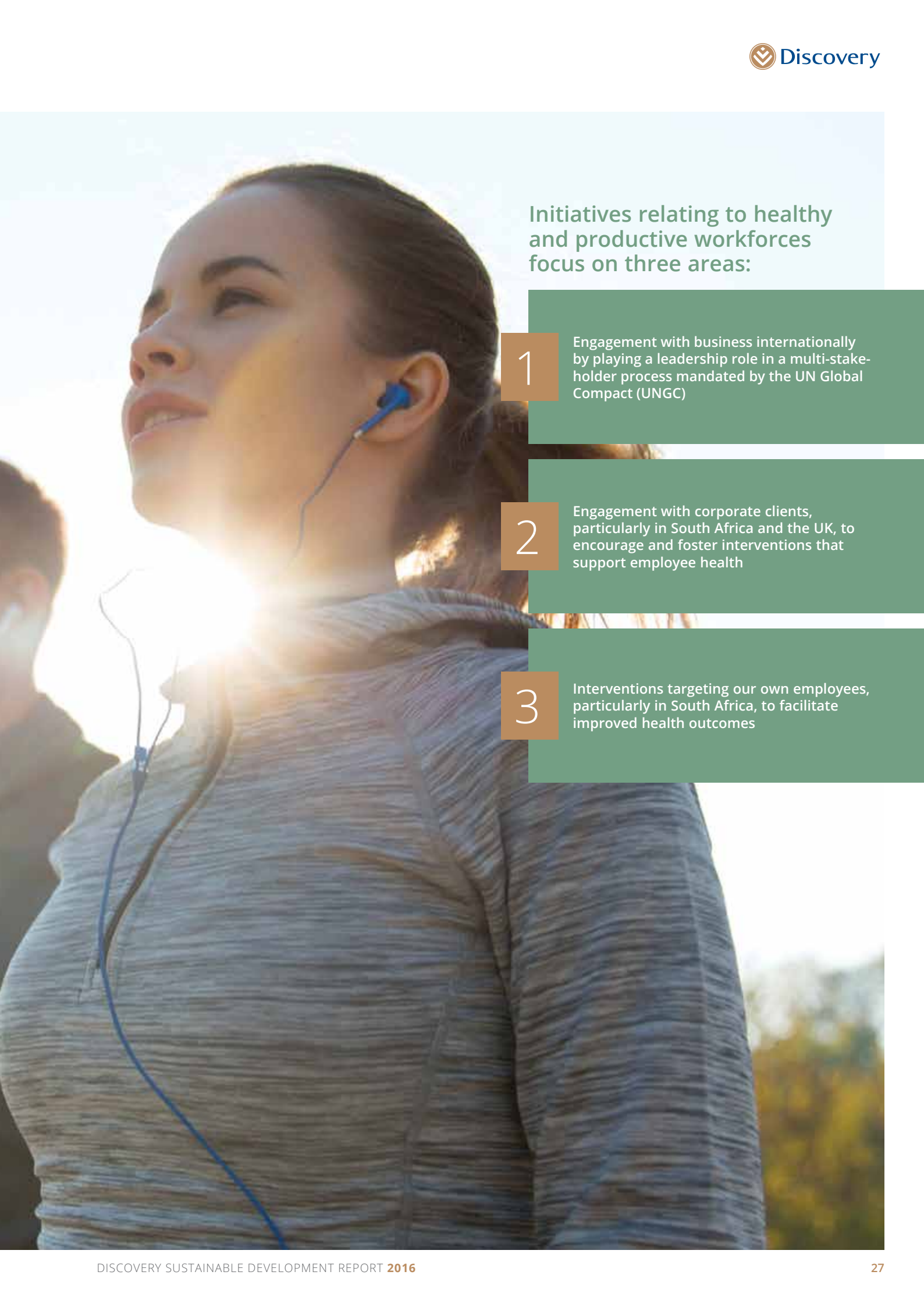


# Healthy and productive **WORKFORCES**

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







## Initiatives relating to healthy and productive workforces focus on three areas:

1

Engagement with business internationally by playing a leadership role in a multi-stakeholder process mandated by the UN Global Compact (UNGC)

2

Engagement with corporate clients, particularly in South Africa and the UK, to encourage and foster interventions that support employee health

3

Interventions targeting our own employees, particularly in South Africa, to facilitate improved health outcomes



## Pioneering improved health reporting for business

We continue to pursue our pioneering advocacy work in support of a more systematic approach by business to monitor and improve the health of employees, and greater engagement by business in the opportunities that are created by the articulation of global health goals.

Pursuing this vision has required a systematic programme of engagement with international organisations and other businesses, to collate and present the compelling evidence linking employee health, engagement and productivity.

Together with the United Nations Global Compact (UNGC) and Novo Nordisk, a Danish pharmaceutical company that has been at the forefront of triple bottom line reporting and sustainable development for a number of years, Discovery will lead a multi-stakeholder process, inclusive of UNGC's members. The initiative will entail working with global businesses to identify future opportunities in health, including better integration of health and wellbeing into reporting platforms to advance the United Nations Sustainable Development Goals.

**Our vision is that by 2020, workforce health metrics will be an integral indicator of overall organisational performance within the broader corporate accountability framework. They will be core to existing corporate social responsibility, sustainability and integrated reporting, and critical for consideration by all shareholders and potential investors.**

The UNGC is well positioned to support this work, through its partnerships with

**Over 8 000 businesses**  
and **4 000 other stakeholder organisations** from  
**160 countries,**

as well as its track record in leading and advancing sustainable business practices.



The critical importance of health to business was underlined in the results of a recent survey of over 5 500 private- and public-sector leaders by the UNGC. The survey identified health and wellbeing as a significant business and sustainable development opportunity.

Discovery's own work indicates a strong case for engagement on this issue, and this perspective has been supported in various academic studies. According to a 2010 Harvard Business Review article, for example, the return on investment (ROI) of comprehensive, well-run employee health and wellbeing programmes can be as high as six times their cost.





