

Corporate governance, risk and compliance



Corporate governance, risk and compliance

DISCOVERY'S ETHICAL CULTURE

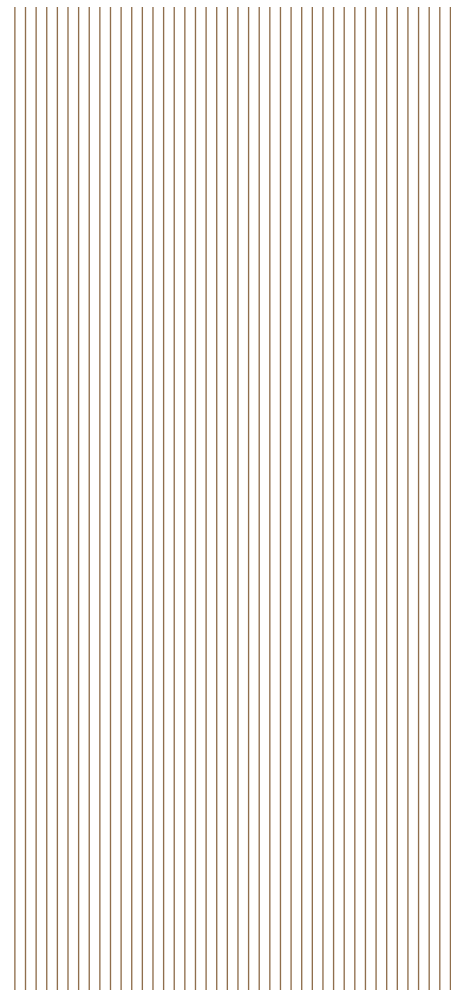
Integrity, honesty and fairness form an integral part of the Discovery Group values. The Group is committed to a values-based, ethical culture based on non-discrimination, fairness, integrity and transparency.

The Ethics Office is an independent Group function established to support the Board, executives, management, and employees in cultivating this culture in the organisation.

The ethics office is mandated by the Board, through the Social and Ethics Committee, to implement the Ethics Management Framework. The Ethics Management Framework includes all interventions at a strategic, system and operational level.

The diagram illustrates the Ethics Management Framework, which is aligned with the outcomes and principles of the King Code on Corporate Governance.

Overview of the Discovery Limited corporate governance structure



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.

b. Ethics strategy

The Ethics Management Framework prioritises the integration (or 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.

c. Ethics standards

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
- Anti-bribery and corruption.

d. Ethics integration

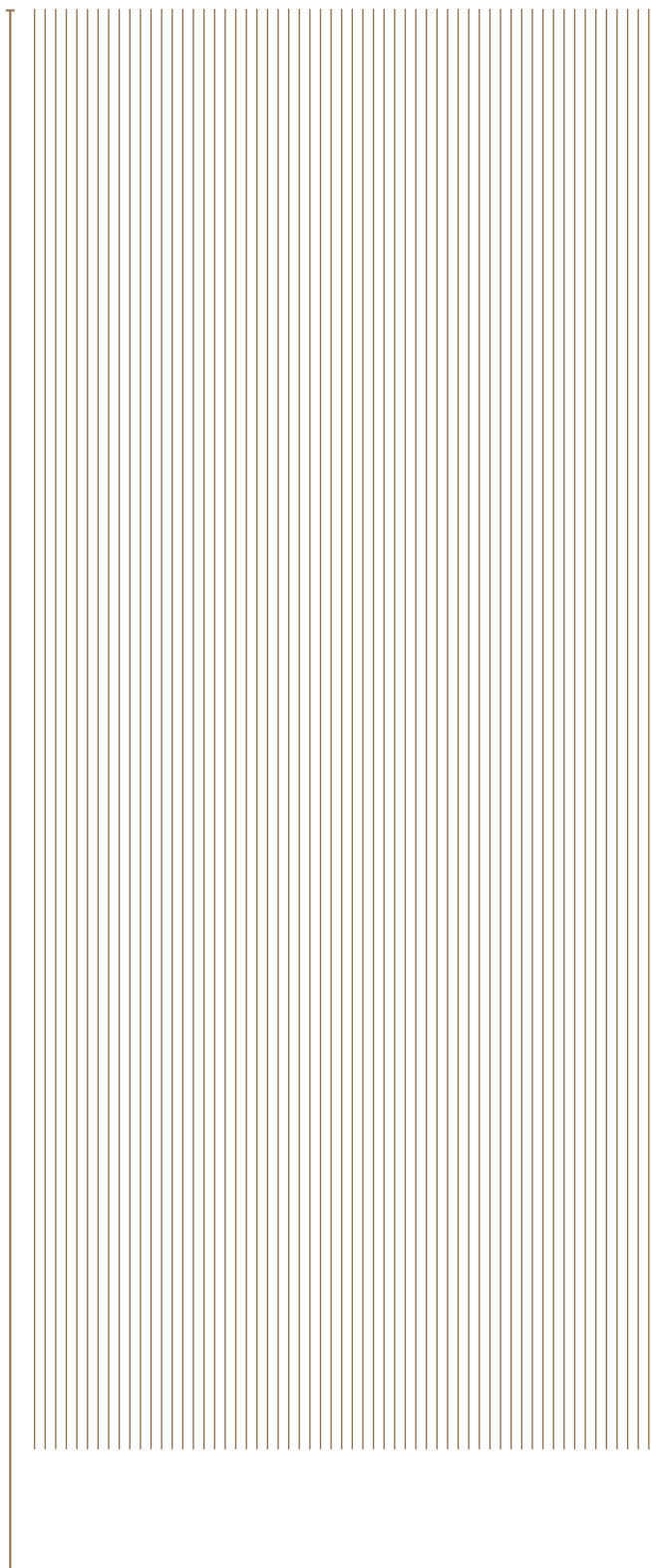
A helpline is available for employees who need advice on ethical-related matters or want to report unethical conduct. The ethics officers provide guidance and support to all employees. Employees can also make anonymous reports to a hotline, independently managed by Deloitte.

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

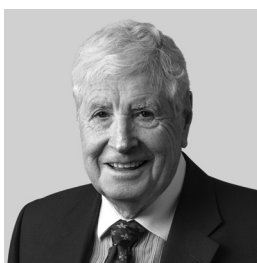
The Ethics Office, in partnership with Group Internal Audit, developed a risk-based monitoring plan to ensure independent assessment and assurance of the efficiency of the Ethics Management Framework.



Governance

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 Hilkwitz (77)

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

Acuvest (Board member), 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 (65)

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. He chairs the private sector constituency on health for the Southern African Development Community (SADC) and also serves on a number of NGO boards in the field of health and human rights.

Other directorships

NGO Board (Audit Committee member), Southern African Development Community (Chairman of the Board).

Appointed

19/02/2004

Independent

Yes

Committee memberships

Risk and Compliance Committee
Social and Ethics Committee

Qualifications

BSc (Med), MBBCh, DMed (Hon)

Areas of expertise

Thought leader on the role of the private sector in improving health in developing countries, and health systems strengthening in resource-poor settings



Herman Bosman (48)
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. He is a Chartered Financial Analyst.

Other directorships

NGO Board (Audit Committee member), Southern African Development Community (Chairman of the Board).

Professional body membership

Board of Governors, University of Johannesburg, Endeavor South Africa and Business and Arts South Africa (Director), Deutsche Bank South Africa Foundation (Trustee).

Appointed
14/04/2014

Independent
No

Committee memberships
Risk and Compliance Committee
Remuneration Committee

Qualifications
LLM (Cum Laude), CFA

Areas of expertise
Professional strategy adviser and financial analyst



Richard Farber (46)
Executive Director
(from May 2017)

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 Fellow of the Chartered Institute of Management Accountants.

Appointed
1/07/2009

Independent
No

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

Qualifications
BCom (Hons), CA (SA), FCMA

Areas of expertise
Strategy and policy development, and financial management



Adrian Gore (53)
Founder, Executive Director and Group Chief Executive

Adrian is the founder and Group Chief Executive of Discovery Limited. Discovery is a global thought leader in behaviour-linked insurance, the integration of behavioural change with health, life and short-term 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 MoneyWeb 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. In 2016, Adrian received a Doctor of Commerce from the University of the Witwatersrand (Honorius Causa). Alongside his commitments, he works with other leaders to stimulate entrepreneurship in South Africa.

