



DISCOVERY
UNITED NATIONS GLOBAL COMPACT
COMMUNICATION OF PROGRESS
2020



UNITED NATIONS GLOBAL COMPACT 2020 COMMUNICATION OF PROGRESS

Discovery became a signatory to the United Nations Global Compact (UNGC) in June 2015. This document is our fourth annual Communication on Progress to stakeholders, included in Discovery's 2020 Sustainable Development Report.

Our continued commitment to the Ten Principles of the United Nations Global Compact are reaffirmed by our Chief Executive Officer, Adrian Gore in our web-based 2020 Sustainable Development Report, which provides details on how Discovery has delivered on its commitment to be a powerful force for social good.

See www.discovery.co.za/corporate/our-welcome.

Integration of the UNGC principles

HUMAN RIGHTS

<p>Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights</p>	<p>Discovery is committed to upholding the highest standards in respect of human rights. Our Human Rights Policy sets out the principles that are applied by the business in support of universally proclaimed human rights declarations and standards. These encompass a wide-ranging definition of human rights, including child labour, forced labour and freedom of association as detailed below and outlined in the United Nations Declaration of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Discovery's Human Rights Policy is available to all employees through the Discovery intranet.</p>
<p>Principle 2 Make sure that they are not complicit in human rights abuses</p>	<p>Discovery understands the need to evaluate whether there are direct or indirect impacts on human rights as a result of our business and to address these if required. Due to the nature of our business and adherence to progressive regulations in our home market of South Africa, this has not been a material issue to date. We also have a whistleblowing hotline, managed independently by Deloitte, which is always available for employees, employees, clients and partners to report any ethical violations, including human right violations.</p> <p>In 2020, the Ethics Office introduced the EthicsDefender and Group Forensics introduced the FraudCracker applications as new platforms for employees to anonymously report and communicate in real time to support reporting.</p>

LABOUR

<p>Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</p>	<p>Our Human Rights Policy also supports the right to freedom of association. We uphold freedom of association in businesses where we have a controlling interest, and recognise the right to collective bargaining.</p> <p>This is outlined under Labour standards in the Discovery Supplementary ESG information sheet https://www.discovery.co.za/assets/discoverycoza/corporate/corporate-sustainability/2020/discovery-supplementary-esg.pdf.</p>
<p>Principle 4 The elimination of all forms of forced and compulsory labour</p>	<p>Our Human Rights Policy includes provisions upholding the elimination of all forms of forced and compulsory labour.</p> <p>This is outlined under Labour standards in the Discovery Supplementary ESG information sheet https://www.discovery.co.za/assets/discoverycoza/corporate/corporate-sustainability/2020/discovery-supplementary-esg.pdf.</p>
<p>Principle 5 The effective abolition of child labour</p>	<p>Our Human Rights Policy includes provisions prohibiting all forms of child labour.</p> <p>This is outlined under Labour standards in the Discovery Supplementary ESG information sheet https://www.discovery.co.za/assets/discoverycoza/corporate/corporate-sustainability/2020/discovery-supplementary-esg.pdf.</p>
<p>Principle 6 The elimination of discrimination in respect of employment and occupation</p>	<p>In South Africa, where the majority of Discovery's employees are located, we support government-led policies on Employment Equity. Discovery is making progress to ensure our workforce adequately represents the demographic profile of the country as measured against our 2016 transformation strategy. Discovery has developed its new Employment Equity plan, approved by the Social and Ethics Committee in July 2019. This covers the period July 2019 to June 2023 and provides a comprehensive approach with defined targets and management and Board oversight to give effect to ongoing organisational transformation.</p> <p>Discovery is committed to achieving equity in the workplace by promoting equal opportunity for, and fair treatment of, all employees and applicants for employment by applying the principles of Employment Equity while enhancing systems that support diversity and inclusivity. Further details can be found in the section 'Liberating the best in our people' in our 2020 Sustainable Development Report please link to the website: https://www.discovery.co.za/corporate/our-welcome.</p> <p>We uphold the rights of our employees, clients, partners, suppliers and society, and we oppose all and any forms of discrimination based on race, gender, colour, ethnicity, age, religion, political and sexual orientation, nationality, union membership, physical disability or HIV/Aids status.</p>



