



NOTICE OF ANNUAL GENERAL MEETING 2020

It's only together, that we
can weather the storm.

THANK YOU

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Letter to Shareholders

11 December 2020

Dear shareholder

Herewith please find the notice of the Annual General Meeting (AGM Notice) and accompanying information required by Shareholders for the Annual General Meeting to be held on Friday, 5 February 2021.

 The full integrated report, including supplementary reports of interest to stakeholders, and the audited annual financial statements of the Group can be accessed online at www.netcare.co.za

To order a printed copy of the integrated report or to provide any feedback on this report, please contact the Company Secretary, Charles Vikisi, at charles.vikisi@netcare.co.za or Netcare Investor Relations at ir@netcare.co.za.

If requested, a copy of the integrated report will be mailed to you immediately at no cost.
Thank you for your support.



Charles Vikisi
Company Secretary

On behalf of the Board of Netcare Limited,
being duly authorised.

Notice of annual general meeting

for the year ended 30 September 2020

Netcare Limited

Registration number: 1996/008242/06

JSE share code: NTC

ISIN: ZAE000011953

(Netcare or the Company)

A. Notice of meeting

Notice is hereby given that the 24th annual general meeting (AGM) of shareholders of the Company will be held virtually on Friday, 5 February 2021 at 10h00, to consider and, if deemed fit, to pass, with or without modification, the following resolutions in the manner required by the Companies Act, No. 71 of 2008, as amended (the Companies Act), and subject to the JSE Limited (JSE) Listings Requirements.

Should any shareholder (or representative or proxy for a shareholder) wish to participate in the Virtual AGM, that shareholder should apply in writing (including details on how the shareholder or representative (including proxy) can be contacted) to the Transfer Secretary via email at netcare@4axregistry.co.za for the Transfer Secretary to arrange for the shareholder (or representative or proxy) to provide reasonably satisfactory identification for the purposes of section 63(1) of the Companies Act 71 of 2008, as amended (Companies Act) and for the Transfer Secretary to provide the shareholder (or representative or proxy) with the link to the Online Registration and Voting Platform as well as the process to register and vote online.

Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

Shareholders are advised to ensure that they are identified and registered to attend the Virtual AGM by preferably no later than Thursday, 04 February 2021 at 12:00, to avoid any delays in accessing the Virtual AGM.

This AGM notice includes the attached form of proxy.

B. Record dates, proxies and voting

Record date to receive the AGM notice: Friday, 4 December 2020

Last date to trade to be eligible to attend and vote at the AGM: Tuesday, 26 January 2021

Record date to be eligible to attend and vote at the AGM ("Voting Record Date"): Friday, 29 January 2021

Last date for lodging forms of proxy for administrative purposes: 10h00 on Wednesday, 03 February 2021

If you are a registered shareholder as at the record date, you are entitled to attend the Virtual AGM and vote at the AGM. Alternatively, you may appoint a proxy to attend, participate and vote at the AGM on your behalf. Any appointment of a proxy:

- may be effected by using the attached Form of proxy; and
- must be delivered in accordance with the instructions contained in the attached Form of proxy, failing which it will not be effective.

A proxy need not be a shareholder of the Company.

If you are a beneficial shareholder and not a registered shareholder as at the record date:

- and wish to attend the AGM, you must obtain the necessary letter of authority to represent the registered shareholder of your shares from your Central Securities Depository Participant (CSDP) or broker; and
- do not wish to attend the AGM but would like your vote to be recorded at the AGM, you should contact the registered shareholder of your shares through your CSDP or broker and furnish them with your voting instructions; you must not complete the attached Form of proxy.

All AGM participants will be required to follow the online registration and voting process as detailed in A above.

C. Purpose of AGM

The purpose of the AGM is to:

- present the Group annual financial statements of the Company for the year ended 30 September 2020 (including the directors' report, the Audit Committee report and the independent auditors' report);
- consider any matters raised by shareholders; and
- consider and, if deemed fit, to pass, with or without modification, the ordinary and special resolutions below.

1. Ordinary resolutions number 1.1 to 1.2: Re-election of directors


"To re-elect directors who retire by rotation in accordance with the provisions of the Company's Memorandum of Incorporation (MOI) and being eligible, offer themselves for re-election.

Ms. B Bulu and Mr. M Bower retire by rotation, and being eligible, offer themselves for re-election:

- 1.1 M Bower
- 1.2 B Bulu"

Percentage voting

Ordinary resolutions number 1.1 to 1.2 will be considered by way of a separate vote, and in order for each such resolution to be adopted, the support of a majority, 50% (fifty percent) plus 1 (one), of votes cast by shareholders present or represented by proxy at this AGM is required.

 The directors' biographies are contained in this AGM Notice on pages 30 to 31.

2. Ordinary resolution number 2: Re-appointment of independent external auditors

"To re-appoint Deloitte & Touche, upon recommendation of the Board and the Group Audit Committee, as the independent external auditor of the Company for the ensuing financial year ending 30 September 2021."

The Board and the Group Audit Committee are satisfied that Deloitte & Touche meets the provisions of the Companies Act and have complied with the JSE Listing Requirements.

Percentage voting

In order for this ordinary resolution number 2 to be adopted, the support of a majority, 50% (fifty percent) plus 1 (one), of votes cast by shareholders present or represented by proxy at this AGM is required.

3. Ordinary resolutions number 3.1 to 3.3: Appointment of Audit Committee members

"To elect each of the following independent non-executive directors, as members of the Company's Audit Committee:

- 3.1 M Bower (Chairman) (subject to the passing of Ordinary resolution number 1.1)
- 3.2 B Bulu (subject to the passing of Ordinary resolution number 1.2)
- 3.3 D Kneale"

Percentage voting

Ordinary resolutions 3.1 to 3.3 will be considered by way of a separate vote, and in order for each such resolution to be adopted, the support of a majority, 50% (fifty percent) plus 1 (one), of votes cast by shareholders present or represented by proxy at this AGM is required.

 The directors' biographies are contained in this AGM Notice on pages 30 to 31.

The Board has reviewed the expertise, qualification and relevant experience of the appointed Audit Committee members and recommends that each of these directors be elected.

4. Ordinary resolution number 4: Signature of documents

"Resolved that any two directors of the Company are authorised to sign all such documents and do all such things necessary or incidental to the implementation of the resolutions proposed at the AGM."

5. Non-binding resolution number 1: Approval of the remuneration policy

The resolution is proposed to shareholders to endorse the Company's remuneration policy as set out in the integrated report. Shareholders are reminded that, in terms of the fourth King Report on Corporate Governance for South Africa (King IV™), the passing of this non-binding resolution is by way of a non-binding advisory vote. In the event that at least 25% (twenty-five percent) of the voting rights exercised on this advisory vote are against the remuneration policy, the Board undertakes to implement the consultation process set out in the remuneration policy read together with the King Code. Details of the manner and timing of the engagement will be released in the voting results announcement.

 The full remuneration policy and implementation report can be found on pages 10 to 24 of the AGM Notice.

Notice of annual general meeting continued

6. Non-binding resolution number 2: Approval of the implementation report

The resolution is proposed to shareholders to endorse the implementation report, which includes the remuneration disclosure in terms of the Companies Act, as set out in the remuneration report included in the integrated report. Shareholders are reminded that in terms of King IV™, the passing of this non-binding resolution is by way of a non-binding vote. In the event that at least 25% (twenty-five percent) of the voting rights exercised on this advisory vote are against the implementation report, the Board undertakes to implement the consultation process set out in the remuneration policy read together with the King Code. Details of the manner and timing of the engagement will be released in the voting results announcement.

 The full remuneration policy and implementation report can be found on pages 10 to 24 of the AGM Notice.

7. Special resolution number 1: General authority to repurchase shares

"Resolved that the Company and its subsidiaries are authorised, by way of a general authority, to acquire ordinary shares and preference shares (collectively "Shares" for purposes of this resolution) issued by the Company subject to the provisions of the Company's MOI, the Companies Act, the JSE Listings Requirements and provided that:

- a) this authority will be valid until the Company's next AGM, provided that it does not extend beyond 15 months from the date of this AGM;
- b) any such repurchase be effected through the order book operated by the JSE trading system and done without any prior understanding or agreement between the Company and the counterparty;
- c) an announcement, giving such details as may be required in terms of the JSE Listings Requirements, be published when the Company or its subsidiaries have cumulatively repurchased 3% of the initial number of Shares in issue and for each 3% in aggregate of the initial number which is acquired thereafter;
- d) a general repurchase may not, in aggregate in any one financial year, exceed 10% of the Company's issued Shares at the beginning of the financial year, provided that the subsidiaries of the Company may not collectively hold at any one time more than 10% of the Company's issued Shares;
- e) no repurchase will be effected during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless the Company has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been submitted to the JSE in writing prior to commencement of the prohibited period. The Company will instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by Netcare, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- f) at any point in time, the Company may only appoint one agent to effect repurchases on its behalf;
- g) the price at which the Company's Shares may be repurchased shall be no more than at a maximum premium of 10% above the weighted average traded price of the Company's Shares as determined over five business days immediately preceding the date of repurchase; and
- h) prior to entering the market to repurchase the Company's Shares, a Board resolution authorising the repurchase is passed in accordance with the requirements of the Companies Act, stating that the Board has applied the solvency and liquidity test as set out in Section 4 of the Companies Act, and has reasonably concluded that the Company and its subsidiaries have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Group."