Other directorships

South African chapter of Endeavor (Chairman), World Economic Forum Global Health Advisory Board, the Mailman School of Public Health Board of Overseers (Columbia University), the Massachusetts General Hospital Global Health Advisory Board, World Health Organization Commission on Ending Childhood Obesity. He has also been invited to sit on the Brookings Institute's International Advisory Council.

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

Committee memberships
Social and Ethics Committee

Qualifications
BSc (Hons), FFA, ASA, MAAA, FASSA

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 (42)
Executive Director

Hylton graduated from the University of the Witwatersrand with a BEconSc in Actuarial Science. In 2000. 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 is currently the Chief Executive Officer of Discovery Life and 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
Risk and Compliance Committee

Qualifications
BEconSc, FFA, FASSA

Areas of expertise
Marketing, actuarial and strategic projects



Neville Koopowitz (53)
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, marketing and financial services



Dr Vincent Maphai (65)
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. He currently holds an academic position at Williams College in Massachusetts.

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



Herschel Mayers (57)
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 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

Risk and Compliance Committee
Actuarial Committee
Social and Ethics Committee

Qualifications

BSc (Hons), FIA, FASSA

Areas of expertise

Product development, finance, and strategy development



Tito Mboweni (58)
Non-executive Director

Tito 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 2012, he was elected to the ANC's National Executive Committee, and is a member of its Economic Transformation, Social Transformation, Finance and Fundraising, and Free State Province sub-committees. On the community side, he is a member of the Thabo Mbeki Foundation Council of Advisors.

Other directorships

Tito currently serves as Chairperson of the Board of Nampak Ltd, SacOil Holdings Ltd, and Accelerate Property Fund, as well as African Center for Economic Transformation. He is an Advisor for Goldman Sachs International and a member of the Advisory Board for Total Oil Marketing's Strategic Consultative Committee for Africa and Middle East, a Non-executive Director for PPC Ltd and is South Africa's Representative to the BRICS New Development Bank's Board of Directors as a Non-executive Director. He is also Chairperson and Trustee of the Fundraising Committee for the Nelson Mandela Children's Hospital. He was appointed as the Chairman of the Board of the Tourism Business Council of South Africa in August 2016.

Appointed

1/1/2014

Independent

Yes

Committee memberships

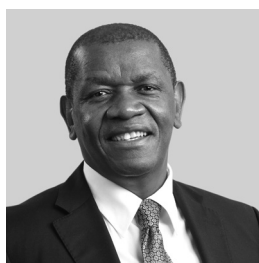
Risk and Compliance Committee

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 (57)
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

Committee memberships

Social and Ethics Committee

Qualifications

MBChB, MSc (Lond), FCOG (SA)

Areas of expertise

Health policy planning, international relations, and business



Les Owen (68)

Non-executive Director

Les is a qualified actuary with 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 Institute and Faculty of Actuaries (UK).
Fellow of the Pensions Management Institute (UK).

Appointed
6/12/2007

Independent
Yes

Committee memberships
Audit Committee
Risk and Compliance Committee
Actuarial Committee

Qualifications
BSc (Hons), FIA, FPMI

Areas of expertise
International insurance markets



Alan Pollard (48)

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 (69)

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.

Appointed
17/09/1999

Independent
No

Committee memberships
Social and Ethics Committee
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 (45)

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.

Appointed
8/12/2005

Independent
Yes

Committee memberships
Audit Committee
Risk and Compliance Committee
Remuneration Committee

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

Areas of expertise
Law, business, and economics



Barry Swartzberg
(52)
Executive Director

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 Awethu – non-profit entity that assists micro entrepreneurs.

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

Committee memberships

Social and Ethics Committee

Qualifications

BSc, FFA, ASA, FASSA, CFP

Areas of expertise

Infrastructure development, business diversification, strategy development and execution



Sindi Zilwa (50)
Non-executive Director

Sindi is the Chief Executive Officer of Nkonki, a chartered accountancy firm. 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 has recently published Creating Effective Boards and Committees.

Other directorships

Aspen, Rebois, Metrofile, Gijima, Alexkor SOC Limited and Air Traffic Navigation Services Limited.

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 (48)

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
No

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 (54)

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

Qualifications
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 (52)

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

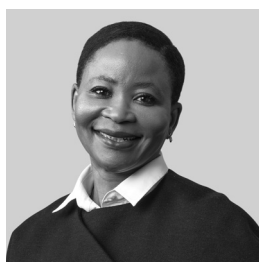
Independent
No

Committee memberships
Risk and Compliance Committee
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

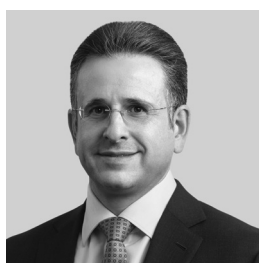


Dr Penny
Moumakwa (53)

**Head of Discovery
People and Sustainable
Development**

Penny joined Discovery in 2005 and has held various leadership positions. She is currently the Head of Human Resources, Enterprise Development and Social Responsibility for Discovery, and is 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 clinician until 1996.

Qualifications
MbCHB

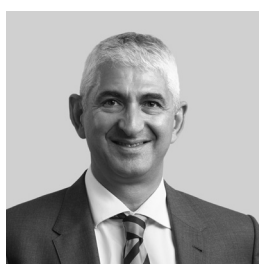


Kenny Rabson (49)

CEO Discovery Invest

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 product development area where he established his skills in product development. This culminated in Kenny establishing Liberty's linked investment product company in 1997.

Qualifications
BSc FIA, FASSA



Jonathan Broomberg
(56)

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 Nkosozana 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

GROUP EXECUTIVE



Anton Ossip (43)
CEO Discovery Insure

Anton has played a critical role in the development of Discovery Insure since joining in July 2011. Before joining Discovery, he occupied a range of executive positions at Alexander Forbes over 13 years. Anton was CEO of Risk and Insurance, CEO of Alexander Forbes Insurance and CEO of AF Financial Services. His broad expertise across the disciplines of short-term and long-term insurance, as well as financial services, has played a key part in the evolution of Discovery Insure. Anton has been a Director of the South Africa Actuarial Development Programme since June 2010, a Board member of the South African Insurance Association since 2012 and he was past president of the Insurance Institute of South Africa.

Qualifications

BEconSc (cum laude), FIA, FASSA



Dr Shrey Viranna (42)
CEO Discovery Vitality

Shrey holds an MbCHB degree from the Nelson Mandela School of Medicine and has worked as a doctor in various South African public health institutions. He served briefly in the military, managing clinics for the South African National Defence Force. Before being appointed CEO of Discovery Vitality, he led the Discovery Health Services Division, developing the corporate wellness offering, HealthyCompany, as well as Discovery HomeCare, a home-based nursing care programme. Before joining Discovery, he was a partner at McKinsey & Company where he led the Sub-Saharan Africa Healthcare Practice. Shrey has been published on a number of healthcare topics relevant to Sub-Saharan Africa and has advised Ministers and senior officials in the region. He has an established community service record and has advised NPOs and NGOs on healthcare for children.

Qualifications

MbCHB

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 recent changes to the Board have added additional knowledge and expertise in strategic business development and research and development priorities. 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.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its Charter for the financial year ended 30 June 2017.

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. Potential 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. 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. To date, 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.

Chief Financial Officer

The Audit Committee reviews the qualifications and performance of the Chief Financial Officer (CFO) annually. The performance and financial knowledge of the CFO, Deon Viljoen, was reviewed as part of his recent appointment. It will be reviewed again during the next year to ensure his experience meets the responsibilities of the position. 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 practise 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 the minutes of the meeting and the Director will recuse him- or herself from the meeting and not partake in the discussion on the matter.

