



### Related material matters and issues

2. Ensure our people management strategies address broader social concerns.

- Enhance systems that support diversity, equity and inclusivity.
- Develop talent to support business growth.

3. Leverage our capacity to support resilient ecosystems.

- Support national objectives to enhance market sustainability.

4. Active corporate citizenship that aligns to our values.

- Operate an ethical and compliant business.
- Manage electricity and water consumption.

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## Building a highly ethical workplace culture

Building a healthy and inclusive organisation is a vital part of Discovery's ambition to be a powerful force for social good. Healthy companies are a combination of their people, purpose, culture, strategy and systems. We are working to build a culture that is inclusive and accountable, where our people are valued and developed, and where ethics consciously informs decision making.

“Ethics is at the heart of sustainability, as the conscience of an organisation.”

**Tswelo Kodisang, Discovery's Chief People Officer**

Where ethics are not well defined in an organisation, employees can fall back to their own frame of reference – their personal ethics. With over 12 950 people in Discovery Group, it is crucial for the organisation to set the required standards for values-driven behaviour and drive a culture of ethical business practice.

Ethical issues often extend beyond what is legal or compliant, although there is often overlap. For example, Discovery has strong governance processes to monitor conduct risk and adherence to Treating Customers Fairly (TCF) regulations. Where internal teams may be satisfied that

a change to a product or a new product meets TCF regulations from a financial, legal and business perspective, the Ethics Office is increasingly performing an important function in advising on the ethical implications beyond compliance, so ensuring that ethics is deeply embedded in product design.

A detailed assessment of ethics risks, opportunities and management processes is currently being performed by PwC. Once concluded, the assessment will inform an ethics strategy to guide our approach to driving ethical business and to develop metrics to measure ethics culture over the next three years.

The Ethics Office's mandate extends to international operations where Discovery has management control.

In Vitality Group markets where we do not have management control, we are still able to provide input on ethics, on issues from human rights and child labour policies, to environmental issues. For example, in one area of operation we were able to advise our partners on the adverse environmental effect of rhino poaching, with ingredients derived from rhino horn subsequently being removed from their medicine formulary.

## Key indicators

- ✓ 757 employees attended ethics training
- ✓ 7 597 successful online ethics courses completed
- ✓ 9 incidents reported to the ethics hotline

We have partnered with the Gordon Institute of Business Science (GIBS) to launch the GIBS Ethics Barometer for South African business. It aims to impact attitudes and behaviours, and help ensure a more successful, sustainable future for South African businesses and our nation. For Discovery, our participation will provide a benchmark against participating organisations in measuring ethical conduct in relation to all our stakeholders, and so provide insight into opportunities to extend ethical business practice to enhance the sustainability of our organisation.

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## Ethical data use and data protection

Data is a key enabler of our Shared-Value business model. Without it, we would not be able to track and incentivise healthy behaviours, and measure if those behaviours are achieving real impact. But we are cognisant that our reputation is ultimately held in how we contract with our clients, which includes how we use data and how clients trust us with managing their data.

With rapid advances in technology and big data, we are revising our approach to data management and the ethical use of data. Through the Ethics Office, we have set a challenge to test that we are always ahead of what is merely legal and compliant; we must be in step with what is ethical and in the best interest of the collective.

Discovery is unique in South Africa in terms of the volumes of data we collect and analyse. We have a comprehensive Data Governance Policy Framework covering all aspects of the collection, use and retention of data.

To protect client information, we have robust processes controlling access to specific systems and databases. Database owners are senior and executive-level staff, and actuarial evaluation teams provide authorisation for each user, review access logs and revoke access to any employee who moves to a different role. Teams that perform analysis on data drawn from different businesses can only access consolidated and anonymised data stored in a central data lake. Here again, access is strictly controlled.

The Ethics Office will provide a key role in assessing ethical and fair data use in how our products are delivered. For example, by ensuring that our incentives structures can also fairly reward disabled clients for healthy behaviours, or accounting for reduced activity among pregnant women. We will be working to anticipate ethical issues and proactively build solutions into our products.