The directors further undertake that they will not implement such a repurchase unless the following can be met:

- a) the Company and the Group will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the AGM Notice;
- b) the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group for a period of 12 months after the date of the AGM Notice. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited Group annual financial statements;
- c) the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the AGM Notice; and
- d) the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of the AGM Notice.

The directors will continually review the Company's position, having regard for prevailing circumstances and market conditions, in considering whether to effect the provisions of special resolution number 1.

Percentage voting

In order for this special resolution number 1 to be adopted, the support of at least 75% (seventy-five percent) of votes cast by shareholders present or presented by proxy at this AGM is required.

Details in regard to other JSE Listings Requirements applying to special resolution number 1

	Details	Pages
Major shareholders	Extract 2	25
Share capital	Extract 3	27

Directors' responsibility statement

The directors collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution 1 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 1 contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated report, no material changes in the financial position or trading of the Group have occurred since the date of signature of the audited annual financial statements for the year ended 30 September 2020 and the date of this AGM Notice.

8. Special resolution number 2: Approval of non-executive directors' remuneration for the period 1 October 2020 to 30 September 2021

"To grant the Company authority, by a separate vote in respect of each item, to remunerate its non-executive directors for their services as directors and/or pay any fees related thereto on the following basis provided that the aforementioned authority shall be valid with effect from 1 October 2020 to 30 September 2021. Directors not registered for value added tax (VAT) will be entitled to the remuneration exclusive of VAT and registered VAT vendors to the remuneration plus VAT at the prevailing VAT rate."

Rand	2020 ¹	2021 ¹
Payable per annum:		
1. Board Chair	1 340 000	1 340 000
2. Board members	685 000	685 000
3. Audit Committee Chair	242 050	235 000
4. Audit Committee members	179 000	179 000
5. Remuneration Committee Chair	186 000	186 000
6. Remuneration Committee members	126 000	126 000
7. Risk Committee Chair	193 440	186 000
8. Risk Committee members	135 960	132 000
9. Nomination Committee Chair	179 000	179 000
10. Nomination Committee members	126 000	126 000
11. Social and Ethics Committee Chair	179 000	179 000
12. Social and Ethics Committee members	126 000	126 000
13. Consistency of Care Committee Chair	235 000	235 000
14. Consistency of Care Committee members	186 000	186 000
Payable per meeting:		
15. Ad hoc Committee	42 000	42 000

1. Exclusive of VAT.

Notice of annual general meeting continued

Reason and effect

The reason for special resolutions number 2.1 to 2.15 is to grant the Company the authority to pay remuneration to its non-executive directors for their services as directors in accordance with the provisions of the Companies Act. The effect of the special resolutions number 2.1 to 2.15 is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors, without requiring further shareholder approval until the next AGM.

Percentage voting

Each of special resolutions number 2.1 to 2.15 will be considered by way of a separate vote and, in order for each such resolution to be adopted, the support of at least 75% (seventy-five percent) of votes cast by shareholders present or represented by proxy at this AGM is required.

9. Special resolution number 3: Financial assistance to related and inter-related companies in terms of sections 44 and 45 of the Companies Act

To authorise the directors, in terms of and subject to the provisions of sections 44 and 45 of the Companies Act, to cause the Company to provide any direct or indirect financial assistance to or for the benefit of:

- a) any company or corporation which is related or inter-related to the Company; or
- b) any employee, director, prescribed officer or other person or any trust established for their benefit, in terms of any share incentive scheme described in the Company's remuneration report;
- c) noteholders in connection with the subscription of notes issued or to be issued by Clindeb Investments Limited (the Issuer) pursuant to its Domestic Note Programme, and for purposes of the subscription for any other debt instruments issued or to be issued by the Issuer from time to time.

for such amounts and on such terms and conditions as the Board of the Company may determine.

Reason and effect

The reason for and effect of special resolution number 3 is to grant the directors of the Company the authority to cause the Company to provide financial assistance to any company or corporation which is related or inter-related to the Company, or any employee, director, prescribed officer or other person or any trust established for their benefit, in terms of any share incentive scheme described in the Company's remuneration report.

The financial assistance will be provided as part of the day-to-day operations of the Company in the normal course of its business, and in accordance with its Memorandum of Incorporation and the provisions of the Companies Act. The directors will, in accordance with sections 44(3)(b) and 45(3)(b) of the Companies Act, ensure that financial assistance is only provided if the requirements of that section are satisfied, *inter alia*, that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test set out in section 4 of the Companies Act.

Percentage voting

In order for this special resolution number 3 to be adopted, the support of at least 75% (seventy-five percent) of votes cast by shareholders present or represented by proxy at this AGM is required.

Such authority to be valid only until the next AGM of the Company.

10. To transact any other business that may be transacted at an AGM

11. Electronic communication

Should any shareholder (or a representative or proxy for a shareholder) wish to participate in the Virtual AGM, that shareholder should make an application to participate (including details as to how the shareholder or its representative (including its proxy) can be contacted) in writing, to the Transfer Secretaries by email at netcare@4axregistry.co.za. This is to be received by the Transfer Secretaries by no later than Thursday, 4 February 2021 at 12h00 in order for the Transfer Secretaries to arrange for the shareholder (or its representative or proxy) to provide reasonable satisfactory identification and for the Transfer Secretaries to provide the shareholder (or its representative or proxy) with details as to how to access the AGM virtually.

The proposed mechanism of electronic participation will be through webinar and the shareholder will be billed separately by their data provider to participate in the AGM.

Shareholders participating electronically will be able to vote electronically.

12. Voting and proxies

Voting

Each ordinary shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote in his or her virtual stead.

Ordinary resolutions proposed for adoption require the support of more than 50% of the voting rights exercised thereon to be adopted. The special resolutions proposed for adoption at this AGM require the support of at least 75% of the voting rights exercised thereon to be adopted.

In terms of the JSE Listings Requirements, any shares held by share incentive schemes will not have their votes taken into account at the AGM in determining the results of voting on JSE resolutions.

In terms of section 48(2) of the Companies Act, no voting rights attaching to shares held by Group subsidiaries may be exercised in respect of resolutions contained herein.

Identification

In terms of Section 63(1) of the Companies Act, before any person may attend or participate in an AGM, reasonable identification must be provided to ensure that the person presiding at the AGM is reasonably satisfied that the rights of the person to participate in and vote at the AGM, either as a shareholder or as a proxy of the shareholder, have been reasonably verified.

Proxies

All shareholders will be entitled to attend and vote at the AGM or any adjournment thereof, every shareholder of the Company who, being an individual, is present or is present by proxy at the AGM or which, being a company or body corporate, is represented thereat by a representative appointed, shall have one vote only and on a poll every shareholder of the Company (whether an individual or a company or a body corporate) or represented by a proxy at the AGM shall have one vote for every ordinary share held by such shareholder.

Holders of dematerialised shares, other than with "own-name" registration intending to attend the AGM, must inform their CSDP or broker of their intention and must obtain the necessary authorisation from their CSDP or broker to attend. Such authorisation must be submitted to the Transfer Secretary on submission of the required proof of identification before the link to the Online Registration and Voting Platform will be provided. If a Dematerialised Holder is unable to attend the AGM in person, they should provide their CSDP or broker with their voting instructions in terms of their agreement with the CSDP or broker in the manner and time stipulated therein.

The necessary form of proxy is attached for the convenience of certificated shareholders and dematerialised shareholders with "own-name" registration who cannot attend the AGM but who wish to be represented thereat. Any shareholder entitled to attend and vote at the AGM may appoint one or more persons to attend, speak and vote in place of such shareholder. A proxy so appointed need not be a shareholder of the Company. In order to be valid, duly completed proxy forms must be received by hand at 4 Africa Exchange Registry, Hill on Empire, 4th Floor, Block A, 16 Empire Road, Parktown, 2193 or by email at netcare@4axregistry.co.za preferably by no later than 10:00 on Wednesday, 03 February 2021. A duly appointed proxy will be required to follow the Online Registration process to attend the Virtual AGM.

Shareholders who require more information about the Online Registration and Voting Process, can contact the Transfer Secretary telephonically at 011 100 8352 or by email at netcare@4axregistry.co.za.

Shareholders wishing to attend the AGM must verify beforehand with the Company's Transfer Secretaries that their ordinary shares are in fact registered in their name. Should this not be the case and the ordinary shares are registered in any other name or in the name of a nominee company, shareholders attending the AGM are obliged to make the necessary arrangements with the party beforehand, so as to be able to attend and vote in their personal capacity. The form of proxy contains detailed instructions in this regard.