**“Every business can improve the health of their employees ... and have a big impact on morale, retention and healthcare costs.”**

To watch a webcast with Dr Derek Yach on the opportunity that improving oversight and reporting of employee health represents for business, see our Sustainable Development Reporting website. [www.discovery.co.za/info/2016SDreport](http://www.discovery.co.za/info/2016SDreport)

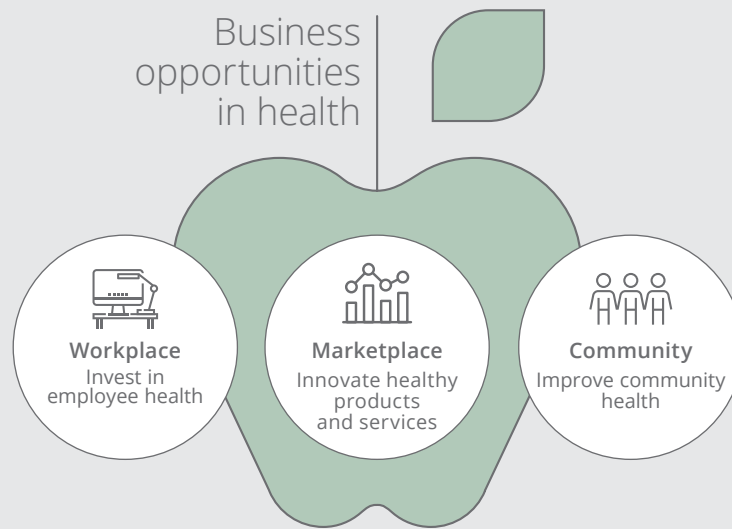
Dr Derek Yach Chief Health Officer, The Vitality Group

## Healthy workforces and the importance of health reporting

Investment in employee health represents a long-term approach by companies to fostering a committed, engaged and productive workforce.

The measures that are being debated for health reporting (the so-called fourth bottom line of sustainability measurement) therefore include a focus on strategic actions in support of improving health outcomes, such as leadership, culture and communication. Measures are focused on outputs and recognise that health does not only relate to physical, but also mental wellbeing.

Increasing transparency in relation to employee health will enable investors to arrive at better-substantiated judgements on the ability of a company to create long-term value, both financial and societal. The work underway also acknowledges the relationship between communities, employees and businesses, as well as the impact of business products and services on health outcomes.

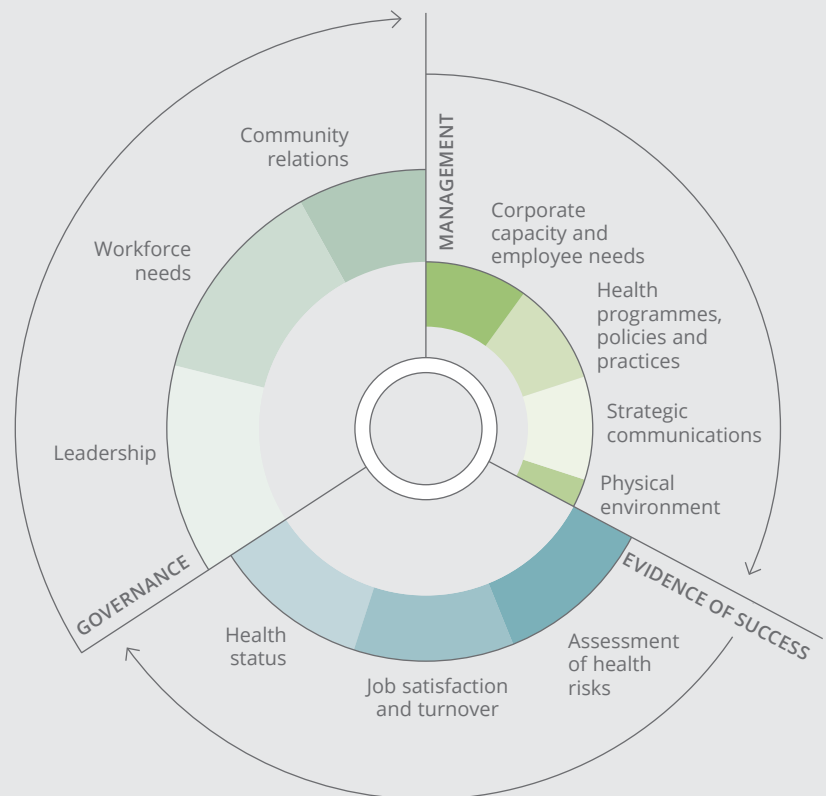


The business case for health – some examples



Health is material to the bottom line, but needs metrics for measurement

**Shared-value health metrics**  
Proposed health scorecard elements







## Working with other businesses to improve employee health

In line with our pioneering work on the development of health reporting metrics for business, Discovery also engages with corporate clients to facilitate improved employee health.

In the **USA**, Discovery has established a subsidiary company, The Vitality Group, which provides workplace health promotion programmes to corporate clients, with a total membership of close to a million.

In both **South Africa** and the **UK**, Discovery engages with corporate clients to support interventions that promote workplace health. Wellness days have proved to be a successful tool in increasing employee engagement on health in South Africa.

In the **UK**, our annual competition to find Britain's healthiest company has proved to be a successful way of raising awareness of this important issue.



## Finding Britain's healthiest company

→ In the UK, four risk factors – poor diet, physical inactivity, tobacco use and excessive alcohol intake – lead to four chronic diseases, cardiovascular disease, diabetes, chronic lung disease and various types of cancers. These non-communicable illnesses contribute to 60% of deaths worldwide and 80% of the disease burden.

The awards are sponsored ← by Vitality Health and the human resources consulting firm Mercer, and are undertaken in an academic partnership with RAND Europe and the University of Cambridge.

→ In the most recent competition in 2015, 112 companies submitted voluntary responses to a range of survey questions relating to wellbeing. Analysis of the responses not only assisted in identifying the award winners – companies making exceptional efforts to safeguard and improve employee health – but also generated useful data to guide Vitality Health's future programmes.

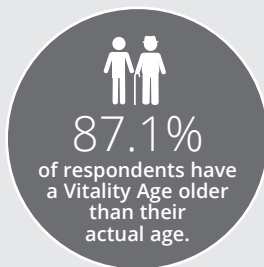
The competitive spirit ← engendered through the competition clearly makes a difference, with 79% of companies participating in two or more of the competitions seeing an improvement in their score.

A core indicator researched through the survey is the **Vitality Age** of participants. This is the age of an individual, adjusted to take clinical and lifestyle health risks (such as smoking, physical activity and body mass index (BMI)) into account.