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

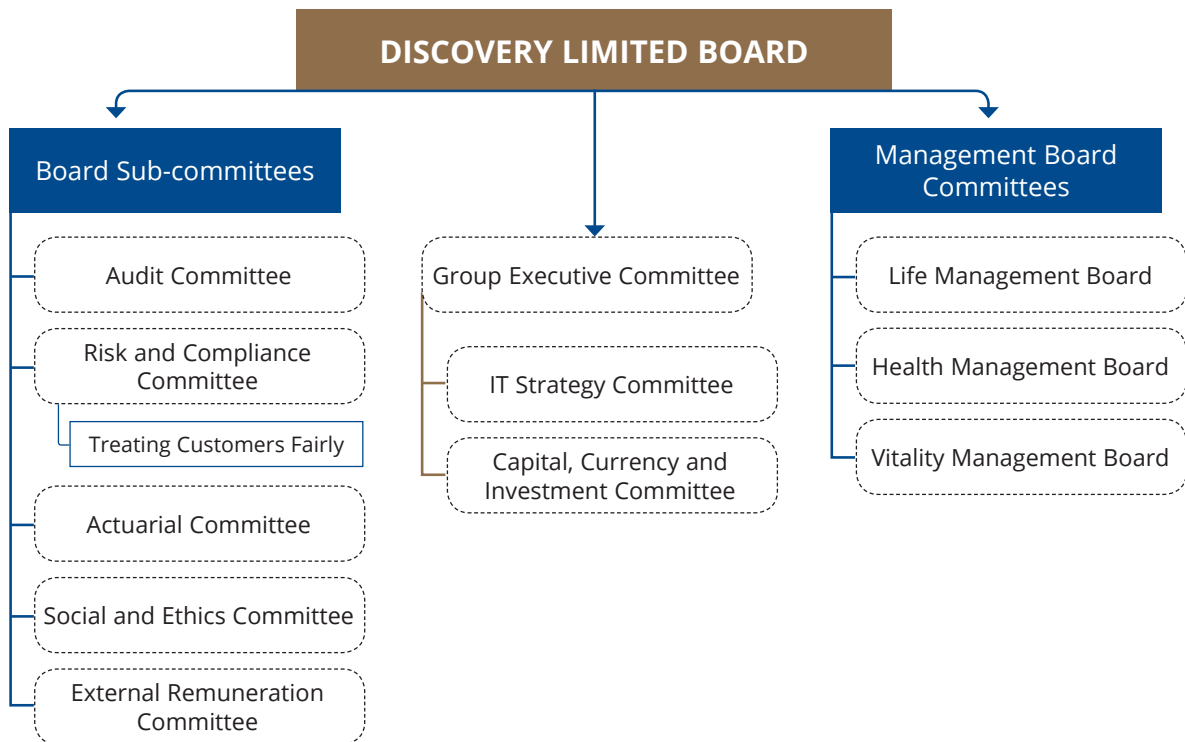
contained in the King IV Code. With the introduction of King IV emphasis was placed on reviewing the organisation and the governance structures to ensure the principles and recommendations are entrenched in the governance and risk management structures, policies and procedures. The Group has formally adopted the King IV Code and has made significant progress with its implementation of King IV.

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.

Overview of the Board and subcommittees



Governance Structure of Vitality UK

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

SUBCOMMITTEES OF THE DISCOVERY LIMITED BOARD

Audit Committee

Mandate

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

Remuneration Committee

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 Directors Remuneration Philosophy 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.

Risk and Compliance Committee

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 Groups policies and processes are adequate to ensure compliance with the required legislative and regulatory requirements.

Actuarial Committee

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. The Committee is chaired by a non-board member recognized as a technical leader in the actuarial industry.

Social and Ethics Committee

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, the integration of ethics and transformation within the Group.

MANAGEMENT BOARDS

The Management Boards 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	Independent Specialists
Life Management Board	3	5	-	1
Health Management Board	2	7	2	-
Vitality Management Board	1	8	6	-

Mandate

The Group Executive Committee is chaired by the Chief Executive Officer and meets weekly. 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

Independent Non-executive Director	Non-executive Director	Executive Director	Members of Management
-	-	11	15

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 of Directors attendance register

	Board Meeting	Audit Committee	Risk and Compliance Committee	Actuarial Committee	Social and Ethics Committee	Remuneration Committee
Monty Hillkowitz (Chairman)	6/6***					3/3
Adrian Gore	6/6				1/5	
Discovery Non-Executive Directors						
HL Bosman	5/6		6/6			3/3
Dr Brian Brink	6/6		6/6		4/5	
SE Sebotsa	5/6	6/6	2/2			
Steven Epstein <i>(Resigned 31 December 2016)</i>	3/3					
F Khanyile	4/6					
TV Maphai	5/6					
TT Mboweni	5/6		5/6			
AL Owen	6/6	6/6***	6/6***	6/8		
SV Zilwa	5/6	6/6	2/2	6/8	3/5***	
R Enslin <i>(Appointed May 2017)</i>	2/2					
D Viljoen <i>(Appointed May 2017)</i>	2/2					
Discovery Executive Directors						
R Farber	6/6		2/2	8/8	5/5	
HD Kallner	6/6				3/5	
NS Koopowitz	6/6					
HP Mayers	6/6		2/2	7/8	3/5	
Dr A Ntsabula	5/6				4/5	
A Pollard	5/6					
JM Robertson	5/6		2/2		3/5	
B Swartzberg	6/6			4/8	3/5	
Group Executive and Prescribed Officers						
Dr P Moumakwa	5/6				4/5	
Dr J Broomberg	4/6				2/5	
KS Rabson	6/6					
Independent Chairman						
C van der Riet (Actuarial)				8/8***		

Symbols

*** Chairperson

Control functions

GROUP RISK

Discovery has employed a Combined Assurance Model. This coordinates and integrates assurance activities across the three lines of defence in managing financial statements, and significant risks and key controls that have a material impact on Discovery's strategic objectives. The model works as follows:

- Discovery's strategy is core and serves as the basis for the identification and formulation of objectives as part of the drive to implement the strategy.
- Risks that may impact meeting the objectives are assessed from a top-down and a bottom-up perspective.
- Risk appetites are defined to influence business decision-making.
- Controls associated with the risks are used and modified to manage risks within appetite levels.
- Combined assurance is based on the risks and controls that have a material impact on the objectives.
- The strategy, objectives, high inherent and residual risks, and steer from the risk governance committees inform the priorities for inclusion in the Combined Assurance Model.

The Combined Assurance Forum (which includes representation from the three lines of defence, chaired by the Group Chief Risk Officer) has the management role of coordinating and reviewing the effective implementation of the Combined Assurance Model. The Forum reports to the Board of Directors through the Audit Committee and the Risk and Compliance Committee.

OUR KEY RISKS

1 CHALLENGING ECONOMIC ENVIRONMENT IN PRIMARY MARKETS.

The South African political and economic outlook remains uncertain and presents a risk to Discovery's strategic objectives. The sovereign downgrade earlier this year, and the potential for further downgrades, negatively impacts the economy in a number of ways, not least the impact on the cost of borrowing and downside pressure on exchange rates. This exacerbates the expectation of weak growth in GDP (expected to be well below 1% this year), low employment growth, weak consumer confidence and a muted outlook for household consumption. In turn these factors elevate the risk to Discovery of growing its domestic businesses, the potential for higher lapse rates as well as claims rates, and the potential for product downgrades.

In the UK the impact and uncertainty of Brexit, together with a low interest rate environment, has had a negative effect on our business.

Risk response

Discovery aims to provide best-in-class, innovative insurance solutions, which meet customer needs throughout changing circumstances. Product design provides some protection against the level of both interest rates and inflation levels. We have focused on retention strategies and growth initiatives, in both established businesses and in our strategy to diversify into adjacent industries. Further, we aim to diversify our business model and income sources internationally.

2 AVAILABILITY OF ADEQUATE FUNDING AT A REASONABLE COST TO PURSUE STRATEGIC GOALS.

Achievement of Discovery's strategic objectives and growth initiatives present material funding demands, which are sourced both internally and externally, principally through debt and financial reinsurance. The business and economic environment present risks to internally generated profit and cash flow, and to the availability and cost of external sources of funding.

