

# Notice of the annual general meeting

for the year ended 30 June 2018

## DISCOVERY LIMITED

(Registration number: 1999/007789/06)

ISIN: ZAE000022331

Ordinary share code: DSY

Preference share code: DSBP

ISIN: ZAE000158564

("the Company")

Notice is hereby given in terms of section 62(1) of the Companies Act No. 71 of 2008 as amended ("Companies Act") that the nineteenth Annual General Meeting ("AGM") of the Company will be held in the Auditorium, Ground Floor, 1 Discovery Place, on Monday, 26 November 2018 at 12h00 to – (i) consider and, if deemed fit to pass, with or without modification, the resolutions set out below; and (ii) deal with such other business as may be dealt with at the AGM.

The Board of Directors of the Company ("Board") has determined, in accordance with section 59(1)(a) and (b) of the Companies Act, that the record date for the purpose of determining which shareholders of the Company are entitled to receive notice of the AGM is Friday, 19 October 2018 and only shareholders of the Company who are registered in the securities register of the Company on Friday, 16 November 2018 will be entitled to participate in and vote at the AGM. Therefore, the last day to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate in and vote at the AGM is Tuesday, 13 November 2018.

In terms of clause 13.13 of the Company's Memorandum of Incorporation ("MOI"), holders of B Preference Shares (as that term is defined in the MOI) shall be entitled to receive notice of, and to be present either in person or by proxy, at the AGM, but they shall not be entitled to vote thereat. In terms of clause 12.7 and clause 14.5 of the MOI, the holders of the A Preference Shares and the C Preference Shares (as those terms are defined in the MOI) respectively shall neither be entitled to attend the AGM nor be entitled to vote, in person or by proxy, at any such meeting.

The Integrated Annual Report and the audited Annual Financial Statements for the year ended 30 June 2018, can be accessed on the Company website: [www.discovery.co.za](http://www.discovery.co.za) from 29 October 2018.

## ELECTRONIC PARTICIPATION IN THE AGM

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, to participate in the AGM by way of electronic communication as provided for in terms of the MOI and section 63(2) of the Companies Act. In this regard, shareholders or their proxies may participate in the AGM by way of a teleconference call and, if they wish to do so:

- Must contact the Company Secretary (by email at the address [thysb@discovery.co.za](mailto:thysb@discovery.co.za)) no later than 12h00 on Thursday, 22 November 2018 in order to obtain dial-in details for that conference call; and
- Will be required to provide reasonably satisfactory identification. Forms of identification include a green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver's licence or a valid passport.

Please note that the costs of the electronic communication described above will be for the account of the Company.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration are entitled to attend and vote at the AGM. Any such shareholder is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote at the AGM in his/her/its stead. A proxy does not have to be a shareholder of the Company.

Kindly note that, meeting participants (including proxies) are required in terms of section 63(1) of the Companies Act to provide reasonably satisfactory identification before being entitled to attend or participate in the AGM. Forms of identification include a green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver's licence or a valid passport.

This notice of the AGM includes the attached proxy form and the shareholder's attention is directed to the additional notes and instructions on the back of the form of proxy.

## ORDINARY RESOLUTIONS

### 1. Ordinary Resolution Number 1

#### Consideration of Annual Financial Statements

Resolved that the audited Annual Financial Statements, including the Directors' Report, Auditor's Report and the Report by the Audit Committee of the Company and all of its subsidiaries ("Group") for the year ended 30 June 2018 are accepted.

#### Additional information in respect of Ordinary Resolution Number 1

The complete audited Annual Financial Statements, including the Directors' Report, Auditor's Report and the Report by the Audit Committee, of the Company and the Group for the year ended 30 June 2018, are available on the Company website, [www.discovery.co.za](http://www.discovery.co.za) and the summarised Audited Consolidated Financial Statements are included in the Integrated Annual Report.

### 2. Ordinary Resolution Number 2

#### Re-appointment of External Auditor

Resolved that PricewaterhouseCoopers Inc. is re-appointed, as the independent external auditor of the Company, as nominated by the Company's Audit Committee, until the conclusion of the next AGM. It is noted that Mr Jorge Goncalves is the individual registered auditor who will undertake the audit for the financial year ending 30 June 2019.

#### Additional information in respect of Ordinary Resolution Number 2

In accordance with section 90 of the Companies Act, PricewaterhouseCoopers Inc. is proposed to be re-appointed as the external auditors of the Company, as nominated by the Company's Audit Committee, until the conclusion of the Company's next AGM.