Notice of annual general meeting continued

Interpretation of this notice

In this notice (including the proxy form attached hereto) the term:

- **“Group annual financial statements”** means the Group annual financial statements of the Company for the year ended 30 September 2020 (including the directors’ report, the Audit Committee report and Independent External Auditor’s report) which was available to shareholders on the Company’s website from 23 November 2020;
- **“integrated report”** means the integrated report for the Company for the year ended 30 September 2020 which was available to shareholders on the Company’s website from 17 December 2020;
- **“remuneration report”** means the remuneration report for the Company for the year ended 30 September 2020 which includes the remuneration policy and implementation report and was available to shareholders on the Company website from 17 December 2020;
- **“beneficial shareholder”** means the holder of a beneficial interest in shares of the Company who is entitled to cast the votes attaching to those shares but is not the registered shareholder of those shares;
- **“Companies Act”** means the “Companies Act, No 71 of 2008, as amended”;
- **“JSE Listings Requirements”** means the Listings Requirements of the JSE Limited, as amended from time to time and as interpreted and applied or disappplied by the JSE Limited;
- **“register”** means the Company’s securities register and the Company’s register of disclosures of beneficial interests in securities; and
- **“registered shareholder”** or **“shareholder”** in relation to any shares means the holder of those shares whose own name is entered in the Company’s register as such and who is entitled to cast the votes attaching to those shares.

Enquiries

Any shareholders having difficulties or queries with regards to the Virtual AGM or the above are invited to contact the Company Secretary, C Vikisi, on +27 11 301 0265 or email charles.vikisi@netcare.co.za

By order of the Board.



C Vikisi

Company Secretary
11 December 2020
Sandton

Transfer Secretaries:

4 Africa Exchange Registry Proprietary Limited
4th Floor, Building A
Hill on Empire, 16 Empire Road
Parktown, 2193
netcare@4axregistry.co.za
Tel no: +27 11 100 8352

Explanatory notes to the notice of the annual general meeting

Resolutions

Ordinary resolutions number 1.1 to 1.2:

Re-election of directors

The Company's MOI makes provision for the annual retirement from office of a certain proportion of directors, including a director appointed after the conclusion of the Company's preceding AGM. In line with current corporate governance best practice, the appointment of each director standing for re-election will be voted on by a separate resolution. They are also considered independent notwithstanding their tenure. The continued independence of independent non-executive directors who have served for a period of nine years or longer is evaluated by the Nomination Committee, which considers the factors that may impair their independence.

Ordinary resolution number 2:

Re-appointment of independent external auditors

To re-appoint Deloitte & Touche, upon recommendation of the Board and the Group Audit Committee, as the independent external auditor of the Company for the ensuing financial year ending 30 September 2021.

Ordinary resolutions number 3.1 to 3.3: Appointment of Audit Committee members

In terms of section 94(2) of the Companies Act, the Audit Committee is a statutory committee elected by the shareholders at each AGM. The proposed members of the Audit Committee are all suitably qualified, independent and collectively possess the skills which are appropriate to the Company's size and circumstances, as well as its industry.

Ordinary resolution number 4:

Signature of documents

The reason for proposing this ordinary resolution is that the Netcare Board requires authorisation to take various actions and sign the documents pertaining to the resolutions proposed at this meeting. It is appropriate for the members to grant this authority.

Non-binding resolution number 1: Approval of the remuneration policy

The reason for proposing this non-binding advisory vote is in accordance with the King IV™ recommendation that companies should table their remuneration policy and implementation report, as contained in the remuneration report of the integrated report, to shareholders.

 The full remuneration policy is set out on pages 12 to 17 of this AGM Notice.

Non-binding resolution number 2: Netcare implementation report

The reason for proposing this non-binding advisory vote is in accordance with the King IV™ recommendation that companies should table their implementation report, as contained in the remuneration report of the integrated report, to shareholders.

 The full implementation report is set out on pages 18 to 24 of this AGM Notice

Special resolution number 1: General authority to repurchase shares

Special resolution 1 is required to grant the directors a general authority, up to and including the date of the following AGM of the Company, to approve the purchase of the Company's ordinary and preference shares by the Company or its subsidiaries. The directors consider that such general authority should be put in place to facilitate the repurchase of securities should an opportunity present itself which would be in the best interests of the Company and its shareholders in the ensuing year.

Special resolution number 2: Approval of non-executive directors' remuneration for the period 1 October 2020 to 30 September 2021

Special resolution 2 is required to obtain approval of remuneration payable to non-executive directors for the period 1 October 2020 to 30 September 2021. The approval of the shareholders is sought to ensure the remuneration paid to the non-executive directors of the Company remains adequate for the purposes of attracting persons of sufficient calibre and skill to act as non-executive directors of the Company.

Special resolution number 3: Financial assistance to related and inter-related companies in terms of Sections 44 and 45 of the Companies Act

Special resolution 3 is required to grant the directors the authority to authorise the Company to provide direct and indirect financial assistance, as contemplated in Sections 44 and 45 of the Companies Act, to any one or more related or inter-related companies or corporations of the Company pursuant to a shareholders' authority being procured and provided the directors are satisfied that immediately after providing the financial assistance the Company is able to satisfy the solvency and liquidity test and the terms under which the financial assistance is given are fair and reasonable.

Extracts from the integrated report

Extract 1: Remuneration report

Part 1 Background

The Remuneration Committee is pleased to present Netcare's remuneration report for the financial year ended 30 September 2020. The report sets out our approach to fair and responsible remuneration, and considers feedback from shareholders on remuneration matters.

Our remuneration report aligns with the principles and recommended practices of the King Report on Corporate

Governance for South Africa (King IV) and continues to apply Principle 14's three part structure. The report meets JSE Limited (JSE) Listings Requirements, and to the extent applicable, the requirements of the Companies Act.

Remuneration policy overview: page 12

The remuneration policy overview sets out the criteria that inform the remuneration of executive management, explains the changes made to remuneration practices during the year and provides a high-level account of the aspects informing the remuneration for the balance of the workforce.

Implementation report: page 18

The implementation report provides an account of the key decisions taken by the committee to acknowledge the dedication of our frontline teams in providing health and care to South Africans, as well as the agility of Netcare's leaders in steering the strategic and operational focus of the organisation to effectively manage the complex, disruptive and fluid conditions and pressures presented by COVID-19.

Key activities and decisions of the Remuneration Committee

Issue	Key activities and decisions	Page
Non-executive director fees	<ul style="list-style-type: none"> Engaged PwC to conduct an independent benchmarking exercise of non-executive director fees. The results informed the proposed adjustments to non-executive director fees for 2021 to be presented at the annual general meeting (AGM) on 5 February 2021. 	24
Short term incentives (STIs)	<ul style="list-style-type: none"> Reviewed and approved the executive balanced scorecard, which identifies performance parameters and areas of focus for the year. Most performance indicator targets have been deferred to the 2021 financial year given the need in the current year to prioritise the management of the COVID-19 crisis. Approved an ex gratia STI payment in lieu of no STIs, for primarily frontline employees and managers who worked under the immense pressure, anxiety and unprecedented circumstances presented by COVID-19. 	18
Long term incentives (LTIs)	<ul style="list-style-type: none"> Reviewed and approved the performance conditions for FSP 2 and 3. Approved 50% of the performance share allocations of FSP 2 and 3 based on 50% of the performance conditions having been met. Approved the principles of FSP 4, the new LTI plan. In line with shareholder feedback and subsequent approval at the 2019 AGM, FSP 4 includes but is not limited to: <ul style="list-style-type: none"> performance shares for executives only; performance and retention shares for other levels of leadership; minimum shareholding for executives; and malus and clawback provisions. Delayed the implementation of FSP 4 to 2021 given the impact of the pandemic on the broader economic landscape. FSP 4 performance targets will be set for return on invested capital (ROIC) and earnings before interest, taxation, depreciation and amortisation (EBITDA) margin aligned to the post COVID-19 recovery strategy and the impact of IFRS 16. 	22

Issue	Key activities and decisions
Annual salary increases	• Approved annual salary increases linked to the consumer price inflation (CPI) index. Executives received a 4% increase in March 2020. Salary increases at non-management levels were at a higher percentage rate.
Salary negotiations	• Successfully concluded the 2020/21 wage negotiations with all four recognised trade unions.

Remuneration Committee

The Remuneration Committee's core function is to ensure that remuneration at senior levels motivates superior performance and that executives are suitably rewarded and retained. It comprises three independent non-executive directors – Mr D Kneale as Chair (appointed to the Board and the committee with effect 1 January 2020), Mr MR Bower (appointed to the committee on 1 October 2019) and Mrs T Brewer. All three members have a wealth of operational and remuneration experience. The committee met twice during the reporting year. It is satisfied that it has fulfilled the requirements of its terms of reference.

Committee member, Mr Norman Weltman, retired with effect from 30 September 2020 as a non-executive director of the Netcare Board. Netcare thanks him for his invaluable contribution and astute guidance over the years as a committee and Board member. We wish him well.

Shareholder engagement

The Remuneration Committee is committed to ensuring that Netcare's remuneration reporting is straightforward, comprehensive and transparent, and meets shareholder information requirements and understanding of the performance measures used to award short- and long-term incentives. The Remuneration Committee is satisfied that it has successfully responded to shareholder concerns and expectations – evidenced by their positive feedback.

Pleasingly, 96.2% of votes received at the 2020 AGM were in favour of the remuneration policy (2019: 96.1%).

AGM held on 31 January 2020	Votes in favour	Votes against	Abstentions
Remuneration policy	96.2%	3.4%	0.4%
Implementation report	96.7%	3.3%	0.0%

The committee strives for continual improvement of remuneration reporting in line with shareholder expectations and an inclusive stakeholder engagement approach.