Risk response

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 throughout the year and linked to the risk assessment process to ensure quantitative and qualitative aspects of risk and capital are aligned. Comprehensive stress testing and scenario testing provide a deep understanding of the risks to the capital plan and the levers available to respond to change. Access to a range of funding solutions, including retained earnings, short- and long-term debt, and financial reinsurance, ensure that Discovery can pursue its growth agenda in a responsible and well diversified manner. The Capital Allocation Committee provides rigour around new initiatives and well-established metrics for return on capital and cash generation to ensure that both existing and new businesses unite to provide a balanced approach to risk and return. To facilitate diversified and optimised funding structures, Discovery recently engaged with Moody's to obtain a credit rating.

3 THE IMPACT OF THE PACE OF REGULATORY CHANGE AND INCREASED REGULATORY COMPLEXITY.

The regulatory environment, both locally and internationally, continues to develop and presents challenges and risks to the current and future operating model. Discovery is impacted by

- The timing and impact of National Health Insurance on the medical scheme administration business.
- The establishment of the risk policy tax fund and its impact on the ability to offer tax efficient investment products.
- The Retail Distribution Review and its potential impact on our product and distribution model.
- The requirements of the Protection of Personal Information Act, Financial Intelligence Centre Act, Anti-Money Laundering regulations, Treating Customers Fairly, and other market-conduct measures brought about by the Twin Peaks regulation.
- The implementation of Solvency Assessment and Management, effective from 2018, and an expanded Group supervisory process.
- In the UK, the impact of General Data Protection Regulation.
- Financial sector codes on transformation and employment equity.
- The impact of IFRS17 and the effect it will have on reporting on profits and other financial metrics.

Risk response

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 our participation in industry and professional bodies. We do so to influence and stay apprised of key regulatory developments. Significant developments that affect our 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 can adapt our business accordingly. Discovery has a zero tolerance for regulatory noncompliance.

4 ABILITY TO GROW AND DELIVER AGAINST AMBITIOUS BUSINESS PLANS FOR NEW AND EXISTING STRATEGIC INITIATIVES.

We have ambitious plans to grow our business across multiple fronts, including banking, the investment business in the UK, and our commercial insurance offering in South Africa, among others. There is a risk that these business plans will not be achieved due to ineffective strategies, products or services, or due to insufficient management availability and implementation capabilities.

Risk response

Governance structures across the Group oversee the development of strategies and implementation of key initiatives. We employ competent management with a proven track record of delivering innovative businesses. A formal capital management framework ensures decisions are made to optimise the deployment of resources. A structured project management programme ensures that delivery against business plans is well executed and risks are managed. Big data capabilities and access to a unique source of financial and wellness behavioural data enable Discovery to construct unique shared-value solutions which are scalable and globally.

5 INSURANCE RISKS, INCLUDING LAPSE RATES, MORTALITY, MORBIDITY, EXPENSES AND INTEREST RATES.

Discovery has multiple licensed insurance entities across the Group and participates in the experience of our global partners' insurance activities through our strategic partners and Vitality Group. We are exposed to material insurance risks, both in the life insurance and non-life insurance sectors, locally and internationally. This includes claims, lapses and expense risks, and reinvestment risk, particularly in VitalityLife, our life insurance business in the UK.

Risk response

To manage these risks, we:

- Use skilled actuarial resources to understand the risks and implement mitigating actions.
- Monitor experience and draw on that in the design and pricing of products and the approach to reserving and managing capital.
- Develop products that contain risk mitigating features.
- Make use of appropriate reinsurance solutions with financially sound reinsurers.
- Ensure that underwriting practices follow robust risk policies and are embedded in the business.
- Aim to grow each business to a scale to enable effective diversification of the insurance risks.

6 INFORMATION SYSTEM PERFORMANCE AND DATA SECURITY.

Discovery's businesses are supported by the extensive use of technology and face risks associated with:

- The stability and continuity of critical systems and applications, which may negatively impact the client experience and business performance.
- The integrity of data which, if not properly maintained, could lead to inappropriate decisions and losses due to poor product design and incorrect claims, payments and collections.
- The protection of data, including the risk of cyber-attacks, internal or external theft or misuse, and fraud.
- The interconnectivity of multiple systems and dependency on integrated products and services across the Group.
- The accumulation of technical debt related to the pace of change and innovation, and the need to replace ageing systems.

Risk response

Specific actions include:

- Implementing business-continuity and systems-performance management processes.
- Having a strong technical and risk focus to all aspects of systems and technology.
- Implementing projects to monitor and manage technical debt and replace legacy technology.
- Continually updating and upgrading data and systems security measures, using detection and monitoring tools to identify data and access breaches.
- Monitoring data breaches to ensure they are reported and addressed.
- Ensuring a range of data and process quality assurance measures are in place to monitor the integrity of data and systems.

7 CROSS COMPANY INTEGRATION RISK RELATING TO VITALITY AND VITALITY SHARED-VALUE INSURANCE.

The integrated nature of Discovery's businesses rely on behavioural change that produces savings, which are shared with clients. The alignment of Vitality statuses with healthy behaviour and improved clinical outcomes is fundamental to the success of this business model. There is a risk that the achievement of a particular Vitality status is not aligned with the underlying behaviours required to produce the savings assumed in the benefit designs, resulting in a loss for the business.

Risk response

To mitigate this risk, regular monitoring of the experience and related behaviour change is conducted. Adjustments to the Vitality operating model and status achievement criteria ensure wellness behaviour and health outcomes are aligned with status criteria and the value of integrated benefits.

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 which contribute to the growth within the Group, while providing appropriate protection to policyholders, members and stakeholders.

This is achieved by:

- 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.
- Fostering an environment where regulatory compliance is embedded in the Group's culture, business planning, decision making and business activities.

1

THE ROLE OF THE GROUP'S COMPLIANCE FUNCTION

The Group's compliance function is independent from operational management, operating as part of the 2nd 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

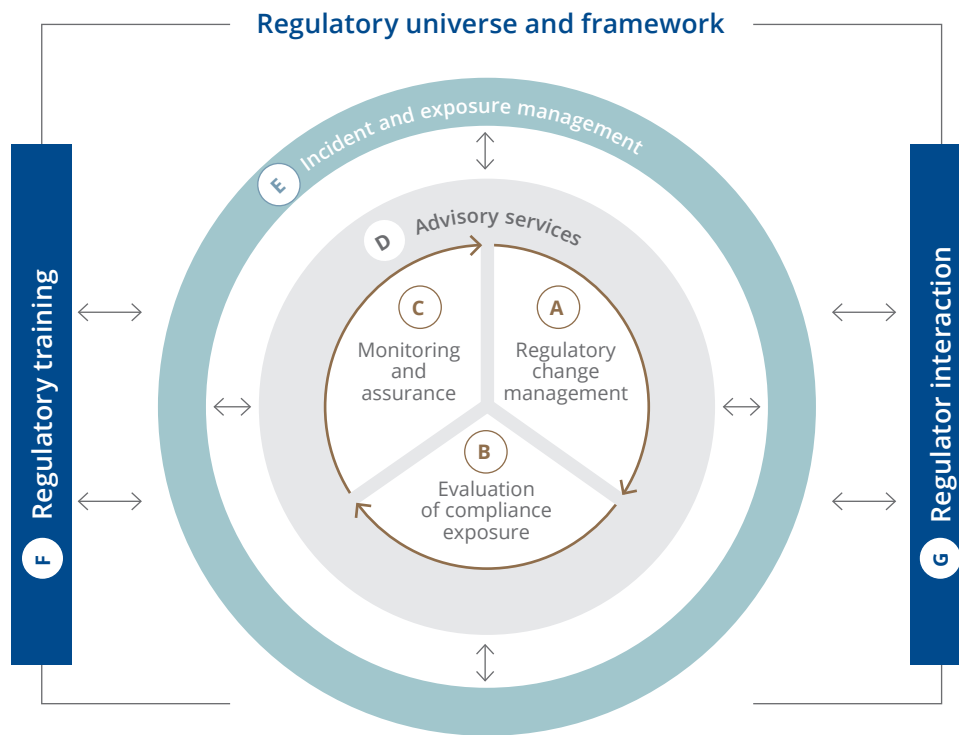
OUR APPROACH TO COMPLIANCE

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 the implementation and monitoring of an Anti-Money Laundering Control Framework within the Group.

