



Discovery Limited



Nominations of Directors Policy





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1. Introduction

1.1 PURPOSE

Discovery Limited (“Discovery”/ “Discovery Group”) was founded with the core purpose to make people healthier, and to enhance and protect their lives. Discovery has a unique entrepreneurial spirit with a strong emphasis on innovation and strives to attract the best talent for its organisation. It empowers its executive management team, expects the highest level of integrity and congruence to the Discovery values, requires astuteness and accountability.

The Discovery Board of Directors (“Board”) acknowledges the need for a nominations policy as recommended by the Johannesburg Stock Exchange Listings Requirements (“JSE L.R”). This policy sets out the practices of the Board in respect of matters such as the nomination, selection, screening, and appointment of members of the Board.¹

1.2 SCOPE

This policy is applicable to Discovery Limited and includes all executive and non-executive directors.

2. Policy Principles

2.1 CONSTITUTION AND COMPOSITION OF THE BOARD

As stated in the Discovery Limited Memorandum of Incorporation, the Board will have no less than four directors, and the Board will determine the number of directors serving on it at any time.

The knowledge, expert skills and experience of its current directors and the size, independence, demographics, gender and racial diversity of its members will be taken into account, and must ensure that it operates effectively.

Directors are appointed through a formal transparent process performed by the Board and are subject to approval per ordinary resolution at any shareholders meeting or the annual general meeting.

The Nominations Committee (“Committee”) is mandated to identify through various means including through the use of external search agents, consider and recommend potential candidates for approval by the Board and to be proposed for election by shareholders at any shareholders meeting or the annual general meeting.

The composition of the Board will be reviewed annually to ensure that an appropriate mix and balance of knowledge, expert skills and experience of current members are maintained, considering the nature and complexity of Discovery’s business and that of the Discovery Group in line with the Boards race and gender diversity targets.

2.2 BOARD MEMBERSHIP CRITERIA²

Board members shall always ascribe to the Discovery Values of innovation and optimism, business astuteness and prudence, great people, liberating the best in people, intellectual leadership, integrity, honesty and fairness, tenacity, urgency and drive, customer, customer, customer and force for good and uphold them.

¹ JSE L.R. Nomination of Directors 7.7

² KING IV, Principle 7, RP 14 - 19



Board members should individually and collectively possess the following characteristics to enable sound and prudent execution of accountabilities and responsibilities:

- a) The necessary professional and/or formal education qualifications commensurate with the size, complexity and risk profile of Discovery;
- b) Technical and business managerial knowledge, skill and expertise;
- c) Independence of mind in the best interests of Discovery and conflicts of interest (whether actual or perceived) should be disclosed, effectively managed and/or avoided where necessary;
- d) The required level of financial soundness/stability;
- e) Diligence in performing their duties and devote sufficient time to Boards affairs;
- f) The ability to balance the legitimate and reasonable needs, interests and expectations of all stakeholders with the best interest of Discovery;
- g) The ability to make responsible decisions which build sustainable businesses by having regard to Discovery's economic, social and environmental impact on the community;
- h) Must be of good repute and integrity with due consideration of their criminal, financial, professional or supervisory antecedents;
- i) Act with transparency in exercising their governance role and responsibilities and accountable for the execution of responsibilities, even when these were delegated; and
- j) Any other additional requirements, as may be deemed fit by the Board.

When assessing the skills and suitability of a director, the Board should consider the collective knowledge, competence and experience of the current Board with respect to:

- a) Market knowledge;
- b) The systems of governance, risk management and internal control, but with reference to the risks faced by Discovery;
- c) Financial and actuarial knowledge and understanding; and
- d) The regulatory framework and requirements.

Board members will be expected to:

- a) Uphold the Discovery values at all times;
- b) Acquire a working knowledge and understanding of Discovery's business and the laws, regulations that govern the activities of Discovery;
- c) Have the ability to make sound business decisions and recommendations;
- d) Have a record of integrity and be of good repute;
- e) Disclose all conflicts of interest;
- f) Exercise independent judgment; and
- g) Have sufficient time to fully carry out their responsibilities.

2.3 BOARD MEMBER APPOINTMENT

The Board, with the recommendation of the Committee, will assess and take into consideration every director's circumstances and the nature, scale and complexity of other directorships held in order to assess and ensure that directors are able to devote sufficient time and duly discharge their responsibilities as a director of Discovery.

The Prudential Authority ("PA") approves the appointment of persons to serve as a director of the Board. All board appointments are subject to engagement with the PA and shareholder approval by way of ordinary resolution at any shareholders meeting or at the annual general meeting following appointment.



In terms of the Fit and Proper Policy, the following checks are conducted on the appointment of a director and thereafter on a frequent basis:

- a) Credit check;
- b) Criminal check;
- c) Anti-money laundering sanctions screening;
- d) Politically exposed persons screening;
- e) Adverse media screening;
- f) Qualification checks (on appointment); and
- g) Reference checks.

A person who meets any of the following criteria cannot be appointed as an independent director of the Board:^{3,4}

- a) A representative of a major shareholder;
- b) A direct or indirect shareholder of more than 5% of the total issued shares of Discovery;
- c) A direct or indirect shareholding of less than 5% of the total issued shares of Discovery which are material to his/her personal wealth;
- d) A professional advisor, material customer or supplier to Discovery such that a reasonable and informed third party would conclude in the circumstances that the integrity, impartiality or objectivity of that director is compromised by that relationship;
- e) Who in the past three years has been a key member of the external audit team directly or indirectly responsible for performing the statutory audit of Discovery;
- f) Been an executive director, the CEO or executive officer of Discovery at any time during the preceding three years;
- g) Served as an independent non-executive director of Discovery for a period of nine years and on assessment were found to no longer be independent;
- h) A member of an immediate family of an individual who falls within any of the above categories; and
- i) Is entitled to remuneration contingent on the performance of Discovery.

When considering the appointment of a foreign or domestic prominent influential person⁵ as a director, the Committee should take into account the following:

- a) Reasonable measures to establish the source of wealth and source of funds of the individual and shall conduct ongoing monitoring of the business relationship; and
- b) The level of money laundering or terrorist funding risk Discovery would be exposed to as well as how well equipped Discovery is to manage risk effectively.

2.4 AMENDMENTS TO THE POLICY

Changes to this Nominations Policy or deviations, together with the reasons therefor will be immediately announced on SENS in accordance with the JSE Debt Listings Requirements.⁶

3. Compliance with this Policy

Discovery views any non-compliance to this policy and its obligations in terms of legislation in a serious light.

³ KING IV, Part 5.3, Principle 7, RP 28

⁴ S94 (4) Companies Act, 91 of 2008

⁵ Domestic Influential Person is defined in Schedule 3A to the Financial Intelligence Centre Act 31 of 2001

⁶ JSE L.R Nominations of Directors 7.8



Compliance with this policy will be monitored. Any breach of, or non-compliance with this policy must be communicated to the policy owner as soon as reasonably practical. The policy owner, with input from the Chair of the Nominations Committee, will consider the appropriate action(s) required. If agreement on the appropriate action(s) cannot be reached, the matter will be escalated to the Chair of the Nominations Committee. The Chair of the Nominations Committee will decide whether the breach or non-compliance is sufficiently material to be escalated further, and if so, it shall be escalated to the Board.

All instances of non-compliance with this framework will be included within the regular risk reporting process.