Non-binding advisory votes

The remuneration policy and implementation report that follow will be presented for separate non-binding advisory votes from shareholders at the AGM to be held on 5 February 2021. These resolutions are set out in the 2021 AGM Notice.

Should the remuneration policy and/or implementation report be voted against by 25% or more of the voting rights exercised at the 2021 AGM, the committee undertakes to fully understand reasons for dissenting votes and address legitimate and reasonable objections raised.

Board approval

The Remuneration Committee reviewed and recommended the remuneration report to the Board for approval, which was obtained on 16 November 2020.

Extracts from the integrated report continued

Extract 1: Remuneration report continued

Part 2

Remuneration policy overview

Subject to non-binding advisory vote at the AGM on 5 February 2021

Our remuneration policy is an integral part of our employee value proposition. It is designed to attract, retain, motivate and reward the right talent with the right competencies and attitudes at every level in the organisation. It supports the delivery of our strategy and drives alignment between our corporate strategy, performance and the values and behaviours of our passionate people. The policy strives to achieve a fair balance between competitive guaranteed package (GP), STIs, LTIs and retention mechanisms. It is updated regularly to ensure that our remuneration structure reflects best practice, aligns to our operating model and strategic objectives, complies with the applicable laws and is effective in achieving our remuneration objectives.

Remuneration policy objectives

Attract, retain and grow

Recruit, retain and grow high-quality employees to achieve Netcare's strategic objectives.

Financial wellbeing

Recognise the basic needs of employees and ensure that compensation levels consistently address the cost of living and inflation.

Reward

Ensure that all employees are recognised and rewarded for their performance in a fair, equitable and consistent manner.

Set goals

Reward employees for achieving predetermined business and personal performance targets, and ensure that remuneration is aligned to documented performance targets.

Competitive remuneration

Ensure that remuneration and benefits provided are competitive within the healthcare industry.

Sustainability

Ensure that employee costs are within budget as determined by the Executive Committee and are thereby sustainable.

The remuneration policy outlines the principles used to determine the payments, accruals and awards made to executive directors (CEO and CFO), non-executive directors, prescribed officers and senior executives (Executive Committee members and other executives) for the year ended 30 September 2020.



Remuneration policy: <https://www.netcare.co.za/Netcare-Investor-Relations/Governance/Remuneration-Policy>

Remuneration philosophy

We drive a high-performance culture in an active and responsible manner to deliver performance that aligns with Netcare's strategy and values, stakeholder expectations and market factors. Our remuneration philosophy centres on fairly, reasonably, responsibly and competitively rewarding our employees for their contribution to the Group's strategic, operating and financial performance. It guides our remuneration policy.

Principle

Secure crucial skills.

Reward the achievement of strategic and operational priorities and exceptional performance using STIs.

Provide key talented executives and managers with LTIs as a reward and retention mechanism.



Value creation

Provide world-class health and care.

Delivery of the Netcare strategy and an engaged workforce.

Continued alignment between management and stakeholder objectives for the long-term sustainability of the business.

Benchmarking

All elements of remuneration, including salary increases, incentive payments and benefits, are periodically reviewed against industry and market benchmarks and trends to ensure our remuneration levels are appropriate and competitive, and take into account factors affecting the Group's financial position, the industry and SA.

The guaranteed remuneration packages of executive directors, prescribed officers and senior executives are benchmarked against relevant comparators, and non-executive directors' fees are benchmarked annually with market norms.

The benchmarking conducted by PwC over the past three years has confirmed broad alignment with market peers. The cost of the 2020 benchmarking exercise amounted to approximately R75 000, excluding value added tax (VAT).

Executive remuneration

Strategic and financial performance and the achievement of non-financial objectives are used to determine executive compensation. This is measured using a balanced scorecard and considers our values and the behaviours that promote value creation.

Employment contracts do not provide for contractually agreed termination payments. Only the CEO has a restraint of trade of six months and Executive Committee members have a three-month notice period.

We seek to achieve a suitable balance between fixed (guaranteed package) and variable (short- and long-term incentives) remuneration. STIs are limited to a maximum of 75% of GP for the CEO and 60% for prescribed officers and senior executives.

The remuneration packages for executive directors, prescribed officers and senior executives for the year ending 30 September 2020 comprised a GP, an ex gratia STI and LTIs.

Guaranteed package (fixed remuneration)

Objective

To reflect individual contribution and market value relative to role and to recognise skill and experience.

Basis for determination

Guaranteed pay includes salary and employee benefits. It is determined based on the complexity of the role, market value, and the ongoing review of the employee's personal performance and contribution to Netcare's overall performance and values. Guaranteed remuneration is reviewed annually and increases take effect in March. Annual increases consider factors such as prevailing economic conditions, inflation, Group performance and affordability, change in responsibilities, internal and external benchmarks, and average salary increases.

Delivery

Monthly payment after deducting contributions to statutory taxes, retirement funding and medical scheme. The Group also makes group life assurance cover, funeral cover and disability insurance contributions.

Extracts from the integrated report continued

Extract 1: Remuneration report continued

Short-term incentives (variable)

Objective

To reward individual contribution and Group performance in the short term.

Eligibility

Executive directors, prescribed officers, senior executives and managers.

Basis of determination

Ordinarily, potential STIs are calculated by applying an individual's potential eligibility percentage to their GP. The potential eligibility percentage depends on the individual's job grade and threshold. The result is then modified by the balanced scorecard outcome. This means that no executive director, prescribed officer or senior executive can earn more than 75% of their annual GP.

STI formula	Bonus paid if targets met	=	Annual GP	X	Potential eligibility (%)	X	Weighted average of balanced scorecard
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The threshold for the CEO is a maximum of 75% and for the CFO a maximum of 60%.

Balanced scorecard

The balanced scorecard incorporates Group-based, divisional and individual key performance metrics. Group-based targets ensure alignment among team members with the Group's strategic objectives and key focus areas. For the Executive Committee, Group-based targets carry a 40% weighting with divisional and individual responsibilities accounting for the remaining 60% weighting.

The individual, divisional and Executive Committee balanced scorecards include financial and non-financial strategic and operational targets aligned to the Group's strategic objectives. The targets drive the achievement of sustainable growth and long-term value creation. Weighting and targets vary between executives depending on their function.

Individuals must score a minimum of 60% on their individual scorecard to be eligible for participation in the STI plan.

2020 allocation

The shift in operational focus and redirection of capital expenditure towards protecting our employees and healthcare practitioners, and caring for South Africans during the pandemic, meant that our strategic projects were placed on hold and our 2020 strategic objectives not met. Most performance targets, with the approval of the Remuneration Committee, have been deferred to the 2021 financial year. No performance based STIs were awarded for the 2020 financial year. The implemented and deferred balanced scorecard can be found on page 18.

Remuneration Committee discretion

In instances where extraneous factors outside the control of executives are considered to have impacted on overall performance resulting in targets not being met, ex gratia STIs may be awarded at the Remuneration Committee's discretion.

In light of the critical role played by our teams in supporting SA's response to the pandemic, the committee has exercised this discretion for the 2020 financial year, approving an ex gratia STI payment amounting to R47 million. 71.9% of this amount was allocated to frontline teams, 18.8% to senior managers and select employees who showed exemplary care and dedication and the remaining 9.3% to executives. The CEO has elected to voluntarily forego a discretionary STI.

The ex gratia STI payment meant that 1 341 employees at management levels based on the Patterson Grading System received a percentage of a 13th cheque. 95% (1 268) are frontline Nursing Unit Managers, Heads of Departments, Hospital management teams, Operations Managers and Operations teams, primarily in the Hospital division (including pharmacy operations) and Emergency services. 72% (972) of rewarded employees are women and 57% (766) are black¹.

Looking forward to 2021

Depending on whether a second wave of COVID-19 manifests, or its duration if it does, efficient strategic delivery could be further disrupted. Notwithstanding this, STIs will be calculated using the normal approved formula and strategic parameters, including parameters deferred from 2020. Focus will remain on meeting the Board-approved budget aligned to EBITDA and other key financial and non-financial targets.

1. Here, black refers to all South Africans of colour.

Long-term incentives (variable)

Objective

To attract and retain executive directors, prescribed officers and senior executives, and reward sustainable value creation which aligns with stakeholder interests over the long term. The design of LTIs is considered and does not expose shareholders to any financial risk or encourage any form of short termism.

FSP 1, 2 and 3 (past allocations)

FSP 1, 2 and 3 provided benefits in line with recommended governance practice, delivering both performance- and retention-based share awards. Performance shares were awarded against strictly monitored targets which, if not met, resulted in the forfeiture of the shares. The retention-based award incentivised executive directors, prescribed officers and senior executives to remain in the Group's employ.

The number of forfeitable shares subject to an FSP award and the ratio between performance and retention shares was primarily based on the employee's annual GP, grade, performance, retention requirements and market benchmarks. The split in shares favoured performance-based targets over retention-based awards, with weightings being 75% for performance and 25% for retention for executive directors, prescribed officers and Executive Committee members, and equal weightings of 50% for other senior managers.

The performance-based targets are stretch goals linked to financial targets and the Netcare share price, considering a minimum return over and above inflation.

