Remuneration **report**

PART 1

Background

The Remuneration Committee is pleased to present Netcare's remuneration report for the financial year ended 30 September 2019. The overview of our remuneration policy on page 158 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. The implementation report, starting on page 166, focuses on executive remuneration linked to performance and measured using a balanced scorecard.

The Remuneration Committee's core function is to ensure that the remuneration at a senior level motivates superior performance and that key executives are suitably rewarded and retained. It is committed to ensuring that Netcare's remuneration reporting is straightforward, sufficiently comprehensive and transparent, and recognises the need to continuously improve in this regard.

During the year, Dr APH Jammine, the Chair of the Remuneration Committee, retired as a non-executive director of the Netcare Board, effective 30 September 2019. Netcare thanks him for his invaluable contribution and astute advice over the years as a committee and Board member and wishes him well.

Members of the Remuneration Committee, Mrs T Brewer and Mr N Weltman are independent non-executive directors, with Mrs Brewer appointed as the acting committee Chair for the meeting scheduled in December 2019. Mr MR Bower was appointed to the committee on 1 October 2019 and a new committee member and Chair, Mr D Kneale, will be appointed as of 1 January 2020.

Netcare's remuneration report:

- Aligns with the principles and recommended practices of the King Report on Corporate Governance for South Africa King IV and applies Principle 14's three part structure.
- Meets JSE Limited (JSE) Listings Requirements.
- Meets, to the extent applicable, the requirements of the Companies Act.
- Requests support through a non-binding advisory vote for the remuneration policy and implementation report.
- Includes feedback from shareholder engagement on remuneration, as part of our inclusive stakeholder engagement approach.
- Sets out our approach to fair and responsible remuneration.

Shareholder engagement and key committee activities

The Remuneration Committee is satisfied that it has successfully responded to shareholder feedback and expectations, as well as the changing regulatory context as evidenced by the overview of the committee's activities and revisions to the remuneration policy set out in the table below. Given these changes, 2020 will represent a key baseline year for implementation and for more consistent reporting going forward.

The committee convened twice during the reporting year, with a key focus given to the following remuneration aspects and shareholder concerns.

Issue	Key activities of and decisions made by the Remuneration Committee	Page
Non-executive director fees.	Engaged PwC to conduct an independent benchmarking exercise, with the results informing the proposed non-executive director adjustments for 2020 to be presented at the annual general meeting (AGM) on 31 January 2020.	170
Executive Committee members.	Reviewed and approved the executive balanced scorecard, which identifies performance parameters and areas of focus for the year, and refined and enhanced the short-term incentive (STI) target disclosure.	166
Forfeitable Share Plan (FSP) allocations.	Ratified 50% of the performance share allocations of FSP 2 based on 50% of the performance targets having been met.	169
Long-term incentives (LTIs).	Approved a new LTI plan, which also comprises forfeitable shares and incorporates shareholder feedback, for implementation in 2020. The shareholder feedback incorporated includes but is not limited to: ▪ performance shares only for executives; ▪ minimum shareholding for executives, outlined in more detail on page 164; and ▪ malus and clawback.	164
FSP performance parameters.	Revised the performance parameters for the new LTI, focusing on return on invested capital (ROIC) and earnings before interest, taxation, depreciation and amortisation (EBITDA) margin.	164
Annual salary increases.	Approved annual salary increases, which are linked to the consumer price inflation (CPI) index with executives getting a 4.5% increase in March 2019. Salary increases at non-management levels were at a higher percentage rate.	–
Feedback on salary negotiations.	Successfully concluded the 2019/20 salary negotiations with all four recognised trade unions.	–
A review of the 2018 remuneration report to identify areas for improvement.	Satisfied that the 2018 remuneration report met shareholder information needs and, in response to shareholder feedback, updated the remuneration policy to include malus and clawback clauses, which will apply to short- and long-term incentives made from 2020 onwards.	165
Review of the Remuneration Committee's terms of reference.	Satisfied that the requirements of the committee's terms of reference have been fulfilled.	–

We are committed to enhancing our remuneration reporting in line with shareholder expectations, and maintaining accurate, transparent and relevant disclosure on the performance measures used to determine the award of short- and long-term incentives. To this end, the Remuneration Committee will continue to actively engage with shareholders, and should the remuneration policy and/or implementation report be voted against by 25% or more of the voting rights exercised at the 2020 AGM, we undertake to fully understand reasons for dissenting votes and address legitimate and reasonable objections raised.

