

2019

INTEGRATED REPORT

Enhancing quality of life



AfroCentric
GROUP



AfroCentric is committed to making healthcare more affordable and widely accessible. Our transformed and integrated service offerings enable us to do this by optimising the healthcare value chain. Recently, we have grown our business organically and through acquisitions to position it as a sustainable and leading healthcare player.

By completing the integration of new acquisitions into our business and leveraging the power of technology to transform client service, we are moving closer to achieving our ultimate goal of universal healthcare.


CONTENTS

About this report	2
Scope and boundary	2
Reporting approach	3
Reporting suite	3
Forward-looking statements	3
Board approval	3
Chairman's report	4
Organisational overview	7
Group structure	7
Investment case	8
Our history	8
Operations	10
Business model	16
Performance	22
Strategic performance overview	22
Group CEO's strategic review	24
Group CFO's report	36
Results at a glance	40
Performance in context	44
Materiality determination process	44
Material matters, risks and opportunities	46
Stakeholders	49
External environment	52
Our socioeconomic impact	54
Investing in our people	56
Transformation	63
Community impact	64
Environmental impact	68
Corporate governance report	70
Board of Directors	71
Executive Committee	74
Corporate governance review	80
Board committees and attendance	82
Governance policies, procedures and processes	89
Enterprise risk management	90
Remuneration report	94
Shareholder information	112
Financial calendar	113
Notice of annual general meeting	114
Form of proxy	125
Appendix – extract from section 58 of the Companies Act	127
Glossary	129
Administration and contact information	132
Reporting suite and boundary	IBC

Navigation

The following icons are used for reference purposes:

 Website	 Page	 Group Annual Financial Statements
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Key terms and acronyms used in this report are provided in the glossary. 

Who we are

AfroCentric is a majority black-owned Johannesburg Stock Exchange (JSE) listed investment holding company providing services and products to the healthcare sector. The Group was founded in 2008 on the core philosophy of promoting transformation and empowerment.

What we do

Through our operating subsidiaries, we increase access to sustainable, affordable and quality healthcare by providing health administration, health risk management and a range of complementary solutions across the healthcare value chain to our medical scheme clients and their members. A primary lever in our strategy is to reduce the cost of healthcare by eliminating inefficiency throughout the healthcare value chain.











Executed via our strategy

To expand and diversify AfroCentric's presence in the broader healthcare industry to achieve our ultimate goal of universal access to healthcare.

Driven by our strategic objectives

The following icons illustrate AfroCentric's strategic objectives and are used throughout the report to illustrate strategic integration across elements:

 Enhance shareholder value	 Maximise growth opportunities	 Reduce the cost of healthcare	 Improve efficiencies through cost consciousness
 Diversify revenue sources	 Deliver exceptional client service	 Promote transformation	 Uplift our people

Our performance

3.7 MILLION

lives under our management

18

client medical schemes in southern Africa

LARGEST

health risk manager

5 923 EMPLOYEES

in South Africa and other countries

25.7%

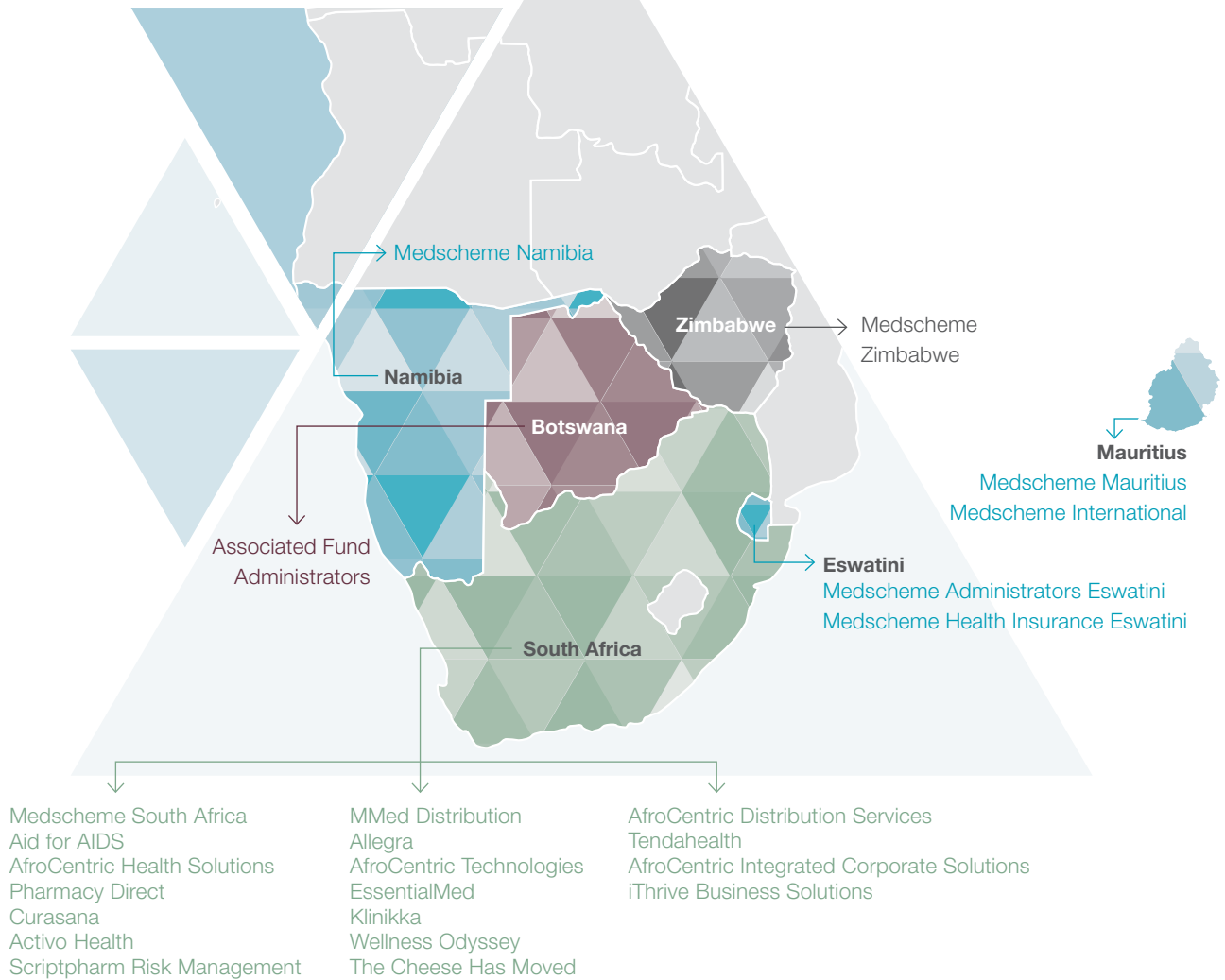
revenue growth

13.21%

return on equity

Where we operate

We operate in six sub-Saharan Africa countries.



Structured to reduce healthcare costs

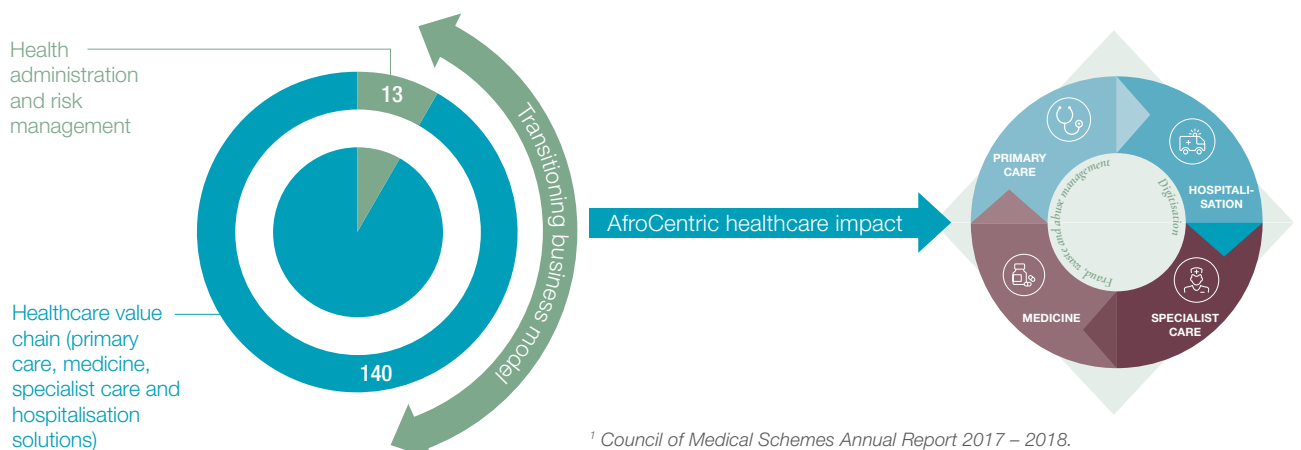
AfroCentric's primary functions are the administration of medical schemes and provision of health risk management services.

These functions represent the non-healthcare expenditure of medical schemes and account for less than 10% of expenditure (the healthcare Rand) in the broader distribution of medical schemes spend.

AfroCentric is the most diversified healthcare company in southern Africa that mainly focuses on transforming healthcare to enhance people's quality of life. Our business model is well aligned to demonstrate our abilities of reducing inefficiencies within the healthcare value chain.

Business model  16

DISTRIBUTION OF THE MEDICAL SCHEMES SPEND (R'bn)¹



¹ Council of Medical Schemes Annual Report 2017 – 2018.

About THIS REPORT

Our Integrated Report (report or IR) provides information about AfroCentric Investment Corporation Limited (AfroCentric, the AfroCentric Group, the Company or the Group) for the year ended 30 June 2019.

The report is intended for current and prospective investors and interested stakeholders. It provides information on AfroCentric's governance, material risks and opportunities, performance against strategy, impact on society and prospects.

The content of this report aligns to the principles of the International Integrated Reporting Council's (IIRC's) International <IR> Framework, the King Report on Corporate Governance™ for South Africa (King IV)¹ and other applicable frameworks and regulations for financial and non-financial reporting as listed in the reporting suite.

Scope and boundary

Material events between the year-end and September 2019 when the report was approved by the Board are also included. The scope, boundary and measurement methods of our reporting approach are materially similar as in 2018. There were no restatements to comparatives.

Reporting suite and boundary 

¹ Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

Reporting approach

AfroCentric prepared this report to concisely provide balanced, reliable, transparent and relevant information that management deems material to our primary audience. We consider matters to be material if they have the potential to substantively affect our ability to create and sustain value for our stakeholders over the short, medium and long term.

Material matters 46

In this report, we demonstrate how AfroCentric executes its strategy to create value. We show how our business model and strategy are guided by an understanding of the relationships and resources we rely on to create value.

Group CEO's strategic review 24 business model 16

Reporting suite

The IR should be read in conjunction with the Group Annual Financial Statements which provide full audited Group Annual Financial Statements, the directors' report, the independent auditors' report and the Audit and Risk Committee report.

Reporting suite and boundary IBC

Forward-looking statements

Certain statements in this document may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could result in the actual performance or achievements of AfroCentric and its subsidiaries being materially different from future results, performance or achievements expressed or implied by such forward-looking statements. The AfroCentric Group undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of publication of this report, or to reflect the occurrence of anticipated events. These have not been reviewed or reported on by the Group's auditors.

Value creation

We use our resources to provide integrated healthcare solutions to our clients and increase access to sustainable, affordable and quality healthcare. This enables us to create value by sustaining financial returns and enhancing the lives of our stakeholders.

Board approval

The Board acknowledges its responsibility for the integrity of this IR. The directors have applied their collective mind to its content and believe that it addresses all material matters, and fairly represents the integrated performance of the Group. The directors believe that the report has been prepared in accordance with the IIRC's <IR> Framework. The Audit and Risk Committee, which has oversight and responsibility for integrated reporting, recommended the report for approval by the Board of Directors.

This report was approved for release on 12 September 2019.

On behalf of the Board:



Dr Anna Mokgokong

Chairman



Ahmed Banderker

Group Chief Executive Officer



Hannes Boonzaaier

Group Chief Financial Officer

Feedback

We are committed to communicating effectively with our stakeholders, and we value feedback on this report. Any questions or requests for additional information relating to our report can be directed to Nosipho Phewa at investor-relations@afrocentric.za.com or telephonically at +27 (0)11 671 2475.

Chairman's REPORT



“I believe our competitive edge will ensure our long-term sustainability as a trusted partner to our clients and a meaningful contributor to our country’s economy, its healthcare sector and the broader society in which we operate.”

*Dr Anna
Mokgokong*



Key messages

- Striving to fulfil client expectations
- Delivering robust services while leveraging competitive advantage to create value
- Broadening access to sustainable, affordable and quality healthcare

The adage, *prediction is extremely difficult, especially about the future*, defines the current state of South Africa and the world. However, despite the unpredictability and economic weakness in our operating environment, we remained competitive and delivered pleasing results, among the best in the healthcare sector. Our performance was largely attributable to our leadership team as the driving force behind the implementation of our strategy to empower access to sustainable, affordable and quality healthcare.

