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Our Report to Society provides information about our framework for sustainable development and our performance in each focus area. For an overview of how Discovery performed in each of the various business areas, go to www.discovery.co.za for our 2011 Integrated Annual Report.

About Discovery

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“Discovery today is a highly complex business that operates in different markets and industries. We serve nearly five million clients in four continents. With this increased scale comes the responsibility to be an effective leader that acts in the best interests of all stakeholders. Our core purpose guides us in how we do business and how we interact with people. As a company we continuously strive to find better solutions for people through innovations that provide unique value and protection over the long term. In this way we deliver on our core purpose of making people healthier and enhancing and protecting their lives.”

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

How our core purpose contributes to a sustainable business

'Making people healthier' speaks to improving the quality of people's lives by making them aware of their specific health risk factors and engaging them in the management and improvement of their health. This has become a particularly important pursuit in light of the increasing prevalence of chronic, non-communicable diseases of lifestyle such as cancer, stroke, cardiovascular disease and diabetes, which are severely impacting the economic and social development of both emerging and developed countries. Achieving this purpose requires an innate understanding of the complex behavioural motivators that cause individuals to pursue activities that impact their health in the long term.

Vitality is the product manifestation of this purpose, and is a systematised wellness programme that uses clinical and behavioural tools to motivate lifestyle behaviour change. It is the world's longest-standing wellness programme that uses incentives to bring about sustained behaviour change in relation to both simple and complex lifestyle behaviours. We launched Vitality in 1997 as a response to the wellness trend and as a strategy to differentiate our business. We soon realised the power behind this simple concept: give people the tools and access to improve their health, measure their participation and reward them for adopting a healthy lifestyle.

Today, we understand the scientific link between behavioural economics and clinical and scientific wellness principles far better. This knowledge, coupled with a broad and extensive Vitality dataset (comprising over 150 million months of data), allows us to apply the Vitality methodology to markets other than wellness. The result is innovations such as VitalityDrive™ – our incentive programme aimed at improving people's driving behaviour – and the HealthyFood™ benefit that aims to encourage people to change the complex health behaviour of following a more nutritious and healthy diet.

'Protecting lives' is about giving people the peace of mind that they will be protected should a life-changing event happen. It also means protecting people's financial security. This need defined our approach in life assurance and investments. In life assurance, we entered an industry which, despite large established competitors, suffered from both a lack of transparency and product design that failed to take into account the changing needs of consumers. Life assurance typically relied on subjective, occupation-based definitions to assess disability claims. This meant that unless a policyholder was partially or temporarily disabled, the chances of a payout would be minimal. We addressed this issue by assessing claims based on the severity of the impairment according to a predefined scale. This meant that claims assessment was objective and transparent. This approach still forms the basis of innovation for Discovery Life clients.

Conversely, in investments, the use of open architecture platforms and development of a specialist asset management industry has driven the market to transparency and efficiency. As such, Discovery Invest developed unique value-adding solutions that wrapped around traditional products to provide unique protection to consumers.

The idea of *'enhancing lives'* in our purpose is an extension of the Vitality proposition. Enhancing lives is about creating value: by encouraging people to lead healthier lives and giving them financial rewards and benefits to do so.

Finally, in talking about *people*, and not only clients, we introduce inclusiveness in our core purpose. This is because we are able to use our resources to extend our core purpose to more people – whether through increasing our scientific understanding of wellness, or through our corporate social investment in community healthcare projects. The Discovery Foundation is an example of how we strive to make more people healthier. In looking after our clients' health, we understand how important it is for our healthcare system to have enough skilled and quality doctors. Our doctors are a national asset that we need to nurture and develop. For this reason we invest in their education through a series of awards, grants and fellowships.

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



Sustainable development to us means creating long-term value in our business and for our stakeholders, while improving the lives of the people we interact with, as well as protecting our environment. Our framework for sustainable development consists of six focus areas where we can create value for our stakeholders.

1

A values-based culture of opportunity and innovation

- Create opportunities for our people to grow and develop their full potential
- Create an environment for innovation
- Embrace diversity and transformation in our business

2

Strengthen the healthcare system and expand access to care

- Use our healthcare assets to improve the efficiency and quality of care for our clients
- Invest in building healthcare capacity to make primary healthcare accessible to more South Africans
- Invest in scarce healthcare skills for South Africa
- Build a robust healthcare system through key partnerships and stakeholders

3

Improve the financial security of our clients and protect them through innovative products and services

- Provide life assurance, short-term insurance and investment products that address areas of need for consumers, such as the problem of underinsurance in South Africa
- Continuous innovation to meet the evolving needs of clients at every life stage
- Use the power of integration to deliver unique value to clients

4

Use the principles of behavioural economics to drive positive behaviour change

- Lower healthcare costs and improve the morbidity and mortality experience in life assurance through Vitality
- Help people make the positive lifestyle changes that are needed to address the increasing risk of chronic diseases of lifestyle
- Apply the philosophy of Vitality to structurally reduce the cost of insurance through positive behaviour change

5

Promote a stable society

- Ensure that the way we do business is accountable, transparent and ethical
- Build a world-class business that enhances South Africa's reputation internationally
- Support a culture of confidence and entrepreneurship in South Africa

6

Our environmental responsibility

- Measure, understand and monitor our direct environmental impact
- Find innovative ways to improve our operational efficiencies by reducing our environmental impact
- Understand the impact of environmental issues, such as climate change, on our business



For an overview of how Discovery performed in each of the various business areas, go to www.discovery.co.za for our 2011 Integrated Annual Report.

Key facts

6 323 employees

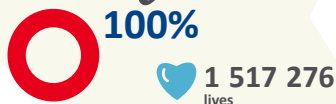
South Africa

The industries in which we operate

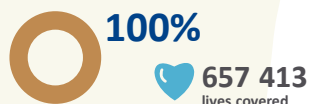
- Health insurance
- Life assurance
- Long-term savings and investments
- Short-term insurance
- Wellness and lifestyle benefits
- Credit card



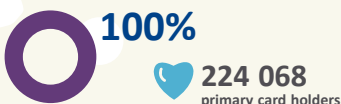
Launched in 1992. One of South Africa's leading healthcare funders and administrator of the largest open medical scheme in South Africa. Read about Discovery Health's performance on page 46 of the 2011 Integrated Annual Report.



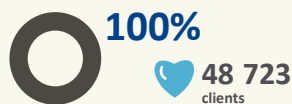
Launched in 1997. Science-based wellness programme, competitive differentiator and value creator. Read more about Vitality and DiscoveryCard on page 70 of the 2011 Integrated Annual Report.



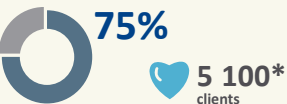
Launched in 2001. Discovery Life is South Africa's fastest growing major life insurer in the risk market, and the first South African insurer to separate risk from investment, leading significant change in the industry. Go to page 56 of the 2011 Integrated Annual Report for more information on Discovery Life.



Launched in 2004. A Visa credit card offering that integrates with the Vitality and VitalityDrive™ programme to give clients cash back on shopping and travel.



Launched in 2007. Provider of innovative investment and long-term savings solutions that address gaps in the market by offering greater protection against poor investment choices. Information about Discovery Invest's performance is on page 65 of the 2011 Integrated Annual Report.



Launched in 2011. Discovery Insure provides comprehensive short-term insurance solutions and encourages better driving through its incentive-based driver programme, VitalityDrive™. Go to page 84 of the 2011 Integrated Annual Report for information about Discovery Insure.

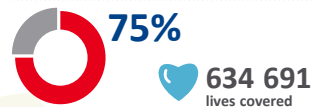
* Number of policies sold at the time of writing the report

726 employees

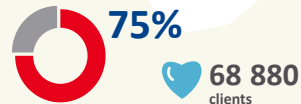
United Kingdom

The industries in which we operate

- Health insurance
- Life assurance
- Wellness and lifestyle benefits



Launched in 2004. PruHealth is a leading UK-based health insurer that offers private medical insurance and the only health insurer in the UK market that rewards people for leading a healthy lifestyle.

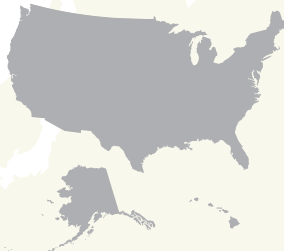


Launched in 2007. PruProtect offers pure-risk protection products in the UK market and is the only life insurer to give clients the opportunity to reduce their monthly premiums when they look after their health with Vitality. Read about PruHealth and PruProtect on pages 76 and 80 of the 2011 Integrated Annual Report.