Below is a high-level overview of the compliance processes in place 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.

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.

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.

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.

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.

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/last few years, ** people have been trained.

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 committees and discussion groups to maintain and enhance the regulatory environment in which the Group operates.

Our focus for 2018

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**
National Treasury is estimating that the Financial Sector Regulations Act will be effective from 1 January 2018, which segregate the Prudential Authority and the Financial Sector Conduct Authority, 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**
We will continue to closely monitor the progress of the Insurance Bill through parliament and continue our engagement with the regulator and relevant industry bodies around the development of the framework.
- **Market Conduct Framework**
We are monitoring developments around the development of the Market Conduct Framework closely. Our aim will be to actively engage with the Financial Sector Conduct Authority once they launch their programme.

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 development in both South Africa and the UK.

Enhancement to our governance structure

Work around the implementation of King IV and the Fit and Proper requirements will continue in the upcoming year. 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.

Group Audit

The Audit Committee has reviewed and approved the Internal Audit Charter and has approved the Annual Internal Audit Plan, which has been prepared on a risk-based approach. The performance and independence of the Chief Audit Executive has been reviewed and found effective by the Audit Committee. An internal effectiveness evaluation of the internal audit function is conducted annually. Based on these results, the function has been found to be both independent and effective in discharging its responsibilities. The Committee assessed the skills mix of the internal audit team and found it satisfactory.

An Independent assurance review is conducted at least every five years and the last review was carried out in 2016.

Information security

Our philosophy on information security is simple: to protect the Group's information assets as well as those of our employees, clients, partners and other stakeholders. Over the period, the Group invested significantly in improving this capability through the implementation of a Group-wide Information Security Programme. We have applied additional resources, both in staff and technology, targeting specific areas deemed necessary. The Group employs a continuous improvement model that is balanced and responds to the changing landscape. Looking forward, the Group will continue to adapt our practices to offer our clients the best possible products, while providing the ability to feel safe within our system. This, combined with principles of promoting the ethical and responsible use of information and technology, will sustain and extend the corporate objectives and values of the Group.

Summary of compliance to King III principles

1	ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP	Fully	
1.1	The Board should provide effective leadership based on an ethical foundation	Fully	<p>The Discovery Board is responsible for the performance and strategic direction of the Group and to encapsulate its core values into all Discovery's operations. The Board's inherent responsibility is to act in the best interest of Discovery and its stakeholders to ensure integrity, fairness, transparency and accountability. Discovery's business is conducted in a fair, ethical and sustainable manner, which considers the needs of all stakeholders. We regard our business as sustainable due to the balance in our long-, medium- and short-term focus areas. We conduct our affairs in such a manner that the environment or communities we operate in are not exploited.</p>
1.2	The Board should ensure that the company is and is seen to be a responsible corporate citizen	Fully	<p>Discovery, under delegation of its Social and Ethics Committee, ensures the impact of the Group's operations on society and the environment is managed in a responsible manner, considering the needs of all stakeholders, while complying with all the applicable legislation.</p> <p>Discovery realises that corruption and fraud have the ability to hinder the development and sustainability of the Group. We have taken proactive steps to combat fraud and corruption within the Group by introducing a Fraud Risk Management Framework to oversee the identification and investigation of fraud risk. Employees are encouraged to disclose any fraudulent behaviour they encounter by using the internal or independent external whistle blowing process.</p> <p>Discovery's core values ensure that the Group always strives to enhance and invest in the wellbeing of the economy, society and the environment.</p>
1.3	The Board should ensure that the company's ethics are managed effectively	Fully	<p>The Social and Ethics Committee, as a subcommittee of the Board, assists in discharging its responsibilities in meeting the requirements of transformation, ethics and sustainable development within Discovery.</p> <p>An internal ethics framework was established within the Discovery Group. A dedicated Ethics Office manages ethics in the organisation and the Ethics Office Charter has been reviewed, approved and signed off by the Discovery Board.</p>
2	BOARDS AND DIRECTORS	Fully	

 SUMMARY OF COMPLIANCE TO KING III PRINCIPLES *continued*

KING III PRINCIPLES		RATING	COMMENTS 2017
2.1	The Board should act as the focal point for and custodian of corporate governance	Fully	The Discovery Board meets six times a year and its role and responsibilities are set out in the Board Charter. This Charter is reviewed and updated annually. The Board serves as the custodian of good governance and always ensures that its endeavours are directed at achieving sustainable value for the Group in a transparent and responsible manner.
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable	Fully	The Board reviews Discovery's strategy yearly by way of an annual strategic session. Each business CEO presents the strategy, objectives, plans and challenges for the upcoming year. These Group strategic initiatives and plans are determined after due consideration of the risks and opportunities which affect are likely to affect the Group. The Risk and Compliance Committee oversees the identification and supervision of risks. The Board ensures the Discovery business model and sustainability efforts are aligned to the strategic objectives. The implementation of all approved initiatives is monitored through feedback and regular reporting by the various CEOs at Board meetings.
2.3	The Board should provide effective leadership based on an ethical foundation	Fully	Refer to principle 1.1
2.4	The Board should ensure that the company is and is seen to be a responsible corporate citizen	Fully	Refer to principle 1.2
2.5	The Board should ensure that the company's ethics are managed effectively	Fully	Refer to principle 1.3
2.6	The Board should ensure that the company has an effective and independent Audit Committee	Fully	Refer to principle 3.1
2.7	The Board should be responsible for the governance of risk	Fully	Refer to principle 4.1
2.8	The Board should be responsible for information technology (IT) governance	Fully	Refer to principle 5.1
2.9	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Fully	Refer to principle 6.1
2.10	The Board should ensure that there is an effective risk-based internal audit	Fully	Refer to principle 7.1
2.11	The Board should appreciate that stakeholders' perceptions affect the company's reputation	Fully	Refer to principle 8.1
2.12	The Board should ensure the integrity of the company's integrated report	Fully	Refer to principle 9.1
2.13	The Board should report on the effectiveness of the company's system of internal control	Fully	Refer to principle 7.3
2	BOARDS AND DIRECTORS continued	Fully	

 SUMMARY OF COMPLIANCE TO KING III PRINCIPLES *continued*

KING III PRINCIPLES	RATING	COMMENTS 2017
2.14	The Board and Directors should act in the best interests of the company	Fully The Board acts in the best interests of the Group. Directors ensure that Discovery's long-term sustainability, ethical foundation and environmental impact are taken into consideration in all Board activities and decisions. The Board Charter specifies the process to be followed by Directors who wish to seek external guidance or advice regarding their fiduciary duties and responsibilities. Discovery, as a listed company, also has a policy governing the trading in Discovery shares and enforces closed periods prohibiting trading in shares by Directors, Senior Executives and employees during finalisation of our interim and year-end financial results.
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	Fully The Board delegated the responsibility of the Company's capital position and the monitoring of the solvency and liquidity to the Actuarial Committee. Processes are also in place for the Risk and Compliance Committee to consider and assess the liquidity of the Group before approval of any distributions. The Board of Directors closely monitors the cash projections within the Group.
2.16	The Board should elect a Chairperson of the Board who is an independent Non-executive Director. The CEO of the company should also not fulfil the role of Chairperson of the Board	Fully The Chairperson of the Board has been an independent Non-executive Director of Discovery for 14 years. The Board, annually, considers the Chairperson's independence and role. Based on the criteria applied, the Board is satisfied that the Chairperson meets the independence requirements. Furthermore, clear division of responsibilities between the roles of the Chairperson and that of the Group Chief Executive exists. This ensures a balance of power within the Group and that no individual has unrestricted decision-making power or authority.
2.17	The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority	Fully The Board has appointed a Group Chief Executive and has approved a framework for the delegation of authority to subcommittees and certain operational structures within the Group. The framework is reviewed and updated annually. Succession plans are in place for the Chairperson, Group Chief Executive Officer and Senior Executives within the Group. This is reviewed annually and the Board is required to provide input on all Senior Management appointments.
2.18	The Board should comprise a balance of power, with a majority of Non-executive Directors. The majority of Non-executive Directors should be independent	Fully The Board has twenty Directors of which ten are Non-executive Directors and, of them, eight are independent. Taking into account the skills, experience and knowledge of the existing members, the Board is satisfied that this is an appropriate size and composition for Discovery. Non-executive Directors are appointed for three years and re-appointment is subject to Board review with one third of the Non-executive Directors rotating annually by way of retirement. Executive Directors have contracts that may be terminated by giving one to three months' notice. Provision has been made in the Memorandum of Incorporation for the removal of Directors without shareholder approval.
2	BOARDS AND DIRECTORS continued	Fully