Performance parameter

Return on capital employed (ROCE)
50% weighting

Headline earnings per share (HEPS)
50% weighting

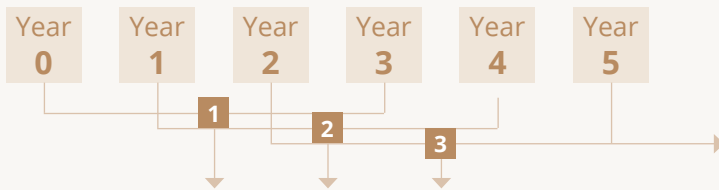
Target

▶ Weighted average cost of capital (WACC) +6%.

▶ Compound annual growth rate of the average CPI index +4% for the performance period.

Delivery

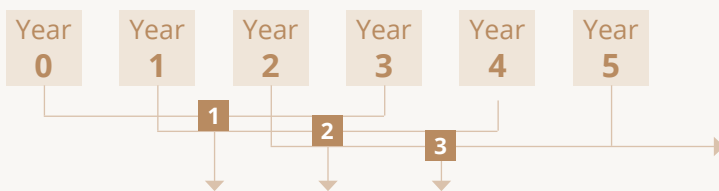
Delivered in Netcare shares over the retention or performance period and provides dividends but not voting rights. The awards vest in thirds (a third each year) over a three-year period following a three-year waiting period.



1/3 of the 'performance shares' allocated are tested for performance
Targets equally weighted between ROCE (50%) and HEPS (50%)

Performance shares

Three distinct performance periods aligned with the financial year, for portion of allocated shares subject to performance conditions.



1/3 of the 'retention shares' vest, subject to continued employment

Retention shares

Three distinct vesting periods of allocated shares, which do not have performance conditions associated with them.

The performance shares allocated to the performance targets are forfeited if the targets are not met within the performance period.

Extracts from the integrated report continued

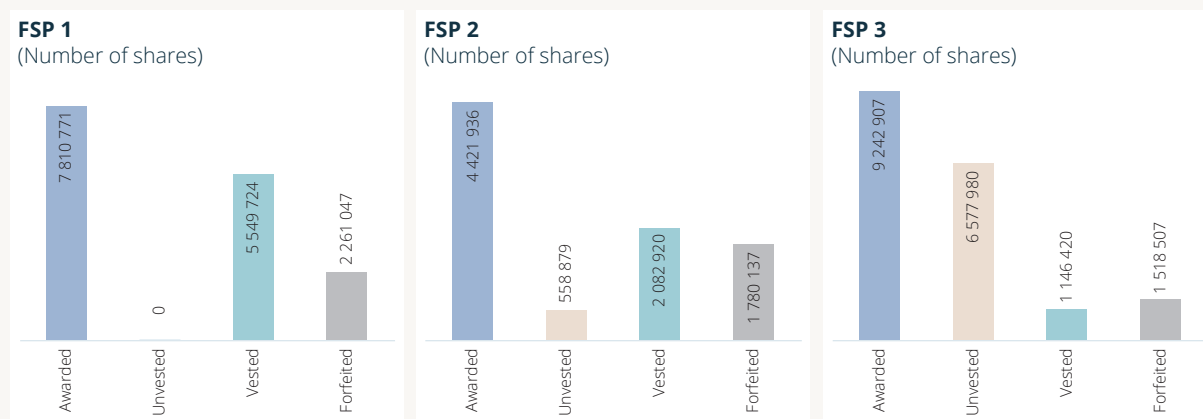
Extract 1: Remuneration report continued

Termination of employment

Unvested shares are forfeited on termination of employment.

The positions of the three tranches of the FSP

(at 30 September 2020)



Since inception, approximately 21.5 million shares have been allocated through the three FSPs, of which 8.8 million shares have vested, benefiting participants. To date, 7.1 million are unvested and 5.6 million have been forfeited.

FSP 4 (future allocations)

Shareholder-approved FSP 4 was due for implementation in 2020, however, has been deferred to 2021 due to COVID-19. The deferral enables the Remuneration Committee to set IFRS 16 adjusted performance targets, ensuring alignment with the post COVID-19 recovery strategy while adhering to the conditions approved by shareholders in January 2020.

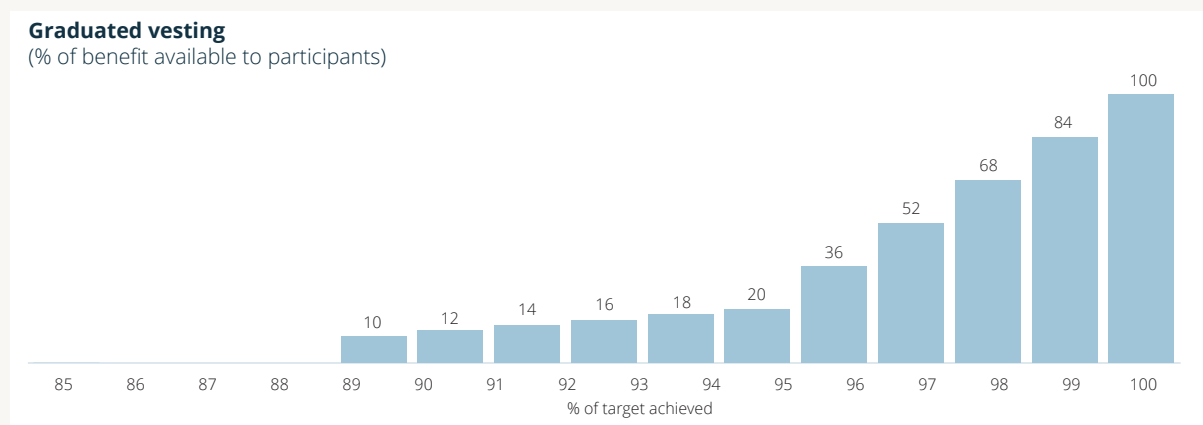
Shareholder-approved conditions include:

- Performance shares issued to executive directors, prescribed officers and senior executives only.
- Performance and retention shares awarded to senior and other management levels only.
- Ensure meaningful benefits accrue to participants based on medium-term and sustained delivery of results.

The performance conditions will continue to be based on ROIC and EBITDA margin.

Graduated vesting

Graduated vesting will apply after a three-year waiting period in thirds over a further two-year period as illustrated in the graph below.



Criteria

The following criteria apply to the LTI:

- The shares will be awarded subject to a malus and clawback policy.
- Executive directors and prescribed officers who are awarded shares will be required to maintain a minimum level of shares that vest and use these towards accumulating a level of shareholding in Netcare linked to a ratio of annual GP.

The ratios that apply will be as follows:

- **CEO:** 2.5 x Annual GP.
- **CFO:** 2.0 x Annual GP.
- **Prescribed officers and other senior executives:** 1.5 x Annual GP.

We aim to achieve this over an eight to 10-year period through, either the retention of at least 10% of shares that vest and are not forfeited, or through existing shareholding.

- The maximum aggregate number of shares which may at any time be allocated to all FSP participants shall not exceed 50 million shares, either alone or when aggregated with existing share plans. This equates to 3.4% of Netcare's issued share capital inclusive of treasury shares (at 30 September 2020).
- The intention is to spread the allocation of shares over a minimum of 10 years, equating to approximately 15 million shares per issue.
- The maximum number of shares which may at any time be allocated to any one participant shall not exceed five million shares.
- The participant will not be required to pay for the FSP award.

Malus and clawback

Our malus and clawback clauses set out in the remuneration policy align with shareholder expectations.

Malus (pre-vesting)

All LTI awards to executive directors, prescribed officers and senior executives made after 1 January 2020 are subject to malus provisions. The vesting levels of these awards may be reduced, including to nil, in the following (but not limited to) instances:

- Deliberately misleading the Group, the market and/or shareholders in relation to the Group's financial performance.
- Misconduct, incompetence or gross negligence with regards to the financial reporting or performance of the Group.

Clawback (post-vesting)

Clawback clauses apply to any variable remuneration awarded from 1 January 2020 onwards. In the case of the LTI, the Remuneration Committee may apply clawback at any time during the three-year period from the date on which variable remuneration vests, if there is reasonable evidence of material misconduct in line with the malus provisions above.

Employee remuneration

Employees at non-management levels are remunerated based on their structured package plus benefits, which include employer contributions to retirement fund and medical aid membership. Permanent employees receive a 13th cheque for each completed 12-month period worked at 31 December of each year. This is paid out to employees in service on 31 December of each year, with exceptions for retirement, retrenchment, death and disability.

In considering King IV's Principle 14 and in recognition of the income gap, higher percentage increases are applied to the annual salary adjustments of employees at the lower end of the pay scale than those awarded to executive directors, prescribed officers and senior executives.

Extracts from the integrated report continued

Extract 1: Remuneration report continued

Part 3

Implementation report

Subject to non-binding advisory vote at the AGM on 5 February 2021

During 2020, the increases to the annual GPs for executive directors, prescribed officers and senior executives were linked to the CPI index and are awarded at levels below those of management and operational employees. This principle will also be applied in 2021.

Balanced scorecard

Group performance parameter	Actual	Target
EBITDA	R2 558 million	R4 358 million x

In addition to EBITDA and EBITDA margin, the achievement of Netcare's strategic objectives accounted for 40% of executive directors, prescribed officers and senior executives' balanced scorecard as set out below. The scorecard implemented was robust and included both financial and non-financial targets, where non-financial targets covered digitisation projects, transformation initiatives, clinical outcomes and key business development projects.