Visit www.pruhealth.co.uk for more information about PruHealth's unique approach to healthcare in the UK private medical insurance market.

Visit www.pruprotect.co.uk for more information about how PruProtect offers comprehensive life cover, serious illness cover and income protection cover in the UK market.

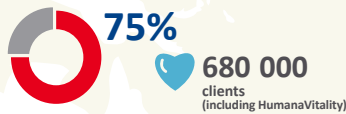
54 employees



United States of America

The industry in which we operate

- Corporate wellness solutions



Launched in 2008. The Vitality programme is a comprehensive health and wellness solution that educates, assists and motivates individuals to engage in healthy behaviour. The Vitality Group offers the Vitality programme to employers as a stand-alone programme.



Launched in 2011. HumanaVitality is a joint venture between Humana Inc and Discovery Holdings that makes Vitality available to Humana clients with commercial medical plans. Read about The Vitality Group's performance on page 90 of the 2011 Integrated Annual Report.



Go to www.thevitalitygroup.com and www.humana.com/vitality for more information about Vitality in the USA market.

4 employees

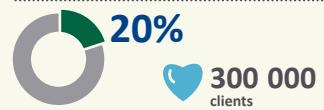


China

The industry in which we operate

- Health insurance

中国平安 PING AN



In 2010, Discovery Holdings acquired a 20% share in Ping An Health Insurance Co. of China Ltd, a subsidiary of Ping An Insurance (Group) Company of China, Ltd. Read about Ping An Health's performance on page 94 of the 2011 Integrated Annual Report.



Our 2011 Integrated Annual Report is available at www.discovery.co.za. Go to Investor Relations.

Our performance highlights in 2011

Operating profit increased by **32%** to **R2 838 million**

Gross inflows under management increased by **21%** to over **R50 billion**

Embedded value per share increased by **19%** to **R48.45**

We acquired Standard Life Healthcare and increased our shareholding in PruHealth and PruProtect from **50%** to **75%**

The Vitality Group completed a joint venture with Humana in the USA and capitalised a new entity, HumanaVitality

We launched Discovery Insure, our entry into the short-term insurance market

PruHealth delivered an operating profit of **R61 million**

680 000 members committed on Vitality in the USA

The Discovery Foundation increased its funding commitment to **R69 million** and the number of recipients to **143**

Key innovations launched during the year include VitalityDrive™, AccessCover™ and Discovery Guaranteed Escalator Annuity, as well as PracticeXpress and MedXpress

The Discovery leadership team took part in the second Inspiring Excellence Challenge aimed at encouraging innovation in our business

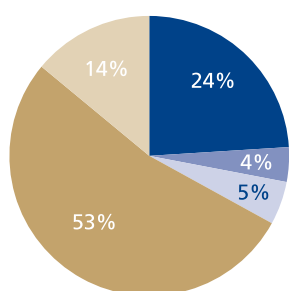
We contributed over **R15 million** towards developing small and medium enterprises in our supply chain

We finalised our climate change policy

Value-added statement for the year ended 30 June 2011

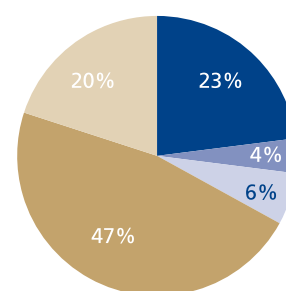
	2011		2010	
	R million	%	R million	%
Value added				
Net income of Group	16 154		13 115	
Investment income	1 016		540	
Financing costs	(168)		(14)	
Foreign exchange (loss)/gain	(14)		(3)	
Acquisition costs	(1 998)		(1 842)	
Payments to suppliers of material and services	(2 880)		(2 220)	
Share of loss from associates	(4)		-	
Non-recurring transactions	(374)		-	
	11 732		9 576	
Value allocated	(8 239)			
To employees				
Salaries, wages and other benefits	2 823	24	2 255	23
To providers of capital	447	4	373	4
Dividends paid to equity holders	445		375	
Minority shareholders	2		(2)	
To government	644	5	572	6
Normal taxation	377		362	
Value-added tax	158		162	
Capital gains tax	52		1	
Secondary tax on companies	45		37	
Other	12		10	
To policyholders	6 170	53	4 462	47
Policyholder claims	4 640		1 745	
Transfer from assets/liabilities arising from insurance contracts	1 530		2 717	
Retention for expansion and growth	1 648	14	1 914	20
Retained income	882		1 342	
Depreciation and amortisation	368		190	
Deferred taxation	398		382	
	11 732	100	9 576	100

2011



■ To employees
■ To providers of capital
■ To government
■ To policyholders
■ Retention for expansion and growth

2010



■ To employees
■ To providers of capital
■ To government
■ To policyholders
■ Retention for expansion and growth

A summary of our progress in 2011



Read our detailed performance reviews in our 2011 Integrated Annual Report available at www.discovery.co.za

Key to symbols

● Priority achieved

◐ Priority ongoing


○ Priority not yet started

Our priorities for 2011	What we did during the year	Progress
Creating benefit and contribution stability for the Discovery Health Medical Scheme members and improved quality of care	<ul style="list-style-type: none"> Average contribution increase of 7.9% for 2011 Benefit enhancements introduced 	◐
Continued product innovation for Discovery Life that leverages the integration capabilities of Discovery Vitality	<ul style="list-style-type: none"> New products launched: AccessCover™, Philanthropy Fund™, Income Continuation Benefit Extender 	●
Developing targeted product offerings for Discovery Vitality	<ul style="list-style-type: none"> We launched KeyFIT, our wellness programme aimed at the KeyCare market 	●
Investing in the international capabilities of Vitality	<ul style="list-style-type: none"> We have invested in the core capabilities of Vitality with a view to rolling it out in other markets 	◐
For Discovery Invest, a continued focus on distribution support, product innovation, brand credibility and awareness	<ul style="list-style-type: none"> Discovery Guaranteed Escalator Annuity™, Discovery Classic Flexible Investment Plan, Discovery Best Ideas Fund and Discovery Global Escalator Fund launched We hosted the second Discovery Invest Leadership Summit 	●
Leveraging the strengths of Standard Life Healthcare and PruHealth to create the leading private medical insurance provider in the UK	<ul style="list-style-type: none"> We started integrating the Standard Life Healthcare business into the PruHealth business. New product range launched 	◐
Focusing and developing integration opportunities across Vitality and PruProtect	<ul style="list-style-type: none"> We launched VitalityPlus in the UK market. Innovative benefit enhancements launched, including Education Cover product 	◐
Completing our stakeholder engagement on our environmental policy and strategy and implementing our policy	<ul style="list-style-type: none"> Internal stakeholder engagement completed Environmental and climate change policy completed 	◐
Agreeing on and implementing reduction targets	<ul style="list-style-type: none"> We have not agreed on specific reduction targets yet We are currently investigating different ways of reducing our energy usage 	○
Implementing recommendations from the energy efficiency audit to further reduce our electricity consumption	<ul style="list-style-type: none"> We are currently investigating different ways of reducing our energy usage 	○
Delivering on the environmental initiatives identified by the Green Forum	<ul style="list-style-type: none"> Discovery currently operates a 60% paperless environment in the area of communication to clients Discovery's Green Forum is investigating reducing our reliance on paper even further in other areas of the business 	◐
Formulating and rolling out awareness and communication campaigns to educate our employees on environmental issues	<ul style="list-style-type: none"> Employee awareness campaign hosted on World Environment Day 	◐