The Ethics Office will also provide an advisory role on megatrends that may impact the Group, including the ethical implications of artificial intelligence, machine learning and robotics. With the increasing pace of advancement in these fields, a more proactive approach to ethics is crucial in protecting the interests of our clients and remaining true to our values.

There were 9 complaints regarding breaches of customer privacy and losses of customer data during the year.

We have a significant duty of care to our members who trust us with their data, and we do everything we can to minimise the risk of breaches to our systems.

Derek Wilcocks, Discovery's chief information officer



## Developing talent to support our strategy

To meet the bold targets set in the Group's Ambition 2023 strategy, Learning and Leadership plays a key role in developing the skills for the demands of business and ensuring our people have the capabilities to keep us competitive and relevant in a global market. Our Learning and Leadership team shapes leadership and capability development across Discovery, which ultimately impacts performance and organisational culture over time.

The world of work is going through a large-scale transition where critical skills and expertise will be an imperative for organisations to succeed in the new digital economy. Therefore, we must lead the business in understanding and assessing the skills we need now, and the skills we will need in the future. Many of the skills required into the future are emerging in a combination of different professional disciplines and are therefore not taught in specific degrees or courses, but instead rely on self-driven and lifelong learning.

We are evolving Discovery's learning capability and developing a strategy to enhance the Learning and Leadership capability into the future by revising our business skills curriculum in direct response to the challenges of the new world of work. This requires deep development expertise as well as a good understanding of Discovery's context, and we are collaborating with experts to bring an external perspective.



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## Attracting the top actuarial talent to Discovery

The Adrian Gore Fellowship, our actuarial recruitment programme, selects the top 30 to 40 actuarial students nominated by universities across South Africa. These candidates complete a programme at Discovery, after which we offer permanent roles to the best performers. The programme started in 2013 and we still have 47 fellows working at Discovery.

The programme adds immediate value to the development of the candidates and the business. The six fellows

selected in the last intake are supporting key projects such as:

- Providing research and development expertise as part of task-team developing Discovery Life's expansion into the mass market
- Developing a retirement modeller tool, designed specifically for the South African market
- Analysing the experience of five million Ping An Vitality members to demonstrate the value of the programme
- Engaging in social upliftment, where one fellow is developing a wildlife educational tour for underprivileged children.

Over the past 27 years, we have learnt the value of great people and the need for leadership to create the conditions for continuous learning. We empower our employees to take charge of their own development and encourage them to take joint responsibility with their teams and managers. By taking active responsibility for their professional development, our employees can take up the opportunities offered by Discovery to adapt to a rapidly changing world and prepare themselves for the future.

Introduced in 2018, our mentorship programme was designed to support and accelerate the development of designated high potential talent at senior levels in the organisation. From the lessons learnt about key success factors of mentorship from this programme, we are now evolving the approach to focus on designated talent across all levels in the organisation and allowing us to build fluency in development planning. Mentorship remains a strategic enabler in advancing the careers of our people.

Inspired by our ambition to be a force for social good, Discovery extends skills programmes beyond employees to include their relatives and dependents in Grades 10 to 12 as well as students studying at South African tertiary education institutions. This is building a pipeline of talented individuals who can contribute to South Africa more broadly in the future. In 2018 we introduced a bursary scheme to support the education of employees' identified dependents in specific income levels, including the so-called 'missing middle' income group. To date, 90 employees have made use of the newly launched scheme to the value of R2.4 million.

## Key indicators



R82 million spent on external learning and development



Total B-BBEE training spend of just over R304 million amounting to 74.6% of total training spend