Non-binding advisory votes

The Remuneration Committee's commitment to proactively engage and consult with shareholders on the remuneration policy pleasingly resulted in a significant improvement in the number of votes in favour of the policy at the 2019 AGM of 96.1%, compared to the 87.6% 'yes' votes received in the prior year. This indicates shareholder appreciation for the level of transparency of our 2018 remuneration report as well as the CEO and CFO remuneration benchmarking exercise undertaken in 2018, which indicated that our pay levels for these positions align with market norms and peer companies.

AGM held on 1 February 2019

	Votes in favour	Votes against	Abstentions
Remuneration policy	96.1%	3.9%	0.1%
Implementation report	97.2%	2.8%	0.1%

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 31 January 2020. These resolutions are set out in the 2020 AGM Notice.

Board approval

The Remuneration Committee reviewed and recommended the remuneration report to the Board for approval, which was obtained on 5 December 2019.

PART 2

Remuneration policy overview

SUBJECT TO NON-BINDING ADVISORY VOTE AT THE AGM ON 31 JANUARY 2020

Our remuneration policy sets out the principles used to ensure competitive remuneration while complying with all applicable laws and codes. It applies to 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 2019. Updates are made to ensure that Netcare's remuneration structure reflects best practice and aligns to our operating model and strategic priorities. The policy has been updated to include malus and clawback clauses.

Remuneration philosophy

Our remuneration philosophy is to ensure that our employees are fairly, reasonably and responsibly rewarded for their contribution to the Group's strategic, operating and financial performance. It guides our remuneration policy and supports our ability to attract and retain talent at every level of the organisation.

Principle	Value creation
Secure crucial skills.	Provide world-class health and care.
Reward the achievement of strategic and operational priorities and exceptional performance using STIs.	Delivery of the Netcare strategy and a motivated workforce.
Provide key talented executives and managers with LTIs as a reward and retention mechanism.	Continued alignment between management and stakeholder objectives for the long-term sustainability of the business.

Remuneration policy

Remuneration policy objectives	
Attract	Recruit and retain high-quality employees to achieve Netcare's strategic priorities.
Reward	Ensure that all employees are recognised and rewarded for their performance in a fair, equitable and consistent manner.
Competitive remuneration	Ensure that remuneration and benefits provided are competitive within the healthcare industry.
Financial wellbeing	Recognise the basic needs of employees and ensure that compensation levels consistently address the cost of living and inflation.
Set goals	Reward employees for achieving predetermined business and personal performance targets, and ensure that remuneration is aligned to documented performance targets.
Sustainability	Ensure that employee costs are within budget as determined by the Executive Committee and are thereby sustainable.

The effectiveness of the remuneration policy in achieving these objectives is reviewed annually. The results are used as a base from which to develop the Remuneration Committee's annual work plan.

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 such as the complex environment in which Netcare operates, the regulatory environment and the scarcity of skills. Strategy implementation mitigates these market factors to some extent.

Remuneration decisions are linked to individual performance and a balanced scorecard, as well as values and behaviours that promote value creation. As such, strategic and financial performance and the achievement of non-financial objectives are used to determine executive compensation. Incentive programmes reward individual, team and Group performance when the effort and output align to the Group's strategic priorities.

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.

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

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.

Using the services of external consultants to benchmark executive and non-executive remuneration on a regular basis ensures our compliance with King IV's requirements. Over the past two years, PwC has conducted benchmarking exercises on executive director remuneration and non-executive director fees. The results confirm broad alignment with market peers, with some adjustments required to non-executive director fees as set out on page 170.

The total cost for the benchmarking exercises over 2018 and 2019 amounted to approximately R100 000 excluding VAT.

Executive remuneration structure

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 guaranteed package 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 2019 comprised a guaranteed package, and short- and long-term incentives.

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 retirement funding and medical scheme. The Group also makes group life assurance cover, funeral cover and disability insurance contributions.

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 for 2019

Potential STIs are calculated by applying an individual's potential eligibility percentage to their guaranteed package. 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, senior executive or prescribed officer is capable of earning 100% or more of their annual guaranteed package.