Key to symbols

 Priority achieved

 Priority ongoing

 Priority not yet started

Our priorities for 2011	What we did during the year	Progress
Rejuvenating our core values throughout Discovery	<ul style="list-style-type: none"> Project to rejuvenate Discovery's core values throughout the business started in the second half of 2011 	
Continuing to embrace diversity in our business to meet our transformation goals	<ul style="list-style-type: none"> Targeted mentorship and development programme implemented in 2010. The Discovery CEO programme is aimed at developing high-potential, primarily black senior leaders at Discovery 	
Fully integrating and aligning the Standard Life Healthcare team into Discovery	<ul style="list-style-type: none"> Successful integration of Standard Life Healthcare team into PruHealth First PruHealth Leadership Conference hosted 	
Continuing to develop our leaders	<ul style="list-style-type: none"> The Discovery Leadership Architecture, aimed at developing leaders at all management levels, was completed during the year 	
Increasing employee engagement in Discovery and retaining talented employees	<ul style="list-style-type: none"> Increased employee engagement in our internal rewards programme, Prosperity 	
Continuing our engagement with stakeholders on healthcare issues in South Africa	<ul style="list-style-type: none"> We continued our engagement with stakeholder groups such as the Department of Health and the Government on issues impacting healthcare in South Africa 	
Implementing three private-public initiatives with the Department of Health and other stakeholders	<ul style="list-style-type: none"> Partnership with the South African National Council for the Blind continued. This project is aimed at increasing the number of cataract surgeries in the public sector A training programme on antiretroviral treatment for nurses was done in partnership with the Lung Institute of the University of Cape Town We partnered with the Operation Abraham Collaborative to facilitate training of healthcare professionals in KwaZulu-Natal on high-volume medical male circumcision 	
Implementing a national immunisation project in partnership with UNICEF	<ul style="list-style-type: none"> The Discovery Fund implemented a partnership with UNICEF to expand coverage of immunisation in South Africa 	
Continuing the impact and work of the Discovery Foundation to increase the number of specialists in South Africa	<ul style="list-style-type: none"> We increased our financial support for specialist training to R69 million, and the number of Foundation Award recipients to 143 	
Developing our enterprise development strategy further to identify more opportunities for business partnerships that will benefit our supply chain	<ul style="list-style-type: none"> We have contributed over R15 million towards developing small and medium enterprises in our supply chain 	
Engaging with internal and external stakeholders on Discovery's sustainability strategy	<ul style="list-style-type: none"> We have completed an extensive internal stakeholder engagement process on Discovery's framework for sustainable development We have not yet completed our external stakeholder engagement process 	
Defining, communicating and implementing our sustainability strategy	<ul style="list-style-type: none"> We started a change management programme to communicate and drive sustainability initiatives and objectives within Discovery 	
Discussing and agreeing on sustainability targets for our various business areas	<ul style="list-style-type: none"> We have agreed on and implemented specific priorities for each area of sustainability 	

About Discovery

Our key priorities for 2012

Have a positive impact on society through our products and services and the way we do business

- Continue to use innovative product solutions to service the needs of the lower-income market, and form key strategic partnerships in the area of healthcare to broaden access to care
- Continue the impact and work of the Discovery Foundation to increase the number of specialists in South Africa
- Increase the focus of the Discovery Fund on nutrition as an important element of primary healthcare
- Roll out an awareness campaign and implement working plans for the Discovery UNICEF Immunise SA programme
- Increase the number of Discovery employee volunteers and improve the quality of engagement with community projects
- Encourage positive health behavioural change for Vitality clients through different platforms
- Refine important Vitality benefits to drive higher engagement levels in key health behaviours and activities
- Build on the success of the HealthyFood™ benefit to improve the nutrition and well-being of our members and provide them with more value
- Expand access to financial products by developing products targeted at the lower-income market
- Continue to measure and track our environmental performance
- Agree on targets for reducing our carbon emissions
- Implement a working plan to meet the commitments of our climate change policy

Play a leadership role for our clients and in our industries and country

- Continue to leverage our scale, resources and partnerships to provide access to quality healthcare on a sustainable basis, and impact on the entire industry in a positive way
- Leverage Vitality as the global thought leader in wellness and have a positive impact on society in the area of wellness
- Implement our enterprise development strategy to focus on opportunities to develop a culture of entrepreneurship in South Africa
- Continue to encourage entrepreneurial and business knowledge in South Africa through the Discovery Invest Leadership Summit

Build financial strength and sustainability to benefit all stakeholders

- Provide benefit and contribution stability across the Discovery Health product range
- Bring down the cost of healthcare for Discovery Health members
- A continued focus on managing financial risk for Discovery Life
- Further development of Ping An Health's operational, service and risk management infrastructure in China
- Drive new business for Discovery Insure to reach scale

Invest in the talent of our people

- Continue to identify, develop and retain talented employees through our talent management programme
- Focus on developing the leadership skills of Discovery people through our Leadership Development Architecture, with a special focus on senior leadership development
- Focus on rejuvenating Discovery's core values throughout all our businesses
- Continue our focus on diversity and transformation
- Encourage the health and wellness of our employees
- Engage employees in our business through our internal rewards programme, Prosperity

Deliver innovation for the benefit of our clients

- Drive further service and benefit innovations for Discovery Health members, healthcare professionals and financial advisers
- Continue to use innovation to ensure Discovery Life and PruProtect clients are adequately insured
- Enhance Discovery Life's Group Risk offering for corporate employers
- Encourage consumers to increase their level of savings through innovative savings and investment products
- Continue Discovery Invest product innovation to offer investors greater value and protection
- Introduce innovative products to the Chinese market
- Create an engaging online and social media presence for PruHealth clients



“ We are a proudly South African company that aims to be a leader in our respective industries as well as in the South African economy and society. We seek to add value to people’s lives by delivering positive structural change to the markets and industries in which we operate. Our products and services are designed to make people healthier and enhance and protect their lives across a spectrum of financial and protection needs. ”

Our

FRAMEWORK

for sustainable development



Our framework for sustainable development

How our business works

“Discovery’s business model ensures we create value by delivering on our core purpose of making people healthier and enhancing and protecting their lives. The way we do business, the products and services we deliver and our interactions with our stakeholders must add value to people’s lives.”

Our business model relies on key strategic competencies to create and deliver value

Innovation and financial prudence	Integration	Wellness	Consumer engagement	Incentive-based insurance
We use innovation to disrupt markets and create value. Central to our business model is the ability to combine and balance innovation with financial prudence and a focus on meeting consumers’ needs by creating products and services that deliver value and efficiency.	Our best-of-breed products and services enable us to use the principle of integration to give consumers value by creating efficiency and long-term value. Our product offerings integrate seamlessly through the Vitality programme and DiscoveryCard to enhance value for clients. Integration as a key strategic competency creates efficiency and long-term loyalty, thereby contributing to the profitability and sustainability of our business.	Our philosophy is to contribute to a healthier society by giving people access to healthcare and encouraging healthy behaviour and lifestyles. Across our product offerings, we provide consumers with the tools and incentives to become healthier through Vitality. Vitality is a unique differentiator and driver of competitive advantage and has been scientifically proven to improve health outcomes and lower healthcare expenses.	A focus on consumers and their needs forms the basis of our approach. Our client-centric approach aims to create products which fully engage our clients, bring positive change in their behaviour and offer them real value.	Incentive-based insurance applies the principles of behavioural economics to insurance. Through a combination of financial incentives and increased client knowledge, an incentive-based insurance model structurally reduces the cost of insurance and significantly improves the value consumers receive.

What we value in our business

Eight values frame our business methodology and guide us in how we do business:

1. Innovation and optimism
2. Business astuteness and prudence
3. Great people
4. Liberating the best in our people
5. Integrity, honesty and fairness
6. Intellectual leadership
7. Tenacity, urgency and drive
8. Dazzle clients

Our key impacts



Our employees

We impact the lives of employees in four countries. It is our responsibility to ensure they are treated fairly and have a safe working environment where their innovation and drive will contribute to the company's continued success.

Our customers

Our customers rely on the financial protection we provide in the area of healthcare, life assurance, investments and short-term insurance. Financial protection and especially healthcare are important for the wellbeing of our customers, and how our communities and society develop over the long term. We consider the impact of our products and services, and the way we do business, as critical.

The South African healthcare industry

The scale of the Discovery Health Medical Scheme positions Discovery Health as a leading roleplayer and collaborator in the South African healthcare industry. The way in which we manage healthcare for our members also has a ripple effect for the entire industry in terms of approach, costs and systems.

The financial services industry

Discovery Life is a leading life assurer in the financial services market in South Africa. Our approach to risk management has led to a structural change in the life assurance industry with the majority of life assurers separating risk and investment policies – a move away from universal life policies.

Discovery Invest has grown significantly since its launch in 2007 and today has more than R17 billion in assets under management. Innovation in the investment products and services we provide, impacts the wider long-term savings and investment industry.

Discovery Insure was launched in May 2011. Our approach to short-term insurance is characterised by innovation and the principle of behavioural economics. Discovery Insure aims to structurally reduce the cost of insurance through positive behavioural change. We also aim to reduce the cost of fuel for clients and to make the roads safer for families insured by Discovery.

Our community

The majority of South Africans rely on public healthcare to meet their healthcare needs. In the broader community, we are able to use our skills and resources to support and strengthen healthcare delivery.

Our framework for sustainable development

Discovery and sustainability

Sustainability for Discovery means a business that continuously works to improve the lives of the people who interact with us. One of our important stakeholder groups is our clients. We serve nearly five million clients in complex financial services markets. This means that we understand the material issues that impact our industries, markets and people. Within the complex healthcare environment for example, it means understanding the issue of cost per benefit unit and the quality of care people receive and ensuring an optimal balance between these two factors. Another important stakeholder group for example, is our employees whose skills and talent contribute to the long-term success and sustainability of our business.