In South Africa, a new political dispensation was ushered in with the appointment of President Ramaphosa after the May 2019 general elections. With this new dawn comes positive signs of an economy starting to gain lost ground.

On behalf of AfroCentric, I welcome our new Minister of Health, Dr Zweli Mkhize. As a leading healthcare company in South Africa, we look forward to partnering with Dr Mkhize as we pursue the aspiration of universal healthcare. I am proud that we continue to focus on delivering robust services, while leveraging our competitive edge to grow value and remain profitable.

Innovation

We strive to continuously fulfil the commitments we make to our clients, customers, scheme members and shareholders, based on our strong business principles of sustainable growth in all our operations. I believe our competitive edge will ensure our long-term sustainability as a trusted partner to our clients and a meaningful contributor to our country's economy, its healthcare sector and the broader society in which we operate.

As Chairman, I have seen numerous innovations initiated by our group of companies. I discovered that innovation not only creates new products and services, but also finds solutions relevant to our clients' needs and affordability. Innovation enables more effective and efficient service delivery, or new ways to execute our strategy of reducing healthcare costs. We are dedicated to looking beyond the norm to find new, innovative and cost-effective ways to conduct business.

Among other important developments, digital has been adopted by the Group and in our efforts to ensure positive customer experiences, the Board approved a Group Digital

Strategy to transform AfroCentric from a company that runs technology to a digital business that runs healthcare business.

The Group has also expanded its presence in Botswana and Namibia. Locally, we acquired new businesses, including Sanlam Health and iThrive Business Solutions. These entities provide corporate offerings combined with our other services to give a comprehensive corporate package of total healthcare services to our clients.

Board changes

During the past year, we bid farewell to Group Chief Executive Officer (CEO), Antoine van Buuren. We are proud to have had a dedicated colleague who helped us build capacity among our people, streamline processes, leverage technology and inculcate an overall sense of good governance and accountability in the organisation.

Upon Antoine's retirement, the Board appointed Ahmed Banderker, previously a Non-executive Director, to lead the business into the next phase of growth and consolidate our strategy. Ahmed will focus on integrating the new acquisitions into the broader AfroCentric Group and making the value optimisation strategy a reality.

After the retirement of our two founding Directors, Messrs Motty Sacks and Meyer Kahn, we welcomed new Independent Non-executive Directors, Bruno Fernandes and Professor Shirley Zinn, and a Non-executive Director, Thinus Alsworth-Elvey. The Board is confident that the new incumbents will successfully contribute to the effective implementation of the AfroCentric strategy. The recent appointments positively contribute to our gender policy and overall Board diversity in terms of experience, skill, demographics and requisite competencies.

Investing in our communities

Jon Foster-Pedley, the Director of Henley Business School, Africa, said: "Great business is business where we don't just make profits for the shareholders but for everyone – and in the process lower the Gini co-efficient. This has to be the guiding mantra, not just of business school graduates, but indeed of business leaders who see themselves operating in this country."

CHAIRMAN'S REPORT (CONTINUED)

I believe this approach instils a sense of patriotism and a spirit of caring for our fellow citizens. It is relevant to AfroCentric as we are mindful of our societal responsibilities and our contribution to skills upliftment and education.

The four female recipients of the AfroCentric medical bursary scheme have excelled in their studies during the past three years. This is the third year since we launched the medical bursary and the four students have produced exceptional academic results.

To ensure we contribute sustainably to the development of young medical practitioners, we intend to increase the number of bursary scheme recipients next year and to extend the opportunity to pharmaceutical students in line with our growing investment in the pharmaceutical industry.

National Health Insurance (NHI)

During the reporting period, we were informed of the release of the NHI Bill, and as a key stakeholder within the healthcare industry, we will continue to explore strategic avenues to contribute towards making this realm of universal healthcare coverage a reality.

We support the notion of a need for all South Africans to have access to affordable and quality healthcare and since reducing healthcare costs is our strategic thrust, we welcome the Minister of Health's collaborative approach to deliver on the health mandate.

Active citizenry

AfroCentric has an effective and functional Social and Ethics Committee which assists the Board with responsible business practices and active citizenry.

Our main operating subsidiary, AfroCentric Health, achieved level 1 B-BBEE contributor status (2018: level 2).

Performance highlights included:

- an increase in AfroCentric's black ownership to 57%;
- significant improvement in integrating business processes with B-BBEE requirements;
- consistent application of B-BBEE-aligned procurement practices across the Group; and
- improved reporting and measurement of B-BBEE performance.

We continue to focus on aligning our skills training with our organisational needs, absorbing and accommodating the particular requirements of differently abled people, strengthening our employment equity performance and improving the methods we use to attract and retain talent.

Education and awareness remain key objectives in ensuring that B-BBEE activities continue to be conducted in a manner

that promotes transparency, equity, sustainability and transformation.

We support emerging entrepreneurs and suppliers by investing in local businesses. This enables the Group to be more efficient and reduces cost to benefit others in our value chain of providers.

Fairness and honesty

The Group's leadership teams are expected to embody fairness and honesty, and to cultivate leaders and managers who hold strong values and understand their responsibility to both the Company and society. Our employees and leadership teams must be capable of balancing risk, innovation and growth. Their moral and social responsibility compass must be unquestionable.

As a diverse organisation, we value diversity in our clients, shareholders, executive leadership and employees. We are committed to equal opportunity and gender balance.

Outlook

We anticipate a period of sustained economic weakness in 2019 as South Africa strives to overcome the socioeconomic and political turmoil of the past decade. As an employer, we remain committed to contributing to economic growth and supporting government's universal healthcare aspiration.

During the year ahead, we will continue leveraging the powerful benefits of technology to make our business more innovative and efficient as we implement our strategy to broaden access to sustainable, affordable and quality healthcare. Key factors that will underpin the effective implementation of our strategy are our flexibility in responding to our clients' evolving needs and our employees' ability to adapt to change in our business environment.

Appreciation

I am indebted to our leadership teams for effectively navigating us through these difficult times and to all our people who respond daily to our stakeholders' needs.

I also thank my fellow Board members for their unwavering support and their diligence, passion and interest in AfroCentric. I look forward to their continued support as we move into the future.



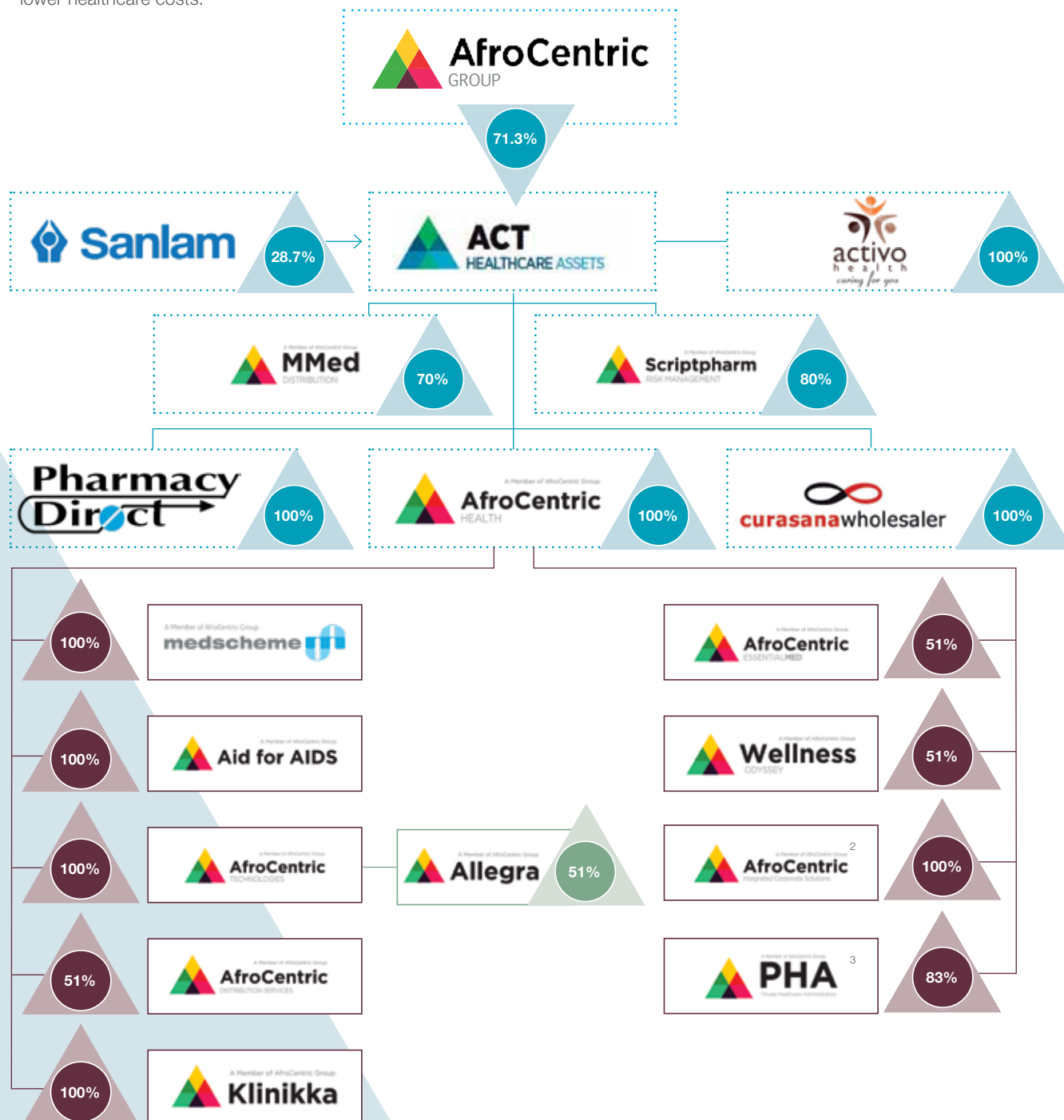
Dr Anna Mokgokong

Chairman

Organisational OVERVIEW

Group structure¹

AfroCentric is an integrated healthcare Group comprising a range of businesses that optimise the healthcare value chain to lower healthcare costs.



¹ The full corporate/Group structure is included in our Annual Financial Statements.

² Previous Sanlam Health entities.

³ Part of the iThrive Business Solutions.

ORGANISATIONAL OVERVIEW (CONTINUED)

Investment case

Our diversified business model and growth strategy enable us to achieve sustainable growth and value creation across the healthcare sector by leveraging our competitive advantages.

Strong market positioning

- One of the largest health administration businesses in the South African healthcare sector
- An established track record as a medical scheme administrator – 3.7 million lives under our care (39.55% of market share)
- An integrated healthcare business and market leader in managed care
- The largest distributor of chronic medicine to government hospitals and clinics – 850 000 scripts dispensed per month (80% public sector)

Business model  16 Group CEO's strategic review  24

Diversified across complementary healthcare services

- A diversified healthcare business with growing exposure across the healthcare value chain in South Africa – pharmaceutical business generates 38% of revenue
- Increased diversification enables us to optimise our clients' healthcare costs
- A presence in other sub-Saharan Africa countries
- Diversification makes us more sustainable in a changing healthcare environment

Operations  10 business model  16

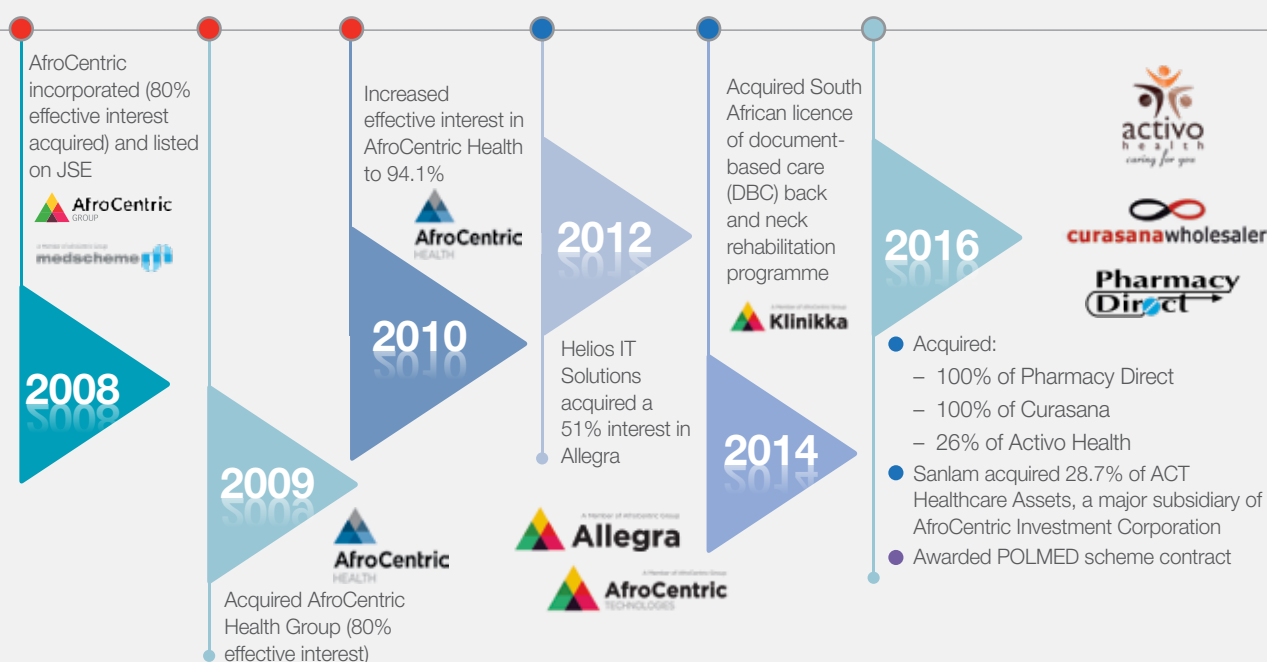
Multiple growth drivers

- Maximising value with new integrated business model
- Optimising value chain to enhance efficiencies and reduce healthcare costs
- Digitising to enhance client experience – one million items processed by robotic process automation (RPA)
- Leveraging healthcare and financial services opportunities with Sanlam partnership
- Positioning for success in National Health Insurance (NHI) environment