STI formula

Bonus paid if targets met = Annual guaranteed package x Potential eligibility (%) x Weighted average of balanced scorecard

The threshold for the CEO is a maximum of 75% and for the CFO a maximum of 60%.

2018 allocation (paid in 2019)

At the time of the allocation in respect of the 2018 financial year, due to difficult operating conditions expected and the potential need for a restructuring exercise (and possible significant headcount reduction), the CEO, CFO, Managing Directors of Hospital and Primary Care division, and the Human Resources Director elected to forego the discretionary STIs awarded to them.

Balanced scorecard

The balanced scorecard incorporates Group-based, divisional, and individual key performance metrics. A weighting linked to Group-based targets ensures alignment among team members with the Group's strategic priorities and key focus areas.

The Executive Committee scorecard carries a weighting of 40% based on Group-based targets, with the remaining 60% weighting focusing on divisional and individual responsibilities.

A broad range of specific strategic and operational targets of a financial and non-financial nature are included in the individual, divisional and Executive Committee balanced scorecards. These targets are aligned to the Group's strategic priorities and drive the achievement of sustainable growth and long-term value creation. Weighting and targets vary between executives depending on their function.

The Remuneration Committee has approved the following Group-wide performance conditions and targets relating to:

- Financial targets: EBITDA margin, cash conversion and economic profit.
- Disruptive innovation.
- Transformation of society.
- Consistency of care.
- Organic growth.
- Integration of services.

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

More detail on the balanced scorecard and how it has been implemented can be found on page 166 of the implementation report.

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.

Looking forward to 2020

STIs will be calculated using the same formula and strategic parameters as 2019 with no changes foreseen. The focus will remain on meeting the Board-approved budget aligned to EBITDA and other key financial and non-financial targets.

Long-term incentives
(variable)

Objective

To attract and retain executive directors, prescribed officers and senior executives, and reward sustainable value creation that 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.

Basis of determination

The FSP provides benefits in line with recommended governance practice and provides both performance- and retention-based share awards. Performance shares are awarded against strictly monitored targets which, if not met, result in the forfeiture of the shares. The retention-based award serves to incentivise 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 is primarily based on the employee's annual guaranteed package, grade, performance, retention requirements and market benchmarks. The split in shares favours performance-based targets over retention-based awards, with weightings being 75% for performance and 25% for retention for executive directors, prescribed officers and senior executives, and equal weightings for other senior managers.

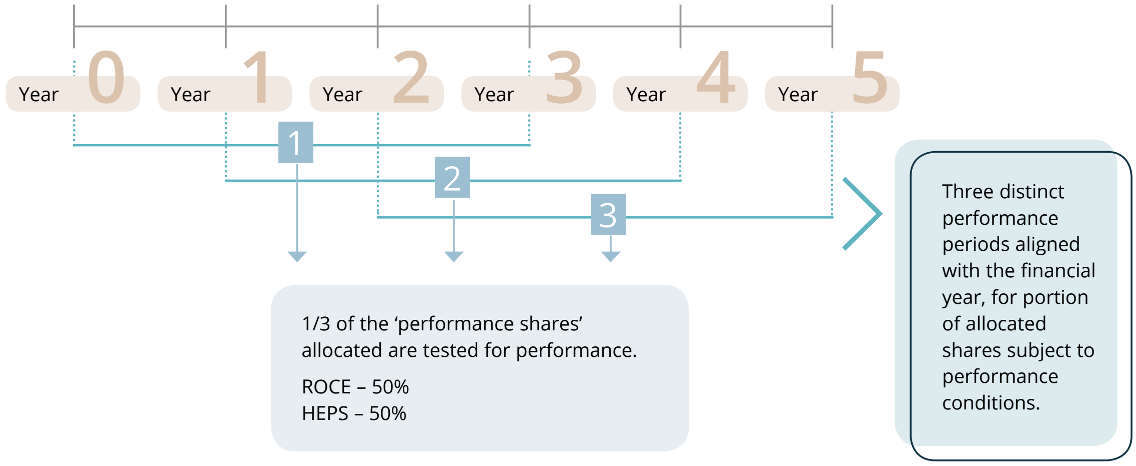
The performance-based targets are stretched goals linked to financial targets and the Netcare share price, considering a minimum return over and above inflation.