It is also important to understand that we operate in an interdependent environment where a broad range of social, environmental and economic issues may impact on Discovery, and where in turn, our business impacts various stakeholders. Risks to our business, whether financial or non-financial, range from uncertain macro-economic conditions and increasing market volatility to climate change uncertainties and the need for social development. To ensure our business develops in a sustainable manner to the benefit of all stakeholders, we must not only address and manage these risks in a responsible manner, but we must also find innovative ways to turn risks into opportunities.

“Our main strategy to ensure sustainable development focuses on using innovation to create and add value. We aim to deliver innovative solutions that not only create value for our stakeholders over the long term, but also extend our core purpose to the broader community.”

Our engagement on sustainability

To understand sustainability in the context of Discovery, we started an internal engagement process in 2009. This process helped us define our business strategy in relation to sustainability issues. The development of the strategy framework involved understanding our current context and how it relates to our business, international best practice, and guidelines and standards. This resulted in an initial framework which was further developed through extensive consultation and engagement. This assisted us in defining the key material issues that relate to our core business. Through this process we developed our framework for sustainable development.

We asked the following questions:

- ▶ How is the world enriched, or diminished, by our products and services?
- ▶ How do we impact society?
- ▶ How does the way we do business reflect how we impact society?
- ▶ Who are the people we impact?
- ▶ How do we include them in the way we do business?
- ▶ How do we take the needs of society and future generations into account?

Our Transformation and Sustainable Development Committee, as well as the Discovery Executive Committee, reviewed and gave input on the key issues and the framework.

The framework further informs our sustainability strategy. Discovery's Sustainability Division coordinates the implementation and management of this strategy as well as reporting and internal communication.

At a Group level, the Director of People and Sustainable Development oversees all our sustainability initiatives. Discovery's Sustainability Division reports on progress made on our objectives to a sub-committee of the Board of Directors – the Transformation and Sustainable Development Committee.

Our framework for sustainable development

Our six areas of focus

“Discovery’s framework for sustainable development represents our approach to sustainability and sustainable development as it relates to our core business and the environment and context in which we operate. The framework consists of six focus areas based on the material risks and opportunities for the business.”



► **1. A values-based culture of opportunity and innovation:**

At Discovery, we aim to inspire our people to liberate their potential through a vibrant culture of innovation and performance, which leverages diversity and embraces transformation.

► **2. Strengthen the healthcare system and expand access to care:**

We aim to use our resources and expertise to build a better healthcare system for all South Africans. We also aim to extend this priority to include underserved communities as we recognise the importance this has on our business, for our members and broader society.

► **3. Improve the financial security of our clients and protect them through innovative products and services:**

Through innovative product solutions we offer our clients unique financial and lifestyle protection.

► **4. Use the principles of behavioural economics to drive positive behaviour change:**

We leverage our experience in incentivising behavioural change to develop innovative products which create value for our clients and address critical societal problems.

► **5. Promote a stable society:**

We aim to build a sustainable business to benefit our clients today as well as future generations. We are also committed to South Africa’s future growth.

► **6. Our environmental responsibility:**

We aim to decrease our environmental footprint and enhance our understanding of and responsiveness to environmental challenges.

Our framework for sustainable development

Our management of sustainability

We approach the management of sustainability in an integrated way

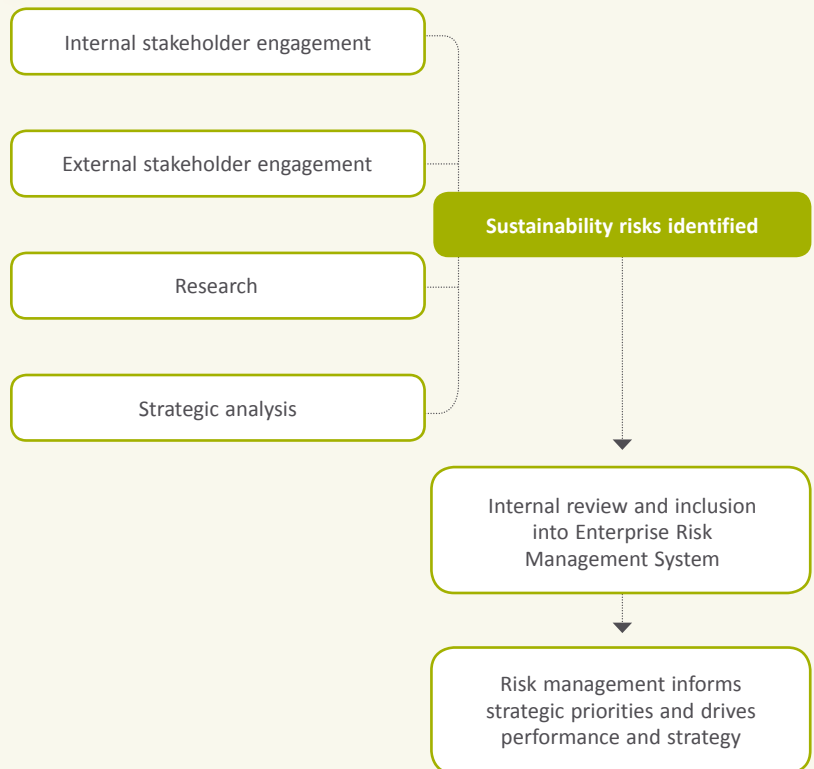
- Discovery’s Executive Committee oversees the implementation of our sustainable development strategy, and the projects that support this strategy
- Our Transformation and Sustainable Development Committee, a sub-committee of the Board, oversees and monitors our progress against sustainability objectives
- Discovery’s Sustainability Division drives, coordinates and implements sustainability initiatives across the business. This includes communication and change management programmes on sustainability. Various business areas, including Marketing, Discovery People, Risk and Compliance, are responsible for managing aspects of the framework
- We have assigned a focus head to each sustainability area. The focus head is accountable for objectives and outcomes in the specific sustainability area
- Sustainability change agents in each business area act as sustainability champions by encouraging communication and engagement on sustainability.

Risk management

A key aspect of sustainability management is the identification and mitigation of risk. During the past year we completed an engagement process to identify and understand risks that relate specifically to Discovery’s sustainability issues. The identified risks were incorporated into the Enterprise Risk Management System where they will be managed by relevant units within the business.

The risk process assisted us in refining our strategic priorities and projects to mitigate material risks.

Our dialogue around sustainability risks



Our framework for sustainable development

Our stakeholders

“ In the normal course of business, we regularly engage with and talk to our stakeholders. From time to time, we may also speak to selected stakeholder groups on specific issues. King III promotes the ‘stakeholder inclusive model’ where the Board considers the legitimate interests of all stakeholders when making decisions in the best interests of the company. This may mean integration and a trade-off between the interests of different stakeholders at different times, to meet the objectives of the company. ”



A framework to manage our engagement with our stakeholders

During the year, we started work on a framework to manage our relationships and engagement with all stakeholders. We engage with numerous stakeholders on an ongoing basis. This framework aims to facilitate the management of stakeholder engagement and ensures that our engagement builds trust. It also informs our strategy and approach to sustainability. The framework has been developed using an internationally accepted standard, the AccountAbility AA1000 Stakeholder Engagement Standard. The AA1000SES assists companies in detailing the following:

- ▶ **Main objectives**
- ▶ **Key material issues**
- ▶ **Identified stakeholders**
- ▶ **Methods of engagement**
- ▶ **Monitoring of engagement**
- ▶ **Review of engagement**

The draft stakeholder engagement framework was circulated for completion and comment to all relevant stakeholders in the business and has been accepted. We now aim to develop the stakeholder engagement process further by following the steps outlined in the AA1000SES guidelines.

Our stakeholder engagement framework will ensure that we understand our stakeholders’ concerns and needs, and that we take into account their interests in our decision-making process.

A priority for our Sustainability Division is to investigate a system to monitor engagement throughout the business.