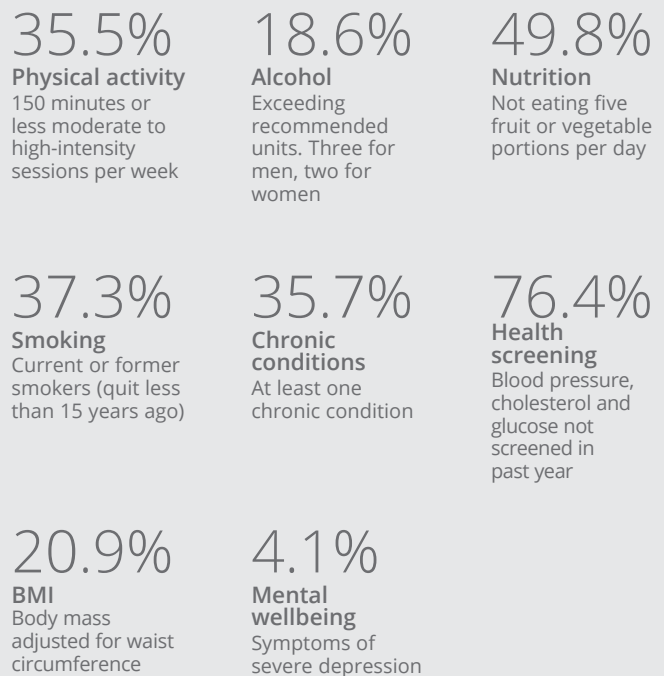
**Average difference between actual age and Vitality Age**

Actual age	18-30	31-40	41-50	51-60	61+
Vitality Age	+3.4	+3.79	+4.0	+4.1	+4.0

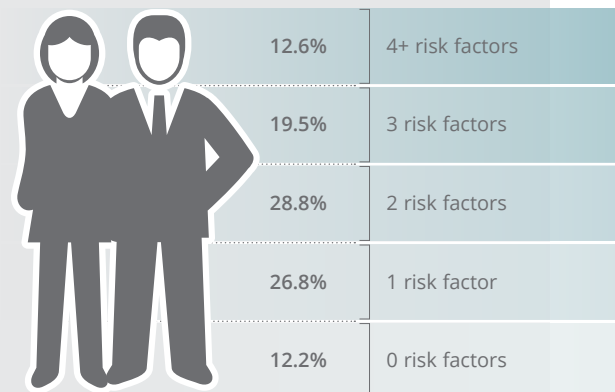
The results showed that the gap between actual age and Vitality Age is consistently worse for men than women (on average by nine months) and that lower-paid employees also tend to be less healthy.



**Percentage of people with unhealthy behaviours**



**Many employees have multiple risks**



**What worries employees**



**Mental wellbeing** is closely related to physical health and is an important contributor to productivity. The survey results revealed a close correlation between musculoskeletal complaints and poor mental health.



# The health profile of Discovery's employees

Our vision for employee health is to play a deliberate role in supporting the wellbeing of our employees by providing awareness, education and tools to assist with decision-making and behaviour that will improve and promote health.



## Employee wellbeing philosophy

Our holistic approach, which includes initiatives relating to physical and mental wellbeing, is an engagement model that promises longer-term benefits for the transformation of individuals, our business and the community at large.



At Discovery, we believe that great people are the foundation of our success. We offer an **environment** that supports and enhances wellbeing.



The process of making people healthier and better protected **starts at home**.



We play a **deliberate role** in the wellbeing of our employees by providing awareness, education and tools to assist with decision-making and positive behaviour change.



It is through **liberating the best in our people** that we will achieve our vision and ambition.

## To support this philosophy, employee-wellbeing interventions are designed to:

Facilitate **holistic wellness**

Improve employee wellbeing over time

Foster Discovery's **own-your-life culture**

Provide **meaningful reporting**

Strengthen **employee engagement, performance and retention**, creating a stable talent pool for generations of great leaders

Employees benefit from access to on-site exercise facilities and support to improve their health in support of their personal health journeys. Programmes and policies cover a range of health topics, including occupational safety and health, the provision of medical benefits, a smoke-free workplace, physical exercise and nutrition, and mental wellbeing.

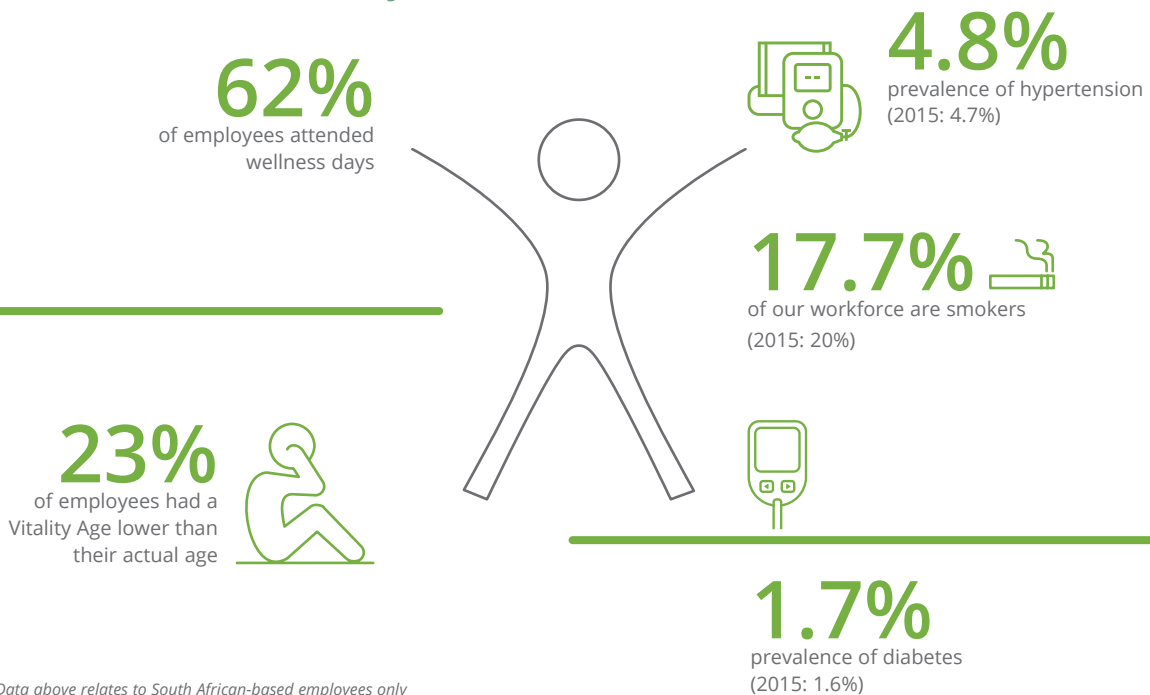
Health promotion and communications are adapted to target all demographic groups within our workforce and an Employee Assistance Programme (EAP) is available to provide counselling and intervention for those suffering from issues such as stress and depression.