Performance parameter	Target
Return on capital employed (ROCE) 50% weighting	Weighted average cost of capital (WACC) +6%.
Headline earnings per share (HEPS) 50% weighting	Compound annual growth rate of the average CPI index +4% for the performance period.

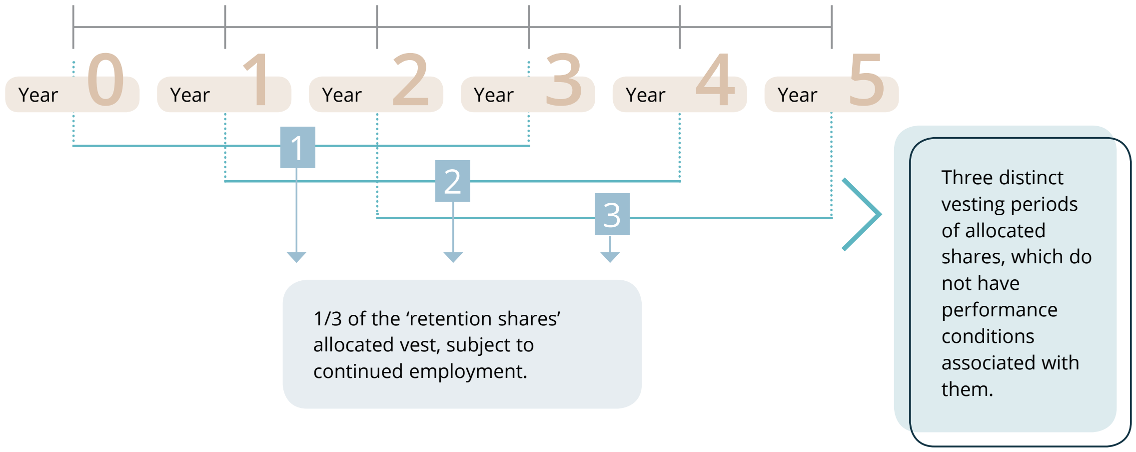
Delivery

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.

Performance shares



Retention shares



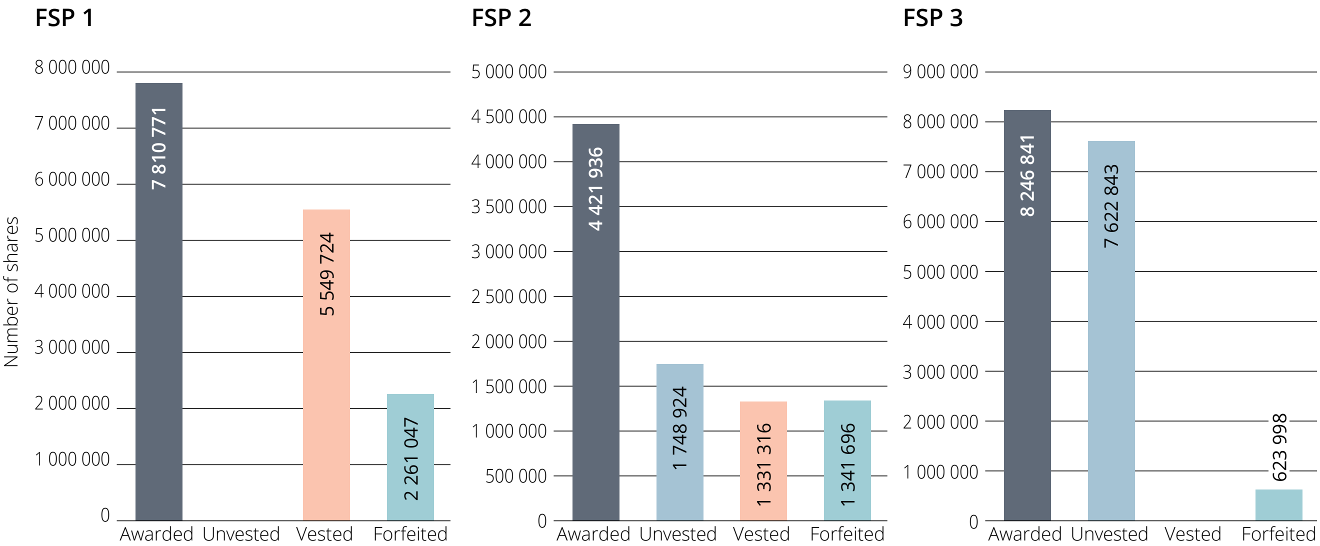
The performance shares allocated to the performance targets are forfeited if the targets are not met within the performance period.

