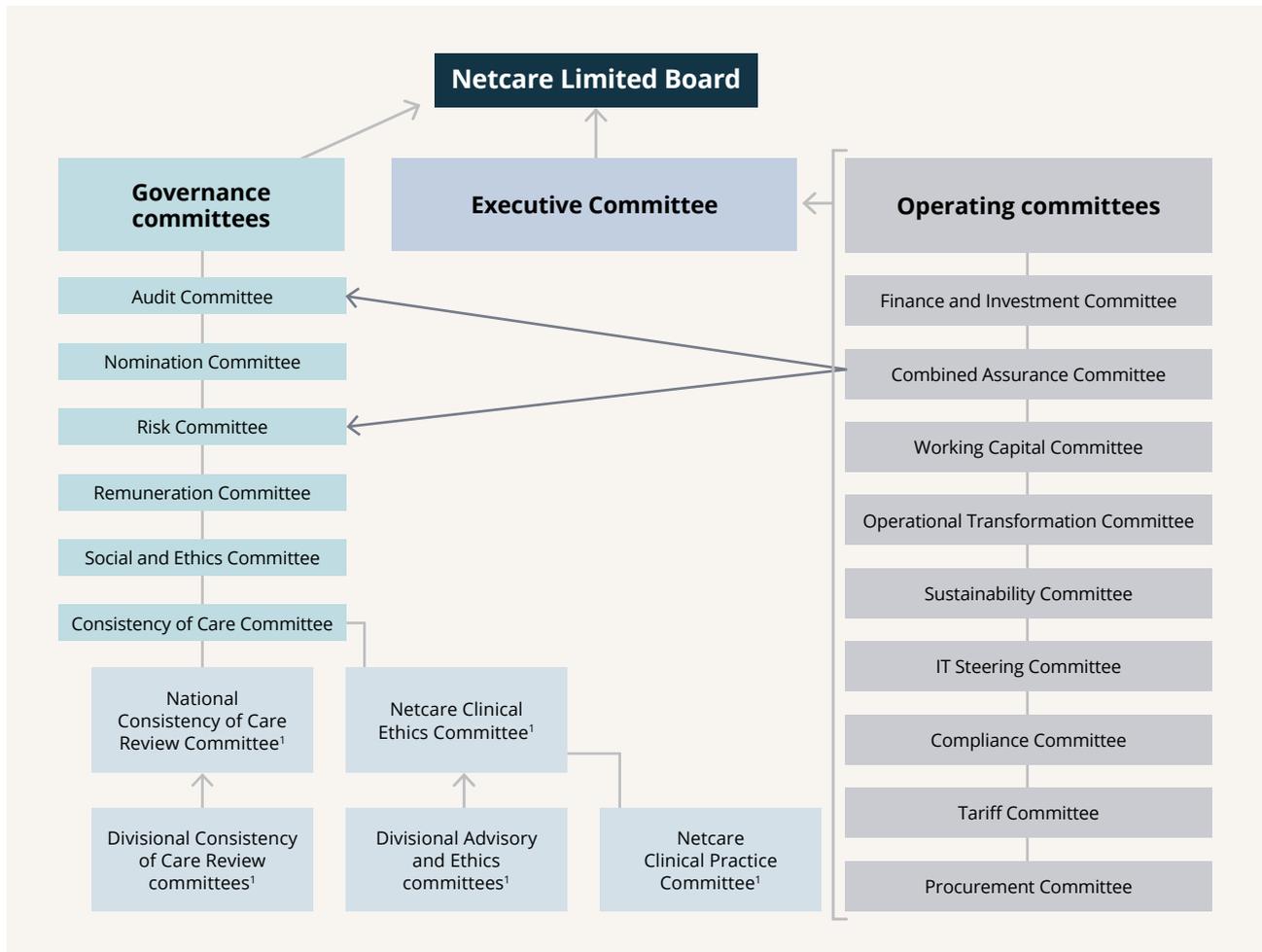


## Governance and delegation of authority

### Governance and delegation of authority framework



Note: for the duration of the CareOn project, a CareOn Digitisation Project Steering Committee has been established.