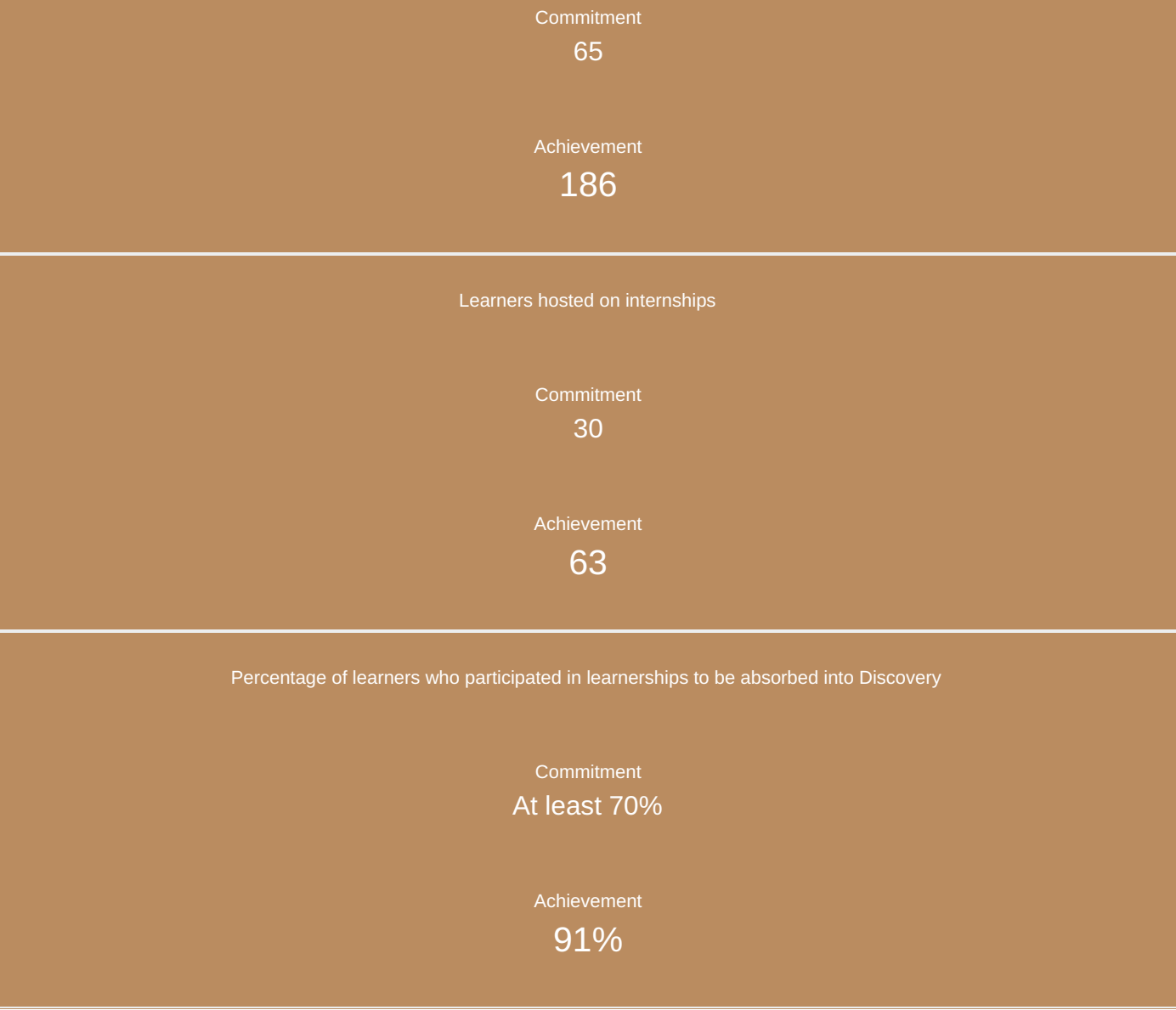
25% new hires meeting or exceeding emotional intelligence (EQ) assessment



649 of our employees completed a leadership development course during the year and, on average, each of our employees received 34.91 hours of training

In our 2018 report, we committed to the following skills development targets for the 2019 financial year:

Learners to be hosted on learnerships across four provinces



Our success in greatly exceeding the target in learnerships was due to Discovery Health increasing their number of learnerships significantly.

## Developing leadership depth and managing diverse teams

Our logic of applying shared value in every business has not changed; we've demonstrated our capacity to build products and services and expand into new countries by leveraging our Shared-Value business model as a common chassis, which has been enhanced with the development of Vitality One.

Our leadership development and executive development programmes include specific themes on leading and managing in a fast-changing and complex world. Guided by Discovery's strategic focus on being a powerful force for social good, Learning and Leadership is embedding social relevance into each of the programmes in our leadership curriculum. We believe that leaders naturally operate across all four levels in delivering against Discovery's purpose, supported by the impact of our Shared-Value business model and our focus on being a powerful force for social good.