Our framework for sustainable development

Our stakeholders

Stakeholder group	How we engaged with our stakeholders during the past year	Examples of outcomes from stakeholder engagement
<p>Our clients</p> <p>We provide financial services and products to nearly five million clients in South Africa, the UK, USA and China. We impact people's lives in the areas of healthcare, life assurance, short-term insurance, investment and savings</p>	<ul style="list-style-type: none"> • Member-based research and surveys • Outbound surveys and interviews • Complaint and escalation process • Discovery website • Social media (Facebook and Twitter) • Discovery magazine • Electronic newsletter • Claims statements • Corporate Health Managers who regularly meet with employers • Employer website and call centre • Year-end revision launches and communication • Presentations to employees of companies • Discovery Invest Leadership Summit • Discovery Invest Moneyweb seminars • Regular product and benefit updates 	<p>Our regular member surveys and research help us to assess our service to our members and to identify any areas for improvement. For 2012, we have launched a series of initiatives aimed at helping members navigate the healthcare system. This includes HospitalXpress – an online tool that makes hospital admission more convenient and seamless for members. This service offers express pre-admissions and online tools to authorise admissions and confirm cover</p>
<p>Our employees</p> <p>The talent, skills, expertise and drive of our employees are all factors that make our business innovative and competitive. Our employees are critical to our continued growth and success</p>	<ul style="list-style-type: none"> • Discovery intranet • Employee roadshows • Discover internal magazine • Stay and exit interviews • Leadership roadshows and conference • Company-wide performance appraisals • Electronic newsletters • Annual Leadership Conference • Employee engagement survey 	<p>To achieve our goal of retaining talented, high-performing employees at Discovery, it is essential that we understand what issues are important to them and how they feel about working at Discovery. In February 2011, we ran the Corporate Leadership Council's employee engagement survey across the company. This measured employees' rational and emotional commitment to Discovery, as well as their intent to stay. The online survey is used globally and results can be compared to global, South African and Discovery benchmarks</p>
<p>Healthcare professionals</p> <p>Healthcare professionals in South Africa and globally are critical to the sustainability of healthcare industries. The continued development, growth and provision of healthcare services have a direct impact on our health business</p>	<ul style="list-style-type: none"> • Thought Leadership Summit • PracticeXpress • Key account managers • Engagement with representative bodies on specific industry issues • Articles in medical journals 	<p>PracticeXpress is aimed at not only improving the quality of care a patient receives within the healthcare system, but also gives healthcare professionals an integrated view of a patient's medical history. It also reduces the administrative burden on doctors by allowing a seamless integration of downstream care</p>

Our framework for sustainable development

Our stakeholders

Stakeholder group	How we engaged with our stakeholders during the past year	Examples of outcomes from stakeholder engagement
<p>Industry bodies, regulators and government</p> <p>The industries in which we operate and the regulators that govern our industries are important stakeholders to us. We have a responsibility to engage with the regulators and industry representatives on key industry issues</p>	<ul style="list-style-type: none"> • Regular meetings and engagement with regulators, including the National Credit Regulator, Financial Intelligence Centre, the Council for Medical Schemes, the Department of Trade and Industry, the Financial Services Board in South Africa, the Association of Savings and Investments of South Africa (ASISA) and the Financial Services Authority in the UK • Active participation in industry bodies and debates 	<p>We actively engaged with the Government and regulators to contribute to strategic development initiatives in our industries. This included:</p> <ul style="list-style-type: none"> • Participation in ASISA forums about various changes in the regulatory environment • Participation in industry forums on the Protection of Personal Information Act • Continuing our participation in the industry regulatory workshop, the Solvency Assessment Management project • Continuing our work with industry stakeholders to develop an industry code that will address the requirements of the Consumer Protection Act • Continuing our support for the Prescribed Minimum Benefits project to finalise the Code of Conduct
<p>Financial advisers</p> <p>We work with independent financial advisers and Discovery proprietary distribution channels to ensure proper financial advice to our clients</p>	<ul style="list-style-type: none"> • Discovery Insights Series • Product launches for Discovery Health, Discovery Invest, Discovery Insure and Discovery Life • Supporting marketing material and tools • Ongoing communication through electronic newsletters and website articles • Intermediary Advisory Forum • Training material and support • Continuous Professional Development days that form part of quarterly training • Recognition for high performers in Discovery's proprietary distribution channels 	<ul style="list-style-type: none"> • The Discovery Insights Series is a series of regular workshops on relevant industry topics. These workshops are aimed at equipping financial advisers to provide high-quality advice and service on complex financial products • A range of additional knowledge courses offered by our training department • We introduced development consultants to ensure business consultants are best equipped to market our products • Recognition programmes aim to increase new business and quality service to clients

Our framework for sustainable development

Our stakeholders

Stakeholder group	How we engaged with our stakeholders during the past year	Examples of outcomes from stakeholder engagement
Investors and analysts Investors and analysts are important stakeholders to us, as their perception of our performance could impact how the market views Discovery	<ul style="list-style-type: none"> • Annual and interim results announcements • Annual Report • Investor relations website • Investor one-on-one meetings with institutional investors and sell-side analysts after results announcements • Investor roadshows 	<ul style="list-style-type: none"> • We received the Investment Analyst Society award for “Best Company Presentation to the Society” for companies with a market capitalisation above R20 billion • We received the Nkonki Financial Mail Integrated Reporting survey award. Discovery’s Annual Report was rated second out of the 15 financial sector company reports
The media The media has an important role to play in public debates about healthcare, financial services and wellness. Our engagement with the media helps us to build necessary relationships	<ul style="list-style-type: none"> • Editor forums and round-table discussions • Media lunches • Discovery Health Journalism Awards • Discovery Rhodes Centre for Health Journalism 	<ul style="list-style-type: none"> • The Discovery Health Journalism Awards help to develop health reporting in South Africa – a critical factor for encouraging health debate in South Africa. During the year we awarded the second group of awards to journalists • Specialist courses offered in health journalism as part of our partnership with Rhodes University support the objective of the Discovery Health Journalism Awards
Small to medium enterprises (SME) and entrepreneurs We have partnerships with small and medium businesses, as well as entrepreneurs that form part of our supply chain. Through our enterprise development investments, we help develop and grow young and talented entrepreneurs	<ul style="list-style-type: none"> • Working with Enterpriseroom, a specialist enterprise development consultancy, to develop our enterprise development programme further • Support for incubators to help develop entrepreneurship in South Africa 	<ul style="list-style-type: none"> • Discovery has provided R3 million to The Awethu Project, an initiative launched in April 2010 to develop entrepreneurial potential in young South Africans from poor communities
Community and public healthcare organisations We are able to use our resources to help support and develop our communities in the area of healthcare. We currently provide ongoing support to 32 community healthcare organisations. We have provided grants and scholarships for medical specialist training to 143 healthcare professionals	<ul style="list-style-type: none"> • Symbolic hand-over meetings with community projects and one-on-one meetings • Meetings with deans and medical schools for the Discovery Foundation • Discovery Foundation Alumni Conference, aimed at giving recipients the opportunity to build relationships and networks with their peers • Discovery volunteers provide long-term support for community projects through the Adopt a Project programme 	<ul style="list-style-type: none"> • We hosted the fourth Discovery Foundation Alumni Conference in June 2011 • The Discovery Foundation has commissioned Health and Development Africa (Pty) Ltd to conduct a mid-term evaluation of the Foundation Awards programme. The outcomes of this report will contribute to the Foundation’s strategic direction for the next five years

Key sustainability indicators

	GRI indicator	2011/2010	2010/2009	2009/2008	2008/2007
Market capitalisation (R million)		22 817*	20 747*	15 296*	12 845*
Earnings per share		464.4*	309.9*	219.9*	212.9*
Price earnings per share		8.30*	11.31*	11.75*	10.19*
Dividend yield		2.33*	1.97*	2.26*	2.05*
Net asset value (R million)		8 973*	8 382*	7 013*	6 164*
Authorised shares		1 000 000 000*	1 000 000 000	1 000 000 000	Not reported
Issued shares		591 872 390*	591 953 180	591 953 180	Not reported
Members of the Discovery Health Medical Scheme – South Africa's largest open medical scheme		2 539 806*	2 346 212	2 151 544	2 031 366
Discovery Health Medical Scheme lapse rate		4.07%	4.1%	4.6%	3.96%
Discovery Life individual policyholders in South Africa		704 503	341 584*	331 572*	324 064*
New Business API (R million)		7 458*	7 618*	5 866*	5 144*
Total assets (R million)		30 905*	20 994*	14 931*	11 038*
Number of permanent employees worldwide	LA1	7 107	Not reported	Not reported	Not reported
Total number of incidents of discrimination and actions taken	HR4	None	None	Not reported	Not reported
Number of dismissals	SO4	24	Not reported	Not reported	Not reported
Investment in the community through the Discovery Fund (committed) (R million)		11 370 371	8 598 420	4 230 000	4 745 100
Value of Discovery Foundation funding (committed) (R million)		16 038 334	Not reported	Not reported	Not reported
Spend on Public-Private Initiatives (R million)		10 050 831	Not reported	Not reported	Not reported
Number of employee volunteer Adopt a Project initiatives		21	Not reported	Not reported	No reported
Enterprise development loans granted (R million)		15 400 000	Not reported	Not reported	Not reported
Number of incidences of non-compliance across the business	PR9	0	Not reported	Not reported	Not reported
Value of fines for non-compliance	SO8	R0	Not reported	Not reported	Not reported
Direct energy consumption by primary source	EN3	3 420MWH	1 238.12 MWH	Not reported	Not reported
<i>*Figures are restated according to audited information</i>					
Indirect energy consumption by primary energy source	EN4	29 412.63 MWH	30 825.29 MWH	Not reported	Not reported