Short-term incentives

● Achieved ○ Partially achieved ★ Paused or impacted due to COVID-19

Consistency of care

Publish clinical outcomes data on the Netcare website	○ Target partially met Content completed but publication only took place in October 2020, after financial year end (delayed due to COVID-19).
Populate and publish a clinical outcomes index	○ Target partially met Completed for quality and safety measures reported to funders on a quarterly basis. Balance of the project delayed by COVID-19.
Improve compliance to general surgical and drug formulary	○ Target partially met Achieved 86.9% against a target of 92.5% for general formulary compliance.
Improve compliance to revised specialised surgical formulary	● Target met Achieved 77.0% against a target of 76.0% for specialised formulary compliance.
Refine and upgrade the framework for the Clinical Practices Committee	○ Target partially met Completed but not rolled out due to COVID-19.
Roll out revised patient survey feedback form	★ Target not met Project paused due to COVID-19.

● Achieved ◉ Partially achieved ✱ Paused or impacted due to COVID-19

Disruptive innovation	
Hospital division Complete roll out of CareOn (the EMR project) at Netcare Milpark Hospital	✱ Target not met Project was on track prior to the pandemic but temporarily suspended to comply with strict site access protocols during the COVID-19 surge.
Primary Care Roll out HealthOne (EMR project)	✱ Target not met Roll out completed at nine of targeted 25 sites (roll out disrupted by COVID-19).
Akeso Clinics EMR project	● Target met Developed and approved the project business case, defined the functional specifications and selected a vendor.
National Renal Care EMR project – develop a solution for roll out in October 2020	◉ Target partially met Revised and finalised the project charter and developed high-level timelines for implementation. Balance of the project delayed due to COVID-19.
Data analytics and platform	● Target met Existing data science use cases transferred to Microsoft Azure cloud platform.
Transformation of society	
Workforce and leadership diversity Meet the objectives set out in the Netcare 2020 Employment Equity Plan	◉ Target partially met Achieved targets for black and black women senior managers, black middle managers and black and black women junior managers. The targets for black women at middle management level and differently abled people were marginally missed.
Preferential procurement Drive greater inclusion of black-owned and black women-owned enterprises in our supply chain	✱ Target not met Achieved 34.1% (R4.0 billion) preferential procurement spend with >51% black-owned suppliers (against targets of 50% or R5.3 billion) impacted by lower activity during COVID-19.
	◉ Target partially met Achieved 21.6% (R2.5 billion) preferential procurement spend with >30% black women-owned businesses (against targets of 26% or R2.7 billion).
Enterprise and supplier development (ESD)	● Target met Invested 16.2% (R71 million) exceeding the target of 3% of net profit after tax (NPAT) in ESD programmes.
Socioeconomic development Create access to quality healthcare for indigent patients and support quality clinical research through scholarships	● Target met Invested 1.8% (R8 million) exceeding the target of 1% of NPAT in socioeconomic development programmes.

Extracts from the integrated report continued

Extract 1: Remuneration report continued

● Achieved ○ Partially achieved ★ Paused or impacted due to COVID-19

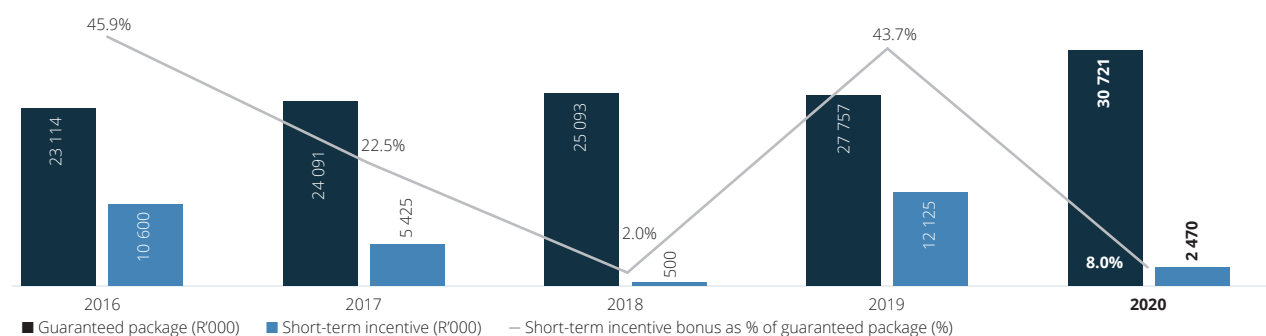
Organic growth	
EBITDA margin – Hospital and Emergency services	★ Target not met EBITDA margin fell below target due to lower activity and higher operating costs brought about by COVID-19.
Recruitment of new doctors	○ Target partially met Net gain of 82 doctors (against target of 88).
Acquire equity stake in Independent Counselling and Advisory Services (ICAS)	● Target met 40% stake acquired effective March 2020.
Launch NetcarePlus	● Target met NetcarePlus platform launched.
Launch Primary Care vouchers	● Target met Primary Care vouchers developed, tested and launched on FNB platform.
Grow occupational health customer base	● Target met Target to secure two new occupational health customer contracts achieved.
Integration	
Roll out the Netcare appointmed™ doctor and specialist booking service	● Target met Successful onboarding of 50 targeted hospitals.
Digital pre-admission across Netcare hospitals	○ Target partially met Digital pre-admission achieved for 8% of surgical admissions against a target of 20%. Project adversely impacted by COVID-19.
Revamp of the Netcare website to achieve better integration across Netcare's ecosystem of services	● Target met New Netcare website developed and launched.
Investment	
EBITDA	★ Target not met EBITDA fell below target due to lower activity and higher operating costs brought about by COVID-19.
ROIC	★ Target not met Achieved ROIC of 6.7% due to the impact of COVID-19 on the business (target: >20.0%).
Net debt to EBITDA	★ Target not met Achieved net debt to EBITDA coverage of 3.1 times due to the impact of COVID-19 on the business (target: less than 2.0 times).
EBITDA/net interest (times)	★ Target not met Achieved EBITDA to net interest coverage of 4.1 times due to the impact of COVID-19 on the business (target: greater than 5.0 times).
Cash conversion	★ Target not met Achieved cash conversion of 58.3% due to the impact of COVID-19 on the business (target: 100.0%).
Sale of UK hospital properties	● Target met Sale of UK hospital properties concluded and funds repatriated to SA.

Variable remuneration STIs relative to annual GP

(executive directors and prescribed officers)

The graph below illustrates incentives awarded over a five-year period. The ex-gratia incentive for the 2020 financial year was awarded in December 2020.

(R'000)



Executive director STIs

The table below provides a view of the STIs received by the CEO and CFO over the last three years.

R'000	2020	2019	2018 ¹
RH Friedland	- ²	5 000	-
KN Gibson	618	1 825	-

1. The CEO and CFO chose to voluntarily forego the discretionary STIs awarded to them.
2. The CEO chose to voluntarily forego any discretionary STI.

Executive remuneration

The table below summarises executive remuneration for the 2020 financial year.

R'000	Guaranteed package	Bonuses	Total
Executive directors			
RH Friedland	10 247	-	10 247
KN Gibson	5 323	618	5 941
Prescribed officers			
J du Plessis	4 835	753	5 588
C Grindell	3 400	524	3 924
S Mhlongo	3 094	285	3 379
WN van der Merwe	3 822	289	4 111

Extracts from the integrated report continued

Extract 1: Remuneration report continued

The table below summarises executive remuneration for the 2019 financial year.

R'000	Guaranteed package	Bonuses	Total
Executive directors			
RH Friedland	9 826	5 000	14 826
KN Gibson	5 103	1 825	6 928
Prescribed officers			
J du Plessis	4 639	2 000	6 639
C Grindell	3 140	1 250	4 390
S Mhlongo	1 161	600	1 761
WN van der Merwe	3 888	1 450	5 338

LTI vesting outcomes

Following the review of the performance conditions imposed in respect of the FSP 2 and 3, the Remuneration Committee was satisfied that one of the performance conditions had been achieved and as a result 50% of the performance shares of FSP 2 (tranche 3) and FSP 3 (tranche 1) vested on 1 December 2020.

Performance parameter	Target
ROCE (over three years) 50% weighting	ROCE of WACC plus 6% = 17.3% Target met: 22%
HEPS 50% weighting	HEPS of CPI plus 4% Target not met

The committee was also satisfied that the retention conditions for FSP 2 (tranche 3) and FSP 3 (tranche 1) were met in June 2020.

Forfeitable shares

Held by executive directors and prescribed officers at 30 September 2020 (number of options).

Number of options	Grant date	1 Oct 2019	Granted	Shares forfeited during the year	Exercised (sold and retained)	30 Sep 2020	Market price at exercise date (cents)	Gain arising on exercise (R'000)
Executive directors								
RH Friedland ¹	FSP 2: 20 Jan 2016	1 207 236	-	(68 036)	(187 530)	951 670	15.73	2 949
KN Gibson ²		515 116	-	(28 862)	(79 802)	406 452	15.73	1 254
Prescribed officers								
J du Plessis	FSP 3: 20 Jan 2018	408 013	-	(22 094)	(62 231)	323 688	15.67	975
C Grindell		199 453	-	(4 364)	(29 980)	165 109	14.23	427
S Mhlongo		-	125 000	-	(10 416)	114 584	13.93	145
WN van der Merwe		251 207	-	(5 559)	(34 831)	210 817	14.32	499
		2 581 025	125 000	(128 915)	(404 790)	2 172 320		6 249

1. RH Friedland exercised 187 530 (2019: 113 393) share options during the year in terms of the Forfeitable Share Plan.
2. KN Gibson exercised 79 802 (2019: 48 103) share options during the year in terms of the Forfeitable Share Plan.