Business model  16 Group CEO's strategic review  24

Our history

● Corporate action ● Scheme merger ● Acquisition/disposal ● Contract award



Health administration and risk management

Expansion across healthcare value chain

Competent and experienced management

- Experienced, empowered leadership team with healthcare expertise
- Market leading intellectual capital with clinical, actuarial, data analytics and health intelligence competence and capabilities
- Data capabilities support our strategy to eliminate inefficiencies within the healthcare industry and optimise the value chain – appointed an information technology (IT) executive
- Retention bonuses are in place in respect of strategic management incentives

Group CEO's strategic review  24

Consistent financial performance

- Compound annual revenue growth of 25.6% since 2015 despite difficult market conditions
- Normalised headline earnings grew by 4.4% despite acquisition costs
- Acquisitions are delivering expected value – enhancing the Group's growth in the pharmaceutical and retail clusters

Group CFO's report  36

Efficient capital allocation

- Acquisitions and organic growth funded largely from internally generated cash
- Debt-to-equity ratio of 23.5% remains well within our acceptable risk tolerance

Group CFO's report  36

● Corporate action ● Scheme merger ● Acquisition/disposal ● Contract award

- Acquired:
 - 51% of The Cheese Has Moved
 - 100% of Wellness Odyssey
- Amalgamation of Bonitas and Liberty added 125 000 lives to our care
- Pharmacy Direct secured further contracts for delivery of chronic medicine to public sector patients, increasing footprint from five to seven South African provinces

2017



2018



- Acquired:
 - 51% of EssentialMed
 - 80% of Scriptpharm Risk Management
 - 70% of MMed Distribution
- ADS acquired 51% of Tendahealth
- COMMED merged with Bonitas
- Awarded Hosmed contract
- Pharmacy Direct awarded four of nine provinces in new Department of Health (DoH) Central Chronic Medicine Dispensing and Distribution (CCMDD) contracts, increasing volumes from 50% to an estimated 80%

- Acquired:
 - Remaining 74% of Activo Health
 - 82.8% of iThrive Business Solutions
 - 100% of Sanlam Health (renamed AfroCentric Integrated Health Administrators)
 - Additional 25% of Associated Fund Administrators Botswana (pending regulatory approval in Botswana)
- Awarded:
 - Medshield Hospital and Fraud Management
 - Bonitas Actuarial Services
 - Hosmed Medicine Management
 - POLMED Chronic Medicine Management contract

2019



ORGANISATIONAL OVERVIEW (CONTINUED)

Operations



AfroCentric Health Solutions

AfroCentric Health Solutions is the international cluster for AfroCentric Health, providing access to the following services:

- medical fund administration;
- health insurance administration;
- health risk management;
- medical fund and health insurance administration IT platforms;
- practice management systems;
- medical claims switching solutions;
- wellness management software and programmes; and
- health provider network services.

Subsidiaries, associates and clients are in Namibia, Eswatini, Zimbabwe, Mauritius, Botswana and Ireland.

Activo Health¹

Activo Health specialises in importing and marketing pharmaceutical products and trades in all sectors of the pharmaceutical industry.

■ Revenue contribution

3.07%
(2018: 4.41%)

2.82%

■ Operating profit contribution

7.08%
(2018: 7.47%)

5.02%

■ Employees

347
(2018: 321)

56

Namibia:

- DBC clinic in full operation to promote preventative care
- Beneficiary risk management (BRM) programme transferred to Windhoek
- Two mobile clinics introduced in partnership with local authorities and health providers

Zimbabwe:

- Mediflex: Awarded a medical fund licence by the Health Ministry
- The Premier Service Medical Aid Scheme Nexus IT Solution is complete

Mauritius:

- The transaction for Mauritian Eagle to acquire 30% equity of our local business is complete

Eswatini:

- Shareholding by the Eswatini National Pension Fund into our local business is complete

- Among the fastest growing healthcare companies in South Africa*
- Established leading generic brands Activovite, Supiroban and Mozitec in multivitamin, over-the-counter and pharmaceutical categories
- Launched nine new products in the market

* IMS data.

¹ Activo Health became a fully owned subsidiary of the Group on 1 March 2019. Therefore, no comparative data is available for 2018.



Medscheme South Africa

Medscheme provides its established clients with a full spectrum of health administration and health risk management services, including:

- dedicated client member contact centres;
- hospital and medicine benefit and disease management programmes;
- hospital, general practitioner (GP), specialist, optical and dental networks;
- negotiating and strategically purchasing healthcare services on clients' behalf;
- evaluating technologies, pharmaceutical and clinical practice and formulating clinical health funding policies; and
- forensics.

Aid for AIDS

Aid for AIDS has been the industry leader in HIV/AIDS management since 1998. It provides the following services:

- coordinates care between the funder, doctors, pathology labs, pharmacies and patients;
- designs, develops and delivers unique and encompassing programmes that help businesses care for and manage medical schemes for individuals with HIV/AIDS; and
- develops programmes that understand patients' needs and equips them with the treatment and tools to lead normal and fulfilled lives.

Pharmacy Direct and Curasana

- **Pharmacy Direct** distributes and delivers medicine to urban and rural areas for medical scheme clients and government's CCMD programme.
- **Curasana**, a specialty pharmaceutical wholesaler, procures and supplies pharmaceutical products to Pharmacy Direct, Activo Health and other major wholesalers in Gauteng.

■ Revenue contribution

37.63%
(2018: 52.88%)

1.29%
(2018: 1.92%)

34.43%
(2018: 28.92%)

■ Operating profit contribution

58.07%
(2018: 44.66%)

5.43%
(2018: 5.70%)

7.63%
(2018: 11.46%)

■ Employees

4 071
(2018: 3 907)

74
(2018: 82)




799
(2018: 776)

- 2018 FICO® Decisions Award for Decision Management Innovation

- 89 814 individuals benefiting from the programme:
 - 97.6% of members on antiretroviral treatment
 - 89.9% exhibit a suppressed viral load
- Clinical guidelines remain industry standard

- Pharmacy Direct provides access to medicine to one million patients monthly
- Pharmacy Direct and Curasana hold an A-grade classification from the South African Pharmacy Council for outstanding compliance to legislation and Good Pharmacy Practice

ORGANISATIONAL OVERVIEW (CONTINUED)

		
<p>Scriptpharm</p> <p>A national pharmacy network which:</p> <ul style="list-style-type: none"> manages chronic and acute medicine through a capitation arrangement, where healthcare providers are paid a fixed amount per scheme member to incentivise efficiency, cost control and preventive care; provides drug utilisation reviews; and Scriptpharm medicine formulary, a list of medicines approved by medical schemes which are considered safe, clinically appropriate and cost-effective for treatment of specific conditions. 	<p>MMed Distribution</p> <p>MMed Distribution (MMed):</p> <ul style="list-style-type: none"> is a specialist procurer and distributor of affordable pharmaceutical, surgical and medical products and devices; has distribution agreements with several multinational manufacturers with a national footprint; and partners with private hospitals and improves their cost-efficiency by providing a fully outsourced stock supply and management service. 	<p>Allegra</p> <p>Allegra is an IT platform providing access to information that enhances total individual healthcare with the support of three unique components:</p> <ul style="list-style-type: none"> Healthcare Provider Solutions enable coordinated, affordable, and quality care; Health Information Exchange enables data transfer to support the healthcare decision-making of healthcare providers, medical schemes and patients; and Patient Solutions enable patients to manage their health and health information.
<p>■ Revenue contribution</p> <p>4.74% (2018: 1.49%)</p>	<p>3.35% (2018: 0.20%)</p>	<p>0.88% (2018: 1.32%)</p>
<p>■ Operating profit contribution</p> <p>1.77% (2018: 0.21%)</p>	<p>(0.88%) (2018: (0.83%))</p>	<p>2.11% (2018: 3.09%)</p>
<p>■ Employees</p> <p>15 (2018: 12)</p>	<p>28 (2018: 9)</p>	<p>36 (2018: 32)</p>
<ul style="list-style-type: none"> Lives covered by chronic medicine capitated solution increased from 51 000 to 552 370 due to new POLMED contract 	<ul style="list-style-type: none"> Secured eight hospital contracts, including one major contract resulting in 360% growth in sales to R228 million 	<ul style="list-style-type: none"> Allegra processes financial transactions and clinical information for 10 430 pharmacies and other healthcare providers, including 58 different healthcare disciplines across six countries More than three million electronic data interchange transactions are processed monthly by Allegra 1 215 healthcare providers access Allegra's solutions



AfroCentric Technologies

AfroCentric Technologies is a market leader in technology-based products and services. Its systems connect millions of scheme members, schemes, doctors and hospitals internationally. AfroCentric Technologies offers:

- innovative digital technology solutions;
- integrated medical scheme administration and health risk management systems;
- healthcare management systems for specialised diseases;
- network connectivity; and
- outsourced technology solutions.

AfroCentric EssentialMed

EssentialMed provides comprehensive medical insurance cover, with private medical facilities.

Klinikka

Klinikka is licensed to offer DBC, an individualised, evidence-based, multidisciplinary treatment approach to managing musculoskeletal disorders (back, neck, shoulder, hip and knee treatment).

Klinikka provides DBC equipment and administration services to 19 musculoskeletal treatment centres in southern Africa.

■ Revenue contribution

8.39%

(2018: 5.72%)

0.42%

(2018: 0.21%)

0.13%

(2018: 0.16%)

■ Operating profit contribution

9.57%

(2018: 29.22%)

0.52%

(2018: 0.14%)

0.41%

(2018: 0.17%)

■ Employees

442

(2018: 339)

44

(2018: 45)

3





(2018: 3)

- Adoption of the Group Digital Strategy
- Technology Operating Model and Enterprise Architecture development

- EssentialMed offers a unique fully flexible solution which is exempted under the Demarcation Regulation
- Membership grew by over 20%
- Provides access to unlimited GP consultations within a network of over 1 900 GPs countrywide
- Provides access to private hospitals from as little as R351 per month

- 98 clinical and administration employees in the network, with 33 contracted schemes
- R60 million in annual billing
- Up to 6 900 treatment sessions per month

ORGANISATIONAL OVERVIEW (CONTINUED)

			
<p>Wellness Odyssey</p> <p>Wellness Odyssey provides people-centric wellness solutions that:</p> <ul style="list-style-type: none"> • identify non-communicable clinical risk; • promote awareness and supply educational material; • refer identified high-risk members to established disease management programmes; and • provide home-based care services to scheme members. 	<p>AfroCentric Distribution Services</p> <p>AfroCentric Distribution Services is a specialised marketing and sales company driving business development and growth in the healthcare sector. This includes:</p> <ul style="list-style-type: none"> • a full suite of marketing services; and • comprehensive distribution channel management. 	<p>Private Healthcare² Administrators (PHA)</p> <p>PHA is a medical scheme administrator that leverages its technologically advanced systems to provide innovative healthcare solutions to its open and corporate scheme clients. PHA applies the following principles to achieve sustainable and cost-effective healthcare solutions:</p> <ul style="list-style-type: none"> • an efficient health information platform; • an efficient, cost-effective administrative platform; • strong health risk management protocols; • highly skilled and trained clinical employees; and • unique demand management. 	<p>AfroCentric Integrated Corporate Solutions^{**}</p> <p>AfroCentric Integrated Corporate Solutions combines newly acquired Sanlam Health, PHAs and FastPulse to provide integrated health and wellness solutions to the workplace, including:</p> <ul style="list-style-type: none"> • corporate health and wellness, with screening and employee assistance programmes; • health insurance and other healthcare funding mechanisms; • occupational health clinics; • primary care products and clinics; and • analytics to identify obstacles to productivity.
<p>■ Revenue contribution</p> <p>0.50% (2018: 0.72%)</p>	<p>1.28% (2018: 1.95%)</p>	<p>0.93%</p>	<p>0.15%</p>
<p>■ Operating profit contribution</p> <p>1.04% (2018: 1.54%)</p>	<p>2.00% (2018: 2.03%)</p>	<p>0.22%</p>	<p>0.01%</p>
<p>■ Employees</p> <p>133 (2018: 23)</p>	<p>143 (2018: 86)</p>	<p>106</p>	<p>34</p>
<ul style="list-style-type: none"> • 856 wellness days conducted • Nine contracted medical schemes 	<ul style="list-style-type: none"> • Achieved net growth in medical aid sector • Maximised return on investment in brand awareness and lead generation • Optimised digital systems to enhance growth 	<ul style="list-style-type: none"> • Dedicated client members' contact centres • Specialist networks • Access to highly qualified and knowledgeable employees 	<ul style="list-style-type: none"> • The acquisitions of Sanlam Health and FastPulse are being integrated into the larger AfroCentric Group structure as a new cluster (AICS)