In 2016, our South African operations achieved a score of **72%** against the metrics that have been developed for comprehensive employee health reporting and fully met the scorecard criteria on a core basis.

However, we recognise that we still need to make progress to ensure that our employees are as healthy as they can be.

Measured against the performance of the top five companies in Discovery's Healthy Company Index, a benchmarking index in South Africa, health outcomes among our employees are still falling short in some areas, including physical activity, cholesterol levels and hypertension.

### In the 2016 financial year:



Note: Data above relates to South African-based employees only

Our aim is to lead the Healthy Company Index by 2018, by stepping up our efforts to engage employees and appointing health ambassadors in our business. The Vitality Active Rewards programme will be the cornerstone of a reinvigorated approach using fast-paced, six-weekly challenges to motivate employees.

A critical success factor will be our ability to support employees with the awareness, education and tools to guide individual decision-making and drive positive behaviour change. We will be harnessing our technical knowledge and expertise to construct engagement programmes, using predictive analysis to determine the most appropriate formula.



# Healthy and prosperous **COMMUNITIES**

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

We also highlight the work being undertaken on economic inclusion and financial security, particularly in our home market of South Africa. Our objectives are to promote a **more equitable and prosperous society** and support entrepreneurship and small business development in line with local development imperatives.









## Fostering community development

There is no clear divide between our business, our clients, our employees and the communities in which we live. We contribute to building healthier and more prosperous communities both through our core business, and through our social programmes.

The Vitality Shared-Value Insurance business model creates value beyond our membership base by increasing the visibility and demand for healthy food, the value placed on exercise, screening and illness prevention and by showing how the pursuit of health is important to business as well as to individuals.

Our health products seek to counter healthcare inflation, encourage the use of technology to deliver healthcare better and more cost-effectively, and to broaden access to high-quality healthcare through affordable products that accurately price risk. When we make our members' lives better protected, for example through car insurance products that encourage safer driving, we also reduce risk for other road users and pedestrians.

We build on this platform through our social programmes, which include the work of the Discovery Fund and the Discovery Foundation, as well as a vibrant employee volunteer scheme. We understand that the public and private healthcare systems are intricately linked, and the burden of healthcare impacts both. Therefore, it is our role to invest in strengthening the healthcare system and expanding access to care.

We also recognise that our ability to grow and be sustainable relies on an active economy and a productive workforce. We therefore focus on economic inclusion through enterprise and supplier development, as well as through preferential procurement programmes, that aim to create opportunities for new business entrants and entrepreneurs.

### Understanding the challenges in healthcare

Discovery has undertaken independent and in-depth research to understand what medical skills and expertise are needed to give disadvantaged communities in South Africa access to better healthcare, and what steps are needed not only to keep those skills, but to develop them further.

#### South Africa needs more medical skills



South Africa does not have enough skilled medical professionals in all areas of healthcare to meet its people's needs



The country is not currently training enough people to fill these gaps



Medical education is a long and expensive process, so a long-term approach is required to address this problem



There are not enough skilled and experienced specialists to teach medical skills



Medical skills are concentrated in urban areas and medical specialists are leaving rural areas where they are most needed



There are several environmental issues – such as working and living conditions – that also contribute to healthcare challenges in South Africa

Our work in South Africa aims to strengthen the healthcare system and expand access to quality care through three vehicles:

1

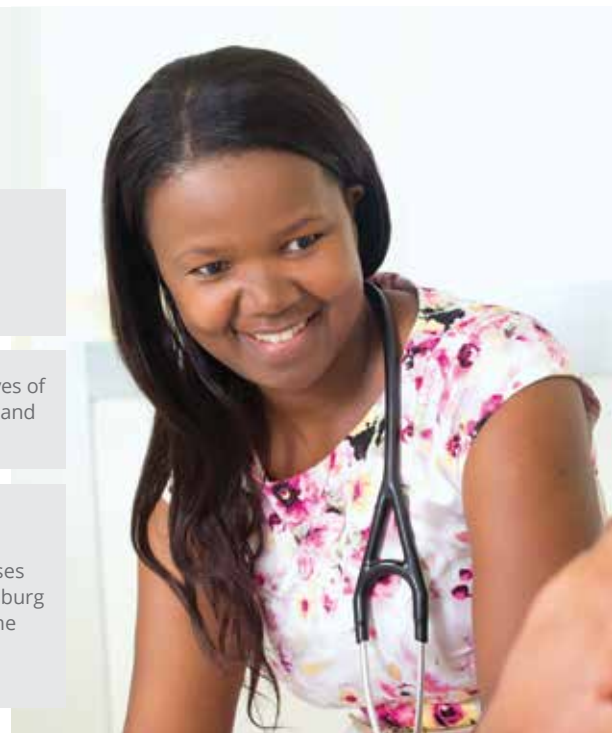
The **Discovery Fund**, which works to strengthen community health organisations in the areas of maternal and child health, HIV and AIDS and tuberculosis (TB), by the provision of support for human capital and skills development

2

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

3

**Discovery for Good**, an employee volunteer programme, through which employees go into the heart of communities to work on development projects. During the year, an online platform was launched to connect individuals to causes and organisations needing their help. The partnership with the City of Johannesburg (see the case study on page 40) is an important part of the volunteer programme and allows for sustained input from Discovery employees into projects in the Johannesburg area



## The Discovery Fund in 2016

During the year, the Discovery Fund conducted a strategic review of its operations. As a result, it has shifted its strategy to working with community health organisations addressing issues relating to maternal and child health, HIV and AIDS and TB, to improve their human capital management and skills development.

A traditional approach to social investment targets service delivery through individuals and organisations operating in relative isolation. Our revised strategy presents the opportunity to develop longer-term partnerships with a smaller number of funding partners and to contribute meaningfully to the sustainability of these projects.

In conjunction, the Fund is strengthening its monitoring and evaluation processes, aiming to develop measures that accurately reflect the Fund's actions in alleviating health challenges. These are supported by both qualitative and quantitative data.

During the 2016 financial year, the Fund supported

**57 projects**

at a cost of close to R29.5 million.



## Celebrating ten years of the Discovery Foundation

Established in 2006, the Discovery Foundation is an independent trust that has invested over R160 million in grants towards the education and training of 280 healthcare specialists over a period of ten years.

South Africa is experiencing a critical shortage of healthcare resources. Grants disbursed through the Discovery Foundation Awards aim to address this challenge by training specialists for rural areas, developing academic medicine and research centres and increasing the number of sub-specialists to meet the country's healthcare needs.