To prepare our line managers for the new demands of leadership, which includes managing diverse teams with four to five distinct generations, we have done extensive work to understand their needs depending on their unit and level. We have successfully piloted the Lead the Discovery Way programme to equip them with the skills to lead effectively, with a particular emphasis on an inclusive approach to leading



Key indicators

In our 2018 report, we committed to the following leadership development targets for the 2019 financial year:



The biggest driver of the difference between what we committed to and achieved was delegates that did not qualify as per the Council for Higher Education academic requirements of the programme, i.e. insufficient experience and outstanding documentation, and in some instances nominees were studying at the time.

Enhancing systems that support diversity and inclusivity

Achieving our transformation goals requires practical strategies to build an inclusive and nurturing workplace culture. Through a dedicated analytics team within Human Resources, we analyse feedback from the Employee Experience Survey to measure progress in diversity and inclusion across our South African operations. We also run diversity and inclusion hackathons nationally to provide a qualitative basis for understanding the themes and challenges facing teams, and to provide input from all levels of the Group to support faster progress on the deep work of transformation.

Data and analytics are a key enabler of Discovery's Shared-Value business model and we are leveraging these capabilities to power the future of the employee experience at Discovery. The insights from analysing talent management data is supporting evidence-led interventions

and more equitable decisions by helping us remove bias from the recruitment system, providing a basis for fair and equitable remuneration and promotions, and providing data to enhance approaches in enterprise development.

We have made strong progress in attracting and retaining the best black talent as measured against the employment equity component of our 2016 transformation strategy. We are developing a new employment equity calculator and setting ambitious targets, with progress measured monthly through our people dashboard and linked directly to the executive scorecard. We will report against the new transformation strategy and targets in the 2020 financial year.

We have included specific training in our leadership development programmes to raise awareness of the risks of unconscious bias and the opportunities in promoting diversity and inclusion across increasingly diverse teams. This is a key theme in the newly developed foundational leadership programme, Leading the Discovery Way. We will continue measuring the impact of our initiative through the Employee Experience Survey.

People with disabilities can often experience obstacles in the open labour market, both in terms of securing employment in the formal economy and during the course of their employment. These obstacles can range from unconscious bias or stigma related to a lack of understanding around the nature and effect of their disabilities, to a lack of reasonable accommodation or inadequate tools and equipment for them to perform their jobs optimally. The vocational environment and infrastructure itself can sometimes also present challenges in term of universal accessibility, and prevent people with disabilities from engaging with and within their work environments.

As reported last year, the design of 1 Discovery Place was deliberately designed to ensure that the environment also fosters and encourages inclusion of people with disabilities throughout all onsite facilities. We continue to focus on providing meaningful employment opportunities for people with disabilities by vigorously promoting employment equity measures within our recruitment practices. Further, we have engaged in a robust programme – called DiscoverAbility – that seeks to identify people with disabilities, assess and provide for their specific needs in terms of reasonable accommodations, and ensure their inclusion in growth and development opportunities.