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ENVIRONMENT	
<p>Principle 7 Businesses should support a precautionary approach to environmental challenges</p>	<p>We have an Environmental Policy in place, which is available to all employees through the Discovery intranet.</p> <p>The Policy affirms our commitment to providing products and services in a manner that ensures a safe and healthy workplace for employees and minimises our potential impact on the environment. It provides for a range of actions to reduce our environmental impact, including the integration of considerations relating to environmental concerns and impacts into all of our decision-making and procurement processes, and the promotion of environmental awareness among employees.</p> <p>In addition, our Environmental Policy provides for disciplinary action to be taken in instances of non-compliance and for all instances of non-compliance to be included within the regular risk reporting process.</p> <p>Our approach to environmental stewardship is outlined in our 2020 Sustainable Development Report https://www.discovery.co.za/corporate/our-welcome and disclosures (including our efforts developing a Climate Change Strategy and Reporting framework aligned to the recommendations of the Task Force on Climate-related Financial Disclosures) can be found in the Discovery Supplementary ESG information sheet https://www.discovery.co.za/assets/discoverycoza/corporate/corporate-sustainability/2020/discovery-supplementary-esg.pdf.</p>
<p>Principle 8 Undertake initiatives to promote greater environmental responsibility</p>	<p>Discovery is committed to reducing its environmental impact and to continually improving its environmental performance as an integral part of its business strategy.</p> <p>We endeavour to:</p> <ul style="list-style-type: none"> ▪ Comply with all relevant regulatory requirements and other compliance obligations ▪ Disclose our progress, performance and plans in line with the recommendations of the Task Force on Climate-related Financial Disclosures ▪ Continually monitor and reduce our direct environmental impact, including greenhouse gas emissions by improving our energy use efficiencies, water usage and waste management ▪ Implementing the zero to landfill waste goal for all our main offices and aligning it with our 2023 ambition ▪ Monitor and reduce our indirect impacts associated with our supply chain ▪ Understand and be responsive to environmental risks and opportunities and how they impact our business ▪ Incorporate environmental factors into business decisions ▪ Increase employee awareness and training ▪ Through our policies and our actions, seek to protect and build our reputation across all aspects of our business. <p>Our 2020 initiatives on environmental sustainability can be found in the section 'Integrity, honesty and fairness' in our 2020 Sustainable Development Report https://www.discovery.co.za/corporate/our-welcome.</p>
<p>Principle 9 Encourage the development and diffusion of environmentally friendly technologies</p>	<p>Our products are mainly concerned with improving health and financial outcomes rather than with developing environmental technology. However, within the scope of our business, we work to encourage environmentally responsible behaviour. For example, our motor insurance division provides incentives within its product base that encourage safer and therefore more environmentally friendly driving behaviour. We also provide incentives for the use of public transport as part of our vehicle insurance products.</p> <p>In addition, we strongly support the development of urban and community infrastructure that supports the use of public transport. As an example, we participate actively on the Sandton Sustainability Forum and input into consultative processes regarding infrastructure, transport and safety.</p>



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ANTI-CORRUPTION

Principle 10

Businesses should work against corruption in all its forms, including extortion and bribery

Discovery recognises that financial crime in all its forms is a threat to the Discovery Group and is committed to the prevention of all financial crime. Our approach is outlined in the Discovery Supplementary ESG information sheet <https://www.discovery.co.za/assets/discoverycoza/corporate/corporate-sustainability/2020/discovery-supplementary-esg.pdf>.

Also, as part of an industry-wide collaboration to combat fraud, waste and abuse, Discovery is actively supporting the Council for Medical Schemes and working with all stakeholders to guard against the corrosive effects of corruption in the healthcare system. Further detail on fraud, waste and abuse in the medical scheme environment can be found in the section 'Integrity, honesty and fairness' in our 2020 Sustainable Development Report please link to the website: <https://www.discovery.co.za/corporate/our-welcome>.

Our efforts to work against corruption are spearheaded through Group compliance and the Group Ethics Office, with an overview for each below.

GROUP COMPLIANCE

To prevent bribery and corruption, Discovery has appropriate due diligence procedures in place and takes a risk-based approach to ensure compliance with all applicable laws and regulations related to anti-bribery and corruption.

Policies implemented to address bribery and corruption, include:

- The Conflict of Interest Policy, which caters for gifts received and offered and also covers insider trading, recruitment, moonlighting and procurement, as well as conflict of interest for financial services providers as per the Financial Advisory and Intermediary Services Act 37 of 2002
- The Whistle-Blowing Policy outlines the processes that employees must follow when reporting their concerns which includes fraud and corruption
- The Procurement Policy, which prohibits accepting any rewards during the procurement process. Direct managers of procurement staff are responsible to collect annual declarations from their staff to ensure that no rewards were accepted.

Procedures to investigate and report on violations of bribery and corruption is managed by the forensics team, which has a policy that outlines how fraud is managed.

Discovery has implemented specific controls to mitigate the risk of fraud and corruption, which include:

- Recruitment:
 - Sanctioned and politically influential and/or exposed persons screening
 - Verify and check qualifications and criminal records
 - Fit and Proper checks on key persons, including decision makers, directors and auditors, and financial advisers and key individuals within our distribution channels
- Due diligence on intermediaries:
 - Fit and Proper checks
 - Politically influential and/or exposed person checks and checks on relationships to politically influential and/or exposed persons
- Procurement process (local and International business partners):
 - Appropriate due diligence procedures for all relevant third-party service providers and associated persons are applied in accordance with Discovery's risk-based due diligence process
 - Approved guidelines on contractual arrangements with third parties in high risk areas and other associated persons, including requirements for compliance with all applicable laws and regulations related to anti bribery and corruption
- Training and communication, with annual anti-bribery and corruption and anti-money laundering training provided across the Group.

Group Compliance has extended the role of the Anti Money-Laundering Compliance Officer to address all financial crime.

GROUP ETHICS OFFICE

The Group Ethics Office is an independent function tasked with assessing and promoting the ethical corporate culture of the Discovery Group. It provides information to the Social and Ethics Committee of the Board of Directors on the formal structures safeguarding ethics within the organisation, their effectiveness in promoting an ethical culture, and the way in which employees perceive the Group's efforts in pursuit of integrity.

Disclosures on how Discovery continues to build a highly ethical culture can be found in the section 'Integrity, honesty and fairness' in our 2020 Sustainable Development Report <https://www.discovery.co.za/corporate/our-welcome>.

