





REPORTING, REMUNERATION AND GOVERNANCE

About this report

92

Remuneration report

94

Governance overview

117



About this report

This report has been prepared in line with the guidelines of the International Integrated Reporting Council.

The report aims to present readers with a complete view of our business, strategy, the issues that are material to our business, and how we create value through our Shared-Value Insurance model.

This Integrated Annual Report is supplemented by a separate Sustainable Development Report in which we provide additional information about our progress against global and local sustainable development objectives.

Our Sustainable Development Report is compiled in line with the G4 guidelines of the Global Reporting Initiative (GRI) at a core level. It also outlines our progress against the United Nations Global Compact (UNGC), of which we became a signatory in 2015.

SCOPE AND BOUNDARY

In this report, we cover the operations of:

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

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

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 IV on Corporate Governance for South Africa (King IV™). We have assessed the requirements of King IV™ and comply with the mandatory requirements. Refer to our governance report on www.discovery.co.za, which provides more information about our Governance Framework compliance.

MATERIAL ISSUES FOR REPORTING

We identified issues which represent some of the most material challenges for our business today. These were identified by the executive management team in our business, from a review of key risks identified in our governance structures, and from engagement with external stakeholders.

We discuss material issues throughout our report and have included details in the governance section, as well as in the detailed governance report published on www.discovery.co.za, which supplements our reporting.

STATEMENT OF APPROVAL BY THE DISCOVERY BOARD OF DIRECTORS

The Discovery Limited Board of Directors approved the 2018 Integrated Annual Report on 12 October 2018.

Approval was provided following review by the Board of Directors, assessment of content by Group Internal Audit, and the recommendation of the Discovery Audit Committee.

Monty Hilkowitz

Chairperson of the Discovery Limited Board of Directors

PREPARATION OF DISCOVERY'S ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Annual financial statements

L van Jaarsveldt CA(SA) and A Nel CA(SA) (prepared)

D Viljoen CA(SA) FCMA (supervised)

Embedded value statement

M Curtis FASSA, FIA (prepared)

A Rayner FASSA, FIA (supervised)

STATEMENT FROM DISCOVERY GROUP INTERNAL AUDIT

Discovery Group Internal Audit conducted a limited review of the quantitative data in the Discovery 2018 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 GRI's indicators in the Sustainable Development Report (and related website) for the year ending 30 June 2018.

Discovery Group Internal Audit obtained an understanding of:

- The stakeholder engagement process.
- The selection and application of reporting policies.
- The factors that management considered in preparing the Integrated Annual Report and the Sustainable Development Report (web-based report).
 - Discovery Group Internal Audit made enquiries of management, employees and those responsible for preparing the Integrated Annual Report and the Sustainable Development Report (web-based report).
 - 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 judgements 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 Sustainable Development Report sufficiently and appropriately represents the Group's performance for the year ended 30 June 2018.

FEEDBACK

We value feedback on our reporting.

Please send your comments to
askthecfo@discovery.co.za

CONTACT US

Mr Deon Viljoen

Discovery Financial Director
 +27 11 529 1855

HOW WE REPORT TO OUR STAKEHOLDERS

In addition to our Integrated Annual Report, stakeholders can also refer to our other reports, which provide detailed information on Discovery, our prospects and our financial, operational 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/2018annualreport

Annual financial results presentation

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

www.discovery.co.za/info/2018presentation

Full annual financial statements

This presents the full annual financial statements and administration requirements.

www.discovery.co.za/info/2018financials

Sustainable Development Report

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

www.discovery.co.za/info/2018sdreport

Governance and compliance

We have included a summarised governance section focusing on governance, compliance and regulation in this report.

A detailed governance report, including information on our risks, compliance and King IV™ compliance, is available on our website.

www.discovery.co.za/info/2018governance