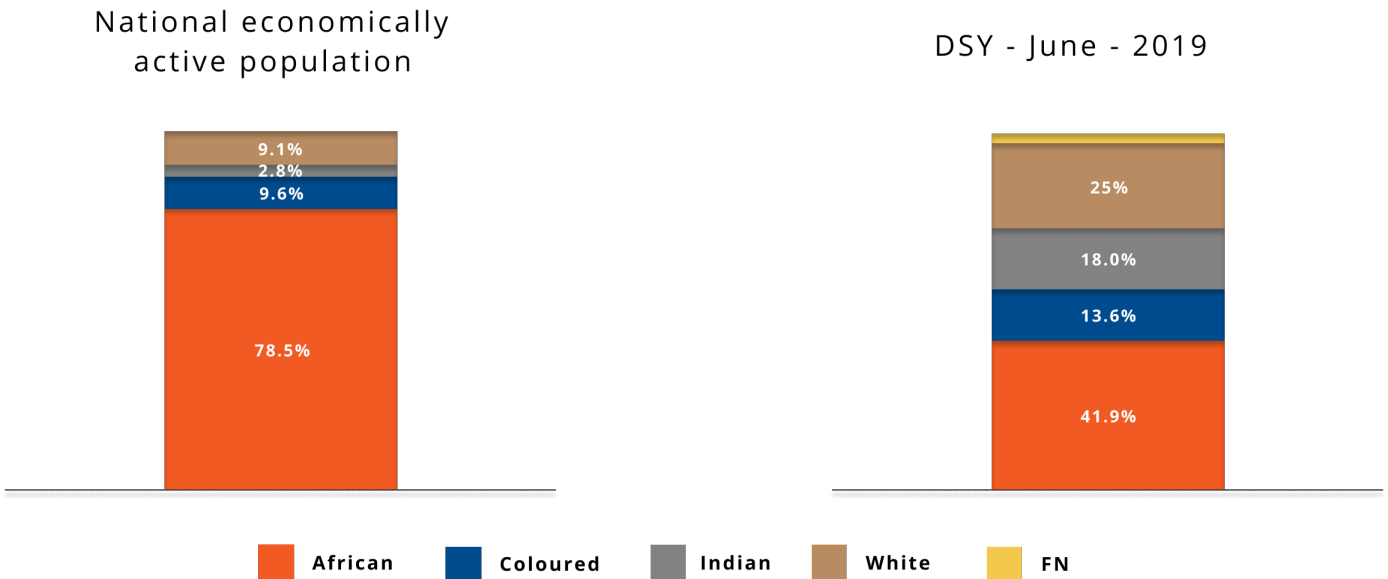
In 2019, we experienced great success through our DiscoverAbility programme, raising our profile and representation of people with disabilities from 1.22% to 1.77% across the organisation.

[View a video on Discovery's DiscoverAbility campaign](#)

Job creation is the greatest lever in Broad-Based Black Economic Empowerment. With strong employment growth at Discovery (with just over 8 000 employees added from 2016 to 2019), we are able to have a meaningful impact on transformation, with approximately 55% of new jobs going to African candidates. This supports our efforts to better reflect South Africa's economically active population.

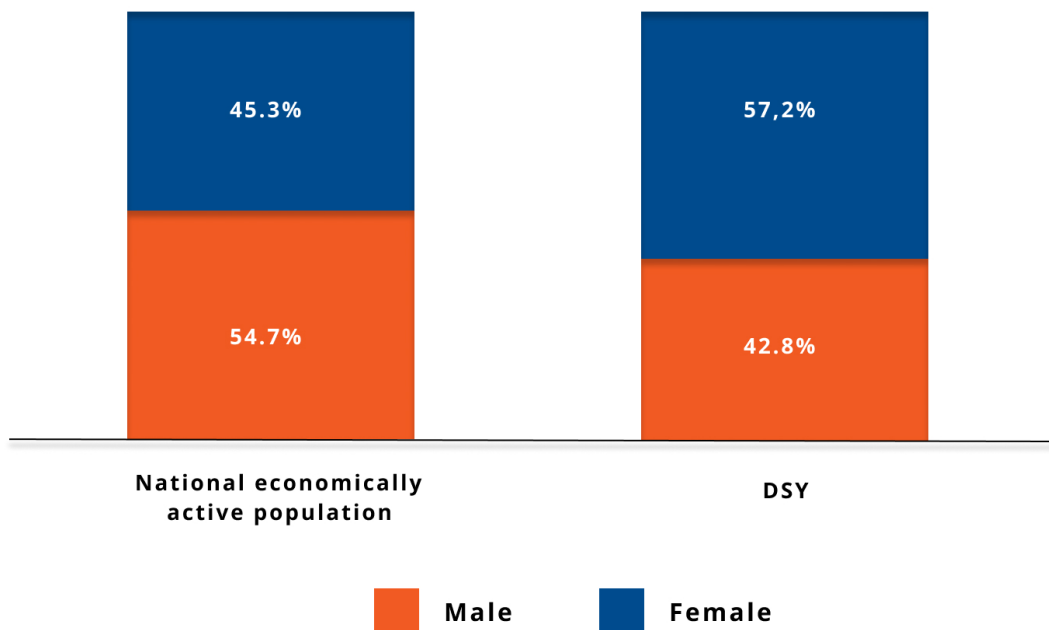
In recognising the urgent challenge of youth unemployment in South Africa, Discovery is participating in the Youth Employment Service (YES) initiative which was officially launched by President Cyril Ramaphosa in March 2018. See 'Our stories' below for an update on our progress.