1. Report into the Executive Committee.

## Governance committee activities

<b>AUDIT COMMITTEE</b> (meets three times a year)	<b>RISK COMMITTEE</b> (meets twice a year)
<b>Key activities in 2019</b> <ul style="list-style-type: none"> <li>▪ Approved Group Internal Audit's charter and risk-based audit plan, and reviewed Risk Committee reports, all aspects of financial reporting, and cybercrime and cybersecurity, including comprehensive cyber liability insurance.</li> <li>▪ Monitored and oversaw the outputs of the five levels of assurance model, as well as the external audit function and related audit fees.</li> <li>▪ Assessed Internal Audit's independent review of the implementation of King IV (excluding the requirements related to internal audit), which confirmed that the principles have been applied.</li> <li>▪ Requested all decision letters or explanations issued by the Independent Regulatory Board for Auditors, or any other regulator, along with any summaries relating to monitoring procedures or deficiencies issued by the audit firm.</li> </ul>	<b>Key activities in 2019</b> <ul style="list-style-type: none"> <li>▪ Reviewed and approved the Group's top business risks, and reviewed various aspects of these risks including the regulatory environment, the Group's water backup plan, environmental, social and governance (ESG) practices and assessments, and the results of the Group-wide ethics survey. The committee also ensured that the Group remains focused on advances in technology and technological disruptions.</li> <li>▪ Approved the Group's insurance cover.</li> <li>▪ Reviewed the process and results of the control effectiveness self-assessments to manage risks.</li> <li>▪ Continued to track the Group's progress towards meeting the requirements of the Protection of Personal Information Act once fully implemented.</li> <li>▪ Oversaw interventions to manage cybersecurity, information management and data security.</li> </ul>
<b>Key outcome</b> The Group is in a sound financial position with access to sufficient borrowing facilities to meet its foreseeable cash requirements.	<b>Key outcome</b> A risk-aware culture is embedded at all levels of the Group, which enables relevant, informed and consistent decision-making relating to risk.
<b>Key objective for 2020</b> <ul style="list-style-type: none"> <li>▪ Adoption of the 'agile audit approach', where revisions to the internal audit plan will be tabled at Audit Committee meetings on a quarterly basis for ratification.</li> </ul>	<b>Key objectives for 2020</b> <ul style="list-style-type: none"> <li>▪ Monitor the risks associated with digitisation.</li> <li>▪ Evaluate the ability of third-party security providers to adequately address emerging cybersecurity risks.</li> </ul>
<b>NOMINATION COMMITTEE</b> (meets twice a year)	
<b>Key activities in 2019</b> <ul style="list-style-type: none"> <li>▪ Conducted the annual review of the composition and effectiveness of the Board and governance committees. The 2019 committee self-assessment process shows that the Board, its governance committees and members are operating effectively.</li> <li>▪ Updated the executive succession planning process at executive and non-executive level. The committee is satisfied with the bench strength of the executive succession pipeline given the number of key appointments made across the Group during the reporting year.</li> <li>▪ Following a review, concluded that conflicts of interest are well managed and the process is robust.</li> </ul>	
<b>Key outcomes</b> Appointment of Ms L Human and Mr D Kneale to the Board, and improved transformation at executive and senior level.	
<b>Key objective for 2020</b> <ul style="list-style-type: none"> <li>▪ Review the Board appointment and gender diversity policy.</li> </ul>	



Detailed disclosure of committee activities in the full corporate governance report: **page 11**.

## REMUNERATION COMMITTEE

(meets twice a year)

### Key activities in 2019

- Reviewed the key performance indicators used to evaluate the performance of executive directors, prescribed officers and senior executives. These include financial targets and non-financial targets aligned to our strategic priorities.
- Engaged with shareholders on best practice remuneration, updated the remuneration policy to include malus and clawback provisions in line with stakeholder recommendations, and approved a new long-term incentive plan for implementation in 2020.

### Key outcome

An updated remuneration policy to be presented for separate non-binding advisory vote from shareholders at the AGM to be held on 31 January 2020.

### Key objective for 2020

- Ongoing engagement with shareholders and other stakeholders on Netcare's remuneration policy and practices.

## SOCIAL AND ETHICS COMMITTEE

(meets twice a year)

### Key activities in 2019

- Reviewed the Group's B-BBEE plans and scorecard and oversaw the implementation of the share ownership scheme.
- Reviewed Netcare's participation in various internationally accredited ESG indices.
- Oversaw the appropriate management of ethics awareness, including the roll out of the Group-wide ethics survey.
- Reviewed progress on the Group's environmental sustainability projects.

### Key outcomes

There were no material incidents of non-compliance with regulatory obligations, and the committee is satisfied with the Group's compliance programmes and processes. The Group improved its B-BBEE rating and performed well in all ESG indices.

### Key objective for 2020

- Oversee the implementation of the ethics management programme.

## CONSISTENCY OF CARE COMMITTEE

(meets twice a year)

### Key activities in 2019

- Reviewed systems to enhance measurable improvements in quality outcomes.
- Reviewed the strategic initiatives implemented to support focused engagement with healthcare practitioners and funders, improve patient experience, drive person-centred health and care, and close inefficiency gaps.
- Oversaw the process of preparing clinical quality data for publication.
- Assessed Akeso Clinics' quality management systems.
- Oversaw initiatives to develop Netcare's value-based care and contracting capability, and establish a clinical decision support culture and system.
- Monitored healthcare practitioner conduct to ensure strict adherence to professional ethics and Netcare's values and behaviours.

### Key outcome

Maintained Group ISO 9001:2015 certification (excludes Akeso Clinics).

### Key objective for 2020

- Oversee the realisation of the consistency of care strategy and the design and implementation of a quality management system for Akeso Clinics to achieve ISO 9001:2015 accreditation.



Detailed disclosure of committee activities in the full corporate governance report: **page 11**.