

UNITED NATIONS GLOBAL COMPACT

2019 COMMUNICATION OF PROGRESS

Discovery became a signatory to the UNGC in June 2015. This document is our second annual Communication on Progress to stakeholders, included in Discovery's 2019 Sustainable Development Report.

Our continued commitment to the Ten Principles of the United Nations Global Compact (UNGC) are reaffirmed by our Chief Executive Officer, Adrian Gore in our web-based 2019 [Sustainable Development Report](#).

Integration of the UNGC principles

HUMAN RIGHTS

Principle 1

Businesses should support and respect the protection of internationally proclaimed human rights

Discovery has a human rights policy in place, which is available to all employees through the Discovery intranet. This policy sets out the principles that are applied by the business in support of universally proclaimed human rights declarations and standards. These encompass a wide-ranging definition of human rights, including child labour, forced labour and freedom of association as detailed below and outlined in the United Nations Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

Principle 2

Make sure that they are not complicit in human rights abuses

Discovery understands the need to evaluate whether there are direct or indirect impacts on human rights as a result of our business and to address these if required. Due to the nature of our business and adherence to progressive regulations in our home market of South Africa, this has not been a material issue to date.

We also have a whistleblowing hotline, managed independently by Deloitte, which is always available for employees to report ethical violations, such as human right violations.

LABOUR

Principle 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Our human rights policy, which is available to all employees through the Discovery intranet, covers freedom of association. We uphold the freedom of association in businesses where we have a controlling interest, and recognise the right to collective bargaining.

Principle 4

The elimination of all forms of forced and compulsory labour

Our human rights policy includes provisions upholding the elimination of all forms of forced and compulsory labour.

Principle 5

The effective abolition of child labour

Our human rights policy includes provisions prohibiting all forms of child labour.

Integration of the UNGC principles *continued*

LABOUR

Principle 6
The elimination of discrimination in respect of employment and occupation

In South Africa, where majority of employees are located, Discovery supports government-led policies on employment equity. Discovery is making progress to ensure our workforce adequately represents the demographic profile of the country as measured against our 2016 transformation strategy. We are also developing a new employment equity calculator and setting ambitious targets to be reported against in the 2020 financial year.

We are consistently working towards developing leaders that that are capitated to lead and manage diverse teams in a fast changing and complex world, while enhancing systems that support diversity and inclusivity as detailed in the [‘Healthy and inclusive organisation’](#) section of our 2019 [Sustainable Development Report](#).

ENVIRONMENT

Principle 7
Businesses should support a precautionary approach to environmental challenges

We have an environmental policy in place, which is available to all employees through the Discovery intranet.

The policy affirms our commitment to providing products and services in a manner that ensures a safe and healthy workplace for employees and minimises our potential impact on the environment.

It provides for a range of actions to reduce our environmental impact, including the integration of considerations relating to environmental concerns and impacts into all of our decision-making and procurement processes, and the promotion of environmental awareness among employees.

In addition, our environmental policy provides for disciplinary action to be taken in instances of non-compliance with the policy and for all instances of non-compliance to be included within the regular risk reporting process.

Risk assessment processes apply to environmental issues.

Principle 8
Undertake initiatives to promote greater environmental responsibility

Our environmental policy commits us to reducing our environmental impact where possible, including through the following measures:

- Operating in compliance with all relevant environmental legislation and striving to use pollution prevention and environmental best practices in all that we do
- Integrating the consideration of environmental concerns and impacts into all our decision-making and procurement processes by promoting environmental awareness among our employees
- Training, educating and informing our employees about environmental issues that may affect their work
- Promoting efficient use of materials and conserving resources throughout our facilities, including water, electricity, fuel, waste, transport and other activities, with a particular focus on those that are non-renewable
- Applying renewable energy alternatives and other green technologies within our facilities, wherever these alternatives are available, economical and suitable.

Our 2019 performance on environmental sustainability can be found in the [‘Healthy and inclusive organisation’](#) section of our 2019 [Sustainable Development Report](#).

Principle 9
Encourage the development and diffusion of environmentally friendly technologies

Our products are mainly concerned with improving health and financial outcomes rather than with developing environmental technology. However, within the scope of our business, we work to encourage environmentally responsible behaviour. For example, we included environmentally friendly principles in the design of our headquarters in Johannesburg (completed in 2018) and our motor insurance division provides incentives within its product base that encourage safer and therefore more environmentally friendly driving behaviour. We also provide incentives for the use of public transport as part of our vehicle insurance products.

In addition, we strongly support the development of urban and community infrastructure that supports the use of public transport. As an example, we participate actively on the Sandton Sustainability Forum and input into consultative processes regarding infrastructure, transport and safety.

Integration of the UNGC principles *continued*

ANTI-CORRUPTION

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Group compliance

The procedures adopted by Discovery Limited to prevent bribery and corruption include applying appropriate due diligence procedures and taking a risk based approach to ensure compliance with all applicable laws and regulations related to anti-bribery and corruption.

Policies implemented to address bribery and corruption, include:

- The conflict of interest policy, caters for the gifts received and offered, this policy is would by the Ethics office. The Ethics office save for application to financial advisers and key individuals within our distribution channels, which is owned by 1st line distribution compliance.
- The whistle blowing policy outlines the processes that employees must follow when reporting their concerns which includes fraud and corruption, this policy is would by the Ethics office.
- The procurement, the policy prohibits accepting any rewards during the procurement process. Direct managers of procurement staff are responsible to collect annual declarations from their staff in order to ensure that no reward were accepted, this policy is owned by the procurement department.
- Procedures to investigate and report on violations of bribery and corruption which is managed by the forensics team which has a policy that outlines how fraud is managed.

Discovery have implemented the following controls to mitigate the risk of fraud and corruption, which include:

- Recruitment:
 - Sanction and politically influential and/or exposed persons screening.
 - Verify and check qualifications and criminal records.
 - Fit and Proper checks on key persons, namely decision makers, directors, auditors.
 - Fit and proper checks on financial advisers and key individuals within our distribution channels.
- Due diligence on intermediaries:
 - Fit and proper checks
 - Politically influential and/or exposed person checks and relationships to politically influential and/or exposed persons.
- Procurement process (local and International business partners):
 - Appropriate due diligence procedures for all relevant third party service providers and associated persons are applied in accordance with Discovery's risk based due diligence process.
 - Approved guidelines on contractual arrangements with third parties in high risk areas and other associated persons, including requirements for compliance with all applicable laws and regulations related to anti bribery and corruption.
- Training and communication, annual anti-bribery and corruption and anti-money laundering training provided across the Group.

Finally, Group Compliance has extended the role of the Anti Money-Laundering Compliance Officer to address all financial crime. We are developing the strategy and business plan in this regard.

Ethics office

The Ethics office is an independent function tasked with assessing and promoting the ethical corporate culture of the Discovery Group. It provides information to the Social and Ethics Committee of the Board of Directors on the formal structures safeguarding ethics within the organisation, their effectiveness in promoting an ethical culture, and the way in which employees perceive the Group's efforts in pursuit of integrity.

Also, as part of an industry-wide collaboration to combat fraud, waste and abuse, Discovery is actively supporting the Council for Medical Schemes and working with all stakeholders to guard against the corrosive effects of corruption in the healthcare system.