### 3. Ordinary Resolution Number 3 (comprising Ordinary Resolutions Number 3.1 to 3.3 (inclusive))

#### Election of independent Audit Committee

Resolved that by way of separate ordinary resolutions each of –

- 3.1** Mr Les Owen, who is an independent non-executive director of the Company, be and is hereby re-elected as a member and the chairperson of the Company's Audit Committee for the financial year ending 30 June 2019.
- 3.2** Ms Sindi Zilwa, who is an independent non-executive director of the Company, be and is hereby re-elected as a member of the Company's Audit Committee for the financial year ending 30 June 2019.
- 3.3** Ms Sonja De Bruyn Sebotsa, who is an independent non-executive director of the Company, be and is hereby re-elected as a member of the Company's Audit Committee for the financial year ending 30 June 2019, subject to the passing of Ordinary Resolution 4.3 – Re-election as a non-executive director of the Company.

#### Additional information in respect of Ordinary Resolution Number 3.1 to 3.3

In terms of section 94(2) of the Companies Act, the Audit Committee is a committee elected by shareholders at each AGM. A brief CV of each of the independent non-executive directors mentioned above appear on pages 120 to 127. In terms of the Regulations promulgated under and in terms of the Companies Act ("Companies Act Regulations"), at least one-third of the members of the Company's Audit Committee must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. The Board is satisfied that the Company's Audit Committee members are suitably skilled, experienced as contemplated in Regulation 42 of the Companies Act Regulations and collectively they have the sufficient qualifications and experience to fulfil their duties as contemplated in section 94(7) of the Companies Act.

## 4. Ordinary Resolution Number 4

### Re-election of Directors

#### Ordinary Resolution Number 4 (comprising Ordinary Resolutions Number 4.1. to 4.3 (inclusive))

Dr Brian Brink, Dr Vincent Maphai and Ms Sonja De Bruyn Sebotsa all retire in accordance with clause 41.3 of the MOI and, being eligible, offer themselves for re-election.

Shareholders are requested to consider and, if deemed fit, to re-elect Dr Brian Brink, Dr Vincent Maphai and Ms Sonja De Bruyn Sebotsa as directors appointed to the Board.

By way of a separate ordinary resolution, it is:

- 4.1 Resolved that Dr Brian Brink who retires in terms of clause 41.3 of the MOI and who, being eligible, offers himself for re-election, be and is hereby re-elected as an independent non-executive director of the Company.
- 4.2 Resolved that Dr Vincent Maphai who retires in terms of clause 41.3 of the MOI and who, being eligible, offers himself for re-election, be and is hereby re-elected as an independent non-executive director of the Company.
- 4.3 Resolved that Ms Sonja De Bruyn Sebotsa who retires in terms of clause 41.3 of the MOI and who, being eligible, offers herself for re-election, be and is hereby re-elected as a non-executive director of the Company.

#### Additional information in respect of Ordinary Resolutions Number 4.1 to 4.3

Clause 41.3 provides that one third of the Company's directors shall retire at every AGM. Therefore, the reason for the proposed Ordinary Resolutions Number 4.1 to 4.3 (inclusive) is to elect, in accordance with the MOI and by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required by section 68(1) of the Companies Act, Dr Brian Brink, Dr Vincent Maphai and Ms Sonja De Bruyn Sebotsa as directors of the Company. The effect of Ordinary Resolutions 4.1 to 4.3 (inclusive) is that Dr Brian Brink, Dr Vincent Maphai and Ms Sonja De Bruyn Sebotsa will be elected as directors of the Company. A brief CV of each of the directors mentioned above appears on pages 120 to 127.

## 5. Ordinary Resolution Number 5

### Advisory endorsement of the remuneration policy

- 5.1 "Resolved that to endorse, through a non-binding advisory vote, the Company's remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and members or statutory committees), as set out in the Remuneration Report contained in the Integrated Annual Report."
- 5.2 "Resolved that to endorse, through a non-binding advisory vote, the Company's implementation report, as set out in the Integrated Annual Report"

#### Additional information in respect of Ordinary Resolution Number 5

In terms of King IV, shareholders of the Company are provided with an opportunity to pass non-binding advisory votes on the remuneration policy and the implementation report. The vote allows shareholders to express their views on the remuneration policies adopted and the implementation thereof, but will not be binding on the Company.

Furthermore, King IV recommends the remuneration policy should record the measures that the Board commits to in the event that either the remuneration policy or the implementation report, or both have been voted against by 25% (twenty-five percent) or more of the voting rights exercised by the shareholders.

## 6. Ordinary Resolution Number 6

### Authority to implement special and Ordinary Resolutions

Resolved that any director of the Company or the Company Secretary of the Company be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the ordinary and special resolutions to be proposed at the AGM.