 SUMMARY OF COMPLIANCE TO KING III PRINCIPLES *continued*

KING III PRINCIPLES		RATING	COMMENTS 2017
2.19	Directors should be appointed through a formal process	Fully	The Board has a subcommittee for the identification and vetting of potential Directors. The Board retains responsibility for the appointment of new Directors and does so to ensure that the mix of skills, experience and technical expertise of the Directors remain appropriate.
2.20	The induction of and ongoing training and development of Directors should be conducted through formal processes	Fully	<p>A formal Director Induction and Training Policy is in place for new Directors, which includes an explanation of their fiduciary duties and responsibilities. Directors also visit the different areas of the business for discussions with management on industry-specific issues.</p> <p>Training and continuous educational programmes, incorporating financial, actuarial, economic and industry-related matters, are available to all Directors. During the past year, training initiatives included various legislative developments with a specific focus on Directors' responsibilities in terms of their Fit and Proper Status and the proposed King IV requirements. One a year, the Board meets to review all legislative developments.</p>
2.21	The Board should be assisted by a competent, suitably qualified and experienced Company Secretary	Fully	Discovery has a suitably qualified and experienced Company Secretary who is responsible for supporting and guiding the Board of Directors on relevant matters facilitate the training needs of Directors. The Directors have unlimited access to the advice and services of the Company Secretary who ensures that all members adhere to the administrative protocols of the Board and subcommittee proceedings. The Board is satisfied that the Company Secretary is qualified to fulfil his duties and responsibilities.
2.22	The evaluation of the Board, its committees and the individual Directors should be performed every year	Fully	<p>A collective board-effectiveness evaluation is conducted annually.</p> <p>During the year under review, an effective assessment of the Board was performed and it was found that the Board has the necessary skills and experience required to oversee the Group as a whole. The Chairperson also meets with individual Directors on a one-on-one basis throughout the year to discuss matters relevant to their directorship.</p>
2	BOARDS AND DIRECTORS continued	Fully	

 SUMMARY OF COMPLIANCE TO KING III PRINCIPLES *continued*

KING III PRINCIPLES	RATING	COMMENTS 2017
2.23 The Board should delegate certain functions to well- structured committees but without abdicating its own responsibilities	Fully	<p>The Board of Directors has an Audit Committee, Social and Ethics Committee, Remuneration Committee, Actuarial Committee, Risk and Compliance Committee and a Group Executive Committee to assist in fulfilling its obligations. Each of these committees operate under formal terms of reference, which are reviewed and approved annually. The performance of each committee is also assessed annually by the Board.</p> <p>The Audit Committee consists of three Non-executive Directors and the External Auditors are permanent invitees. The Committee is chaired by an Independent Non-executive Director. The effectiveness of the Committee is monitored by the Board on an ongoing basis. Also refer to principle 3.</p> <p>The Actuarial Committee consists mainly of Executive Directors and non-board members who provide industry expertise, as well as an independent and unbiased perspective on actuarial matters impacting the Group. The committee is chaired by a non-board member recognised in the industry as a technical leader in this field.</p> <p>The Social and Ethics Committee is made up of Executive Directors and the Chairperson, who is an independent Non-executive Director. Taking into account the objectives of this Committee, the Board is of the view that the skills, experience and knowledge of the current members are appropriate in overseeing the Committee's activities.</p> <p>Operational Boards have recently been established for Discovery Life, Discovery Invest, Discovery Health and Vitality. These Operational Boards were established to provide more detailed and adequate discussions around operational matters.</p>
2.24 A governance framework should be agreed between the Group and its subsidiary boards	Fully	A governance structure and delegation of authority framework are in place for the Group. These are reviewed annually.
2.25 Companies should remunerate Directors and Executives fairly and responsibly	Fully	Discovery has an approved remuneration policy, which sets out the remuneration philosophy for employees and Directors. The policy is reviewed annually by the Remuneration Committee and recommended for approval at the annual general meeting. Remuneration is performance based and includes a number of short- and long-term incentive options incorporating an element of the Group's performance. The remuneration policy is published in the integrated annual report.
2.26 Companies should disclose the remuneration of each individual Director and Prescribed Officers	Fully	The remuneration of all Directors and Prescribed Officers is disclosed in the remuneration report.
2.27 Shareholders should approve the company's remuneration policy	Fully	The remuneration policy, as approved by the Remuneration Committee, is presented annually to the Board for their approval.
3	Fully	AUDIT COMMITTEES

 SUMMARY OF COMPLIANCE TO KING III PRINCIPLES *continued*

KING III PRINCIPLES	RATING	COMMENTS 2017
3.1 The Board should ensure that the company has an effective and independent Audit Committee	Fully	<p>The Audit Committee comprises of three independent Non-executive Directors who meet at least six times each year. The effectiveness of the Committee is monitored by the Board on an ongoing basis.</p> <p>During the year the Board undertook an evaluation, which included the effectiveness of the Committee and the result was positive.</p>
3.2 Audit Committee members should be suitably skilled and experienced independent Non-executive Directors	Fully	<p>The Audit Committee consists of three highly-skilled and experienced independent Non-executive Directors with extensive actuarial, insurance, economic and accounting skills. The Board of Directors is satisfied that the skill and experience of the Audit Committee members are appropriate to effectively fulfil the duties and responsibilities of the Committee. Furthermore, Committee members can consult with independent consultants and specialists subject to Board approval.</p>
3.3 The Audit Committee should be chaired by an independent Non-executive Director	Fully	<p>The Chairperson of the Audit Committee is an independent Non-executive Director and is always present at the annual general meeting. The agenda for each Risk and Compliance Committee is set in conjunction with the Chairperson and Company Secretary.</p>
3.4 The Audit Committee should oversee integrated reporting	Fully	<p>The Audit Committee reviews and approves relevant aspects of the integrated annual report before the approval from the Board of Directors and the publication of the report.</p>
3.5 The Audit Committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	Fully	<p>Discovery has adopted a Combined Assurance Framework that was reviewed and approved. This Framework is embedded in the Compliance, Risk Management and Internal Audit activities.</p>
3.6 The Audit Committee should satisfy itself of the expertise, resources and experience of the company's finance function	Fully	<p>The Audit Committee annually reviews the performance and effectiveness of the Finance Function as part of their responsibilities.</p> <p>Based on their review the members of the committee are satisfied that the finance function is effective and appropriately resourced with the necessary skills and experience.</p>
3.7 The Audit Committee should be responsible for overseeing of internal audit	Fully	<p>The Audit Committee reviews the functions, performance and independence of Group Internal Audit on an annual basis. The Committee also reviews and approves the Internal Audit Charter on an annual basis.</p>
3.8 The Audit Committee should be an integral component of the risk management process	Fully	<p>Discovery established a combined Audit Committee to ensure that appropriate consideration is given to risk management processes as well as the financial, fraud and IT-related risks within the organisation. The Chairperson of the Committee ensures that appropriate time, focus and attention are given to consider and review risk-related matters and reports.</p>
3 AUDIT COMMITTEES continued	Fully	