The audited financial table has been included in the annual financial statements under note 4.1.2.

Non-executive director remuneration

Non-executive directors are paid a fixed fee for their services as directors and for services provided as members of Board committees. These fees vary depending on their roles within the committees. Fees are set at levels that will attract and retain the calibre of directors necessary to contribute to a highly effective Board. Non-executive directors do not qualify for participation in any share or incentive schemes.

The Board and the Remuneration Committee review the remuneration of non-executive directors annually, with consistent approval of proposed fees received from shareholders at our AGMs.

Fees paid to non-executive directors for the period 1 October 2019 to 30 September 2020

(based on Board, committee and ad hoc committee attendance)

R'000	Board	Audit	Risk	CoC ¹	Rem ²	S&E ³	Nom ⁴	Fin & Invest ⁵	Tariff ⁶	2020 Total	2019 Total
MR Bower	685	235	132		126			210		1 388	1 356
T Brewer	1 340		132		126	126	179	210		2 113	2 177
B Bulo	685	179	132	186						1 182	1 169
L Human	685		132				126			943	405
D Kneale*	513	134			139		63			849	-
MJ Kuscus	685		132	235		126				1 178	1 162
K Moroka	685					179	126			990	990
N Weltman ^Δ	685	179	186	186	126				84	1 446	1 508
Total	5 963	727	846	607	517	431	494	420	84	10 089	9 936

* Appointed 1 January 2020.

Δ Retired 30 September 2020.

Committee names:

1. Consistency of Care.
2. Remuneration.
3. Social and Ethics.
4. Nomination.
5. Finance and Investment (operating committee).
6. Tariff (operating committee).

The non-executive directors elected to donate R344 000 of their fees to the Netcare Foundation in support of healthcare workers, particularly the families of frontline workers who lost their lives due to the pandemic. The fees reflected in the table above are the gross fees for the period.

Extracts from the integrated report continued

Extract 1: Remuneration report continued

Proposed non-executive directors' fees

The Remuneration Committee has proposed a variable increase, based on governance committee, in non-executive directors' fees exclusive of VAT for 2021. The increases are informed by a PwC benchmarking exercise, and take into account the increasing demands faced by non-executive directors in respect of personal liability and ongoing regulatory requirements. The increases remain subject to shareholder approval at the AGM on 5 February 2021. The fees that have been adjusted have been referenced accordingly, and the balance remain at current levels.

PwC has independently benchmarked the proposed fees, with the following comparators used in the benchmark:

- Publicly disclosed non-executive director fees for comparator group of companies listed on the JSE.
- Quartile benchmarks to ensure that accurate data is provided.

Based on PwC's findings, a 4% increase for the Risk Committee Chair, and a 3% increase for the Audit Committee Chair and Risk Committee members are being tabled for shareholder approval at the 2021 AGM. All other fees remain unchanged.

Proposed non-executive director fees

R'000	Proposed 2021	Increase	Actual 2020	Actual 2019
Board				
Chair	1 340		1 340	1 340
Member	685		685	685
Audit Committee				
Chair	242	3%	235	225
Member	179		179	179
Nomination Committee				
Chair	179		179	179
Member	126		126	126
Risk Committee				
Chair	193	4%	186	179
Member	136	3%	132	126
Remuneration Committee				
Chair	186		186	179
Member	126		126	126
Social and Ethics Committee				
Chair	179		179	179
Member	126		126	126
Consistency of Care Committee				
Chair	235		235	225
Member	186		186	179
Payable per meeting				
Ad hoc committees	42		42	42

Note: values exclude VAT.

Extract 2: Analysis of shareholders

	Number of shareholders	Percentage of shareholders	Number of shares in issue ¹	Percentage of issued share capital
Shareholder Spread				
1 – 1 000	10 559	47.98	2 727 751	0.20
1 001 – 50 000	10 118	45.97	68 060 542	5.10
50 001 – 100 000	338	1.54	24 132 303	1.81
100 001 – 10 000 000	980	4.45	829 471 632	62.13
10 000 001 and above	13	0.06	410 696 077	30.76
Total	22 008	100.00	1 335 088 305	100.00
Distribution of shareholders per category				
Individuals	18 373	83.48	70 909 608	5.31
Private Companies	469	2.13	50 022 853	3.75
Nominees and Trusts	1 316	5.98	13 145 268	0.98
Banks and Brokerage Firms	74	0.34	56 219 358	4.21
Insurance Companies	97	0.44	57 283 275	4.29
Pension Funds and Medical Aid Schemes	892	4.05	494 991 322	37.08
Collective Investment Schemes and Mutual Funds	787	3.58	592 516 621	44.38
Total	22 008	100.00	1 335 088 305	100.00
Public and non-public shareholdings				
Public	22 006	99.99	1 334 540 048	99.96
Non-public	2	0.01	548 257	0.04
Total	22 008	100.00	1 335 088 305	100.00

1. Number of shares in issue net of treasury shares.

Extracts from the integrated report continued

Extract 2: Analysis of shareholders continued

	Number of shares in issue ¹	Percentage of issued share capital
Beneficial shareholders holding 5% or more		
Public Investment Corporation on behalf of Government Employee Pension Fund ²	276 287 148	20.69
Total	276 287 148	20.69
Investment Manager Top 10		
Public Investment Corporation Group	234 251 223	17.55
Allan Gray Proprietary Limited	105 786 110	7.92
Visio Capital Management (Pty) Limited	53 409 802	4.00
Coronation Fund Managers Limited	52 082 156	3.90
The Vanguard Group, Inc.	49 806 074	3.73
Old Mutual Investment Group (South Africa) (Pty) Limited	38 635 484	2.89
Ninety One UK Limited	37 102 803	2.78
BlackRock Institutional Trust Company, N.A.	36 186 810	2.71
Abax Investments (Pty) Limited	30 805 934	2.31
Truffle Asset Management (Pty) Limited	28 194 199	2.11
Total	666 260 595	49.90
Beneficial Owner Top 10		
Public Investment Corporation Limited	290 414 507	21.75
Government of Norway	47 822 094	3.58
Vanguard Total International Stock Index Fund	24 648 042	1.85
Allan Gray Balanced Fund	22 992 093	1.72
Alexander Forbes Investments	22 380 244	1.68
Eskom Pension and Provident Fund	19 882 259	1.49
Vanguard Emerging Markets Stock Index Fund (US)	19 697 575	1.48
Coronation Top 20 Fund	18 112 432	1.36
Old Mutual Life Assurance Company SA	14 433 789	1.08
Government Institutions Pension Fund (GIPF)	13 033 265	0.98
Total	493 416 300	36.96
Geographic Ownership		
South Africa	895 121 503	67.05
International	439 966 802	32.95
Total	1 335 088 305	100.00

1. Number of shares in issue net of treasury shares.

2. As the treasury shares held by the HPFL B-BBEE scheme carry voting rights, the effective voting power of the Government Employee Pension Fund is 19.2%.

Extract 3: Ordinary share capital

Ordinary share capital

Number of shares (million)	2020	2019
Authorised		
Ordinary shares of 1.0 cent each	2 500	2 500
Issued		
Shares in issue at beginning of year	1 452	1 471
Shares cancelled during the year	(13)	(19)
Shares in issue at end of year	1 439	1 452
Treasury shares		
Treasury shares at beginning of year	(107)	(108)
Purchase of treasury shares	-	(19)
Sale of treasury shares	3	20
Treasury shares at end of year	(104)	(107)
Total issued ordinary shares (net of treasury shares)	1 335	1 345
Treasury shares are held as follows:		
HPFL B-BBEE Trusts	96	97
Forfeitable Share Plan	8	10

Rm	2020	2019
Authorised		
Ordinary shares of 1.0 cent each	25	25
Issued ordinary share capital		
Balance at beginning of year	4 334	4 391
Share buy-back	(37)	(57)
Balance at end of year	4 297	4 334

The Group purchased 12.7 million shares at an average price of R19.68 per share in November and December 2019. The shares have subsequently been cancelled and now form part of authorised shares not issued.

Extracts from the integrated report continued

Extract 4: Directors' responsibility and approval

The directors of Netcare Limited are responsible for the preparation and integrity of the annual financial statements of the Company and the Group, which have been prepared under the supervision of the Chief Financial Officer, Mr KN Gibson, CA(SA). These annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (APC), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the requirements of the South African Companies Act, No 71 of 2008 (the Companies Act), and the JSE Listings Requirements in line with the accounting policies of the Group, which are supported by prudent judgements and estimates. The Group's external auditors, Deloitte & Touche, are engaged to express an independent opinion on these financial statements which has been presented on pages 10 to 13¹.

To enable the directors to fulfil this responsibility, the Group maintains internal accounting and administrative control systems designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with the Group's policies and procedures to prevent and detect material misstatement and loss.