#### Additional information in respect of Ordinary Resolution Number 6

The reason for Ordinary Resolution Number 6 is to authorise any director or the Company Secretary of the Company to attend to the necessary to implement the special and ordinary resolutions passed at the AGM and to sign all documentation required to record the special and ordinary resolutions. The effect of Ordinary Resolution Number 6 is that any director or the Company Secretary of the Company will be authorised to attend to the implementation of the special and ordinary resolutions on behalf of the Company.

## 7. Ordinary Resolution Number 7

### General authority to issue preference shares

In terms of clauses 15.2.2 and 15.2.3 of the MOI, the Board requires the approval of the ordinary shareholders of the Company to issue and allot and grant options over the unissued redeemable no par value preference shares (i.e. A Preference Shares (as defined in the MOI)); the non-cumulative, non-participating, non-convertible, voluntary redeemable no par value preference shares (i.e. B Preference Shares (as defined in the MOI)) and the perpetual no par value preference shares (i.e. C Preference shares (as defined in the MOI)) in the share capital of the Company. As such, it is proposed that shareholders provide the requisite general authority to the Board to issue up to 10 000 000 A Preference Shares and 12 000 000 B Preference Shares and 20 000 000 C Preference Shares by passing the following Ordinary Resolution numbers 7.1 to Ordinary Resolution number 7.3:

### 7.1 General authority to directors to allot and issue A Preference Shares

"Resolved that, as required by and subject to the MOI and the provisions of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the Board is authorised, as they in their discretion deem fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 10 000 000 A Preference Shares from the authorised but unissued A Preference Shares in the share capital of the Company, such authority shall be valid until the Company's next AGM or for 15 months from the date of this Ordinary Resolution number 7.1, whichever period is shorter."

#### Additional information in respect of Ordinary Resolution Number 7.1

The reason for Ordinary Resolution number 7.1 is that in terms of clauses 15.2.2 and 15.2.3 of the MOI, the ordinary shareholders of the Company may authorise the Board to, inter alia, issue the unissued A Preference Shares and/or grant options over them, as the Board in their discretion deem fit. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. The effect of Ordinary Resolution number 7.1 is to ensure that the Board has the necessary flexibility to allot and issue (or grant options over) up to 10 000 000 A Preference Shares as they deem fit.

### 7.2 General authority to directors to allot and issue B Preference Shares

"Resolved that, as required by and subject to the MOI and the provisions of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the Board is authorised, as they in their discretion deem fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 12 000 000 B Preference Shares from the authorised but unissued B Preference Shares in the share capital of the Company, such authority shall endure until the Company's next AGM or for 15 months from the date of this Ordinary Resolution number 7.2, whichever period is shorter."

#### Additional information in respect of Ordinary Resolution Number 7.2

The reason for Ordinary Resolutions number 7.2 is that in terms of clauses 15.2.2 and 15.2.3 of the MOI, the ordinary shareholders of the Company may authorise the Board to, inter alia, issue any unissued B Preference Shares and/or grant options over them, as the Board in their discretion deem fit. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. The effect of Ordinary Resolution number 7.2 is to ensure that the Board has the necessary flexibility to allot and issue (or grant options over) up to 12 000 000 B Preference Shares as they deem fit.

### 7.3 General authority to directors to allot and issue C Preference Shares

"Resolved that, as required by and subject to the MOI and the provisions of the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the Board is authorised, as they in their discretion deem fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over 20 000 000 C Preference Shares from the authorised but unissued C Preference Shares in the share capital of the Company, such authority shall endure until the Company's next AGM or for 15 months from the date of this Ordinary Resolution number 7.3, whichever period is shorter."

#### Additional information in respect of Ordinary Resolution Number 7.3

The reason for Ordinary Resolutions number 7.3 is that in terms of clauses 15.2.2 and 15.2.3 of the MOI, the ordinary shareholders of the Company may authorise the Board to, inter alia, issue any unissued C Preference Shares and/or grant options over them, as the Board in their discretion deem fit. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. The effect of Ordinary Resolution number 7.3 is to ensure that the Board has the necessary flexibility to allot and issue (or grant options over) up to 20 000 000 C Preference Shares as they deem fit.

