



Discovery Limited



BOARD DIVERSITY POLICY





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1. Introduction

1.1 PURPOSE

This policy is intended to promote diversity at Discovery Limited (“Discovery”) board level. The Framework is informed by corporate governance best practice and meets regulatory requirements.

1.2 SCOPE

This policy is applicable to Discovery Limited. All local and international subsidiary operations where Discovery has management control should apply the principles and intent of this policy in driving diversity on their boards. It does not apply to employee diversity, which is covered by the Broad-Based Black Economic Empowerment Policy, for employees of South African domiciled entities.

2. Policy principles

2.1 BOARD STATEMENT

The Board of Directors of Discovery believes in the benefits that diversity brings and it recognises that diversity of thought makes prudent business sense. The Board is committed to enhance diversity to achieve these benefits. The Nominations Committee of the Board must assist the Board in implementing this policy.

2.2 LEGISLATIVE IMPERATIVES AND BEST PRACTICE

In terms of the JSE Listings Requirements all annual reports issued on or after 1 January 2020 must comply with paragraph 3.84 (i):

“The board of directors or the nomination committee, as the case may be, must have a policy on the promotion of broader diversity at board level, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience. The issuer must confirm this by reporting to shareholders in its annual report on how the board of directors or the nomination committee, as the case may be, have considered and applied the policy of broad diversity in the nomination and appointment of directors. If applicable, the board of directors or the nomination committee must explain why any of the above diversity indicators have not been applied and further report progress in respect thereof on agreed voluntary targets.”

The Board of Directors of Discovery should comprise the appropriate balance of ability, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

In terms of the Insurance Act’s Prudential Standards, the board of directors of an insurer and its controlling company (in our case Discovery Limited) must at all times consist of an appropriate number and mix of individuals to ensure that there is an adequate overall spread and level of knowledge, expert skills and experience at board level, commensurate with the nature, scale and complexity of the business and risks of the insurer.

Finally, in terms of King IV principles:



“When determining the requisite number of members of the governing body, the following factors should be considered:

- 1. The appropriate mix of knowledge, skills and experience, including the business, commercial and industry experience, needed to govern the organisation.*
 - 2. Diversity targets relating to the composition of the governing body.*
- The governing body should promote diversity in its membership across a variety of attributes relevant for promoting better decision-making and effective governance, including field of knowledge, skills and experience as well as age, culture, race and gender.”*

2.3 DIVERSITY

Diversity should be understood as the varied perspectives and approaches offered by members of different identity groups.

For purposes of board composition, diversity includes, but is not limited to, business and industry knowledge, skills and experience, age, gender, race, and culture. The Board will make good use of these differences and distinctions among individuals in determining the optimum composition of the Board.

Having a board composed of men and women with diverse skills, experience, backgrounds and perspectives has the following benefits:

- Credibility
- Competitive advantage
- Robust understanding of opportunities, issues and risks
- Inclusion of different concepts, ideas, and relationships
- Better understanding of customer base and the environment that the business operates in
- Enhanced decision-making and dialogue, and
- Heightened capacity for oversight of the organisation and its governance.

2.4 TARGETS, ASSESSMENT AND REPORTING

Discovery has set realistic and measurable voluntary targets for the five years following approval of this policy to achieve appropriate race and gender diversity on the Discovery Board. These targets are attached as an annexure to this policy.

Progress towards achieving these targets must be reported on in the Integrated Annual Report.

The Discovery Nominations Committee will annually review Board composition and make recommendations on the appointment of new directors and actions that may be taken to meet the voluntary targets referred to above. In reviewing board composition, the Nominations Committee must consider the benefits of all aspects of diversity in order to enable it to discharge its duties and responsibilities effectively and in accordance with this policy.

The Nominations Committee must table its reviews at the first Board meeting following the completion of the reviews.



ANNEXURE 1: TARGETS

The following Discovery Limited Board race and gender diversity targets have been proposed, as at 30 June 2020:

	Race (SA entities only)	Gender
Short-term (three years)	35% Black	25% Female
Long-term (five years)	40% Black	30% Female

While the imperative for racial diversity in subsidiary boards outside South Africa is important it does not have the same context and as such the voluntary targets on race are for the Discovery Ltd Board only.