Through the interventions of the Discovery Foundation in the healthcare industry, we believe we can bring quality healthcare infrastructure and services within reach of many communities which have previously not benefited from adequate access to healthcare.

During 2016, 60 Discovery Foundation award recipients were supported through donations of close to R28 million.

Discovery's total contribution to public health projects in 2016 was over

**R57 million.**

In addition to the capacity-building work undertaken through the Discovery Foundation, Discovery has contributed approximately

**R22.4 million**

to the Public Health Enhancement Fund since it was established in 2012 and approximately

**R4.7 million** in 2016.

The Fund is a vehicle enabling business to partner with government in enhancing the capacity of the public health sector.

# Partnering with the City of Johannesburg

Our partnership with the City of Johannesburg is currently in its second year, and has been established with the objective of making a meaningful contribution to the development of this unique and vibrant city.

In line with our business objectives, interventions are focused on areas where we can facilitate improved health outcomes for residents by leveraging our employees and our expertise.

The partnership covers four areas:

1

## Healthy Lifestyles Schools Programme

Incentives to schools that improve indicators of student health. Schools are supported in improving all factors that can impact health, including cleanliness and sanitation. The City of Johannesburg aims to grow this programme to become the largest schools intervention in Johannesburg by 2020.

2

## Discovery Insure and Childsafe Safe Travel to School programme

This programme aims to make the commute to and from school safer for school children by working with the drivers who are responsible for their safe transportation, leveraging technology to monitor and improve the driving behaviour of the drivers who transport children.





To watch a webcast including Wandile Zwane, Executive Director of Social Development from the City of Johannesburg, see our Sustainable Development Reporting website.

[www.discovery.co.za/info/2016SDreport](http://www.discovery.co.za/info/2016SDreport)

3

### Sandton engagement

Our head office is located in the Sandton area of Johannesburg, and in October 2015 we launched a programme of events in the suburb to mark its Ecomobility Festival. Ecomobility was a City of Johannesburg initiative which Discovery supported through various internal initiatives to reduce driving to work, as well as through the launch of the Johannesburg Duathlon.

4

### Employee volunteer programme

This initiative is focused on the Orange Farm community in Johannesburg and is a joint volunteer programme with the City of Johannesburg. Interventions target three priority areas – unemployment, health and youth – identified through an assessment of needs in the community. The number of volunteers involved in the programme is growing. In 2016, 3 905 employees participated in the programme, which represents 42% of our South-Africa-based workforce.



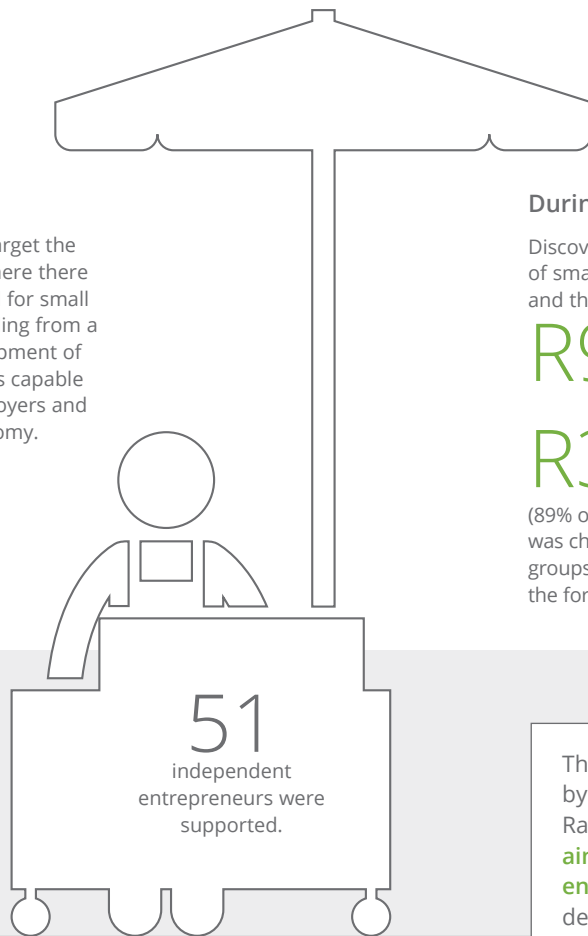
All four projects are overseen by a partnership steering committee of Discovery and City of Johannesburg representatives.



## Supporting enterprise and supplier development at a community level

Through its enterprise and supplier development programmes, Discovery invests in entrepreneurs from under-resourced backgrounds and helps them grow high-impact businesses that create jobs, improve lives, communities, and contribute significantly to the economy.

Our efforts in this area target the South African market, where there is an acknowledged need for small business support, extending from a micro level to the development of medium-sized businesses capable of becoming larger employers and contributors to the economy.



### During the 2016 financial year:

Discovery's contribution to the economic inclusion of small- and medium-sized enterprises, entrepreneurs and the youth was

**R9.6 million.**  
**R3.3 billion**

(89% of total procurement spend in South Africa) was channelled towards preferential procurement groups (including groups previously excluded from the formal economy).

The **Horizon Programme**, developed by the business development group Raizcorp on behalf of Discovery, **aims to nurture four selected social entrepreneurs**, reducing their dependency on external funding and helping them to achieve business sustainability and a greater social and economic impact.





## Helping small and medium enterprises survive tough economic conditions

Weathering the current tough economic conditions in South Africa poses a difficult challenge for small and medium enterprises, who may not have the financial strength and flexibility needed to survive.

During the 2016 financial year, a private sector fund was established, and has been supported by Discovery, with the objective of helping these enterprises through current economic conditions.

The fund is still at an early stage of development, and additional detail will be included in future reporting.

## Discovery is honoured to be the 2016 recipient of the Ubuntu Economic Diplomacy Award.

The Ubuntu Awards are conferred by the South African Government, in recognition of service promoting South Africa's national interests and values globally. They celebrate and distinguish businesses that contribute positively to South Africa's reputation and to its goals of creating jobs and attracting investment.

In addition to financial support for incubators and entrepreneurs, business development advice is provided to existing and potential enterprise development beneficiaries to overcome business-related challenges. These beneficiaries include organisations that have received funding through social investment, for example beneficiaries of the Discovery Fund, who typically need assistance in creating income-generating activities to sustain themselves beyond the term of their funding from Discovery and other donors.