## SPECIAL RESOLUTIONS

### 1. Special Resolution Number 1

#### Approval of Non-executive Directors' remuneration – 2018/2019

Resolved that payment of the following fees be approved as the basis for calculating the remuneration of the Non-executive Directors for their services as Directors of the Company for the financial year ending 30 June 2019:

	2017/2018	Proposed 2018/2019
Retainer for the chairperson	R4 200 000	<b>R4 431 000</b>
SA-based board retainer	R200 000	<b>R211 000</b>
SA-based board attendance fee	R33 500 per meeting	<b>R35 350 per meeting</b>
SA-based committee chairperson retainer	R225 200	<b>R237 590</b>
SA-based committee members retainer	R130 375	<b>R137 550</b>
SA-based committee chairperson attendance fees	R26 075 per meeting	<b>R27 500 per meeting</b>
SA-based committee member attendance fee	R16 600 per meeting	<b>R17 510 per meeting</b>
USA-based board retainer	USD39 620	<b>USD40 800</b>
USA-based board attendance fee	USD6 565 per meeting	<b>USD6 760 per meeting</b>
UK-based board retainer	GBP30 155	<b>GBP31 060</b>
UK-based board attendance fee	GBP5 065 per meeting	<b>GBP5 220 per meeting</b>
UK-based committee chairperson retainer	GBP28 535	<b>GBP29 390</b>
UK-based committee chairperson attendance fee	GBP2 800 per meeting	<b>GBP2 890 per meeting</b>
UK-based committee member retainer	GBP8 615	<b>GBP8 870</b>
UK-based committee member attendance fee	GBP1 190 per meeting	<b>GBP1 225 per meeting</b>
AUS-based board retainer	-	<b>AUD54 350</b>
AUS-based board attendance fee	-	<b>AUD9 130 per meeting</b>
AUS-based committee member retainer	-	<b>AUD15 520</b>
AUS-based committee member attendance fee	-	<b>AUD2 145 per meeting</b>
Non-resident director travel allowance	USD2 700 per return leg	<b>USD2 700 per return leg</b>

#### Additional information in respect of Special Resolution Number 1

In terms of section 66(8) and (9) of the Companies Act, which took effect on 1 May 2011, remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of the Company's MOI. Therefore, the reason for and the effect of Special Resolution Number 1 is to approve the payment of and the basis for calculating the remuneration payable by the Company to its non-executive directors for their services as directors of the Company for the period ending 30 June 2019 in terms of section 66(8) and (9) of the Companies Act. The fees payable to the non-executive directors are detailed above. Further details on the basis of calculation of the remuneration are included in the Remuneration Report on page 106.

### 2. Special Resolution Number 2

#### General authority to repurchase shares

Resolved that the Board is hereby authorised by a way of a renewable general authority, in terms of the provisions of the JSE Listings Requirements, section 48 of the Companies Act and as permitted in the MOI, to approve the repurchase of its own ordinary shares by the Company, and the repurchase of ordinary shares in the Company by any of its subsidiaries, upon such terms and conditions and in such amounts as the Board may from time to time determine, but subject to the MOI, the provisions of the Companies Act and the JSE Listings Requirements, when applicable, and provided that:

- 2.1 The general repurchase by the Company and/or any subsidiary of the Company of ordinary shares in the aggregate in any one financial year do not exceed 15% of the Company's issued ordinary share capital as at the beginning of the financial year, provided that the acquisition of ordinary shares as treasury shares by a subsidiary of the Company shall not be effected to the extent that in aggregate more than 10% of the number of issued shares in the Company are held by or for the benefit of all the subsidiaries of the Company taken together;

- 2.2 Any such general repurchase will be subject to the applicable provisions of the Act (including sections 114 and 115 to the extent that section 48(8) is applicable in relation to that particular repurchase);
- 2.3 Any repurchase of securities will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited);
- 2.4 This authority shall only be valid until the Company's next AGM, provided that it shall not extend beyond 15 months from the date this resolution is passed;
- 2.5 The Company will only appoint one agent to effect any repurchase(s) on its behalf;
- 2.6 General repurchases by the Company and/or any subsidiary of the Company in terms of this authority, may not be made at a price greater than 10% above the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 business days immediately preceding the date of the repurchase of such ordinary shares by the Company and/or any subsidiary of the Company;
- 2.7 Any such general repurchases are subject to exchange control regulations and approvals at that point in time, where relevant;
- 2.8 A resolution has been passed by the Board and/or any subsidiary of the Company confirming that the Board has authorised the repurchase, that the Company satisfied the solvency and liquidity test contemplated in the Companies Act, and that since the test was done there have been no material changes to the financial position of the Group;
- 2.9 The Company and/or any subsidiary of the Company may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements, unless the Company has a repurchase programme in place where the dates and quantities of securities to be traded during the relevant period are fixed and not subject to any variation and has been submitted to the JSE in writing prior to the commencement of the prohibited period; and
- 2.10 An announcement will be published giving such details as may be required in terms of the JSE Listings Requirements as soon as the Company and/or any subsidiary has cumulatively repurchased 3% of the number of shares in issue at the date of the passing of this resolution, and for each 3% in aggregate of the initial number of shares acquired thereafter.