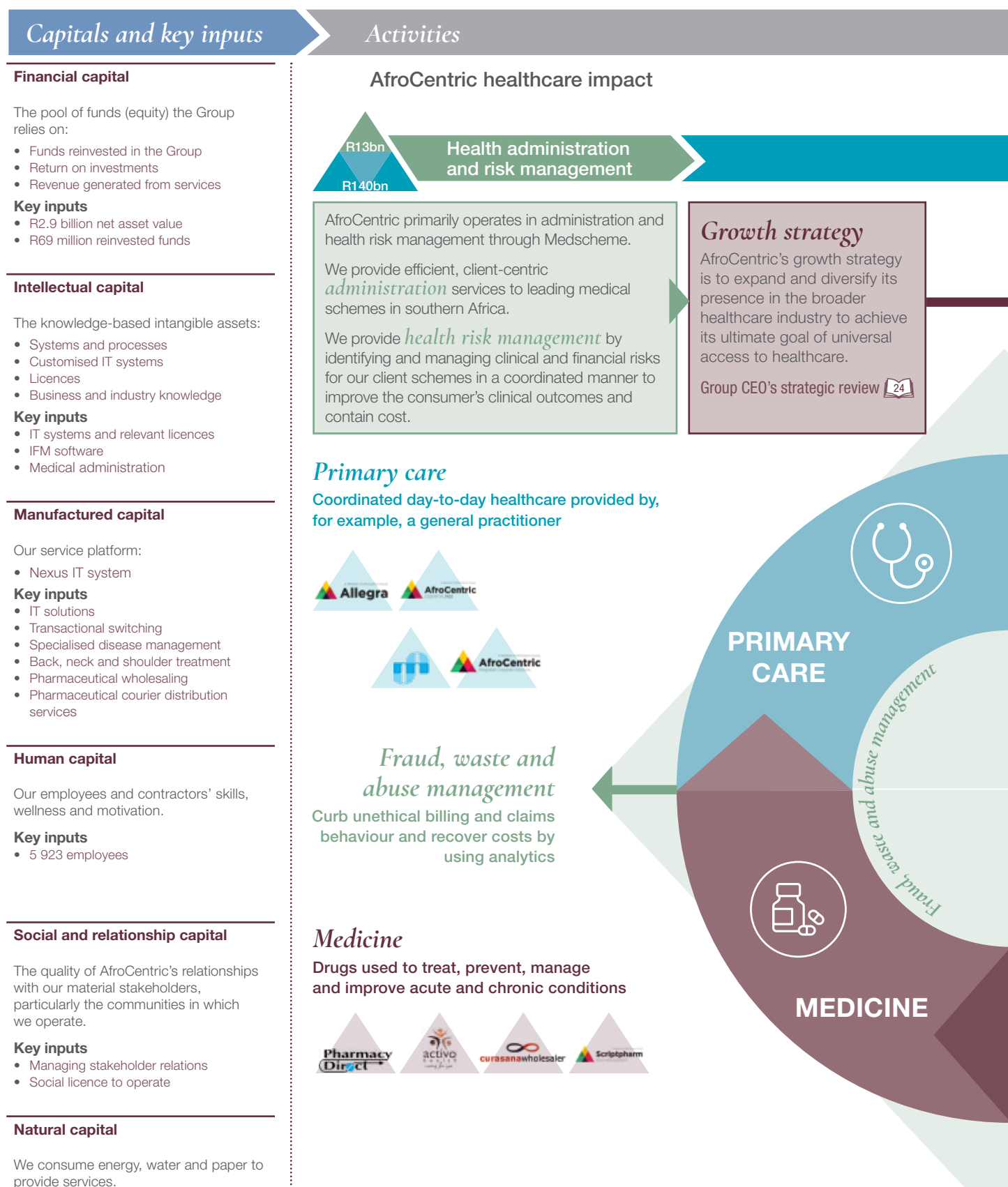
^{**} AfroCentric Integrated Corporate Solutions and AfroCentric Financial Services are newly established business units; therefore, no comparative data is available for 2018.

² PHA was acquired during the year under review. Therefore, no comparative data was available for 2018.



ORGANISATIONAL OVERVIEW (CONTINUED)

Business model



Complementary healthcare services

The healthcare value chain comprises primary care, medicine, specialist care and hospitalisation solutions. AfroCentric is broadening access to healthcare by expanding its presence, integrating its operations and optimising costs across the value chain to measurably improve access to quality care.

Hospitalisation

Admission of patients to hospital for treatment



HOSPITALISATION

Digitisation

Leveraging technology to improve efficiency and outcomes

SPECIALIST CARE

Specialist care

Treatment provided by specialist medical disciplines



Improved client experience > **Output** > Sustainable, affordable and quality healthcare services **Operations**

Financial capital

Outcomes

- Normalised headline earnings per share 49.13 cents
- R265.2 million in cash reserves
- 6.9% dividend yield
- 14% decrease in share price
- Operating profit increased by 8.8%
- Total revenue increased by 25.7%

Trade-offs

We increase our financial capital by diversifying our revenue sources and improving our cost efficiencies. This positively impacts our investment in intellectual, manufactured and human capital.

[Group CFO's report](#)

Intellectual capital

Outcomes

- Cost savings based on Insurance Fraud Manager (IFM) – R1.1 billion

Trade-offs

We invest a portion of our financial capital in intellectual capital to drive efficiencies and increase overall value in the long term.

[Group CEO's strategic review](#)

Manufactured capital

Outcomes

- 3.7 million lives under administration
- 18 client medical schemes in southern Africa

Trade-offs

We require financial, intellectual and human capital to deliver our products. Our social and relationship capital sustains our ability to render services.

[Organisational overview](#)

Human capital

Outcomes

- R7.6 million invested on training employees
- R650 248 invested in bursaries
- Skilled and motivated workforce
- Training and developing skills

Trade-offs

We invest financial capital to recruit, develop and retain employees with the competencies for the functions we need to create sustainable value for our stakeholders.

[Our socioeconomic impact](#)

Social and relationship capital

Outcomes

- R3.5 million invested in enterprise development (ED)
- R7 million invested in supplier development (SD)
- R3.5 million invested in socioeconomic development (SED)

Trade-offs

We commit a significant portion of our human and financial capital to enterprise and supplier development (ESD), corporate social investment (CSI) and SED in South Africa. Our learning academy empowers and trains our employees.

[Stakeholders](#) [our socioeconomic impact](#)

Natural capital

Outcomes

- Environmental impact monitoring and management
- Optimised energy, water and paper use
- Enhanced awareness communication Group-wide

Trade-offs

While operations require electricity and water to operate, we have a relatively small environmental impact. We aim to reduce our footprint through optimal use of resources throughout our value chain and constantly monitor our carbon footprint to ensure our operations are not detrimental to the environment and surrounding communities.

[Our socioeconomic impact](#)

ORGANISATIONAL OVERVIEW (CONTINUED)

By diversifying our revenue sources and integrating our clinical, actuarial, data analytics and health intelligence capabilities, we can identify irregularities in the value chain that contribute to healthcare inflation. We optimise the value chain by leveraging our market presence and size to reduce costs for our clients and their scheme members and create value for shareholders. Integration also enables the Group to coordinate scheme members' healthcare to improve the quality, cost and outcome of healthcare. AfroCentric's businesses and activities contribute to value chain optimisation across the healthcare value chain as follows:

PRIMARY CARE



Aim

Shifting the focus of healthcare delivery to primary care and prevention or early detection to increase access to sustainable, affordable and quality healthcare.

Actions to achieve aim

At the core of AfroCentric's value chain, Medscheme:

- coordinates care to expand primary care and reduce reliance on specialist care when not clinically indicated;
- primary care providers (GPs) are incentivised to expand their care of high-risk patients to more effectively manage their conditions; and
- applies various reimbursement models for healthcare providers and health facilities (including share risk in different ways) to incentivise cost optimisation.

Allegra leverages technology to reduce cost and improve patient experience with:

- telemedicine and e-scripting software;
- primary care clinic software for health screenings, consultations with nurses, family planning, immunisations and maternal and child visits; and
- a single system that integrates primary healthcare, practice management and wellness management.

EssentialMed provides medical insurance focused on primary care that widens the range of affordable products available to employees and scheme members.

AfroCentric Integrated Corporate Solutions was established in 2019 to deliver integrated health and wellness solutions for the workplace.

MEDICINE



Aim

Participating throughout the pharmaceutical value chain to reduce medicine and related costs.

Actions to achieve aim

Activo Health acquires the rights to distribute affordable generic medicine for managing chronic and acute conditions.

Pharmacy Direct increases access to healthcare and alleviates congestion in public hospitals and clinics by distributing chronic medicine to provincial hospitals countrywide (80% of public sector work). As a courier pharmacy, Pharmacy Direct also distributes chronic medicine to medical scheme members.

Curasana plays a pivotal role in managing the pharmaceutical value chain by ensuring that stock demands are met for its clients to ensure continuation of chronic treatment for patients.

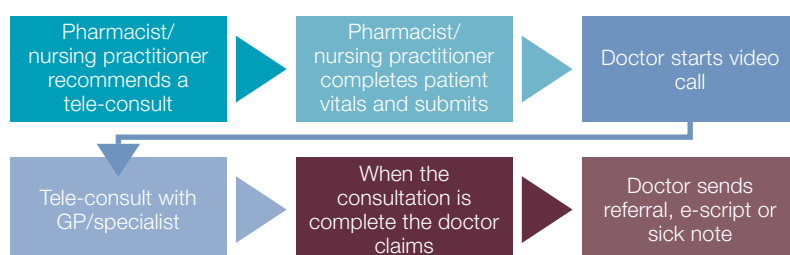
Scriptpharm delivers a unique chronic medicine capitation solution through a network of 1 700 retail pharmacies and has diversified into oncology and acute medicine where it reduces costs by increasing the use of generic medicine.

Key outcomes

Medscheme managed care pilots conducted by multidisciplinary clinical teams for integrated chronic care, healthcare outcomes and value-linked reimbursement resulted in:

- ▲ clinical outcomes;
- ▼ hospital admissions; and
- ▼ costly complications.

Allegra's telemedicine and e-scripting software enable doctors to consult with clinic patients by telephone and e-mail e-scripts:



Allegra's low-cost non-pharmacy claiming fee reduces:

- healthcare providers' costs by up to 30%; and
- Medscheme's costs by approximately R12 million annually.

EssentialMed products and services retain members who would otherwise not be able to afford medical aid.

AfroCentric Integrated Corporate Solutions provides primary care solutions to corporate clients.

Our future focus

- Expand electronic record
- Strengthen primary healthcare delivery with clinical pathways and decision support





Key outcomes

- Increased access to chronic medicine has improved treatment compliance, as demonstrated by a study that reflected a reduction in hospital admissions by:
 - 26% for Type I diabetes patients;
 - 34% for Type II diabetes patients; and
 - 14% for epilepsy patients.
- Increased use of generics reduces cost of oncology medicine (33% of oncology medicines have generics).
- Active generic substitution has been 99% on ARVs and 92% on other chronic medication where generic equivalents are available, resulting in wallet-free member experience, free courier delivery and very competitive dispensing fees.
- Medscheme Pharmacy Network Management has negotiated R220.6 million in reduced dispensing fees.