Our overarching approach to inclusivity is in creating an incredible employee experience for all our employees. We conduct at least one employee engagement survey annually, with an additional survey undertaken depending on the needs of the business. This allows us to benchmark our employee experience against local and global high-performing norms, which we consistently outperform.





## Gender profile versus national economically active population



**2 441 New employees added in 2019 (representing a new hire rate of 24.7%)**



**31% increase in black representation at general and deputy general manager level (20% in 2018)**



**17.11% employee turnover (2018: 14.28%)**

As a measure across our South Africa operations, turnover includes Discovery's large call centre operations as part of Discovery Health, and shifting business priorities.



**78% Response rate in the 2019 Employee Engagement Survey (77% in 2018)**

Strong improvement recorded in diversity and inclusion ('Where I work, management supports diversity in the workplace') and immediate management ('The behaviours of my immediate manager are consistent with the Discovery values').

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## Achieving gender balance in management level and pay

Discovery recognises the urgency in achieving a more equitable gender balance in our workplace, particularly in senior leadership positions

across all our businesses. At present 49% of senior management (2018: 49%) which is beyond the National Economically Active Population and 18% of the Discovery Board (2018: 15%) are women. We continue to place emphasis on achieving greater female representation in our succession planning process. Over the coming year we will conduct detailed analysis into income differentials which will guide us towards an organisational response.

In the United Kingdom, gender is receiving national attention with the introduction of mandatory gender pay gap reporting for companies with more than 250 employees in 2017. Pleasingly, we are among the lowest scoring companies on median pay gap in the financial services sector.

We completed an in-depth analysis on pay which confirmed that we have slight equal pay for equal work issues; any differences are accounted for by factors like experience and qualifications.

Our challenge is under-representation of women in executive and senior management positions. To narrow this gap, we have set ambitious targets to increase the percentage of appointments to senior management roles are filled by women. In 2018, we also signed up to the Women in Finance Charter, a Government Treasury-led initiative to achieve better gender representation and equity in the financial services sector.

There is also a gender focus in succession planning across the Vitality UK business. Training in diversity, equity and inclusion is compulsory for all employees, and has been supplemented by additional learning and development on unconscious bias for managers.

## Managing our direct environmental impact

Discovery is committed to responsibly managing its environmental impact and minimising the use of natural resources in our business.

Discovery measures its greenhouse gas (GHG) emissions in its South African, United States and United Kingdom operations. Our GHG emissions are generated primarily through electricity consumption, fugitive emissions and stationary fuels (diesel), and includes emissions generated by our employees' travel into work each day.

**Discovery's approach to environmental management is articulated in our Environmental Policy, with defined objectives and goals against all environmental impact areas. Our three key environmental objectives are to:**

- 1. Reduce and monitor our direct environmental footprint**
- 2. Drive behaviour change by creating awareness and educating our employees**
- 3. Understand the impact of climate change on our business.**

These objectives are reviewed periodically by our Environmental Forum and progress is reported to the Social and Ethics committee quarterly.

We have implemented an efficient digital platform for data monitoring in South Africa for carbon emissions, supporting accurate tracking, monitoring and reporting across all emission sources. This will ensure that our data is accurate, verified and meets all the required standards. As a result of our move to 1 Discovery Place, we have re-commissioned implementation of ISO 14001:2015, a high-level best practice environmental assessment.

In terms of the Carbon Tax Act that commenced in June 2019, Discovery is regarded as a 'low impact' company. Phase 1 of the carbon tax will not directly affect Discovery until 2023. The indirect impact of carbon tax is being quantified for our company-owned fleet as a separate tax on emissions from petrol and diesel use, which has been incorporated into the fuel levy system from 5 June 2019.