 SUMMARY OF COMPLIANCE TO KING III PRINCIPLES *continued*

KING III PRINCIPLES	RATING	COMMENTS 2017
3.9 The Audit Committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	Fully	<p>The Audit Committee considers the appointment of the external auditors and approves the external audit terms of engagement on an annual basis. The Committee also monitors all non-audit services rendered by the external auditors on an ongoing basis.</p> <p>Furthermore, the Committee acts as the main contact between the external auditors and the Board and reviews the quality and effectiveness of the external audit process.</p>
3.10 The Audit Committee should report to the Board and shareholders on how it has discharged its duties	Fully	<p>The Chairperson of the Committee, at each Board meeting, provides feedback to the Board on their activities. A report from the Chairperson is presented at the annual general meeting and is included in the integrated annual report.</p>
4	THE GOVERNANCE OF RISK	Fully
4.1 The Board should be responsible for the governance of risk	Fully	<p>The Board of Directors is responsible for the governance of risk within the Group. The Risk and Compliance Committee, oversees the risk activities and reviews of the operational effectiveness of the risk management system within Discovery, with assistance from the Actuarial Committee.</p> <p>The Risk and Compliance Committee, on an annual basis, reviews and approves the various risk management-related policies and frameworks, subject to Board approval. Formal feedback is also received from Group Risk Management and Group Compliance Functions at every Committee meeting.</p>
4.2 The Board should determine the levels of risk tolerance	Fully	<p>Discovery has implemented a robust Risk Appetite Framework, which forms part of the overall Enterprise Risk Management (ERM) Framework. This Framework provides the boundaries for decision making, by ensuring that the risk decisions made throughout the business are aligned with the business strategy, risk strategy and stakeholder expectations.</p> <p>The Framework considers all risks across the Group, both quantitative and qualitative elements, in an integrated manner.</p> <p>The Board is responsible for approving the level of risk tolerance on an annual basis or following any material changes in the risk appetite or business strategy.</p>
4.3 The Risk and Compliance Committee or Audit Committee should assist the Board in carrying out its risk responsibilities	Fully	<p>The Risk and Compliance Committee and the Actuarial Committee oversee the risk activities and reviews of the operational effectiveness of the risk management system within the Group. The work of these committees, in so far as their responsibilities are concerned, is monitored by the Board on an ongoing basis.</p> <p>The Risk and Compliance Committee membership is aligned to requirements applicable to a combined committee. Executive Management has a standing invitation to attend the Risk and Compliance Committee meetings and to actively participate in the discussions around risks.</p>
4	THE GOVERNANCE OF RISK continued	Fully

 SUMMARY OF COMPLIANCE TO KING III PRINCIPLES *continued*

KING III PRINCIPLES	RATING	COMMENTS 2017
4.4 The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	Fully	<p>Discovery has a Chief Risk Officer (CRO), reporting directly to the Group CEO, who assists the Board of Directors and Senior Management in executing their accountability towards responsible management of risk across the Group. The CRO attends the Group Executive Committee and has unrestricted access to Executive Committees of the various businesses, the Board and any subcommittees of the Board.</p> <p>An appropriate system is in place for the identification, assessment, monitoring and reporting of risks within the Group.</p>
4.5 The Board should ensure that risk assessments are performed on a continual basis	Fully	<p>The Risk Management Framework provides for continual risk assessment and monitoring by first line management functions. It allows for all risk exposures and well as new and emerging risks to be formally assessed by the second line Group Risk Management function on a six- to eight-week cycle. Risk and Control Assessments are performed on a rolling three-year basis and Operational Readiness Assessments are conducted on key changes and new developments.</p> <p>Formal reports detailing risk exposures, assessments and incidents are presented at every Risk and Compliance Committee meeting. The Group Executive receives and considers a report each week on any material risk incidents. A formal risk assessment is conducted with the Board annually. Additional risk assessments are performed when there are material changes in the strategic direction of the Group, which would also incorporate the implications for capital needs if relevant.</p>
4.6 The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	Fully	<p>Discovery Group has a Risk Management Function responsible for the implementation of a uniform risk management framework and processes. Across the Group, this function is responsible for the identification of emerging and unpredictable risks. They assist management with the assessment of risks and validation of all risk assessments, and provide independent reporting to the Risk and Compliance Committee on the most recent risks facing the Group.</p>
4.7 The Board should ensure that management considers and implements appropriate risk responses	Fully	<p>Risk registers are maintained to define the key risks faced by each of the entities within the Group. Registers contain residual risk ratings, with further detail of rating rationale, key issues and remedial actions for all high- and medium-high residual risk exposures.</p> <p>Details of all risks that have moved into, out of, or within the high- and medium-high ratings are also provided.</p> <p>This process provides an opportunity for management to improve on the current business processes, which in turn improves the Group's performance.</p>
4 THE GOVERNANCE OF RISK <i>continued</i>	Fully	

 SUMMARY OF COMPLIANCE TO KING III PRINCIPLES *continued*

KING III PRINCIPLES	RATING	COMMENTS 2017
4.8	The Board should ensure continual risk monitoring by management	<p>Fully</p> <p>The Risk Management Framework provides for continual risk assessment and monitoring by first line management functions. It identifies all risk exposures and allows for new and emerging risks to be formally assessed by the second line Group Risk Management function on a six- to eight-week cycle. Risk and Control Assessments are performed and Operational Readiness Assessments are conducted on key changes and new developments. Formal reports detailing risk exposures, assessments and risk incidents are presented at every Risk and Compliance Committee meeting. The Group Executive receives and considers a report each week on any material risk incidents.</p> <p>Additional risk assessments are performed should there be a material change in strategic direction of the Group, which would also incorporate the implications for capital needs if relevant.</p>
4.9	The Board should receive assurance regarding the effectiveness of the risk management process	<p>Fully</p> <p>The Risk and Compliance Committee conducts an annual assessment of the effectiveness of the Risk Management Function and reports the findings to the Board.</p>
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	<p>Fully</p> <p>The latest integrated annual report includes risk disclosures.</p>
5	THE GOVERNANCE OF INFORMATION TECHNOLOGY	<p>Fully</p>
5.1	The Board should be responsible for Information Technology Governance	<p>Fully</p> <p>The Board is responsible for ensuring that the Group implements appropriate system security, data integrity and business continuity processes.</p> <p>This responsibility has been delegated to the Risk and Compliance Committee and the Group Chief Information Officer (CIO) provides feedback to the Board on all IT and IT-related matters.</p>
5.2	IT should be aligned with the performance and sustainability objectives of the company	<p>Fully</p> <p>Processes and controls are in place to ensure that the system infrastructure is aligned to the strategic objectives of each individual business and that sufficient consideration is given to opportunities where the performance of the systems infrastructure can be improved.</p>
5.3	The Board should delegate to management the responsibility for the delegation of an IT governance framework	<p>Fully</p> <p>Discovery appointed dedicated Senior Executives who are responsible for IT and IT governance in the Group. The Group has entrenched an IT governance framework detailing the structure, processes, mechanisms and delegation of authority to different forums to ensure that IT and IT-related matters are appropriately managed and aligned with the Group strategy.</p>
5.4	The Board should monitor and evaluate significant IT investments and expenditure	<p>Fully</p> <p>The IT Governance Framework used by the Group includes processes and controls around the management of IT expenditure and investments. Return on investment is closely monitored and the Group CIO provides feedback to the Board on all IT-related matters.</p> <p>The External Auditors also provide assurance to the Risk and Compliance Committee on the general IT controls.</p>