Our future focus

- Use of generic cancer medicine expected to increase to 60% of total use

ORGANISATIONAL OVERVIEW (CONTINUED)

SPECIALIST CARE 	<p>Negotiating arrangements to reduce the length of hospital stays and improve cost-efficiency of treatment, while ensuring quality patient care and appropriate remuneration for specialists.</p>	<p>Actions to achieve aim</p> <p>Medscheme improves healthcare providers' efficiencies and reduces costs with:</p> <ul style="list-style-type: none"> • risk-based targeted interventions; • alternative pricing and payment models; • medicine cost management at all levels of the value chain; • strategic purchasing; • clinical pathways, especially for non-communicable or chronic diseases; and • re-engineering the supply side of healthcare.
HOSPITALISATION 	<p>Aim</p> <p>Negotiating strategic purchasing arrangements to eliminate inefficiency and contain hospital costs.</p>	<p>MMed eliminates the need for third-party suppliers to hospitals, which saves costs for high-volume member usage of pharmaceutical, surgical and medical products which account for up to 60% of healthcare input costs. MMed reduced these costs by up to 6%.</p> <p>Klinnika's DBC for musculoskeletal disorders helps insurance providers and employers to make informed choices when evaluating scheme members with back and neck pain, reducing the cost of care by limiting unnecessary hospitalisation and surgery.</p> <p>Aid for AIDS' clinical guidelines achieve effective viral load suppression, resulting in fewer hospital admissions.</p>
FRAUD, WASTE AND ABUSE 	<p>Aim</p> <p>Curbing fraud, waste and abuse (FWA) with analytics.</p>	<p>Actions to achieve aim</p> <p>Medscheme applies a fraud risk management system with sophisticated analytical measures to identify and curb unethical behaviour and reinforce the principles of ethical billing and claims behaviour in the provision of services to medical scheme members. These include:</p> <ul style="list-style-type: none"> • raising awareness about FWA of scheme members' benefits; • applying abuse prevention tactics; • using analytical software to identify outlier behaviour; and • employing forensic resources to engage with outliers, conduct investigations if necessary, and manage fraud cases.
DIGITISATION 	<p>Aim</p> <p>Leveraging digital technology to enhance client experience.</p>	<p>Actions to achieve aim</p> <p>Digital priorities include:</p> <ul style="list-style-type: none"> • customer journeys and process automation; • white label mobile app; • member, broker and corporate portals; and • business intelligence (BI) and analysis.

Key outcomes

Containing hospital costs (% increase or decrease)

	2019	2018	2017
Admission rate per 1 000 lives	+3.3	+2.2	+1.1
Average length of stay	-3.4	-2.9	-0.8
Average cost per admission	+2.5	+3.6	+5.2
Hospitalisation as % of total healthcare costs	34.3	38.2	39.5

Our future focus

- Unregulated hospital and surgical products
- Alternatives to hospitalisation, driving to out-of-hospital care
- Model of service when seeking hospital care
- Mental health
- Integrated model for those requiring chronic care

Key outcomes

FWA prevention as at 30 June 2019

R330 million FWA quantified	R847 million saved in claims reduction	R154 million recovered	R1.1 billion in total savings achieved
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Our future focus

- Maintain zero tolerance approach

Key outcomes









- Reduce the cost of healthcare
- Create a functionally more simplified platform
- Enhance member experience
- Improve operational efficiencies

Our future focus

- Broaden adoption of artificial intelligence (AI) and RPA
- Monitor and manage cybercrime and data breach risks

PERFORMANCE

Strategic performance overview

	Enhance shareholder value	<ul style="list-style-type: none"> ▲ Dividend increased by 6% to 34 cents per share for the year ▼ 14% decrease in share price
	Maximise growth opportunities	<ul style="list-style-type: none"> ▲ Total revenue increased by 25.7% ▲ MMed secured eight new hospital contracts
	Reduce the cost of healthcare	<ul style="list-style-type: none"> ▲ R1.1 billion cost savings based on IFM software used to manage FWA ▼ Mental health programme has, after a year, shown a reduction in mental health costs of R812plpm for those registered
	Improve efficiencies through cost consciousness	<ul style="list-style-type: none"> ▲ 8.8% increase in operating profit ▼ R330 million FWA cases quantified; R154 million recovered
	Diversify revenue sources	<ul style="list-style-type: none"> ▲ Acquired 100% Private Health Administrators, 100% of Sanlam Health, remaining 74% of Activo Health, and 25% of Associated Fund Administrators Botswana (pending regulatory approval in Botswana)
	Deliver exceptional client service	<ul style="list-style-type: none"> ▲ Voice of the Customer survey achieved a positive response of 82.24%
	Promote transformation	<ul style="list-style-type: none"> ▼ Level 1¹ Broad-Based Black Economic Empowerment (B-BBEE) status
	Uplift our people	<ul style="list-style-type: none"> ▲ 5 923 employee complement ▲ 7.6 million invested in training spend

¹ AfroCentric Health (RF) Proprietary Limited.



Group CEO's **STRATEGIC REVIEW**



“We have made significant strides in curbing hospital, specialist and pharmaceutical costs, as well as improving clinical outcomes for scheme members.”

*Ahmed
Banderker*

Key messages

- Maximising value through acquisition and integration
- Leveraging technology to elevate client experience
- Positioning AfroCentric as a diversified and focused healthcare company
- Delivering against our strategic objectives

Introduction

AfroCentric is transforming healthcare by making quality healthcare more accessible and affordable to millions of people. We are doing this by expanding the Group's presence in the broader healthcare industry to achieve the ultimate goal of universal access to healthcare.

During 2019, we achieved key strategic milestones that take us closer to our ultimate goals. We completed four acquisitions to further grow and diversify our revenue and we continue growing organically as we extract the benefits of integrating new businesses into the Group. A primary lever in our strategy to reduce healthcare costs is eliminating inefficiency throughout the healthcare value chain and we have made significant strides in curbing hospital, specialist and pharmaceutical costs, and improving clinical outcomes.

Business model

By leveraging technology, we ensure that our IT architecture provides a stable foundation during organisational change as we innovate our new integrated model of sustainable healthcare to measurably improve access to affordable and quality healthcare. As technology will be a key driver of competitiveness in our industry, we will continue investing in digital innovations, such as AI, RPA and data analytics to drive efficiency improvements and elevate the experience of our clients and their medical scheme members. With technology, we can address the scourge of FWA of scheme members' benefits more effectively, while endeavouring to restore ethical behaviour in the relatively small communities that impose high costs on our industry.

AfroCentric is in the business of healthcare – and that is where we intend to stay. However, we cannot ignore market

forces and our clients' evolving needs. In Sanlam we have a shareholder, a partner and more. Having acquired Sanlam Health this year to strengthen our capacity in integrated corporate wellness solutions, we are positioning AfroCentric as a healthcare partner to Sanlam, while Sanlam provides its innovative life insurance and financial service offerings to our increasingly digitally enabled client base. Further development of this partnership offers great opportunity to leverage the benefits of scale for both parties.

NHI

AfroCentric welcomes the tabling of the NHI Bill in parliament. We are aligned with the global aspiration of universal healthcare and are in full support of the need to transform the sector into one that offers affordable, accessible and sustainable quality healthcare services to the South African population.

We will utilise the opportunity that the parliamentary public consultation process will provide to stakeholders to make further inputs for the purpose of clarifying some elements that have not been adequately explained in the Bill and considerations that could assist in reaching the intent of universal coverage.

We recognise that there are significant budgetary and logistical constraints to the implementation of NHI. However, as the most diversified healthcare company in southern Africa, a number of our subsidiaries are working closely with the government in delivering innovative and sustainable services such as the provision of chronic medicine to government clinic patients across four provinces.

We are well positioned to further develop this relationship by showing our capability and experience in delivering quality healthcare in additional public-private partnerships.

GROUP CEO'S STRATEGIC REVIEW (CONTINUED)

Strategy in action

AfroCentric receives global recognition for innovative claims system

AfroCentric subsidiary, Medscheme, won FICO's 2018 Decision Management Innovation Award for overhauling its claims system to improve the system's agility, efficiency and effectiveness.

Challenge: AfroCentric needed to adapt to an evolving healthcare industry and its client schemes' changing needs.

Solution: Medscheme implemented the FICO® Blaze Advisor® decision rules management system in three phases: Adjudication decision service; pricing decision service; and benefits and limits decision service. By empowering the business with more agile business rules, Medscheme developed market leading claims management capabilities that make it easier and quicker to adapt to the needs of client schemes and manage healthcare costs by streamlining decision-making and eliminating wasteful expenditure.

"This solution is helping us modernise our claims systems. It gives us the ability to function at scale in a complex environment and enables us to serve our clients better and faster," says Denise Sleem, Medscheme General Manager.

Benefits

Scalability Able to process 400 000 claims daily on average	Traceability Quick response to decision queries and investigations	Claims efficiency 15% reduction in manual claims interventions	Reliability 99.9% uptime on stable platform	Speed to market Quick response to market and regulatory changes and diverse client needs
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Implementing our strategy

Our strategy of expanding and diversifying our presence in the broader healthcare industry and achieving universal access to healthcare is driven by the following strategic objectives and measured against linked key performance indicators.

The strategy is reviewed annually to ensure that it remains responsive to internal and external risks and opportunities. During our 2019 review, we adapted our strategic objectives for 2020 to account for transformative thinking, competing differently in the market, achieving operational excellence and bringing down the cost of healthcare.

Enhance shareholder value

Key performance indicators	2020 Target	2019 Target	2019	2018	2017	2016
Headline earnings per share (cents)	53	50	47.29	47.06	22.34	22.33
Dividend yield (%)	4 – 5	4 – 5	6.9	5.6	4.5	4.6
Share price (cents)	>600	>600	495	575	620	525
Normalised headline earnings per share (cents)	53	51	49.13	47.63	44.03	30.84
Return on equity (%)	15	15	13.21	14.59	9.09	12.70

Group CFO's report

We create value for shareholders by taking advantage of our growth opportunities, diversifying our revenue sources across the healthcare industry and extracting the synergy benefits we derive by integrating our businesses. To sustain value creation over the long term, we aim to stay relevant to our medical scheme clients and their members in a changing healthcare environment. An important element of our strategy is value chain optimisation, where we use our increasingly diverse presence and size in the healthcare industry to identify and address irregularities that inflate costs.

During the year under review, AfroCentric concluded the last acquisitions for its building blocks in its efforts to transform healthcare in South Africa. As a company in transition, we have seen a shift from healthcare services growth to healthcare retail growth. The resultant effect is additional take-on costs that have slightly strained the headline earnings per share. Furthermore, the release of the NHI Bill had an adverse impact on the share price of healthcare listed companies, hence, the noted decline in the Group's share price. This was largely due to the uncertainty around the role that private healthcare companies will play going forward in the implementation of NHI.

Maximise growth opportunities

Key performance indicators	2020 Target	2019 Target	2019	2018	2017	2016
Number of lives administered (million)	3.7	3.7	3.7	3.7	3.6	3.7
Revenue growth (%)	18	14	25.7	11.3	20.22	50
Business acquisitions (number)	1	1	4	5	1	2
Business acquisitions revenue contribution (%) [*]	–	–	5.55	2.74	0.26	24.61

^{*} Due to the unique nature and sizes of the businesses acquired, we are unable to project the future revenue contributions for the acquisitions completed.

We grow our revenue through acquisition, scheme consolidation, public-private partnerships with government, and organic growth. The Group acquires businesses that contribute to our value chain and grow our client base. By integrating them into our organisation, we create opportunities for new acquisitions to grow and decrease healthcare costs. For example, MMed, Scriptpharm and Pharmacy Direct have experienced strong growth by securing major contracts or expanding into new markets facilitated by AfroCentric – playing a key role in value chain optimisation.

MMed, which reduces hospital costs by eliminating third-party suppliers, grew its client base to eight new hospital contracts and clinics and increased its monthly sales value to R228 million. Scriptpharm secured the POLMED contract, increasing the lives covered by its chronic medicine capitated solution from 51 000 to 552 370. Scriptpharm also diversified into oncology, where it is working with industry associations to address price inflation by increasing the use of generic medicine. Pharmacy Direct secured the tender to distribute chronic medicines to KwaZulu-Natal as part of the DoH's CCMD program, growing the number of monthly scripts dispensed to almost one million and increasing the share of Pharmacy Direct's public sector work to 80% of its activities.

Business model

Private Health Administrators, FastPulse and Sanlam Health were combined under a newly formed operation, AfroCentric Integrated Corporate Solutions, to provide integrated health and wellness solutions to the workplace and reduce primary care costs. FastPulse recently won three new contracts to provide occupational health services to Parliament SA, Sedibeng Iron Ore and Sapi Umkomaas Refurbishment Project. The occupational health services include providing occupational medical practitioner and occupational health nurse practitioner services, HIV counselling, testing and wellness screening services. EssentialMed will supply health insurance to AfroCentric Integrated Corporate Solutions.

Strategy in action

Growing access to healthcare

By distributing chronic medicine in terms of a contract with the DoH's CCMDD programme, Pharmacy Direct improves access to care countrywide, alleviating congestion in public healthcare facilities, improving treatment compliance and reducing the cost of delivering chronic medicine.

Challenge: Rapid growth in patients needing antiretroviral therapy for HIV/AIDS and chronic medicine for non-communicable diseases (NCDs) increased congestion in South Africa's public hospitals and clinics, overburdening employees and making patients wait in long queues, even for essential services. Patients incurred travel costs and missed work to collect their medicine.