Key sustainability indicators

	GRI indicator	2011/2010	2010/2009	2009/2008	2008/2007
Total water withdrawal by source	EN8	110 587KL	62 049 KL	Not reported	Not reported
Total direct and indirect greenhouse gas emissions by weight	EN16	4 171.95 tons**	1 275.26 tons	Not measured	Not measured
Other relevant indirect greenhouse gas emissions by weight	EN 17	44 852.86 tons	44 213.58 tons	Not measured	Not measured
Total weight of waste by type and disposal method	EN22	89 124.40 kg	34 325 kg	Not reported	Not reported
Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	EN28	R0.00	R0.00	Not reported	Not reported
Total environmental protection expenditure and investments by type	EN30	R201 600 Investment breakdown: R79 200 carbon footprint audit for 2010/2011 R90 000 supplier retainer for various projects R32 400 Carbon Disclosure Project	R1 199 750 Investment breakdown: R900 000 for energy efficient lighting and sensors in Cape Town and Durban branches R299 750 for carbon audit and energy efficiency audit	Not reported	Not reported
Inclusion in JSE SRI		Not available	✓	✓	✓
Participation in CDP		✓	✓	✓	

**We have improved the scope and measurement of our greenhouse gas emissions and have amended our baseline year to the financial year: 1 July 2010 to 31 June 2011



Our
SUSTAINABILITY
performance during the past year

Our sustainability performance during the past year

Our sustainability priorities for 2011

Our important focus areas during the past year

Engaging with stakeholders on our sustainability strategy

During the year under review, we completed an extensive internal stakeholder engagement process at different levels within our company. This engagement provided insight into the business and assisted in refining our approach to sustainability. It simultaneously assisted in embedding sustainability into the business. No significant concerns were raised through this process. We did not start our process of engaging with external stakeholders and will focus on this area going forward as we are currently developing a robust stakeholder engagement process.

Communicating our sustainability strategy

Achieving our sustainability objectives depends on our sustainability approach being firmly entrenched into the business at all levels. To embed sustainability into Discovery, a sustainability change management programme was started during the past year. Our internal stakeholder engagement process formed part of this programme to engage our employees on sustainability and what this means to Discovery. The programme also included the development of a change agent network, consisting of employees from all business areas that act as sustainability champions throughout the business.

Discovery's change management programme

Discovery's sustainability strategy and framework for sustainable development are currently being rolled out into the business. This is being done through the change management programme, which was launched in January 2011 to ensure that sustainability is firmly integrated and entrenched into our core business and across the different companies. This is a year-long project and is being facilitated by Accenture, a company with extensive experience in change management and sustainability.

A number of activities have been undertaken. These include:

- **Future Visioning workshops** held with the senior leadership team as well as dialogues on risk to create a long-term sustainability vision for Discovery
- **Action plans** which will detail the key sustainability projects and initiatives, objectives and timelines. These will be used to monitor our progress in achieving our sustainability objectives
- **Focus groups** with employees throughout the business. The aim was to engage employees on the strategy and framework, and to share Discovery's vision. Employees were encouraged to look at what is currently working in the company to support sustainability, what should start happening and what needs to stop. Distinct themes emerged from the process, which are providing a great deal of insight
- **An employee survey** to measure employee engagement with sustainability.

Agreeing on sustainability targets across our business

After extensive internal engagement, we have agreed on and implemented specific priorities for each key sustainability area. These are set out in detail from page 26 of the report.

We have recently completed work on developing a sustainability performance management system. This process will assist us in monitoring, tracking and reporting on our sustainability performance to ensure we are meeting our targets and objectives. We are currently examining key inputs for the system, such as conducting risk assessment workshops, developing guidelines and processes, as well as developing a data management system.

In the year under review, Discovery joined the National Business Initiative (NBI), a voluntary coalition of 140 South African and multinational companies working together towards sustainable growth and development in South Africa. The NBI has been acknowledged by the Government and other stakeholders as a credible partner to engage with on socio-economic and environmental issues.

Our performance in each key sustainability area

A values-based culture of opportunity and innovation



Why this is important

Our people form an important part of our continued growth and success. This is because our ability to innovate and build a sustainable business depends on attracting and retaining talented employees, and valuing the diversity of our workforce.

Our priority

Our priority is to enable our people to develop their full potential through a culture of innovation and performance that embraces diversity and transformation.

Our priorities for 2011

- Rejuvenating our core values throughout the business
- Continuing to develop our leaders
- Continuing to embrace diversity in our business to meet our transformation goals
- Increasing employee engagement in Discovery and retaining talented employees
- Integrating and aligning the Standard Life Healthcare team into Discovery

Our focus areas during the past year

Focus area

Rejuvenating our core values

The core values of our business form an important part of our company culture and guide us in how we do business. During the year we focused on developing a long-term plan to rejuvenate the values of Discovery throughout all our businesses. We started implementing this plan during the second half of 2011 and we will continue with this plan over the next year.

Focus area

Developing our leaders

We understand and recognise the importance of equipping our leaders to inspire and mobilise our people to deliver current business requirements and meet future demands. To achieve this we developed an integrated model of leadership development aimed at developing leaders at all levels within the business.

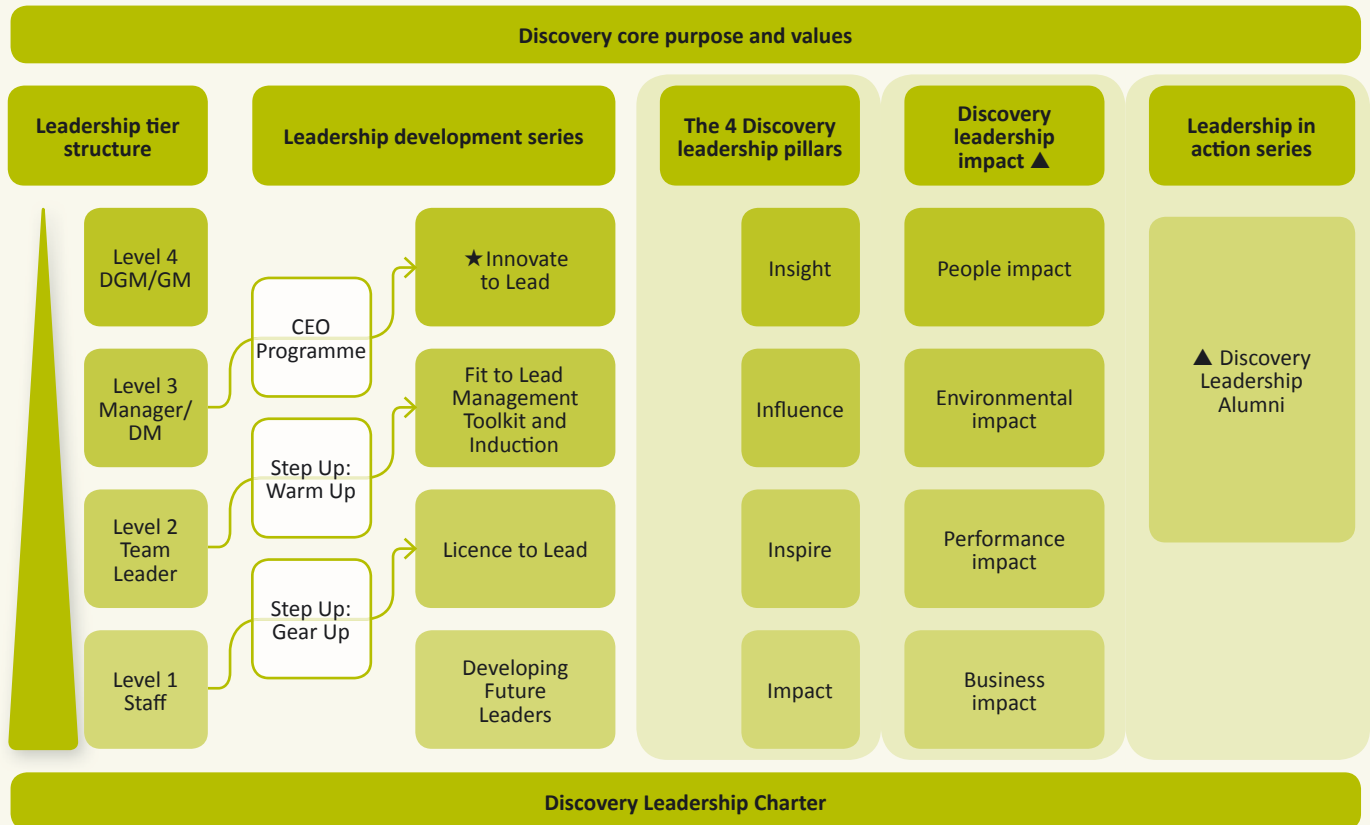
Our performance in each key sustainability area

A values-based culture of opportunity and innovation

Focus area

Developing our leaders

This is captured in the Discovery Leadership Architecture. Discovery’s core purpose, values and leadership charter are the blueprint for the design of this architecture.