The Board is of the opinion that this authority should be in place should it become appropriate to undertake a share repurchase in the future, in particular the repurchase of shares by a subsidiary of the Company for purposes of employee share schemes. The Board undertakes that it will not implement the proposed authority to repurchase shares, unless the directors are of the opinion that, for a period of 12 months after the date of the repurchase:

- 2.11 The Company and the Group will be able in the ordinary course of business to pay its debts;
- 2.12 The assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the liabilities of the Company and the Group;
- 2.13 The share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and
- 2.14 The working capital of the Company and the Group will be adequate for ordinary business purposes.

### **Additional information in respect of Special Resolution Number 2**

The reason for and the effect of Special Resolution Number 2 is to grant the Board a general authority in terms of the JSE Listing Requirements, up to and including the date of the following AGM of the Company (provided that it shall not extend beyond 15 months from the date the resolution is passed), to approve the Company's purchase of shares in itself, or to permit a subsidiary of the Company to purchase shares in the Company and to authorise the Company or any of its subsidiaries to acquire shares issued by the Company in terms of the aforesaid approval. Please refer to the additional disclosure of information contained in this notice of AGM, which disclosure is required in terms of the JSE Listings Requirements.

Other than the facts and developments reported on in the annual financial statements and the integrated annual report, there have been no material changes in the financial position of the Company since the date of the audit report and the date of this notice.

### 3. Special Resolution Number 3

#### **Financial assistance in terms of section 44 and 45 of the Companies Act**

Resolved that, to the extent required by the Companies Act, the Board may, subject to compliance with the requirements of the MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance as contemplated in section 44 and/or section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to –

- 3.1** Any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company and/or any other person for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company as contemplated in terms of section 44 of the Companies Act;
- 3.2** Any of its present or future directors or Prescribed Officers (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the Group's share or other employee incentive schemes, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act,

Such authority to endure until the forthcoming AGM of the Company.

#### **Additional information in respect of Special Resolution Number 3**

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section may also apply to financial assistance (as such term is defined therein) provided by a company to related or inter-related companies and corporations, including, inter alia, its subsidiaries, for any purpose.

Furthermore, section 44 of the Companies Act may also apply to financial assistance provided by a company to related or inter-related companies or any other person, in the event that the financial assistance is provided for the purposes of, or in connection with, the subscription of any options, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or related or inter-related company.

Both section 44 and section 45 of the Companies Act provide, inter alia, that the particular financial assistance must be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and that the Board must be satisfied that – (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

Therefore, the reason for Special Resolution Number 3 is to obtain approval from the shareholders to enable the Company to provide financial assistance, when the need arises, in accordance with the provisions of sections 44 and 45 of the Companies Act. The effect of Special Resolution Number 3 is that the Company will have the necessary authority to authorise and provide the financial assistance as and when required.

The Board undertakes that, in so far as the Companies Act requires, it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that

- (i) immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
- (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

## Special Resolution Number 4

### Approval to issue the Company's ordinary shares to persons falling within the ambit of section 41(1) of the Companies Act

Resolved that, to the extent that the Company is to allot and issue ordinary shares in the share capital of the Company pursuant to, and for the specific purpose of, raising capital to fund the acquisition by the Company (or the Group) of:

- the effective 25.01% interest of FirstRand Investment Holdings Limited ("FRIHL") in Discovery Bank Limited ("Discovery Bank");
- the remaining 25.01% economic interest that FirstRand Bank Limited currently owns in the Discovery card joint venture business; and
- through Discovery Bank, all rights to the Discovery Card book and related assets (which will be migrated to the Company, or the Group, over time),

(the "Acquisition") to any person falling within the ambit of section 41(1) of the Companies Act, being a director, future director, prescribed officer of the Company or a person related or inter-related to the Company or related or inter-related to a director or prescribed officer of the Company (or a nominee of any of the foregoing persons), such allotment and issue is hereby approved in terms of section 41(1) of the Companies Act, provided that such allotment and issue is limited to the proportionate percentage shareholding of any such persons in the Company immediately prior to the equity issuance and is implemented in accordance with the JSE Listings Requirements.

