



# About this report

This report has been prepared in line with the guidelines of the International Integrated Reporting Council and we have aimed to make it as concise as possible. Building on our reporting in previous years, it presents readers with a complete picture of our business, our strategy, issues that are material to our business, and how we create value through Vitality Shared-Value Insurance.

This report is supplemented by a separate Sustainable Development Report in which we provide additional details about our contribution to achieving global and local sustainable development objectives. Our Sustainable Development Report is prepared in accordance with the G4 guidelines of the Global Reporting Initiative (GRI) at a core level. It also outlines our Communication of Progress to the United Nations Global Compact (UNGC). Discovery became a UNGC signatory in June 2015.

## SCOPE AND BOUNDARY

In this report, we cover the operations of:

- Discovery Limited, including Discovery Health, Discovery Vitality, Discovery Life, Discovery Invest, and Discovery Insure in South Africa.
- VitalityHealth and VitalityLife in the United Kingdom.
- Our international operations, under Vitality Group.

We identify where non-financial data applies only to our South-African based businesses.

## MATERIAL ISSUES FOR REPORTING

We identified issues which we believe represent some of the most material challenges for our business today. The issues were identified by Executives in our business, from a review of key risks identified in our governance structures, and from commentary by external stakeholders.

We discuss material issues throughout our report and have included a summary in the governance section, as well as in the Corporate Governance Report published on [www.discovery.co.za](http://www.discovery.co.za), which supplement our reporting on how we run our business.

## GOVERNANCE AND COMPLIANCE

During the year under review, Discovery complied with the mandatory principles of governance, as contained in the JSE Listings Requirements, as well as with the principles of King III. We have taken active steps to assess the requirements of King IV and to comply with mandatory requirements by the due date. A compliance programme is in place whereby the level of compliance of the Group is monitored at regular intervals. Read our Corporate Governance Report, which gives details about our compliance with the King Code, at [www.discovery.co.za/info/Governance](http://www.discovery.co.za/info/Governance)

## STATEMENT OF APPROVAL BY THE DISCOVERY BOARD OF DIRECTORS

The Discovery Limited Board of Directors approved the Integrated Annual Report for the period on 9 October 2017. Approval was given following review by the Board of Directors, assessment of content by Group Internal Audit, and the recommendation of the Discovery Audit Committee.

**Monty Hilkwitz**

*Chairperson of the Discovery Limited Board of Directors*

## HOW WE REPORT TO OUR STAKEHOLDERS

Along with our integrated annual report, stakeholders can also read our other reports, which provide detailed information on Discovery, our prospects, and our financial and social performance.

### Integrated Annual Report

Our Integrated Annual Report provides our financial, economic, and social performance in relation to our business strategy going forward.

[www.discovery.co.za/info/2017integratedreport](http://www.discovery.co.za/info/2017integratedreport)

### Annual Financial Results presentation

A presentation of Discovery's Annual Financial Results to investors.

[www.discovery.co.za/info/2017annualresults](http://www.discovery.co.za/info/2017annualresults)

## PREPARATION OF DISCOVERY'S ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017:

### Annual Financial Statements

- L van Jaarsveldt CA(SA) (prepared)
- D Viljoen CA(SA) FCMA (supervised)

### Embedded Value Statement

- M Curtis FASSA, FIA (prepared)
- A Rayner FASSA, FIA (supervised)

## COMMENTS

We value feedback and comments on our reports and other publications from our stakeholders.

Please send your comments to [askthecfo@discovery.co.za](mailto:askthecfo@discovery.co.za)

### Contact us

**Mr Deon Viljoen**

*Discovery Group Chief Financial Officer*  
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## STATEMENT FROM DISCOVERY GROUP INTERNAL AUDIT

Discovery Group Internal Audit conducted a limited review of the quantitative data in the Discovery 2017 Integrated Annual Report, with the exception of the Annual Financial Statements.

Set out below is a summary of the procedures performed to verify the financial and non-financial information in the Integrated Annual Report, as well as key performance indicators, and the Global Reporting Initiative indicators in the Sustainable Development Report (and related website) for the year ending 30 June 2017.

Discovery Group Internal Audit obtained an understanding of:

- The stakeholder engagement process;
- The selection and application of reporting policies;
- The factors management considered in preparing the Integrated Annual Report and the Sustainable Development Report (and the related website).
- Discovery Group Internal Audit made enquiries of management, employees and those responsible for preparing the Integrated Annual Report and the Sustainable Development Report (and related website).
- Discovery Group Internal Audit inspected relevant supporting documents, as well as internal sources (as confirmed by management), and obtained external confirmation and management representation, where necessary, for the purpose of the audit engagement.
- Discovery Group Internal Audit conducted analytical procedures and limited tests of detail responsive to the risk assessment and the level of assurance required. This included a comparison of judgementally selected information to the underlying source documents from which the information in these reports has been derived.

Based on the evidence obtained in completing this limited assurance engagement, Discovery Group Internal Audit believes the quantitative information in the Integrated Annual Report and the Sustainability Development Report, sufficiently and appropriately represents the Group's performance for the year ended 30 June 2017.

### Full Annual Financial Statements

This presents the full Annual Financial Statements and administration requirements.

[www.discovery.co.za/info/2017financials](http://www.discovery.co.za/info/2017financials)

### Sustainable Development Report

This report and detailed website chart our relationship with the broader society. It describes how we work with partners to achieve common sustainable development goals, and create value.

[www.discovery.co.za/info/2017sdreport](http://www.discovery.co.za/info/2017sdreport)

### Governance and compliance

This year we include a summarised governance section focusing on governance, compliance and regulation. A detailed governance report, including compliance, our King IV compliance, and risks can be found on the website.

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