The directors are of the opinion that such accounting and administrative control systems have been maintained during the year. Nothing has come to the attention of the Netcare Board that caused it to believe that the Group's system of internal controls and risk management are not effective and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The directors have considered control deficiencies identified by the internal and external auditors and have concluded that these have not resulted in a material misstatement of these financial statements. The directors have considered the proposed and completed remedial actions in respect of the identified control deficiencies.

The annual financial statements are prepared on a going concern basis and in accordance with IFRS. These financial statements are audited by the external auditors in conformity with International Standards on Auditing.

The annual financial statements were approved by the Board of directors on 19 November 2020 and are signed on its behalf by:



T Brewer
Non-executive Board Chair



RH Friedland
Chief Executive Officer



KN Gibson
Chief Financial Officer

Sandton

19 November 2020

¹. Page numbers refer to the pages in the full annual financial statements.

Extract 5: Directors' interests in Netcare ordinary shares

The beneficial and non-beneficial interests of directors and prescribed officers in the ordinary shares of the Company were:

Number of shares	1 October 2019 ¹	Options exercised	Disposed	30 September 2020	Directly ²	Indirectly ³
Executive directors						
RH Friedland	23 812	187 530	(89 090)	122 252	122 252	-
KN Gibson	383 569	79 802	(37 366)	426 005	426 005	-
Non-executive directors						
N Weltman ⁴	10 000	-	-	10 000	-	10 000
Prescribed officers						
J du Plessis	30 068	62 231	(59 561)	32 738	32 738	-
	447 449	329 563	(186 017)	590 995	580 995	10 000

1. The information in this column is consistent with 30 September 2019.

2. The direct shares held are beneficial.

3. The indirect shares held are non-beneficial.

4. Retired effective 30 September 2020.

Our Board of directors

KEY

- Audit Committee
- Nomination Committee
- Risk Committee
- Remuneration Committee
- Social and Ethics Committee
- Consistency of Care Committee
- C Chair

Non-executive directors

(C) ■ ■ ■ ■



T (Thevendrie) Brewer /48

BCom, PGDA, CA(SA)

Board Chair

Tenure: 9 years

Skills: General business management, global commerce, financial services, governance, healthcare, public policy, compensation, investment banking, legal, human resources.

(C) ■ ■ ■



MR (Mark) Bower /65

BCom (Cum Laude), BCompt, BCompt (Hons), CA(SA)

Independent non-executive director

Tenure: 5 years

Skills: General business management, global commerce, financial services, governance, compensation, human resources.

(C) ■ ■ ■



B (Bukelwa) Bulo /43

BBusSci Hons, PGDA, CA(SA)

Independent non-executive director

Tenure: 5 years

Skills: General business management, financial services, investment banking, governance.

■ ■ ■ ■



L (Lezanne) Human /51

BSc Hons Operations Research (Cum Laude), MSc Applied Mathematics (Cum Laude), MBA (Cum Laude)

Independent non-executive director

Tenure: 1 year

Skills: General business management, digital, global commerce, governance, financial services.

1. Assumed the role of Risk Committee Chair from 1 October 2020.

■ ■ ■ (■ C)



D (David) Kneale /66

BA
Independent non-executive director

Tenure: 9 months

Skills: General business management, governance, global commerce, financial services, healthcare, compensation.

■ ■ ■ (■ C)



MJ (Martin) Kuscus /65

BA Cur, Dip Company Director, EDP

Independent non-executive director

Tenure: 12 years

Skills: General business management, global commerce, governance, healthcare, public policy, human resources.

■ ■ ■ (■ C)



Adv KD (Kgomotso) Moroka /66

BProc, LLB

Independent non-executive director

Tenure: 14 years

Skills: General business management, legal, governance, public policy, human resources, financial services, healthcare.

■ ■ ■ (■ C)



N (Norman) Weltman /71²

CTA, CA(SA)

Independent non-executive director

Tenure: 12 years

Skills: General business management, global commerce, healthcare, financial services, compensation, public policy, governance.

2. Retired 30 September 2020.

Executive directors

■ ■ ■



Dr RH (Richard) Friedland /58

BvSc, MBCh (Cum Laude), Dip Fin Man, MBA

Chief Executive Officer

Tenure: 23 years

Skills: General business management, global commerce, financial services, healthcare, governance, compensation, human resources.

■



KN (Keith) Gibson /50

BAcc, CA(SA)

Chief Financial Officer

Tenure: 9 years

Skills: General business management, global commerce, healthcare, compensation, investment banking, human resources, financial services, governance.

Shareholders' diary

Annual general meeting	5 February 2021	
Reports		
Interim results announcement	May	
Final results announcement	November	
Dividends		
Ordinary dividends		
	Declared	Paid
Interim	May	July
Final	November	January
Preference dividend		
Interim	April	May
Final	October	November

Proxy form

for the year ended 30 September 2020

Netcare Limited

Registration number: 1996/008242/06

JSE share code: NTC

ISIN: ZAE000011953

(Netcare or the Company)

Form of proxy – for use at the 24th annual general meeting (AGM) of the Company to be held virtually at 10h00 on Friday, 5 February 2021.

This proxy form is only for use by:

1. Registered members who have not yet dematerialised their shares in the Company, and
2. Registered members who have already dematerialised their shares in the Company and are registered in their own names in the Company's sub-register*.
3. This form is to be read in conjunction with the rights extended to shareholders in terms of Section 58 of the Companies Act.

I/We (full name)

of (address)

email address

contact number

holding

ordinary shares in the Company,

do hereby appoint

or failing him/her,

or failing them, the Chair of the meeting as my/our proxy to vote for me/us and on my/our behalf at the 24th AGM of the Company to be held on Friday, 5 February 2021 at 10h00 and at any adjournment or postponement thereof as follows:

Resolution	Insert X in the appropriate block		
	For	Against	Abstain
1. Ordinary resolutions number 1.1 to 1.2: Re-election of directors			
Ordinary resolution 1.1: M Bower			
Ordinary resolution 1.2: B Bulu			
2. Ordinary resolution number 2: Re-appointment of independent external auditors			
3. Ordinary resolution number 3: Appointment of Audit Committee members:			
Ordinary resolution 3.1: M Bower (Chair)			
Ordinary resolution 3.2: B Bulu			
Ordinary resolution 3.3: D Kneale			
4. Ordinary resolution number 4: Signature of documents			
5. Non-binding resolution number 1: Approval of the remuneration policy			
6. Non-binding resolution number 2: Approval of the implementation report			
7. Special resolution number 1: General authority to repurchase shares			
8. Special resolution number 2: Approval of non-executive directors' remuneration for the period 1 October 2020 to 30 September 2021			
9. Special resolution number 3: Financial assistance to related and inter-related companies in terms of Sections 44 and 45 of the Companies Act			

Every person present and entitled to vote at the AGM as a member or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of shares such person holds or represents, but in the event of a poll, every share shall have one vote.

Indicate instructions to proxy by way of a cross in the space provided above. Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at

this

day of

2020/2021

Signature

assisted by (if applicable)

* Members registered in their own names are members who have appointed 4 Africa Exchange Proprietary Limited's Central Securities Depository Participant (ABSA Investor Services) with the express instruction that their uncertificated shares are to be registered in the electronic sub-register of members in their own names.

Proxy form continued

1. A member may insert the name(s) of one or more proxies (none of whom needs to be a member of the Company) in the space provided, with or without deleting the words 'Chair of the meeting'. The person whose name stands first on the proxy form and has not been deleted and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the Chair of the AGM.
2. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box/boxes provided. Failure to comply with the above will be deemed to authorise the proxy to vote as he/she thinks fit or, where the proxy is the Chair, such failure shall be deemed to authorise the Chair to vote in favour of the resolutions in respect of all the members' votes exercisable thereat.
3. The completion and lodging of this proxy form shall in no way preclude the member from attending, speaking and voting in person at the AGM to the exclusion of any proxy appointed in terms hereof.
4. Should this proxy form not be completed and/or received in accordance with these notes, the Chair may accept or reject it, provided that in respect of this acceptance, the Chair is satisfied as to the manner in which the member wishes to vote.
5. Documentary evidence establishing the authority of the person signing the proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the Company's Transfer Secretaries or waived by the Chair of the AGM.
6. Where this proxy form is signed under power of attorney, such power of attorney must accompany this form unless it has previously been registered with the Company.
7. Where shares are held jointly, all joint holders are required to sign.
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity have been produced or have been registered by the Company's Transfer Secretaries.
9. Any alteration or correction made to this proxy form must be signed in full and not initialled by the signatories.
10. This proxy form must be lodged at the registered office of the Company or the Transfer Secretaries, 4 Africa Exchange Registry, 4th Floor, Building A, Hill on Empire, 16 Empire Road, Parktown or by email: netcare@4Axregistry.co.za preferably not later than 48 hours (10h00 on Wednesday, 03 February 2021) before the AGM.

Disclaimer

Certain statements in this document constitute 'forward-looking statements'. Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or the healthcare sector to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future. No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements. Any forward-looking information contained in this notice has not been reviewed or reported on by the Company's external auditors.

Forward-looking statements apply only as of the date on which they are made, and Netcare does not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise.



www.netcare.co.za
Investor relations: ir@netcare.co.za