In April 2016, 22 of South Africa's most promising medical and health innovators, beneficiaries of funding through our programmes, were invited to participate in a visit to Israel, exposing them to one of the world's most exciting healthcare markets, promoting African business and encouraging the group to create companies suitable for a global platform.

# Building a healthy and thriving society

In this report, we have described our business model and the way in which we strive to meet the needs and expectations of stakeholders to contribute to sustainable development. We have also described how we work with international organisations, communities and small business owners to build stronger and healthier communities and improve health outcomes.

These activities contribute to a bigger picture – building a thriving society that meets societal needs.

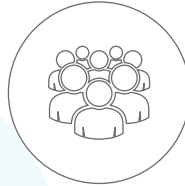
## Our ambition is to be a powerful force for social good.

In 2017, we will move further towards realising this ambition by undertaking the following actions in these areas:



## HEALTHY PRODUCTS AND SERVICES

- Refining the Vitality Shared-Value Insurance model further by improving and consolidating the measurement of societal value delivered through our goods and services. During the year ahead we will also continue the process of aligning our measurement framework with the UN Sustainable Development Goals
- Continuing to ensure that our products are responsibly marketed and that we comply with all regulatory requirements relating to data privacy and sovereignty across all of the jurisdictions in which we operate
- Continuing efforts to minimise our environmental footprint, in advance of our move into a new five-star green-rated building in Johannesburg in 2018



We look forward to sharing the results of these initiatives with you in our 2017 report.

## HEALTHY WORKPLACES

- Providing leadership, in partnership with other industry players, to raise the profile of health issues in business and to introduce guidelines for corporate health reporting
- Engaging with corporate clients to improve the health of their employees, through initiatives such as Britain's Healthiest Workplace and through work undertaken by our subsidiary in the USA, The Vitality Group
- Improving employee health outcomes in our own business, and progressing towards leadership on employee health metrics in our peer group of companies



## HEALTHY COMMUNITIES

- Enhancing our community development impact through a new system for monitoring and evaluating the outcomes of community initiatives

# Appendix:

## Location of Global Reporting Initiative (GRI) G4 disclosures in our reporting

### General standard disclosures

In the interests of presenting this report in a concise and accessible format, certain data and information required to comply with the GRI G4 guidelines is included on our Sustainable Development Reporting website at [www.discovery.co.za/info/2016SDReport](http://www.discovery.co.za/info/2016SDReport).

Indicator number	Indicator description	Placement
<b>Strategy and analysis</b>		
G4-1	<b>CEO Letter</b>	Integrated Annual Report, pages 6 to 11. In addition, a podcast focusing on sustainable development and shared value can be referenced on the Sustainable Development Reporting website
G4-2	<b>Key impacts, risks and opportunities</b>	Integrated Annual Report, pages 30 to 33.
<b>Organisational profile</b>		
G4-3	<b>Organisation name</b>	Front cover
G4-4	<b>Primary brands, products and services</b>	Integrated Annual Report, pages 20 to 21.
G4-5	<b>Headquarters location</b>	Johannesburg, South Africa
G4-6	<b>Where the organisation operates</b>	Integrated Annual Report, pages 20 to 21.
G4-7	<b>Nature of ownership and legal form</b>	Integrated Annual Report, pages 130 to 131.
G4-8	<b>Markets served</b>	Integrated Annual Report, pages 20 to 21.
G4-9	<b>Scale of the organisation</b>	Integrated Annual Report, pages 26 to 27 and Sustainable Development Report page 1.
G4-10	<b>Total number of employees by type</b>	Sustainable Development Reporting website
G4-11	<b>Collective bargaining agreements</b>	Sustainable Development Reporting website
G4-12	<b>Supply chain description</b>	Sustainable Development Reporting website
G4-13	<b>Organisational changes during the reporting period</b>	Integrated Annual Report, pages 6 to 17.
G4-14	<b>Precautionary principle</b>	See information included under Principle 7, Sustainable Development Report, page 46.
G4-15	<b>External charters, principles or other initiatives</b>	Sustainable Development Reporting website
G4-16	<b>Membership of associations</b>	Sustainable Development Reporting website
<b>Identified material aspects and boundaries</b>		
G4-17	<b>Entities included in financial statements</b>	Integrated Annual Report, pages 136 to 139.



Indicator number	Indicator description	Placement
G4-18	<b>Process for defining report boundaries and content</b>	<p>Inputs from the business were assessed alongside an evaluation of stakeholder priorities and concerns.</p> <p>The resulting report structure and content was approved by the Social, Ethics and Sustainability Committee of the Board.</p> <p>As noted on page 2 of the Sustainable Development Report, non-financial information relates primarily to South Africa-based business units, which account for the majority of our revenue and employees.</p>
<b>Identified material aspects and boundaries continued</b>		
G4-19	<b>Material aspects included in the report</b>	<p>The following material GRI, aspects were identified:</p> <ul style="list-style-type: none"> <li>▪ Economic performance</li> <li>▪ Energy</li> <li>▪ Emissions</li> <li>▪ Effluents and waste</li> <li>▪ Employment</li> <li>▪ Training and education</li> <li>▪ Diversity and equal opportunity</li> <li>▪ Non-discrimination</li> <li>▪ Local communities</li> <li>▪ Anti-corruption</li> <li>▪ Public policy</li> <li>▪ Anti-competitive behaviour</li> <li>▪ Compliance (Sub-category: Social)</li> <li>▪ Customer privacy</li> <li>▪ Compliance (Sub-category: Product responsibility)</li> </ul>
G4-20	<b>Descriptions of material aspect boundaries within the organisation</b>	The material GRI Aspects included in this report were selected as they are material to all entities within the organisation.
G4-21	<b>Descriptions of material aspect boundaries outside the organisation</b>	<p>Key stakeholder groups include clients, employees, government, regulatory authorities, business partners, medical professionals and suppliers, small business, communities and, more broadly, society.</p> <p>The material GRI Aspects included in this report are relevant to all of the groups above, particularly in the South African market where Discovery occupies a strong competitive position.</p>
G4-22	<b>Restatements</b>	No restatements have been made.
G4-23	<b>Changes from previous reports in terms of scope and/or boundaries</b>	This is the first report produced by Discovery in accordance with the GRI G4 guidelines.
<b>Stakeholder engagement</b>		
G4-24	<b>Stakeholder groups</b>	See the response to G4-21 above, and the Sustainable Development Report, page 3.
G4-25	<b>How stakeholders were identified</b>	The identification of stakeholders is a dynamic process that takes into account the materiality of the concerns expressed by a particular stakeholder group to the business (their impact and influence on the organisation) as well as the potential for the business to impact or influence the stakeholder group concerned. We regularly review stakeholder engagement practices, including the content and presentation of this report, to ensure that we communicate openly and transparently with stakeholders and adequately address concerns raised.
G4-26	<b>Approach to stakeholder engagement</b>	Sustainable Development Report, page 3.
G4-27	<b>Topics raised during stakeholder engagements</b>	Sustainable Development Report, page 3.