### Additional information in respect of Special Resolution Number 4

Shareholders are referred to the announcement released on SENS on 4 September 2018, in terms of which shareholders were advised that the Company and FRIHL have agreed to the Acquisition for total combined acquisition price of R1.8 billion, which acquisition price is to be funded by way of an equity issuance. Certain directors of the Company, including Mr Adrian Gore and Mr Barry Swartzberg, ("Participating Directors") may wish to participate in the equity issuance (at the clearing price of the bookbuild conducted for the equity issuance), however they are only permitted to do so subject to the Company obtaining approval from shareholders in terms of section 41(1) of the Companies Act. The reason for and effect of this special resolution is to authorise the allotment and issue of ordinary shares in the share capital of the Company to any Participating Directors (or a person or persons related or inter-related to any Participating Directors (or a nominee of any of the foregoing persons) in terms of section 41(1) of the Companies Act.

## ADDITIONAL DISCLOSURE OF INFORMATION

For the purposes of considering Special Resolution Number 2 and in compliance with the JSE Listings Requirements, the information listed below has been included as follows:

- **Major shareholders of the Company**

Refer page 167.

- **Share capital of the Company**

Refer pages 168 to 169.

- **Directors' responsibility statement**

The directors of the Company, whose names appear on pages 117 to 118, have no specific intention to effect the provisions of Special Resolution number 2 but will, however, continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number 2.

The directors collectively and individually accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 2 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that Special Resolution Number 2 contains all information required by law and the JSE Listings Requirements.

- No material changes

Other than the facts and developments reported on in the integrated/annual report, there have been no material changes in the financial position of the company and its subsidiaries since the date of signature of the audit report and the date of this notice.

## APPROVALS REQUIRED FOR RESOLUTIONS

Ordinary Resolutions Number 1 to 7, contained in this notice of AGM require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM and further subject to the provisions of the Companies Act, the MOI and the JSE Listings Requirements.

Special Resolutions Number 1 to 4 contained in this notice of AGM require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the AGM, and further subject to the provisions of the Companies Act, the Company's MOI and the JSE Listings Requirements.

**THE CHAIRPERSON OF THE SOCIAL AND ETHICS COMMITTEE WILL GIVE VERBAL FEEDBACK ON THE ACTIVITIES OF THIS COMMITTEE FOR THE PAST PERIOD AS REQUIRED IN TERMS OF REGULATION 43 OF THE COMPANIES ACT REGULATIONS.**

**TO TRANSACT ANY OTHER BUSINESS THAT MAY BE TRANSACTED AT AN AGM.**

## **ATTENDANCE AND VOTING BY SHAREHOLDERS OR PROXIES**

The record date on which shareholders of the Company must be registered as such in the Company's securities register, which date was set by the Board determining which shareholders are entitled to attend and vote at the AGM is Friday, 16 November 2018.

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration are entitled to attend and vote at the AGM. Any such shareholder is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote at the AGM in his/her/its stead. The person or persons so appointed as a proxy or proxies need not be a shareholder or shareholders of the Company.

Forms of proxy must be lodge with or posted to the Company at 1 Discovery Place, corner Rivonia and Katherine streets, Sandton, 2196 or posted to the Company at PO Box 786722, Sandton 2146 or lodged with the Company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, South Africa or posted to the Company's transfer secretaries at PO Box 61051, Marshalltown, 2107, South Africa so as to be received for the orderly arrangement of matters on the date of the Annual General Meeting (but not required) by them by not later than Thursday, 22 November 2018 at 12h00 (South African time), being not less than 48 hours before the AGM to be held at 12h00 on Monday, 26 November 2018 in accordance with clause 27.3.2 of the MOI. Any forms of proxy not received by this time must be handed to the Chairperson of the AGM immediately prior to the commencement of the AGM before your proxy may exercise any of your rights as a shareholder at the AGM.

Forms of Proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares and registered them in their own name.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, should contact their Central Securities Depository Participant or broker in the manner and time stipulated in their agreement, in order to furnish them with their voting instructions or to obtain the necessary authority to attend the AGM, in the event that they wish to attend the AGM.

On a poll, every shareholder of the Company shall have one vote for every share held in the Company by such shareholder. Voting on the resolution to be proposed at the AGM will be on a poll.

Shares held by a share trust or scheme will not have their votes at the AGM taken into account for purposes of resolutions proposed in terms of the JSE Listings Requirements. Shares held as treasury shares may also not vote.

## **PROOF OF IDENTIFICATION REQUIRED**

Section 63(1) of the Companies Act requires that any person who wishes to attend or participate in a shareholders meeting, must present reasonably satisfactory identification at the AGM. Any shareholder or proxy who intends to attend or participate at the AGM must be able to present reasonably satisfactory identification at the AGM for such shareholder or proxy to attend and participate at the AGM. A green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver's licence or a valid passport will be accepted as sufficient identification.