Termination of employment
Unvested shares are forfeited on termination of employment.

Dilution
Out of the three awards made since inception of the FSP, approximately 19 million shares, of the approved limit of approximately 20 million shares, have been settled to participating employees. This represents an actual dilution to date of 1.30% in respect of the total issued share capital of 1.45 billion shares. The low dilution rate is attributable to the stretch targets set for the performance conditions and targets, which have resulted in historically low vesting and/or subsequent forfeiture of FSP awards.

The positions of the three tranches of the FSP

(at 30 September 2019)



Looking forward to 2020

The Remuneration Committee has approved a new LTI plan, FSP 4, subject to shareholder approval at the 2020 AGM.

The new plan has been designed to:

- Take into account shareholder feedback and as such will only issue performance shares to executive directors, prescribed officers and senior executives, however retention shares will be awarded to the balance of participants at less senior management levels.
- Ensure meaningful benefits accrue to employees based on medium-term and sustained delivery of results, with a degree of hedging against market volatility.

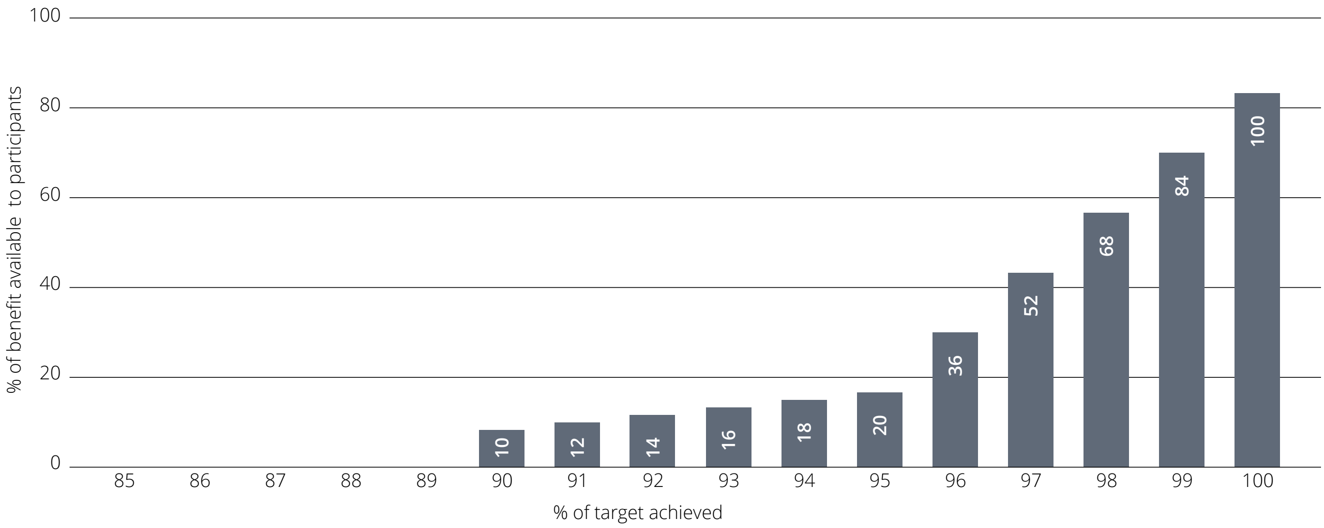
The performance conditions[1] applicable to the awards are as follows:
a. ROIC of greater than 20%; and
b. EBITDA margin of 20.5%.
Graduated vesting will apply after a three-year waiting period in thirds over a further two-year period as illustrated in the graph on page 165.

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 guaranteed package (AGP). The ratios that apply will be as follows: CEO: 2.5 x AGP; CFO: 2.0 x AGP; prescribed officers and other senior executives: 1.5 x AGP. This will be achieved over an eight to 10-year period through either the retention of at least 10% of shares that vest and are not forfeited or alternatively 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 2019).
- 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.