 SUMMARY OF COMPLIANCE TO KING III PRINCIPLES *continued*

KING III PRINCIPLES		RATING	COMMENTS 2017
5	THE GOVERNANCE OF INFORMATION TECHNOLOGY <i>continued</i>	Fully	
5.5	IT should form an integral part of the company's risk management	Fully	<p>The ERM framework of the Group includes the assessment and reporting of IT-related risks and the assessment of controls to ensure compliance with laws and rules as part of the Compliance framework implemented within the Group.</p> <p>Discovery has a robust disaster recovery plan, which is reviewed on a regular basis to ensure its effectiveness. Complete tests are conducted at least annually.</p>
5.6	The Board should ensure that information assets are managed effectively	Fully	<p>Discovery has implemented an Information Security Programme as part of the Group Compliance Function. The main focus of the programme is to advise, support and monitor business operations with the implementation of appropriate policies, processes and controls to ensure that the Group's Information Assets are appropriately protected and managed.</p>
5.7	A Risk and Compliance Committee and Audit Committee should assist the Board in carrying out its IT responsibilities	Fully	<p>The Risk and Compliance Committee is responsible to ensure that all IT-related risks are adequately addressed in the Risk Management reports, that no IT-related issues have a material impact on the financial results of the Group, and that the External Auditors conduct a review of the effectiveness of the General Controls Environment as part of the audit.</p>
6	COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS	Fully	
6.1	The Board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Fully	<p>Discovery Group established an Independent Group Compliance Function.</p> <p>This function is responsible to assist the Board and the Executive and Senior Management Teams with the implementation of appropriate frameworks and processes to ensure that each business complies with all the relevant and applicable legislation. It also supports the business with the implementation of new and changed regulatory requirements.</p> <p>The Risk and Compliance Committee is responsible to assist the Board in overseeing compliance-related matters and regular reports are presented to the Committee.</p>
6.2	The Board and each individual Director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	Fully	<p>The Board and each Director has a working understanding of the effect of the applicable laws, rules, standards and codes through the Company Secretary who arranges training and induction for Directors. The training and induction incorporate changes to legislation, codes, etc. A training day has been set aside each year for these purposes.</p>
6.3	Compliance risk should form an integral part of the company's risk management process	Fully	<p>The Group Compliance Function works closely with the Group Risk Management Team to ensure that the impact of regulatory exposures within Discovery are appropriately reported within the Risk Management Framework.</p>

 SUMMARY OF COMPLIANCE TO KING III PRINCIPLES *continued*

KING III PRINCIPLES		RATING	COMMENTS 2017
6	COMPLIANCE WITH LAWS, RULES, CODES AND STANDARDS <i>continued</i>	Fully	
6.4	The Board should delegate the implementation of an effective compliance framework and processes	Fully	<p>Discovery has a Chief Compliance Officer (CCO), who is responsible to assist the Board and Senior Management in executing their accountability towards responsible management of regulatory requirements within the Group. The CCO has unrestricted access to Executive Committees, the Chairman of the Board and any subcommittees of the Board.</p> <p>A Compliance Framework has been approved by the Risk and Compliance Committee to ensure adherence to laws, rules, codes and standards is appropriately assessed, that controls are managed appropriately and that the performance of the controls is evaluated independently. Regular reports are presented to the Risk and Compliance Committee.</p> <p>During the year under review, an independent evaluation was performed on the Group Compliance Function and no material findings were reported.</p>
7	INTERNAL AUDIT	Fully	
7.1	The Board should ensure that there is an effective risk based internal audit	Fully	<p>Discovery has an Internal Audit Function on Group level which operates within the ambit of a clearly defined charter. The charter is reviewed and approved by the Audit Committee on an annual basis.</p> <p>Group Internal Audit (GIA) prepares a risk-based audit plan in consultation with management and other assurance providers on an annual basis.</p> <p>The annual audit plan takes risks identified by Group Risk Management and Group Compliance into account. Governance-related issues such as ethics, fraud management, quality control, risk management and compliance are covered either in specific focussed audits (as per audit plan) or as part of other audits performed.</p> <p>GIA provides an annual assessment of the system of internal control and risk management as recommended by the Code.</p> <p>Analysis and evaluation of business processes and associated controls are covered as part of a rolling three-year, risk-based audit plan.</p> <p>GIA is required to confirm to the Audit Committee that the function adheres to the IIA Standards. To retain objectivity, GIA employees are not involved in any day-to-day operations, do not assume responsibility for the implementation of any internal control systems, do not initiate or approve accounting transactions external to the GIA unit or direct the activities of any employee other than GIA employees.</p>
7.2	Internal audit should follow a risk-based approach to its plan	Fully	The Group's internal audit plans are risk based. When deciding on the Internal audit plan and strategy, the risks in the business risk register and strategic risks are taken into consideration.

 SUMMARY OF COMPLIANCE TO KING III PRINCIPLES *continued*

KING III PRINCIPLES		RATING	COMMENTS 2017
7	INTERNAL AUDIT continued	Fully	
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	Fully	The Group Internal Audit reviews the system of internal controls and provides an opinion to the Audit Committee on the effectiveness. Group Internal Audit also conducts annual assessments of the effectiveness of the Group Risk Function and the Group Compliance Function and provides an opinion on this to the Audit Committee.
7.4	The Audit Committee should be responsible for overseeing internal audit	Fully	The Internal Audit Executive reports to the Chairperson of the Audit Committee. The Committee is responsible for the annual evaluation of the performance of the function, for the approval of the internal audit plan and to ensure that appropriate independent quality reviews are conducted on the Group Internal Audit Function.
7.5	Internal audit should be strategically positioned to achieve its objectives		Group Internal Audit has unrestricted access to the Chairperson of the Audit Committee and the Board, as well as to the Group Chief Executive.
8	GOVERNING STAKEHOLDER RELATIONSHIPS	Fully	
8.1	The Board should appreciate that stakeholders' perceptions affect a company's reputation	Fully	The Social and Ethics Committee ensures transparent communication to stakeholders on issues that affect them, as well as the sustainability of Discovery. The Group's reputation, brand and relationship with its stakeholders are standing agenda items at the Social and Ethics Committee meetings.
8.2	The Board should delegate to management to proactively deal with stakeholder relationships	Fully	The Social and Ethics Committee has been mandated to monitor and oversee the Group's relationship with its stakeholders. The Committee has a Stakeholder Relations Policy and Framework, which are reviewed on a regular basis.
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder Groupings, in the best interests of the company	Fully	Refer to the stakeholder report where details are provided of the Group's approach to its various stakeholders.
8.4	Companies should ensure the equitable treatment of shareholders	Fully	The Board ensures that all shareholders receive equitable treatment and the relationship between the Group and its shareholders is monitored closely.
8.4.1	There must be equitable treatment of all shareholders	Fully	
8.4.2	The Board should ensure that minority shareholders are protected	Fully	
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Fully	Discovery has a Communication Policy and a stakeholder communication standard, which are reviewed annually by the Social and Ethics Committee. This ensures that all external communication is handled and approved by a dedicated team. All stakeholder communication and press releases are included within this framework and dedicated professionals are appointed to coordinate these activities.
8.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	Fully	Client complaints are reported by each business area to the Risk and Compliance Committee. Escalation processes are in place in each business area to review business decisions concerning complaints.

 SUMMARY OF COMPLIANCE TO KING III PRINCIPLES *continued*

KING III PRINCIPLES		RATING	COMMENTS 2017
9	INTEGRATED REPORTING AND DISCLOSURE	Fully	
9.1	The Board should ensure the integrity of the company's integrated report	Fully	<p>Discovery's integrated reporting is prepared using the International Integrated Reporting Framework. Our Integrated Annual Report seeks to provide stakeholders with a concise and material analysis of Discovery's strategy, performance and prospects in the context of our ability to create value over time.</p> <p>The assessment also considers aspects such as brand, goodwill, the quality of the Board and management, strategy and sustainability aspects.</p> <p>The Risk and Compliance Committee Charter states the Committee is responsible for reviewing the financial statements with management and the external auditors to consider whether they are complete, consistent with information known to them and reflect appropriate accounting principles. The Risk and Compliance Committee also reviews other sections of the report before its release and considers the accuracy and completeness of the information taking into account the information available to them.</p> <p>The Social and Ethics Committee is responsible for reviewing and approving the Sustainable Development Report of the Group.</p> <p>The external auditors provide the Board with an opinion on the consolidated and separate financial statements as well as on the embedded value of the Discovery Group.</p>
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Fully	Refer to the 2017 Integrated Annual Report and the Sustainable Development Report.
9.3	Sustainability reporting and disclosure should be independently assured	Fully	The Sustainable Development Report is reviewed by the Risk and Compliance Committee and the Social and Ethics Committee who then recommend it to the Board for approval. Discovery has engaged with its external auditors to conduct an independent review of the completeness and accuracy of the information contained in the report.