★ To be designed
▲ To be piloted

CASE STUDY

Discovery leaders never stop learning

We designed a leadership development series to ensure that Discovery leaders are equipped with the essential skills to perform at each level in our business. The development series and structure are aligned to create transparent opportunities for leadership development and potential career progression. The aim is to develop a Discovery leadership standard to meet both current and future business priorities.

To measure the impact of our development series, we developed a model based on four factors: people, environment, performance and business impact. This new model will be piloted in two of our existing programmes.

Our leadership charter states that “Discovery leaders never stop learning” and the leadership in action series aims to live this

principle through an “alumni” approach. The series, to be piloted within the next year, is based on three key components:

- **Programme Reconnect** – allows delegates from specific development programmes to reconnect with each other through a range of platforms. The focus is on refreshing learnt leadership principles and sharing application experiences
- **Discovery Leader Connect** – allows delegates to connect across the development series. The focus is on highlighting internal Discovery leadership initiatives and exploring new thought leadership opportunities
- **Global Leader Connect** – allows delegates to connect across the entire Discovery group. The focus is on harnessing the collective pool of leadership talent to explore leadership trends both locally and internationally.

Our performance in each key sustainability area

A values-based culture of opportunity and innovation

Focus area

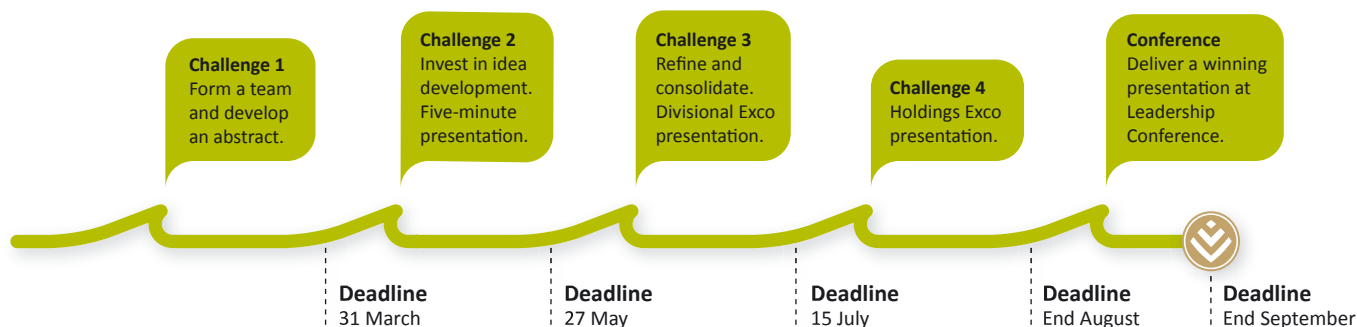
Developing our leaders

CASE STUDY

Discovery Inspiring Excellence Award

In 2010, we launched the Discovery Inspiring Excellence Award aimed at encouraging our leaders to be innovative by either identifying smarter ways of doing things or by coming up with a new idea that would add value to the business. The process is rolled out through a series of challenges throughout the year, and culminates in the selection of an overall annual winner.

The award process is broken up into a series of challenges, with best teams and ideas moving through to the next challenge. The teams that move through to the fourth challenge have the opportunity to present their ideas to their peers at the annual Discovery Leadership Conference.



Training and development

Continuous learning is key to ensure we deliver quality and innovation in our everyday work. We provide opportunities for Discovery employees to develop their skills and expertise – both through online training as well as targeted training and learning opportunities.

To manage and administer our training interventions, we have focused on automating certain key learning processes within Discovery. We have developed a Learning Management System to bring together training interventions and delegates, and to facilitate administration, tracking and reporting on training. Our priority for 2012 is to focus on how we leverage the existing capability of the system across the various business areas by identifying high-demand, high-impact opportunities.

The training and skills development spend as % of payroll	3
Average number of hours of training per employee	5
Number of black candidates enrolled on the CEO programme	17
Number of disabled candidates on learnerships	25

CASE STUDY

An innovative idea to help eradicate cervical cancer

One of the outstanding ideas in the 2010 Discovery Inspiring Excellence challenge was that of a team from Discovery Vitality. Their idea, HPV Vaccination for All, is a radical plan to eradicate cervical cancer in South African girls.

Cervical cancer is the leading cause of cancer death of women in the developing world and the second most common cancer (after breast cancer) among women worldwide. Globally 500 000 women develop cervical cancer and 276 000 women die from the disease annually (World Health Organization statistics). In South Africa, cervical cancer is a national health priority.

Vitality supported research by the University of Pretoria on vaccination for HPV (Human Papilloma Virus) of Grade 6 girls and the screening of their mothers, and is vaccinating the girls participating in the study. This is taking place at three pilot sites in Pretoria and the Western Cape.

The aim of the HPV Vaccination for All project is to have vaccinated 2 000 girls by the end of 2011. There is an opportunity to vaccinate a further 4 000 girls in 2012 and 2013. The Discovery Fund has committed funding for the delivery of the vaccines, which started in March 2011. Ongoing meetings are being held to look into the delivery and funding of a national HPV vaccination programme.

Our performance in each key sustainability area

A values-based culture of opportunity and innovation

Focus area

Embracing diversity in our business

We are committed to transforming our workforce into an engaged, diverse and representative community. All South African businesses are faced with the challenge of attracting, developing and retaining black employees at senior and executive management levels. One of the ways in which Discovery addressed this challenge and supported our transformation objectives during the year under review is through the Discovery CEO programme, aimed at high-potential, primarily black senior leaders within Discovery. The programme, launched in 2010, was used to attract new talent as well as develop existing talent. The objective was to position these individuals for possible future executive positions, thereby strengthening leadership bandwidth while at the same time meeting our diversity objectives.

131%
more people with disabilities employed by Discovery during the year

Providing development opportunities for people with disabilities is a further transformation priority for us. During the year, we implemented the following approach:

- Increasing the skills of people with disabilities through a specifically designed bridging programme
- Including people with disabilities in learnerships
- Recruiting people with disabilities at all levels of the organisation by ring-fencing positions and working with agencies specialising in placing people with disabilities
- Empowering and liberating existing and new employees living with disabilities and supporting them where necessary.

CASE STUDY

Discovery CEO programme

The Discovery CEO programme, launched in 2010, had the dual objectives of strengthening our senior leadership group and supporting our leadership objectives. The programme is aimed at developing talented, high-potential black employees at executive management level. It was designed in partnership with Duke Corporate Education and exposed the 21 candidates to the best in local and global business thinking. A combination of formal and informal learning, coaching and mentoring, together with a challenging role in the business ensured a holistic development experience for the candidates.

The programme ran for 14 months and ended in August 2011. It consisted of:

- Formal classroom-based learning, partnering with Duke Corporate Education
- One-on-one and group executive coaching sessions
- On-the-job experiences, such as involvement in key business projects
- Exposure to the Discovery executive team through planned engagement sessions
- A trip to the USA covering a stimulating mix of executive education and company visits (the group met executives at Google and PepsiCo, among others).

Fikile Futwa (34), Executive Associate, Group Finance: Discovery
 What does your job entail? It involves participating in strategic debates with management and corporate governance structures. I also engage in project management.
 What personal qualities have been most beneficial to your business success? Being action-orientated; it's important to deliver. Passion; you have to enjoy what you do. Humility; treat all people with respect and dignity.
 What challenges are currently facing the financial industry? The role of finance professionals has evolved from being "bean counters" to a more strategic one. Finance teams need a deeper understanding of business in order to ensure continuous growth and development.
 Tell us about the Discovery CEO programme. This leadership development programme focuses on personal and professional growth. Each one of us has an executive mentor and access to leading thinkers, both inter-organisationally and within the company, through structured training interventions.
 "The role of finance professionals has evolved from being 'bean counters' to a more strategic one."