1. Subject to adjustment to account for IFRS 16.

Graduated vesting for FSP 4



Malus and clawback

In line with shareholder feedback, the Remuneration Committee reviewed trends relating to practices that recoup benefits paid to executives, and investigated how best to incorporate malus and clawback clauses in Netcare's remuneration policy. These provisions are set out below.

Malus

(pre-vesting)

All future LTI awards to executive directors, prescribed officers and senior executives will be subject to malus provisions from 1 January 2020. 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 will 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.

Going forward

The Remuneration Committee will develop processes to assess executives against the malus and clawback criteria and to exercise discretionary malus or clawback which will be reviewed on an annual basis and in line with market practice.

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 Principal 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.

PART 3

Implementation report

SUBJECT TO NON-BINDING ADVISORY VOTE AT THE AGM ON 31 JANUARY 2020

During 2019, the increases to the executive AGPs (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 2020.

Balanced scorecard

Group performance parameter	Actual	Target	
EBITDA	**R4 381 million**	R4 358 million	√

In addition to EBITDA and EBITDA margin, the achievement of Netcare's strategic priorities accounted for 40% of executive directors, prescribed officers and senior executives' balanced scorecards as set out below. The scorecard implemented was robust and included both financial and non-financial targets.

Non-financial aspects for 2019 covered digitisation projects, transformation initiatives, clinical outcomes and key business development projects, with all related targets having been substantively achieved.

Short-term incentives

CONSISTENCY OF CARE	
Improve compliance to revised surgical and drug formulary	**TARGET MET** Achieved target of 90% formulary compliance.
Refine and upgrade standardised clinical dashboard	**TARGET MET** Dashboard established and implemented.
Efficient management of arthroplasty contract	**TARGET MET** Contract managed within defined parameters.

DISRUPTIVE INNOVATION	
Hospital division – CareOn electronic medical record (EMR)	**TARGET MET** Successful implementation of the EMR pilot at Netcare Milpark Hospital and key milestones achieved through to 30 September 2019.
Primary Care – EMR	**TARGET NOT MET** Successful roll out of EMR pilot, however implementation date was delayed.
Akeso Clinics – EMR	**TARGET PARTIALLY MET** Developed and approved full business case for the EMR project.
National Renal Care – EMR	**TARGET PARTIALLY MET** Developed and approved full business case for the EMR project.
Data analytics	**TARGET MET** Established Data Council and developed and implemented four predictive models that use machine learning for business application.

TRANSFORMATION OF SOCIETY	
Ownership	**TARGET MET** Implemented broad-based black economic empowerment (B-BBEE) ownership share scheme and improved B-BBEE rating to Level 4.
Preferential procurement	**TARGET MET** Achieved 87% or R9.2 billion preferential procurement spend (against targets of 80% or R8.0 billion).
Enterprise and supplier development (ESD)	**TARGET PARTIALLY MET** Spent or invested 2.6% (target: 3.0%) of net profit after tax (NPAT) in ESD programmes.
Diversity of executive, senior management, middle management and differently abled people	**TARGET MET** Improved demographic representation linked to the economically active population.

ORGANIC GROWTH	
EBITDA margin – Hospital and Emergency services	**TARGET MET** Achieved target EBITDA margin of 20.5%.
Recruitment of new doctors	**TARGET MET** Net gain of 112 doctors (against target of 100).
EBITDA	**TARGET MET** Target EBITDA exceeded in Hospital and Emergency services and Primary Care divisions.
NEW PRODUCT AND SERVICES DEVELOPMENT	
Supportive care	**TARGET PARTIALLY MET** Developed proof of concept and contracted with one major administrator (against a goal of two).
Partner with Founders Factory Africa	**TARGET MET** Formalised partnership with Founders Factory Africa enabling investment in health technology startup ventures.
Extend occupational health client base	**TARGET MET** Two new occupational health contracts secured.