Location of Global Reporting Initiative (GRI) G4 disclosures in this report continued

Indicator number	Indicator description	Placement
<b>Report profile</b>		
G4-28	<b>Reporting period</b>	1 July 2015 to 30 June 2016
G4-29	<b>Date of most recent report</b>	3 November 2015
G4-30	<b>Reporting cycle</b>	Annual
G4-31	<b>Report contact</b>	Penny Moumakwa, Head of Discovery People and Sustainable Development Email: <a href="mailto:discoverysustainability@discovery.co.za">discoverysustainability@discovery.co.za</a>
G4-32	<b>"In accordance" option, GRI Index and report assurance</b>	"In accordance" option – core The GRI index and details of indicators covered by external assurance are available in this online Sustainable Development Report, pages 46 to 50.
G4-33	<b>Policy regarding report assurance</b>	<p>A rigorous internal assurance process was undertaken to verify financial and non-financial information contained in the group's Sustainable Development Report, in the course of which the internal audit team worked to:</p> <ul style="list-style-type: none"> <li>▪ Obtain an understanding of: <ul style="list-style-type: none"> <li>– The stakeholder engagement process</li> <li>– The selection and application of integrated and sustainability reporting policies</li> <li>– How management has applied the principle of materiality in preparing the Integrated Annual Report and the specified key performance and GRI indicators in the Sustainable Development Report</li> </ul> </li> <li>▪ Make enquiries of management, employees and those responsible for the preparation of the Group's reporting and the specified key performance and GRI indicators as were considered necessary</li> <li>▪ Inspect relevant supporting documentation and obtain the necessary external confirmations and management representations for the purposes of our engagement</li> <li>▪ Perform analytical procedures and limited tests of detail responsive to our risk assessment and the level of assurance required, including a comparison of judgementally selected information to the underlying source documentation from which the information was derived</li> </ul> <p>External assurance was undertaken as detailed in this table. The external assurance statement is further available as a downloadable document here. <a href="http://www.discovery.co.za/info/2016SDReport/pdfs/Discovery_SD_Online_GRI.pdf">http://www.discovery.co.za/info/2016SDReport/pdfs/Discovery_SD_Online_GRI.pdf</a></p>
<b>Governance</b>		
G4-34	<b>Governance structure of the organisation</b>	Integrated Annual Report, pages 112 to 119.
G4-35	<b>Process for delegating authority for sustainability topics from the board to senior executives and other employees</b>	<p>In accordance with our Shared-Value Insurance business model, the delegation of authority for sustainability topics follows the same process as for other areas of the business. See the Governance Review on pages 112 to 119 of the Integrated Annual Report for more detail.</p> <p>The Social and Ethics Committee assists the Board in monitoring social and economic development, as well as ethics and transformation within the Group. The Committee consists of non-executive and executive directors and the Chairperson is an independent non-executive director.</p>
<b>Ethics and integrity</b>		
G4-56	<b>Code of conduct</b>	Sustainable Development Report, pages 8 to 9.

# Location of Global Reporting Initiative (GRI) disclosures in this report

Indicator number	Indicator description	Placement	External assurance
<b>Economic</b>			
<b>Aspect: Economic performance</b>			
Disclosure on management approach		Integrated Annual Report, in particular pages 12 to 17.	
G4-EC1	Economic value added	Sustainable Development Report website	Yes
<b>Environmental</b>			
<b>Aspect: Energy</b>			
Disclosure on management approach		Sustainable Development Report, page 25.	
G4-EN3	Energy consumption	Sustainable Development Reporting website	Yes
<b>Aspect: Emissions</b>			
Disclosure on management approach		Sustainable Development Report, page 25.	
G4-EN15	Direct Greenhouse gas emissions (Scope 1)	Sustainable Development Reporting website	Yes
G4-EN16	Indirect Greenhouse gas emissions (Scope 2)	Sustainable Development Reporting website	Yes
G4-EN18	Greenhouse gas emissions intensity	Sustainable Development Reporting website	Yes
<b>Aspect: Effluents and waste</b>			
Disclosure on management approach		Sustainable Development Report, page 25.	
G4-EN23	Total weight of waste	Sustainable Development Reporting website	Yes
<b>Aspect: Overall</b>			
Disclosure on management approach		Sustainable Development Report, page 25.	
G4-EN31	Environmental protection expenditures	Sustainable Development Reporting website	Yes
<b>Social</b>			
<b>Aspect: Employment</b>			
Disclosure on management approach		Sustainable Development Report pages 22 to 23.	
G4-LA1	Number and rate of new employee hires and turnover	Sustainable Development Reporting website	Yes
<b>Aspect: Training and education</b>			
Disclosure on management approach		Sustainable Development Report, pages 22 to 23.	
G4-LA9	Average hours of training for employees	Sustainable Development Reporting website	Yes
G4-LA11	Employees receiving performance and career development reviews	Sustainable Development Reporting website	Yes