Solution: The DoH implemented its innovative CCMDD programme in 2014 to widely dispense and distribute chronic medicine to pick-up points at provincial public hospitals, clinics and community pharmacies. The programme now reaches 1.3 million active patients (2.3 million registered) across 46 districts in eight provinces. This resulted in a significant reduction in waiting time and travel costs of patients and improved treatment compliance.

Pharmacy Direct is one of two private sector providers contracted by the DoH to dispense and deliver chronic medicine for public sector patients to healthcare facilities and contracted pick-up points. Pharmacy Direct couriers 850 000 CCMDD prescriptions monthly in four provinces which translates to 32 000 prescriptions daily.

Benefits

Improved access to care

- Widespread pick-up points, express queues and after hours collection
- Waiting times reduced from three hours to 10 minutes

Treatment compliance

Convenience and cost benefit of couriered medicine results in higher levels of adherence to treatment

Cost reduction

CCMDD programme decreased monthly cost of chronic medicine service delivery to chronic public sector patients from R252 to R38 for participating patients

Job creation

- Site agents at public facilities
- District coordinators trained to manage distribution
- Third-party service providers in rural areas



Reduce healthcare costs

Key performance indicators	2020 Target	2019 Target	2019	2018	2017	2016
Weighted scheme solvency (%)	≥ 25	≥ 25	32	31	32	36
Average scheme contribution increase (%)	CPI +1	CPI +1	5.18	6	7.08	6.91
Cost savings based on IFM (R'm)	> 500	> 500	1 000	408	154.1	16.1

Achieving universal access to healthcare in an environment of rising healthcare costs requires a singular focus on cost reduction for our clients and their members. Most of our strategic objectives serve this purpose, and value chain optimisation is an important component of the strategy.

Business model

The growing trend in FWA of members' benefits has a significant impact on healthcare costs. AfroCentric's fraud risk management system and deterrent measures, operated through Medscheme, have quantified R330 million in FWA, recovered R238 million and saved its member schemes R847 million in claims reduction during the 2019 period. We experienced an encouraging improvement in the claims behaviour of wrongdoers after they were investigated and sanctioned. Data analytics have been effective in identifying irregular activity, including overinflated prices for imported equipment, cash payments to patients for fictitious claims and spikes in certain types of equipment during the last quarter of the schemes' financial year.

Business model

Our managed care initiatives play a key role in containing costs. During calendar year 2018, based on measurable savings only, Medscheme's claims would have been at least 3.8% or R2 309 million, higher, and medical aid contributions at least 3.6% higher, in the absence of managed care. Measurable savings were 2.2 times greater than the fees paid. In other words, for every R1 spent on managed care, R2.20 was saved.

The negotiation of tariffs with hospital and specialist networks not only protects medical scheme members from higher service costs, it also protects them against out-of-pocket expenditure for non-Prescribed Minimum Benefit claims. For example, it is estimated that Medcheme's GP network saved members R70 million in out-of-pocket expenditure in 2018 based on the billing of non-network GPs.

Our shift from the traditional hospital-centric approach to a focus on primary care gained momentum, with the piloting of integrated chronic care programmes. These programmes help us manage diseases in a coordinated manner, preventing or delaying the onset of costly complications of chronic diseases such as diabetes, hypertension, HIV/AIDS, cancer and back and neck injuries. They involve multidisciplinary clinical teams and offer value-linked reimbursement for healthcare providers who contain costs, while achieving quality outcomes. The programmes resulted in better clinical outcomes, lower hospital admissions and fewer costly complications. More specifically, phase 1 of the integrated chronic care programme, involving high-risk scheme members who received prolonged general practitioner visits, resulted in the following reductions in hospital admissions per 1 000 lives:

- ▼ 39% for ischaemic heart disease
- ▼ 32% for asthma
- ▼ 38% for mental health
- ▼ 24% diabetes

Strategy in action

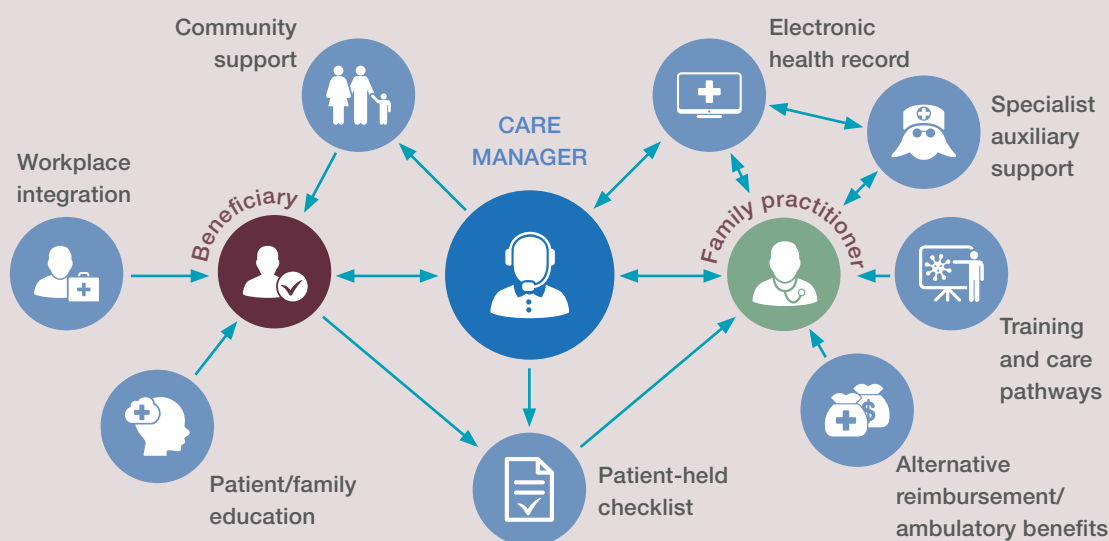
Reducing mental health costs and improving outcomes with integrated chronic care

Mental health is one of the world's fastest growing chronic conditions and a leading contributor to increased spending in hospitals in South Africa's private healthcare sector.

Challenge: Most mental healthcare in South Africa is provided by specialists at psychiatric hospitals with limited primary care and inadequate treatment in rural communities. With only two psychiatrists for every 100 000 people and only 300 psychiatrists practising in the private healthcare sector that serves nearly nine million people, specialist care is not a viable solution to this growing challenge as it contributes to poor clinical outcomes and costly hospitalisation.

Solution: AfroCentric subsidiary, Medscheme, established a mental health programme to shift the bulk of care from hospital to community settings, focusing on primary healthcare practitioners, to increase access to cost-effective care, improve outcomes and reduce healthcare costs incurred by medical scheme members with mental health disorders.

The mental health programme focuses on the family practitioner, as a primary caregiver, and the medical scheme member receiving treatment. A customised collaborative care process is applied, with specialist care reviews underpinned by symptom tracking tools, treatment compliance and clinical outcomes monitoring, and general support. Benefit advice is provided to client schemes to ensure adequate funding of ambulatory mental healthcare.



A pilot of the mental health programme, with counselling and integrated chronic care, was conducted for seven medical schemes, with almost 1.5 million members. The pilot screened 11 289 members and enrolled 6 949.

Results

Cost reduction (monthly per patient) – April 2019		Improved clinical outcomes
Inpatient admission cost	▼ R1 002.21 saving	▼ 21% in mean audit (alcohol)
Ambulatory cost	▲ R32.10 increase	▼ 43% in GAD-7 ¹ (anxiety)
Chronic medicine cost	▲ R157.64 increase	▼ 45% in PHQ-9 ² (depression)
Total saving	▼ R812.47 saving	▼ 36% in PC-PTSD³

¹ GAD-7 – generalised anxiety disorder.

² Patient health questionnaire.

³ Primary care post-traumatic stress disorder test.

Positive impact on individual lives – a participant's experience

“The last year has been my darkest to date. I really feel safe and comfortable with you and share blunt-honest moments... without hesitation. You understand the illness; have empathy; don't give up; are professional, honest, gentle and kind. You help me crawl back from under the 'dark blanket covered with pillows' I find myself being able to look up towards the light again. Thank you for not giving up on me and for your unlimited professional support.”

Improve efficiencies through cost consciousness

Key performance indicators	2020 Target	2019 Target	2019	2018	2017	2016
Percentage of operating profit (%)	35	16	8.8	10.5	49.89	1.15

Group CFO's report 36

The Group's new business streams have lowered the overall profit margin due to the take-on costs incurred. We however, anticipate a positive contribution in the new financial year, as these businesses will be fully integrated within the Group.

We are committed to making AfroCentric more efficient. We deploy resources appropriately, while optimising our costs and maintaining quality client service. By integrating our systems and services and leveraging technology innovations, we improve our efficiencies and those of our clients.

Implementing the digital transformation programme will yield several benefits, such as increased integration, more efficient administration and innovative new benefit designs, including digital self-service products to enhance the experience of our clients and their scheme members. We have adopted RPA in one million administrative processes, including claims, authorisation, underwriting and application to improve efficiency and healthcare outcomes. For example, 93% of renal claims are processed digitally, freeing up nurses to fulfil their core healthcare functions. Our use of AI and neural networks is facilitating real-time identification and timeous management of high-risk cases, while our managed care innovations, notably the digitisation of decision-making in our hospital benefit management and active disease management programmes, will also contribute to efficiency improvements.

We are changing the way we implement our strategic projects, by shifting away from major enterprise project delivery to a more iterative approach enabling clients to experience and respond to project elements as we implement them. This will contribute to more streamlined, less complex processes enabling us to deliver simple, functional healthcare solutions to our clients.



GROUP CEO'S STRATEGIC REVIEW (CONTINUED)

Diversify revenue sources

Key performance indicators	2020 Target	2019 Target	2019	2018	2017	2016
Non-health administration and health risk management-related revenue (%)	35	46	34	40	36	35
Pharmaceutical revenue (%)	40	33	38	29	28	23

AfroCentric's non-health administration and health risk management-related services continue generating a significant portion of revenue. However, the strategy to diversify revenue sources is increasing the Group's presence in the broader healthcare industry. This is reflected in the growth in pharmaceutical revenue which has increased by 57% to R2.04 billion (38% of total revenue) since 2016 and is now the fastest growing business in AfroCentric's portfolio, following the acquisitions of Curasana, Pharmacy Direct and 26% of Activo Health in 2016, Scriptpharm Risk Management in 2018 and the remaining 74% of Activo Health in 2019.

Acquiring Private Health Administrators, with FastPulse, and Sanlam Health, and the collaboration of these businesses with Wellness Odyssey into AfroCentric Integrated Corporate Solutions, signalled our expansion into the corporate health and wellness market where we offer innovative, integrated healthcare solutions. The newly launched AfroCentric Financial Services operation, developed in collaboration with Sanlam and other providers, gained traction by securing 950 clients. AfroCentric Integrated Corporate Solutions and AfroCentric Financial Services both represent our response to the evolving needs of our client schemes and their members for complementary services.

Deliver exceptional client service

Key performance indicators	2020 Target	2019 Target	2019	2018	2017	2016
Voice of the customer survey (%)	90	85	82.24	82.33	85.31	86.20
Total scheme membership growth (%)	2% volume growth	2% volume growth	1.4	0.6	3.2	16.4
Retention of clients (%)	100	100	95	100	95	100

AfroCentric is strongly committed to exceptional client service and continuous improvement in its service offerings. We deepen our understanding of client needs with "voice of the customer" surveys, our customer experience management tool and our employee engagements.

AfroCentric has initiated a strategic focus on customer centricity and customer experience management; one of the initial goals being to gain better insights into our customers healthcare experiences via the use of Customer Journey Mapping tools. This will enable us to improve our understanding of our customers' healthcare journeys in order to design our services and processes around the most important customer experience criteria, expectations and outcomes. An important element of this strategic initiative is the focus on the employee journey, as we believe excellent employee journeys are strongly correlated to excellent customer journeys and service excellence outcomes.

We will also be expanding our customer experience metrics to include a net promoter score (NPS), an indication of customers' loyalty, and customer effort score (CES), a metric that measures how easy it is to interact with our various service channels.

In an environment where scheme membership numbers have been static for the past decade, and the trend of scheme consolidation has slowed down, we strive to help our clients retain members through our innovative changes to scheme options and provision of value-added products.

AfroCentric can access about one-third of South Africa's data from scheme members' claiming patterns. This represents a significant opportunity to improve client experience by understanding their members' changing circumstances and responding with relevant, risk and opportunity-based products and services.

Promote transformation

Key performance indicators	2020 Target	2019 Target	2019	2018	2017	2016
B-BBEE level ¹	1	1	1	2	2	2
ED spend (R'm)	4.2	3.6	3.5	3.2	3.5	4
SED spend (R'm)	3.7	3.6	3.5	3	3.5	2.1
SD spend (R'm)	8.3	7.3	7	6	7	4

Chairman's report our socioeconomic impact

Transformation is a strategic enabler for AfroCentric to achieve its vision of creating sustainable healthcare. It enables us to drive sustainability for all our stakeholders. Our level of compliance with the B-BBEE scorecard improved to level 1 in 2019, demonstrating our commitment to driving transformation within the Group and how we do business.