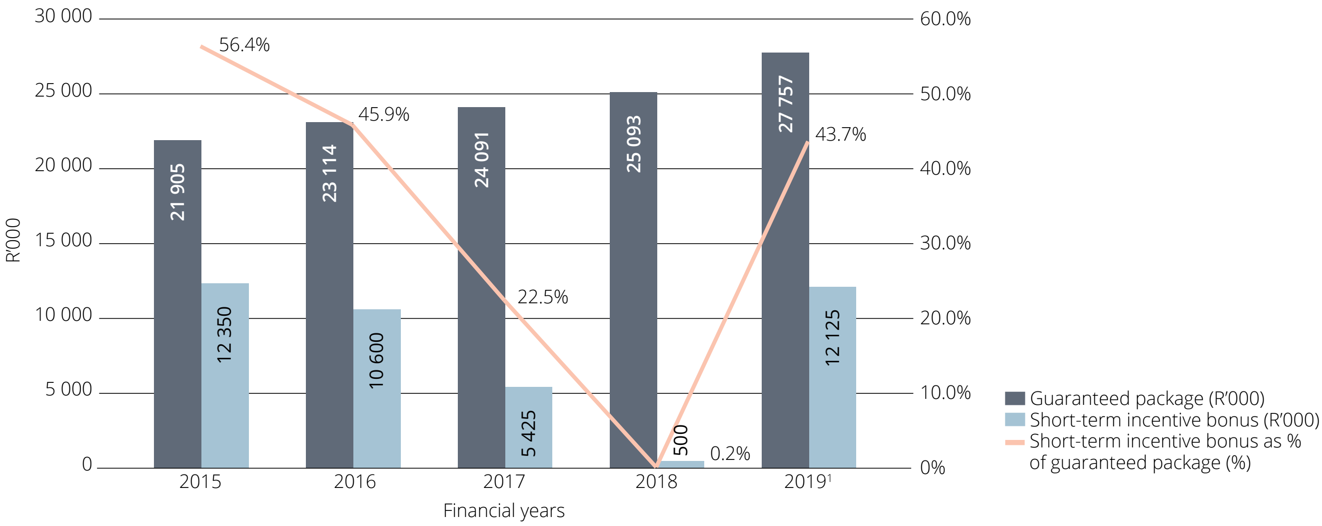
INTEGRATION	
Warehouse services contract	**TARGET MET** New service provider contracted on favourable terms.
Appointmed	**TARGET MET** Successful Appointmed pilot and key milestones achieved.

INVESTMENT	
ROIC	**TARGET MET** Achieved ROIC of 20.1% (target: 20.0%).
Net debt to EBITDA	**TARGET MET** Achieved net debt to EBITDA coverage of 1.2 times (target: less than 2.0 times)
EBITDA/net interest (times)	**TARGET MET** Achieved EBITDA to net interest coverage of 9.1 times (target: greater than 7.9 times).
Cash conversion	**TARGET MET** Achieved cash conversion of 111.4% (target: 100.0%).
Akeso Clinics – new developments	**TARGET MET** Obtained licences, approved business cases and commenced preparations for new 36-bed facility in Richards Bay and new 72-bed facility in Port Elizabeth.

Variable remuneration

Short-term incentives relative to AGP

(executive directors and prescribed officers)



1. 2019 includes an additional prescribed officer for 4.5 months of the year, therefore pro-rata portion of AGP and STI has been included in 2019 numbers.

Incentives outlined in the graph above illustrate incentives awarded over a five-year period and specifically incentives for the financial year 2019, awarded on 5 December 2019. These are not captured in the executive remuneration table below as these awards will be captured in the 2020 results.

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	2019	2018[1]	2017
RH Friedland	5 000	–	2 750
KN Gibson	1 825	–	875

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

Executive remuneration

The table below summarises executive remuneration related to STIs awarded for the 2018 financial year, which were paid in the 2019 financial year.

	FIXED	VARIABLE	
R'000	Guaranteed package	Short-term incentives	Total
Executive directors			
RH Friedland	9 826	–	9 826
KN Gibson	5 103	–	5 103
Prescribed officers			
J du Plessis	4 639	–	4 639
C Grindell	3 140	500	3 640
S Mhlongo[1]	1 161	–	1 161
WN van der Merwe	3 888	–	3 888

1. Appointed as Managing Director – Akeso Clinics on 15 May 2019.

The audited financial table has been included in the annual financial statements under note 4.1.3, and includes the fair value of the award of the LTIs which have not yet vested.

LTI vesting outcomes

Following the review of the performance conditions imposed in respect of the FSP 2, 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 2, vested on 5 December 2019.