## **VENUE**

Please take note that the AGM will be held in the Auditorium, Ground Floor, 1 Discovery Place, on Monday, 26 November 2018 at 12h00.

By order of the Board

**MJ Botha**

Company Secretary  
24 October 2018

# Form of proxy

## Discovery Limited

(Registration number: 1999/007789/06)

ISIN: ZAE000022331

ISIN: ZAE000158564

Share codes: DSY, DSBP

(the Company)

### This form of proxy is only for use by:

1. Registered shareholders who have not yet dematerialised their shares in the Company.
2. Registered shareholders who have already dematerialised their shares in the Company and are registered in their own names in the Company's sub-register.\*

For use by registered shareholders of the Company at the nineteenth Annual General Meeting (AGM) of the Company to be held in the Auditorium, Ground Floor, 1 Discovery Place, on Monday, 26 November 2018 at 12h00.

Each shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxy or proxies (who need not be a shareholder of the Company) to attend, participate in and speak and vote in place of that shareholder at the AGM, and at any adjournment thereof.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, must not complete this form of proxy but should contact their Central Securities Depository Participant (CSDP) or broker in the manner and time stipulated in their agreement, in order to furnish them with their voting instructions or to obtain the necessary letter of authority to attend the AGM, in the event that they wish to attend the AGM.

Please note the following:

- The appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the AGM.
- The appointment of the proxy is revocable; and you may revoke the proxy appointment by – (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and the Company.

Kindly note that, meeting participants (including a proxy or proxies) are required in terms of section 63(1) of the Companies Act No. 71 of 2008 as amended (Companies Act) to provide reasonably satisfactory identification before being entitled to attend or participate in the AGM. Forms of identification include a green bar-coded identification document or identification card issued by the South African Department of Home Affairs, a driver's licence or a valid passport.

A proxy may not delegate his/her authority to act on behalf of a shareholder of the Company to another person.

I/We (please print) ..... (name)

of ..... (address)

..... (contact number)

being the holder(s) of ..... ordinary shares in the Company, hereby appoint (see instruction 1 overleaf):

1. .... or failing him/her,

2. .... or failing him/her,

3. the Chairperson of the AGM,

as my/our proxy to attend, participate in and speak and vote for me/us and on my/our behalf or to abstain from voting at the AGM which will be held for the purposes of considering and, if deemed fit, passing the resolutions to be passed thereat, with or without modification, and at any adjournment thereof, in accordance with the instructions as follows (see note 2 and instruction 2 overleaf):

Insert the number of votes exercisable (one vote per share)

	For	Against	Abstain
<b>Ordinary Resolutions</b>			
1. Consideration of Annual Financial Statements			
2. Re-appointment of external auditor			
3. Election of independent Audit Committee			
3.1 Mr Les Owen			
3.2 Ms Sindi Zilwa			
3.3 Ms Sonja De Bruyn Sebotsa			
4. Re-election of directors			
4.1 Dr Brian Brink			
4.2 Dr Vincent Maphai			
4.3 Ms Sonja De Bryun Sebotsa			
5. Advisory endorsement of the remuneration policy			
5.1 Non-binding advisory vote on the remuneration policy			
5.2 Non-binding advisory vote on the implementation of the remuneration policy			
6. Directors' authority to take all such actions necessary to implement the aforesaid ordinary resolutions and the special resolutions mentioned below.			
7. General authority to issue preference shares			
7.1 To give the directors the general authority to allot and issue 10 000 000 A Preference Shares			
7.2 To give the directors the general authority to allot and issue 12 000 000 B Preference Shares			
7.3 To give the directors the general authority to allot and issue 20 000 000 C Preference Shares			
<b>Special Resolutions</b>			
1. Approval of Non-executive Directors' remuneration – 2018/2019			
2. General authority to repurchase shares in terms of the JSE Listings Requirements			
3. Authority to provide financial assistance in terms of section 44 and 45 of the Companies Act			
4. Approval to issue the Company's ordinary shares to persons falling within the ambit of Section 41(1) of the Companies Act.			

Note: Insert an "X" in the relevant spaces above or the number of votes exercisable (one vote per share) according to how you wish your votes to be cast. An "X" in the relevant spaces above indicates the maximum number of votes exercisable. If you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of shares held in respect of which you wish to vote (see instruction 3 overleaf).

Signed at ..... on ..... 2018.

Signature/s .....

Assisted by me (where applicable) .....

Please read the summary of the rights in respect of proxy appointments established by section 58 of the Companies Act, notes and instructions overleaf.