## Location of Global Reporting Initiative (GRI) disclosed in this report continued

Indicator number	Indicator description	Placement	External assurance
<b>Aspect: Diversity and equal opportunity</b>			
Disclosure on management approach		Sustainable Development Report, page 23.	
G4-LA12	Composition of governance bodies and employees	Integrated Annual Report, pages 38 to 39. Sustainable Development Reporting website	Yes
<b>Aspect: Non-discrimination</b>			
Disclosure on management approach		Sustainable Development Reporting, page 23.	
G4-HR3	Incidents of discrimination	Sustainable Development Reporting website	Yes
<b>Aspect: Local communities</b>			
Disclosure on management approach		Sustainable Development Report, pages 38 to 43.	
G4-SO1	Local community engagement, impact assessments and development programs	Sustainable Development Reporting website Sustainable Development Report, pages 38 to 43.	No
<b>Aspect: Anti-corruption</b>			
Disclosure on management approach		Sustainable Development Reporting website	
G4-SO3	Risks related to corruption	Sustainable Development Reporting website	Yes
G4-SO5	Confirmed instances of corruption	Sustainable Development Reporting website	Yes
<b>Aspect: Public policy</b>			
Disclosure on management approach		Sustainable Development Reporting website	
G4-SO6	Political contributions	Sustainable Development Reporting website	Yes
<b>Aspect: Anti-competitive behaviour</b>			
Disclosure on management approach		Sustainable Development Reporting website	
G4-SO7	Anti-competitive behaviour	Sustainable Development Reporting website	Yes
<b>Aspect: Compliance (Sub-category: Social)</b>			
Disclosure on management approach			
G4-SO8	Fines for non-compliance with laws	Sustainable Development Reporting website	Yes
G4-PR5	Surveys measuring customer satisfaction	Sustainable Development Reporting website	Yes
G4-PR7	Non-compliance with regulations concerning marketing communications	Sustainable Development Reporting website	Yes
<b>Aspect: Customer privacy</b>			
Disclosure on management approach		Sustainable Development Reporting website	
G4-PR8	Complaints regarding breaches of customer privacy and losses of customer data	Sustainable Development Reporting website	Yes
<b>Aspect: Compliance (Sub-category: Product responsibility)</b>			
Disclosure on management approach		Sustainable Development Reporting website	
G4-PR9	Fines for non-compliance with laws and regulations concerning products and services	Sustainable Development Reporting website	Yes

## APPENDIX:

# The United Nations Global Compact (UNGC) principles

In this table, we provide information on how we have integrated UNGC principles into our business.

<p><b>Principle 1</b> Businesses should support and respect the protection of internationally proclaimed human rights</p>	<p>Discovery has put in place and published a human rights policy statement, which is available from the landing page of our sustainability reporting website. It sets out the principles that are applied by the business in support of universally proclaimed human rights. These encompass a wide-ranging definition of human rights, including child labour, forced labour and freedom of association as detailed below.</p>
<p><b>Principle 2</b> Businesses should make sure they are not complicit in human rights abuses</p>	<p>Due to the nature of our business as a supplier of financial services and insurance products, human rights issues have not been considered to be a material issue to date. However, we understand the need to evaluate whether there are direct or indirect impacts on human rights as a result of our business and to address these if required.</p>
<p><b>Principle 3</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p>	<p>Our human rights policy covers the freedom of association. We uphold the freedom of association in businesses where we have a controlling interest, and recognise the right to collective bargaining.</p>
<p><b>Principle 4</b> Businesses should uphold the elimination of all forms of forced and compulsory labour</p>	<p>Our human rights policy includes provisions upholding the elimination of all forms of forced and compulsory labour.</p>
<p><b>Principle 5</b> Businesses should uphold the effective abolition of child labour</p>	<p>Our human rights policy includes provisions upholding the elimination of all forms of child labour.</p>
<p><b>Principle 6</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation</p>	<p>In South Africa, where 83% of employees are located, we ensure that our workforce adequately represents the demographic profile of the country. We are making progress in achieving employment equity goals in this region, as detailed on our sustainability reporting website.</p>
<p><b>Principle 7</b> Businesses should support a precautionary approach to environmental challenges</p>	<p>We have put in place an environmental policy, which is available from the landing page of our sustainability reporting website.</p> <p>The policy affirms our commitment to providing products and services in a manner that ensures a safe and healthy workplace for employees and minimises our potential impact on the environment.</p> <p>It provides for a range of actions to reduce our environmental impact, including the integration of considerations relating to environmental concerns and impacts into all of our decision-making and procurement processes and the promotion of environmental awareness among employees.</p> <p>Page 25 of this report describes the actions that were taken during the year under review to further the objectives of this policy and minimise our environmental impact. Additional detail and data is also contained on our Sustainable Development Reporting website at <a href="http://www.discovery.co.za/info/2016SDreport/environment">www.discovery.co.za/info/2016SDreport/environment</a>.</p> <p>Our environmental policy additionally provides for disciplinary action to be taken in instances of non-compliance with the policy and for all instances of non-compliance to be included within the regular risk reporting process.</p>

<p><b>Principle 8</b> Businesses should undertake initiatives to promote greater environmental responsibility</p>	<p>Our environmental policy commits us to reducing our environmental impact where possible, including through the following measures:</p> <ul style="list-style-type: none"> <li>▪ Operating in compliance with all relevant environmental legislation and striving to use pollution prevention and environmental best practices in all that we do</li> <li>▪ Integrating the consideration of environmental concerns and impacts into all of our decision-making and procurement processes by promoting environmental awareness among our employees</li> <li>▪ Training, educating and informing our employees about environmental issues that may affect their work</li> <li>▪ Promoting the efficient use of materials and conserving resources throughout our facilities, particularly those that are non-renewable</li> <li>▪ Applying renewable energy alternatives and other green technologies within our facilities, wherever these alternatives are available, economical and suitable</li> </ul>
<p><b>Principle 9</b> Businesses should encourage the development and diffusion of environmentally friendly technologies</p>	<p>Our products are mainly concerned with improving health outcomes rather than with the development of environmental technology. However, within the scope of our business, we work to encourage the development of environmentally responsible behaviour. For example, in our insurance division we have innovated products that encourage safer and therefore more environmentally friendly driving behaviour.</p> <p>In addition to these actions taken through our core products and services, we strongly support the development of urban and community infrastructure that supports the use of public transport. For example, in Johannesburg we supported the Ecomobility Festival (a series of events promoting the use of public transport) through our partnership with the City of Johannesburg.</p>
<p><b>Principle 10</b> Businesses should work against corruption in all its forms, including extortion and bribery</p>	<p>Our governance structure is detailed in our Annual Integrated Report, pages 112 to 119.</p> <p>The Ethics Office is an independent function tasked with assessing and promoting the ethical corporate culture of the Discovery Group. It provides information to the Social and Ethics Committee of the Board on the formal structures safeguarding ethics within the organisation, their effectiveness in promoting an ethical culture, and the way in which employees perceive the Group's efforts in pursuit of integrity.</p> <p>The functions of the Ethics Office are detailed in our Ethics Charter, which governs the role and functioning of the Ethics Office.</p>



For additional detail, our sustainable development reporting website can be accessed at [www.discovery.co.za/info/2016SDreport](http://www.discovery.co.za/info/2016SDreport)



Discovery



---

+27 11 529 2888 | [DiscoverySustainability@discovery.co.za](mailto:DiscoverySustainability@discovery.co.za) | [www.discovery.co.za](http://www.discovery.co.za)

---

Subsidiaries of Discovery Limited are authorised financial services providers.