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**

Forfeitable shares

Held by executive directors and prescribed officers at 30 September 2019 (number of options).

Number of options	Grant date	1 Oct 2018	Granted	Shares forfeited during the year	Exercised (sold and retained)	30 Sep 2019	Market price at exercise date (cents)	Gain arising on exercise (R)
Executive directors								
RH Friedland[1]	FSP 2:	1 388 665	–	(68 036)	(113 393)	1 207 236	26.78	3 037
KN Gibson[2]	20 Jan 2016	592 080	–	(28 861)	(48 103)	515 116	26.78	1 288
Prescribed officers								
J du Plessis	FSP 3:	466 932	–	(22 094)	(36 825)	408 013	26.78	986
C Grindell	20 Jan	216 911	–	(4 364)	(13 094)	199 453	22.24	291
N Phillipson	2018	290 172	–	(290 172)	–	–	–	–
WN van der Merwe		273 445	–	(5 559)	(16 679)	251 207	20.13	336
		3 228 205	–	(419 086)	(228 094)	2 581 025		5 938

1. RH Friedland exercised 113 393 (2018: 154 622) share options during the year in terms of the FSP.
2. KN Gibson exercised 48 103 (2018: 61 892) share options during the year in terms of the FSP.

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

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

R'000	2019	2018
MR Bower	1 356	1 196
T Brewer	2 177	1 810
B Bulo	1 169	1 100
L Human[1]	405	–
APH Jammine[2]	1 169	1 225
JM Kahn[3]	–	1 020
MJ Kuscus	1 162	1 177
KD Moroka	990	996
N Weltman	1 508	1 314
	9 936	9 838

1. Appointed as director effective 13 May 2019.
2. Retired as director effective 30 September 2019.
3. Retired as Chair and director effective 31 March 2018.

For the period 1 October 2018 to 30 September 2019

R'000	Board	Audit	Nom[1]	Risk	Rem[2]	S&E[3]	CoC[4]	Fin& Invest[5]	Tariff[6]	2019 Total	2018 Total
MR Bower	685	225		126				320		**1 356**	1 196
T Brewer	1 340		179	126	126	126		280		**2 177**	1 810
B Bulo	685	179		126			179			**1 169**	1 100
L Human[7]	342			63						**405**	–
APH Jammine[8]	685	179	126		179					**1 169**	1 225
MJ Kuscus	685			126		126	225			**1 162**	1 177
K Moroka	685		126			179				**990**	996
N Weltman	685	179		179	126		179		160	**1 508**	1 314
Total	**5 792**	**762**	**431**	**746**	**431**	**431**	**583**	**600**	**160**	**9 936**	9 838

Committee names:
1. Nomination.
2. Remuneration.
3. Social and Ethics.
4. Consistency of Care.
5. Finance and Investment (operating committee).
6. Tariff (operating committee).
7. L Human appointed on 13 May 2019.
8. APH Jammine resigned effective 30 September 2019.

Proposed non-executive directors' fees

The Remuneration Committee has proposed a variable increase, based on sub-committee, in non-executive directors' fees exclusive of VAT for 2020, informed by a PwC benchmarking exercise and taking 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 31 January 2020. 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.

Proposed non-executive director fees

R'000	Proposed 2020	Actual 2019	Actual 2018
Board			
Chair	1 340	**1 340**	1 270
Member	685	**685**	650
Audit Committee			
Chair	235[1]	**225**	212
Member	179	**179**	170
Nomination Committee			
Chair	179	**179**	170
Member	126	**126**	120
Risk Committee			
Chair	186[2]	**179**	170
Member	132[2]	**126**	120
Remuneration Committee			
Chair	186[3]	**179**	170
Member	126	**126**	120
Social and Ethics Committee			
Chair	179	**179**	170
Member	126	**126**	120
Consistency of Care Committee			
Chair	235[4]	**225**	212
Member	186[4]	**179**	170
Payable per meeting			
Ad hoc committees	42	**42**	38

Note: values exclude VAT.
1. Audit Chair fees adjusted by 4.5%.
2. Risk Chair and members fees adjusted by 4.5%.
3. Remuneration Chair fees adjusted by 4.5%.
4. Consistency of Care Chair and members fees adjusted by 4.5%.