Discovery submitted the mandatory National Greenhouse Gas Emission Report to the Department of Environmental Affairs for Scope 1 emissions sources (onsite diesel consumption), which also comprises an inventory of our mobile combustion equipment for all our offices.





Environmental awareness is evident in the way that we operate as a company. Alongside our environmental awareness campaigns, employees also contribute ideas on the responsible management of resources.

As significant consumers of power and water, we have designed our data centres to be as efficient as possible and use energy and water efficient air-based chillers to augment cooling. We are also decreasing energy consumption by switching off all non-essential lights at 8pm each week day and keeping them off over weekends, where possible.

We run comprehensive recycling stations in the pause areas at our 1 Discovery Place and Sable Park campuses. We will be running a pilot project at 1 Discovery Place to increase recycling at source, which, if successful, will be rolled out across all our campuses.

**Approximately 46% of the waste generated on our campuses is recycled.**

We also provide home recycling stations for our employees to bring in and dispose of their household waste. This includes glass, tin and packaging, and extends to e-waste (such as computers, computer components, mobile phones and electronic appliances) and hazardous waste (such as light bulbs, florescent tubes and batteries).

All our waste is managed and disposed of by specialised and certified service providers.

Discovery participates in the Advisory Committee on Environment and Society (ACES), a quarterly forum run by the National Business Initiative, of which we are a member. ACES's key mandate is to advance environmental programmes between government and the private sector that focus on climate change, energy and water, as well as the implementation of the National Development Plan. The forum meeting in November 2018 was hosted at 1 Discovery Place, our five-star Green Star rated head office.

Raising awareness among Discovery employees about environmental issues – including climate change – is an ongoing process, and is overseen by our environmental forum. Sensitising employees to the need to reduce electricity consumption and waste is supported by

campaigns around events such as Earth Hour and World Environment Day.

## Key indicators



34 703 MWh total energy consumption\* (2018: 44 550 MWh)



503.39 tonnes total weight of waste (South Africa) (2018: 751 tonnes)



140 232 kl total water withdrawal (from municipal water supplies in South Africa) (2018: 127 452.10 kl)



60 437 tonnes CO2 greenhouse gas emissions (South Africa) (2018: 66 905 tonnes CO2)



1 284 tonnes CO2 greenhouse gas emissions (United Kingdom and United States of America) (2018: 1 302 tonnes CO2)



Over R1.6 million environmental protection expenditure and investments (2018: R1 412 740.37)



Environmental initiatives delivered during the year included recycling, Earth Hour, World Water Week, World Environment Day and Arbor Day

**\* The slight decline in energy consumption is due to the new digital platform employed to monitor this consumption.**

In last year's report, we stated our goal to offset emissions for all our offices so that we have a 'zero emissions' carbon footprint for Discovery. We did not achieve this goal this year and will use the 2018/19 financial year as a baseline to critically assess emissions offsets. This will also form part of ratifying what carbon credits and projects we will invest in as part of the Carbon Tax Act regime, once clarity is provided by the regulator.

## 2018 commitments and progress





## 2018 commitment

- We'll be more equitable.

- 
- We'll be accountable.



## Our progress in 2019

- The Lead the Discovery Way programme is equipping leaders and managers with the skills to lead effectively, with a particular emphasis on an inclusive approach to leading all Discovery's people.

[Developing leadership depth and managing diverse teams](#)

- Our diversity and inclusion hackathons provide input from all levels of the Group to support faster progress on the deep work of transformation.

[Enhancing systems that support diversity and inclusivity](#)

- With strong employment growth, Discovery has a meaningful impact on transformation, with approximately 63.3% of new jobs going to African candidates, supporting our efforts to better reflect South Africa's economically active population.

[Enhancing systems that support diversity and inclusivity](#)

- In the UK, we completed an in-depth analysis on pay which confirmed that we have slight equal pay for equal work issues.

[Achieving gender balance in management level and pay](#)

- We continue to report on our environmental impact and work to minimise the use of natural resources in our business.

[Managing our direct environmental impact](#)

## Related documents and stories

[OUR STORY: Saying YES to youth employment](#)

[OUR STORY: Helping Orange Farm go green](#)

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