Althea Discala (31), Joint Venture Manager, Real Estate Investments: Standard Bank Property Group
 Accounting was always the subject I enjoyed and excelled at most in school. After researching the CA profession, I realised this field was almost an untapped territory for African, Indian and coloured (AIC) women in SA. I've always wanted to work in an investment bank, so I got my foot in the door as an Investment Accountant at Standard Bank.
 "Initially, being an AIC female working in a predominantly white male environment was challenging, but it's essential to accept and complement people with different personalities, objectives and values.
 "Becoming a CA is one of my greatest achievements. I'm also proud that I made it into property distilling, which was previously a male-focused area.
 "There isn't sufficient guidance and support for potential CAs, especially in black communities. There aren't enough mentors to assist, educate and prepare students for the hard work that lies ahead. As a result, a large number of students don't complete their qualifications.
 "I'm a results-orientated person who believes that with a positive outlook, persistence and a never-say-die attitude, you can achieve the impossible."

Our performance in each key sustainability area

A values-based culture of opportunity and innovation

Focus
area

Embracing diversity in our business

Employment equity

We have developed a successive employment equity plan for 1 July 2010 to 30 June 2013. This development plan sets out our targets and goals for achieving employment equity. Significant progress has been made over the past financial year towards the Economically Active Population (EAP) targets as outlined in the employment equity plan, especially with regards to African women. White men and women remain over-represented, and considerable focus is still required to increase African representation.

Total number of permanent employees by race and gender as at 30 June 2011

Occupational levels	Male					Female					Total
	African	Coloured	Indian	White	Foreign Nationals	African	Coloured	Indian	White	Foreign Nationals	
Top management	0	0	1	18	0	1	0	0	0	0	20
Senior management	13	8	14	108	8	20	6	21	80	6	284
Professionally qualified and experienced specialists and mid-management	30	13	42	153	4	40	31	51	185	11	560
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	228	139	293	356	29	334	223	361	502	30	2 495
Semi-skilled and discretionary decision-making	454	180	252	350	22	673	270	290	348	34	2 873
Unskilled and defined decision-making	0	0	0	0	0	0	0	0	0	0	0
TOTAL PERMANENT	725	340	602	985	63	1 068	530	723	1 115	81	6 232
GRAND TOTAL	725	340	602	985	63	1 068	530	723	1 115	81	6 232

Employment equity figures are for South African permanent employees only.

Our performance in each key sustainability area

A values-based culture of opportunity and innovation

Focus
area

Increasing employee engagement and retaining talented employees

To achieve our goal of retaining talented, high-performing employees at Discovery, it is essential that we understand what issues are important to them and how they feel about working at Discovery. In February 2011, we ran the Corporate Leadership Council's employee engagement survey across the company. This measured employees' rational and emotional commitment to Discovery, as well as their intent to stay. The online survey is used globally and results can be compared to global, South African and Discovery benchmarks.

This year, we had an 83% response rate overall. The results showed that Discovery is significantly above the global benchmark for "Highly Committed True Believers" (Discovery 12%, benchmark 7%). The number of disaffected or unengaged employees has reduced from 22% in 2010 to 20% in 2011. Emotional and rational commitment both remained high against the international benchmark at the 75th and 85th percentile respectively.

The "Intent to Stay" score has increased by 15% compared to 2010, but remains comparatively low at the 40th percentile. "Intent to Stay" increased globally as a result of the financial crisis, which resulted in fewer opportunities for movement and people remaining in their existing jobs. The financial crisis did not have as severe an impact in South Africa, where the job market remained relatively buoyant. This may explain why Discovery's "Intent to Stay" score appears relatively low, even though both rational and emotional commitment is high.

On the question "How likely are you to recommend Discovery as an Employer of Choice?", net promoters increased from 19% in 2010 to 23% in 2011.

An in-depth talent management programme is currently underway across Discovery. The programme is engaging business heads, executives and managers in identifying high-potential employees and future Discovery leaders at senior management levels throughout the business. Once individuals have been identified, they will be appropriately developed and managed to retain their skills and talents within our organisation.



“Over the past year, we have increased our employees' engagement in Discovery Prosperity, our internal rewards programme, through regular communication about the programme, how it works and the associated rewards. This exclusive programme aims to encourage employees to improve their skills, look after their health and wellness, and offer their time and skills in the Discovery Employee Volunteer Programme. By participating, employees stand the chance to double their salary in a particular month, win R100 000 and earn extra leave.”

A values-based culture of opportunity and innovation

Focus area

Integrating the Standard Life Healthcare team into Discovery

Discovery acquired Standard Life Healthcare, the fourth largest health insurer in the UK, in August 2010.

We completed the process of integrating Standard Life Healthcare into PruHealth and Discovery.

The first PruHealth Leadership Conference was held in the UK in March 2011, at which leaders were given the opportunity to explore the business strategy, values, brand, and value proposition to the market. We also hosted employee roadshows at our three UK sites. Several initiatives were launched to employees, who also had the opportunity to engage with one another and the Discovery values.

We launched the Annual Discovery Star Awards programme in the UK. This year will see six individuals joining winners across Discovery on an international trip and a learning experience at a globally recognised institution.

Other initiatives included:

- Long Service Awards which included a breakfast with the PruHealth CEO for all award winners
- Leadership breakfasts with the PruHealth CEO, which was a chance for employees to hear company updates and ask questions
- “Get in the Loop” sessions with leaders from around the business who gave updates on their business areas
- Exchange sessions, at which employees were invited to exchange views on particular topics
- The launch of Discovery’s intranet to PruHealth and PruProtect employees
- The rollout of Vitality to all employees supported by an internal campaign which engaged people in healthy activities.

CASE STUDY

Wellness at Discovery

We understand that the workplace provides a good opportunity to promote and encourage a healthy lifestyle that not only impacts employees positively, but also impacts the company’s financial performance positively. Our priority is therefore to provide a working environment that enables them to lead full and healthy lives. We provide health, lifestyle and financial services to make their lives easier and encourage them to be healthier. These services range from an onsite gym at all our South African sites, a wellness centre, Wellness Days, HIV counselling and testing, an employee assistance programme as well as a crèche in Sandton.

During 2011, in addition to our normal wellness activities, we ran a six-week campaign encouraging our employees to have their health checked and take part in mini-triathlons. The campaign included various forms of exercise, free flu vaccines, stress, nutrition and fitness assessments, and special offers by Vitality partners such as Weight Watchers and Smokenders.



Discovery mini-triathlon participants

1 000 people	took part in the mini-triathlons
1 389 people	had a free flu vaccine
3 252 people	attended the Wellness Day
3 250 people	had an HIV test

A total of 59% of our employees attended the Wellness Day and had their health checked – a 12% increase in attendance compared to 2010. The results of the Wellness Day highlight the need to continue focusing on our risk factors which include nutrition, exercise and smoking.

Our performance in each key sustainability area

A values-based culture of opportunity and innovation

Focus area

HIV and AIDS in our workplace

In November 2010, a Knowledge, Attitudes and Practices (KAP) survey was rolled out to all permanent employees to assess the change in Discovery people’s knowledge, attitudes and practices since the first KAP survey in 2006.

All answers were anonymous and confidential and participation was voluntary.

The results of the survey indicated:

- High levels of awareness of the Discovery HIV and AIDS policy (an 18% increase to 73%)
- 33% participated in information talks and awareness training
- 25% participated in HIV testing initiatives
- While most employees wanted additional training on HIV and AIDS, 22% wanted no additional training

- 64% of respondents felt Discovery was doing enough regarding HIV and AIDS in the workplace and 8% believed the company was doing too much
- Where additional training was requested, emphasis was placed on more advanced topics such as new treatment updates and assistance with children and teenagers
- 80% of respondents were uncertain if those living with HIV had the support of their managers or the company as a whole.

During the new financial year, the results of the KAP survey will drive our HIV and AIDS initiatives. Managers will be invited to attend training sessions on how to support HIV-positive employees more effectively and our employees will be exposed to more awareness and communication initiatives regarding HIV and AIDS.

34%	employees completed the KAP survey
83%	are in the 21-40 year age group
48%	have worked for Discovery for 4 years or more
77%	are in long-term relationships (2006 – 67%)
43%	are managers

Our priorities for 2012

- Continue to identify, develop and retain talented employees through our talent management programme
- Focus on developing the leadership skills of Discovery people through our Leadership Development Architecture, with a special focus on senior leadership development
- Focus on rejuvenating Discovery’s core values throughout all our businesses
- Continue our focus on diversity and transformation
- Encourage the health and wellness of our employees
- Engage employees in our business through our internal rewards programme, Prosperity