The table below reflects the EE performance per occupational level as at 30 June 2019:

Occupational levels	Males				Females				Foreign nationals		Total
	A	C	I	W	A	C	I	W	Males	Females	
Top management	2	0	2	3	2	0	0	0	0	0	9
Senior management	11	1	4	37	9	2	1	19	0	0	84
Professionally qualified	90	27	38	91	139	48	73	222	1	0	729
Junior management	559	224	114	79	1 341	691	197	420	1	8	3 634
Grand total	662	252	158	210	1 491	741	271	661	2	8	4 456

Uplift our people

Key performance indicators	2020 Target	2019 Target	2019	2018	2017	2016
Total employees (number)	6 115	5 300	5 923	5 274	5 236	4 781
Training spend (R'm)	10.5	10.4	7.6	7	6.9	7.3
Bursary spend (R'000)	400	500	650	421	421	111

Our socioeconomic impact

AfroCentric is committed to empowering its people by investing in their training needs to meet their current and future needs. Uplifting our people is very important in addressing the skills gap within the Company, providing learning and development opportunities for employees within the Group. We believe highly skilled and motivated employees are able to deliver on the Group's strategy and champion the Group's brand. During the year under review we invested R7.6 million in training and developing our employees. Although we did not achieve the training spend target, we believe that we have made great progress in training our people and uplifting new talent. We will continue to contribute towards investing in our people and addressing the socioeconomic challenges in South Africa.

¹ AfroCentric Health (AHL).

GROUP CEO'S STRATEGIC REVIEW (CONTINUED)

Exceptional client service requires motivated and engaged employees. AfroCentric is undergoing significant transformation as we integrate new operations across the Group. This requires people to think, operate and collaborate differently as they adapt to a culture of innovation and high performance.

Our culture transformation journey started with the leadership teams to ensure their buy-in as role models of change. The AfroCentric leadership competency model which we began implementing in 2017 identified five leadership competencies required of our leaders to take our Group into the future. The five competencies – credibility, ownership, collaboration, influence and entrepreneurship – create a unique AfroCentric leadership brand called LeadStrong. This allows for consistent leadership behaviour throughout the organisation. LeadStrong supports leadership accountability for ensuring that our actions and decisions are right for our customers, our employees and other AfroCentric stakeholders.

LeadStrong is becoming part of how we select, develop, assess and retain our leaders. Selection tools, development programmes, performance KPAs and succession management have been aligned to the five leadership competencies to ensure that they guide our hiring, training and measurement of new and existing leaders.

AfroCentric continued to focus on training and development, investing R7.6 million in a range of interventions, including:

- accredited skills programme for existing differently abled people as well as a new intake that started in May 2019;
- study assistance and external training;
- SAICA CA programme; and
- learnerships.

Future focus areas

The Group's immediate attention is on:

- embedding acquisitions and extracting synergy value from them;
- instilling a new culture of innovation throughout the organisation to support our business transformation; and
- implementing IT systems and digital innovations to support our strategy's implementation.

We will continue to standardise our brands across the Group to reduce brand dilution while focusing on continuously building one strong brand. The Group has undergone significant structural changes in the last five years, most notably the acquisitions of new subsidiaries that offer complementary and varying services in the healthcare sector.

From a branding perspective, we have built strong brand equity around the AfroCentric brand over the last decade.

With this in mind, the Board has made a decision for the entire Group to adopt the monolithic brand approach – under the AfroCentric Group brand. This will reduce brand dilution and enable us to continuously build one strong brand. For stronger brand entities like Medscheme, while this brand name will not be changed the branding approach for this leading business will be brought in line with the AfroCentric Group. The smaller entities can raise their profiles and leverage off the strong AfroCentric brand.

For the medium to longer term, we are focusing on the formation of public-private partnerships to facilitate economic growth and universal healthcare in South Africa.

Underpinning these focus areas is our firm commitment to implementing our strategy to broaden access to essential healthcare by reducing costs throughout the value chain.

Outlook

AfroCentric completed most of its acquisition phase and has shifted to a period of consolidation where it will review its portfolio to ensure new acquisitions are delivering to expectation. Based on our acquisition strategy, scheme growth and the managed care contracts secured during the second half of 2019, we expect our 2020 financial results to yield double-digit growth in operating profit. Our new corporate health and wellness and financial services businesses introduce exciting new complementary products and services to our growing portfolio.

Appreciation

Our performance bears testimony to the exceptional efforts of the executive team and employees who are committed to our purpose as they navigate difficult operating conditions and change. I am confident that we have the capacity and capability to continue working towards achieving our ultimate objective of universal access to healthcare. I also thank our clients, partners and service providers for supporting our creation of sustainable value for all our stakeholders.



Ahmed Banderker

Group CEO



Group CFO's REPORT



“AfroCentric continued to build on its tactical and financial strategy of diversification and increasing its impact on reducing the cost of healthcare for its clients.”

*Hannes
Boonzaaier*

Key messages

- Revenue diversification
- Group integration of new companies
- Strong cash generation
- Five-year consistent growth in operating profit

Health administration and managed care

Providing complimentary supply side services and products

Transitioning to the next phase

AfroCentric continued to build on its tactical and financial strategy of diversification and increasing its impact on reducing the cost of healthcare for its clients.

This journey started in 2014 with the concept of acquiring a pharmaceutical division that could deliver medication to patients more effectively and reduce the cost of the medicine to medical schemes. In 2019 we concluded the final part of this medicine strategy by acquiring the remaining 74% of the Activo shares, which is a pharmaceutical producer. The impact on cash reserves and working capital is visible in the statement of financial position as at 30 June 2019.

The healthcare services business consists mainly of the administration companies in the Group. The business recorded a flat result for 2019 based on marginal growth during the year and below inflation increases on administration

fees that were received. The focus in 2020 will be to optimise our cost structure in administration and managed care through our new systems platform, which was completed in July 2019. The rollout to the new scheme will take place over 10 months ending April 2020.

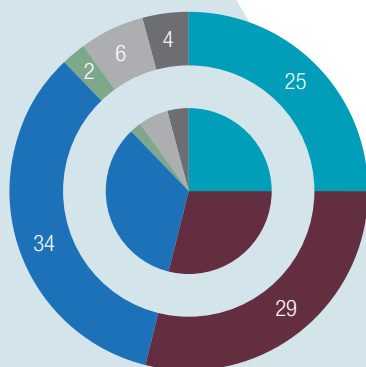
Healthcare retail operating profit has grown significantly during the past few years and continues to do so with the new acquisitions made. Notably, Pharmacy Direct showed an 11% increase in operating profit due to the additional volumes from the Department of Health contract.

Diversification

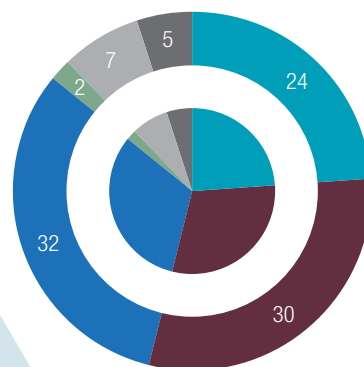
Our goal to rely less on medical schemes administration fees has seen progress over the past three years. In 2019 our total revenue, based on a per member per month basis (pmpm), was less than 50% of Group revenue. However, the margins and profitability of the scheme administration are higher than the new diversification streams.

REVENUE DIVERSIFICATION (%)

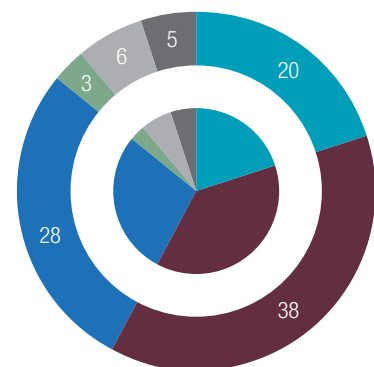
AfroCentric revenue 2017



AfroCentric revenue 2018



AfroCentric revenue 2019

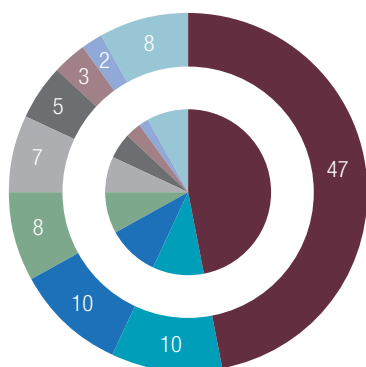


Managed care Retail Admin health Marketing IT Other

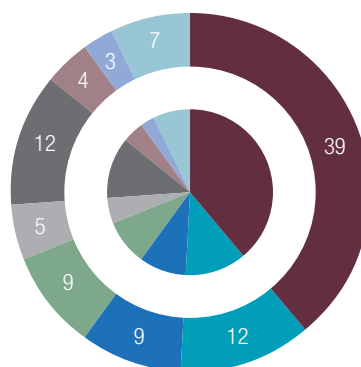
GROUP CFO'S REPORT (CONTINUED)

CLIENT CONCENTRATION (%)

2018



2019



■ Bonitas ■ POLMED ■ GEMS ■ Closed Schemes ■ Fedhealth ■ Pharma ■ Africa ■ IT ■ Other income

With the additional new pharmaceutical businesses, including Activo and Scriptpharm, the revenue streams of the Group will shift towards claims-related products with lower margins than Medscheme.

Another diversification goal of the Group is to rely less on a single client or product. Therefore, the client concentration should be weighted evenly across multiple clients. In 2019 the total revenue from Bonitas across all business products and services reduced. This is due to growth in the pharmaceutical business unit and more products being sold to various clients.

Turnaround cycle of new business and acquisitions

The process of acquiring unique value propositions and embedding these into current solutions offered to larger clients, takes time to become profitable.

Three of the Group's unique businesses turned to profitability in the second half of the financial year based on new business acquired.

Scriptpharm (medicine risk manager) used to manage 50 000 lives, and was fairly unprofitable. With the POLMED contract it received effective January 2019, an additional 500 000 lives were added, which turned the loss-making period to profitability as noted in the segmental analysis.

EssentialMed (health insurance provider) concluded joint products with our major open medical schemes in the latter part of the financial year over and above its retail products. This shift in selling capability, together with large open schemes approaching corporates' total staff complement, will yield significant growth in 2020. We are pleased with EssentialMed's results, which turned to profit in the second half of 2019.

Cash and working capital

The cash balances for the Group have been showing a significant decline in the past three years due to spend on IT projects and the various acquisitions regarding administrators (Sanlam Health and PHA) and healthcare retail complimentary supply side companies like Activo.

The Group utilised its cash resources and existing credit facilities across various entities to pay cash for the acquisitions, with only a small number of shares (19 million) issued to minority shareholders of the entity.

The cash repayment cycle on these credit facilities have been accelerated as in excess of 10% was already paid back as at year-end. The effect of interest earned and the credit facility is shown below.

		2018	2019	Difference		
Interest earned and paid		R'million	R'million		Credit facilities	R'million
Interest income		55.1	37.5	(17.6)	Drawings	550
Interest expense		(1.9)	(20.6)	(18.7)	Repaid	59
Net interest		53.2	16.9	(36.3)	Balance at 30 June 2019	491
Cash on hand		R265 million				

The increases in inventory, trade payables and trade receivables are mainly attributable to the growth of the healthcare retail business. It should be noted that the Group's balance sheet is moving towards an inventory-based retail environment as these companies grow. The cash flow cycles are, however, controllable as medical schemes pay on a weekly basis as medicine is delivered to patients.

Intangible assets


The Group recorded significant increase in its intangible assets relating to the acquisition of the remaining 74% interest in Activo and the acquisition of the iThrive Business Solutions.

The IT assets of the Group have also been growing and we are confident that our future benefits of these investments will yield positive enhanced earnings.

In conclusion

The earnings results depict a picture of transition as the Group is transforming its healthcare offerings and composition of earnings. The relatively flat earnings is therefore mainly attributable to increased gearing (interest paid and less interest received) and higher amortisation costs of the intangible assets.

Profit before tax decreased by 1.8% for the period under review amounting to R528.5 million (2018: R538.4 million). Profit after tax (PAT) decreased by 0.1% compared to prior financial period. Notwithstanding the group closed the year with a 25.7% increase in revenue (CAGR of 25.6%) and operating profit at 8.8% higher than in the prior period (CAGR 16.2%).

The five-year performance of the Group is set out in the following pages ([Results at a glance](#) ) which reflects a group that is consistently growing shareholders' returns through the return on equity and growing dividend streams.

I would like to conclude by thanking all my colleagues in Group Finance for their support and diligence in presenting this Integrated Report.