\* See explanatory note 3 overleaf.

# Notes to the form of proxy

## Summary of shareholders rights in respect of proxy appointments as contained in section 58 of the Companies Act

### Please note that in terms of section 58 of the Companies Act:

- This form of proxy must be in writing, dated and signed by the shareholder appointing the proxy.
- You may appoint an individual as a proxy, including an individual who is not a shareholder of the Company, to participate in, and speak and vote at, the AGM, on your behalf.
- Your proxy may delegate his/her authority to act on your behalf to another person, subject to any restriction set out in this form of proxy.
- This form of proxy must be delivered to the Company, or to the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, before your proxy exercises any of your voting rights as a shareholder at the AGM. Any form of proxy not received by the Company or the Company's transfer secretaries must be handed to the Chairperson of the AGM before your proxy may exercise any of your voting rights as a shareholder at the AGM.
- The appointment of your proxy or proxies will be suspended at any time to the extent that you choose to act directly in person in the exercise of any of your rights as a shareholder at the Annual General Meeting.
- The appointment of your proxy is revocable unless you expressly state otherwise in this form of proxy.
- As the appointment of your proxy is revocable, you may revoke the proxy appointment by – (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the Company. Please note that the revocation of a proxy appointment constitutes a complete and final cancellation of your proxy's authority to act on your behalf as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered to the proxy and the Company as aforesaid.
- If this form of proxy has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by the Company to you must be delivered by the Company to you or your proxy or proxies, if you have directed the Company to do so, in writing, and paid any reasonable fees charged by the Company for doing so.
- Your proxy is entitled to exercise, or abstain from exercising, any voting rights of yours without direction at the AGM, except to the extent that this form of proxy provides otherwise.
- The appointment of your proxy remains valid only until the end of the AGM or any adjournment or postponement thereof, unless it is revoked by you before then on the basis set out above.

### Explanatory notes

1. A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxy or proxies to attend, participate in and speak and vote in his/her stead at the AGM. A proxy need not be a shareholder of the Company. Satisfactory identification must be presented by any person wishing to attend the AGM, as set out in the notice of AGM (to which this form of proxy is included).
2. Every shareholder present in person or by proxy and entitled to vote at the AGM of the Company shall, on a show of hands, have one vote only, irrespective of the number of shares such shareholder holds, but in the event of a poll, each shareholder shall be entitled to one vote in respect of each ordinary share in the Company held by him/her.
3. Shareholders who have dematerialised their shares in the Company and are registered in their own names are shareholders who appointed Computershare Custodial Services as their Central Securities Depository Participant (CSDP) with the express instruction that their uncertificated shares are to be registered in the electronic subregister of shareholders in their own names.

### Instructions on signing and lodging the form of proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting "the Chairperson of the AGM", but any such deletion must be initialled by the shareholder. Should this space be left blank, the Chairperson of the AGM will exercise the proxy. The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X" or the number of votes exercisable by that shareholder in the appropriate spaces provided overleaf. An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to do so shall be deemed to authorise the proxy to vote or to abstain from voting at the AGM, as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. Forms of proxy must be lodged with the Company at 1 Discovery Place, Sandton, South Africa or posted to the Company at PO Box 786722, Sandton 2146, South Africa or lodged with the transfer secretaries of the Company, Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 Johannesburg, South Africa or posted to the transfer secretaries of the Company at PO Box 61051, Marshalltown 2107, South Africa, to be received by them not later than Thursday, 22 November 2018 at 12h00 (South African time), being at least 48 hours before the AGM to be held at 12h00 on Monday, 26 November 2018 in accordance with clause 27.3.2 of the MOI. Any forms of proxy not received by this time must be handed to the Chairperson of the AGM immediately prior to the commencement of the AGM.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the Chairperson of the AGM.
6. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy or proxies appointed in terms hereof, should such shareholder wish to do so.
7. Where two or more persons are registered as the holders of any security they shall be deemed to hold that security jointly, and any one of the joint holders of any security conferring a right to vote on any matter may vote either personally or by proxy, at any meeting in respect of that security, as if he were solely entitled to exercise that vote, and if more than one of those joint holders is present at any such meeting, either personally or by proxy, the joint holder, who tenders a vote (including an abstention) and whose name stands in the securities register before the other joint holders whom are present, in person or by proxy, shall be the joint holder who is entitled to vote in respect of that security.
8. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
9. The Chairperson of the AGM may reject or accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a shareholder wishes to vote.
10. A proxy may not delegate his/her authority to act on behalf of the shareholder of the Company, to another person.