Hannes Boonzaaier

Group Chief Financial Officer

Results AT A GLANCE

for the year ended 30 June 2019

	Audited year ended 30 June 2019					% change		
	2019	2018	2017	2016	2015	2019/18	2018/17	2017/16
Key features								
Healthcare service revenue (R'000)	3 258 658	2 910 702	2 715 266	2 399 669	2 098 312	12.0	7.2	13.2
Healthcare service operating profit (R'000)	548 421	555 286	495 974	344 155	372 072	(1.2)	12.0	44.1
Healthcare retail revenue (R'000)	2 038 135	1 302 003	1 069 435	748 477	–	56.5	21.7	
Healthcare retail operating profit (R'000)	129 233	67 800	68 135	–	–	90.6	(0.5)	
Healthcare retail gross profit (R'000)	472 797	387 698	232 701	160 273	–	21.9	66.6	
Headline earnings (R'000)	265 241	260 916	123 838	145 567	179 021	1.7	110.7	(14.9)
Normalised headline earnings (R'000)	275 544	264 066	244 113	170 527	–	4.3	8.2	
Cash generated from operations (R'000)	569 062	552 695	450 887	393 851	396 996	3.0	22.6	14.5
Statutory earnings per share								
– Basic (cents)	48.12	46.29	21.23	25.38	32.92	4.0	118.0	(16.4)
Statutory headline earnings per share								
– Basic (cents)	47.29	47.06	22.34	26.33	38.26	0.5	110.7	(15.2)
Normalised headline earnings per share								
– Basic (cents)	49.13	47.63	44.03	30.84	–	3.1	8.2	42.8
Dividends paid per ordinary share (cents)	34.00	32.00	28.00	24.00	20.00			
Share price as at 30 June (rand)	4.95	5.75	6.20	5.25	5.15			
Return on assets (%)	8.56	12.21	7.05	6.53	11.32			
Return on assets (%) (excluding goodwill)	12.24	17.01	9.77	9.16	15.12			
Return on equity (%)	13.21	14.59	9.09	12.70	15.38			
Capital expenditure (R'000)	287 103	498 450	243 000	244 000	234 000			
Number of lives managed ('000)	3 700	3 700	3 600	3 700	3 200			
Group membership	1 712 014	1 687 982	1 677 455	1 625 196	1 396 329			
Open schemes	444 027	426 795	408 305	365 606	366 998			
Closed and corporate schemes	280 707	281 491	279 433	287 156	111 328			
GEMS	711 448	693 467	692 266	682 225	665 303			
SADEC and other	274 832	286 229	297 451	290 209	252 700			
Number of scripts	8 699 000	6 428 213	4 186 562	2 034 342				
NHI	7 046 000	4 897 824	2 799 919	901 682				
Pharmacy Direct	1 653 000	1 530 389	1 386 643	1 132 660				

Audited final results

for the year ended 30 June 2019

Summarised consolidated statement of financial position

Summarised consolidated statement of financial position	Audited year ended 30 June 2019 R'000	Audited year ended 30 June 2018 R'000	Audited year ended 30 June 2017 R'000
Assets			
Non-current assets	3 364 615	2 306 326	1 927 272
Property and equipment	220 409	375 649	211 704
Right of use asset	290 136		
Land and buildings	196 149		
Investment property	15 418	15 418	15 418
Intangible assets	2 556 012	1 739 086	1 463 746
Available for sale investment	–	9 000	18 444
Listed investments	–	–	36 296
Managed funds and deposits	–	65 028	59 976
Investment in associates	29 943	56 935	38 823
Deferred income tax assets	56 548	45 210	82 865
Current assets	1 085 620	823 735	1 141 608
Trade and other receivables	531 494	348 527	320 236
Inventory	283 732	83 532	73 376
Current tax asset	5 098	20 768	25 235
Receivables from associates and joint venture	–	5 740	13 388
Cash, managed funds and deposits	265 296	365 168	709 373
Non-current asset held for sale	–	–	–
Total assets	4 450 235	3 130 061	3 068 880

RESULTS AT A GLANCE (CONTINUED)

Audited final results (continued)

for the year ended 30 June 2019

Summarised consolidated statement of financial position

Summarised consolidated statement of financial position	Audited year ended 30 June 2019 R'000	Audited year ended 30 June 2018 R'000	Audited year ended 30 June 2017 R'000
<i>Equity and liabilities</i>			
Capital and reserves	2 095 282	1 940 614	1 793 694
Issued ordinary share capital	18 885	18 686	18 686
Share premium	1 080 301	999 058	999 058
Share-based payment reserve	11 286	3 501	–
Treasury shares	(2 324)	(2 324)	(2 324)
Conditional put option reserve	–	–	–
Foreign currency translation reserve	(3 114)	793	3 454
Capital contribution by non-controlling interest	55 874	55 874	–
Distributable reserve	934 374	865 026	774 820
Non-controlling interest	787 713	679 277	585 359
Total equity	2 882 995	2 619 891	2 379 053
Non-current liabilities	881 194	153 860	135 778
Deferred income tax liabilities	230 228	121 667	100 627
Non-current provisions	8 350	8 350	8 350
Post-employment medical obligations	2 611	2 665	2 771
Second tranche payment	–	–	–
Borrowings	371 566	–	–
Lease liability	261 104	–	–
Conditional put option obligation	–	–	–
Deferred payment	7 335	5 263	5 051
Accrual for straight lining of leases	–	15 915	18 979
Current liabilities	686 046	356 310	554 049
Provisions	9 606	8 597	8 947
Borrowings	120 000	–	–
Lease liability	61 551	–	–
Second tranche payment	–	–	194 475
Trade and other payables	406 230	284 029	264 394
Taxation	–	13 729	–
Employment benefit provisions	88 659	49 955	86 233
Total liabilities	1 567 240	510 170	689 827
Total equity and liabilities	4 450 235	3 130 061	3 068 880

Audited final results (continued)

for the year ended 30 June 2019

Summarised consolidated statement of comprehensive income

Key features	Audited year ended 30 June 2019 R'000	Audited year ended 30 June 2018 R'000	Restated Audited year ended 30 June 2017 R'000	Audited year ended 30 June 2016 R'000	Audited year ended 30 June 2015 R'000	% change		
						2019/18	2018/17	2017/16
Healthcare service revenue	3 258 658	2 910 702	2 715 266	2 399 669	2 098 312	12.0	7.2	13.2
Healthcare service operating costs	(2 710 237)	(2 355 416)	(2 219 292)	(2 055 514)	(1 726 240)	15.1	6.1	8.0
Healthcare service operating profit	548 421	555 286	495 974	344 155	372 072	(1.2)	12.0	44.1
Healthcare retail revenue	2 038 135	1 302 003	1 069 435	748 477	–	56.5	21.7	42.9
Healthcare retail cost of sales	(1 565 338)	(914 305)	(836 734)	(588 204)	–	71.2	9.3	42.3
Healthcare retail operating costs	(343 563)	(319 898)	(164 566)	(128 067)	–	7.4	94.4	28.5
Healthcare retail operating profit	129 233	67 800	68 135	32 206	–	90.6	(0.5)	–
Total healthcare operating profit	677 654	623 086	564 109	376 361	372 072	8.8	10.5	49.9
IFRS 16: Lease reversals	94 418	–	–	–	–	–	–	–
Total healthcare operating profit (Including lease reversals)	772 073	623 086	564 109	376 361	372 072	23.9	10.5	49.9
Loss on sale of investments	–	(2 717)	–	–	–	–	–	–
Loss on disposal of intangible assets	(40 000)	–	–	–	–	–	–	–
Fair value gain on investment disposal	118 715	–	–	–	–	–	–	–
Impairment of assets	(68 587)	(1 667)	(19 851)	(21 469)	(36 697)	–	–	–
Net finance and investment income	(14 891)	43 481	16 106	29 964	18 802	–	–	–
– Finance and investment income	37 524	45 343	62 773	59 471	28 799	–	–	–
– Finance costs: Lease liability	(31 822)	–	–	–	–	–	–	–
– Finance cost: Conditional put option	–	–	(45 906)	(24 960)	–	–	–	–
– Finance cost	(20 593)	(1 862)	(761)	(4 547)	(9 997)	–	–	–
Share-based payment expense	(7 785)	(3 501)	(2 096)	(6 444)	(9 395)	–	–	–
Fair value of second tranche consideration	–	–	(59 582)	–	–	–	–	–
Indemnity expense	–	(3 150)	(14 787)	–	–	–	–	–
Share of associate profits	18 479	23 626	14 306	10 118	19 037	–	–	–
Profit before depreciation and amortisation	778 004	679 158	498 205	388 530	363 819	14.6	36.3	28.2
Right of use asset depreciation	(82 666)	–	–	–	–	–	–	–
Depreciation	(55 909)	(51 109)	(45 098)	(38 011)	(35 727)	9.4	13.3	18.6
Amortisation of intangible assets	(110 941)	(89 603)	(86 450)	(79 332)	(48 734)	23.8	3.6	9.0
Profit before income taxation	528 488	538 446	366 657	271 187	279 358	(1.8)	46.9	35.2

Performance IN CONTEXT

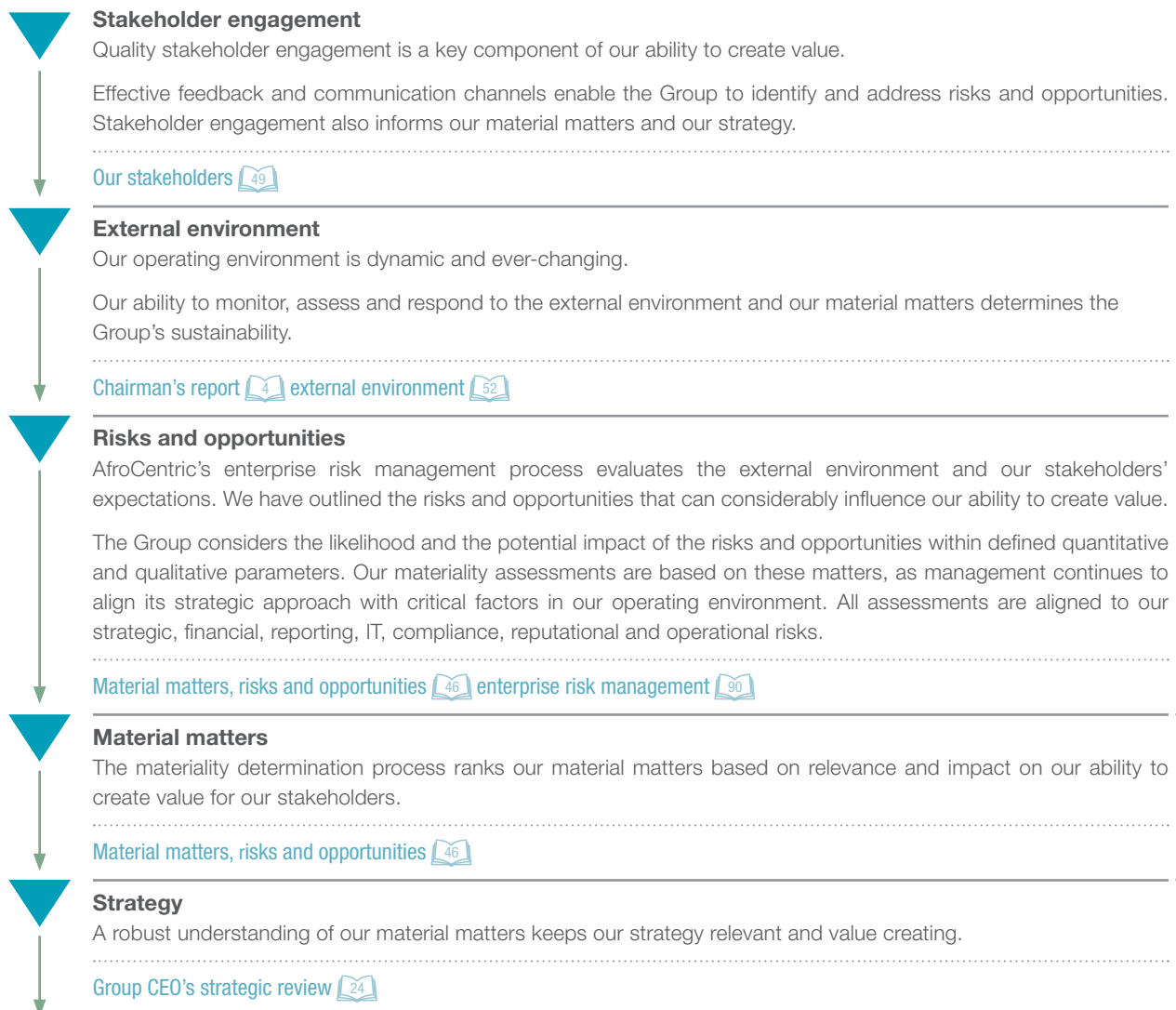
Materiality determination process

AfroCentric's ability to create value and achieve its strategic objectives is influenced by its external environment, and risks and opportunities.

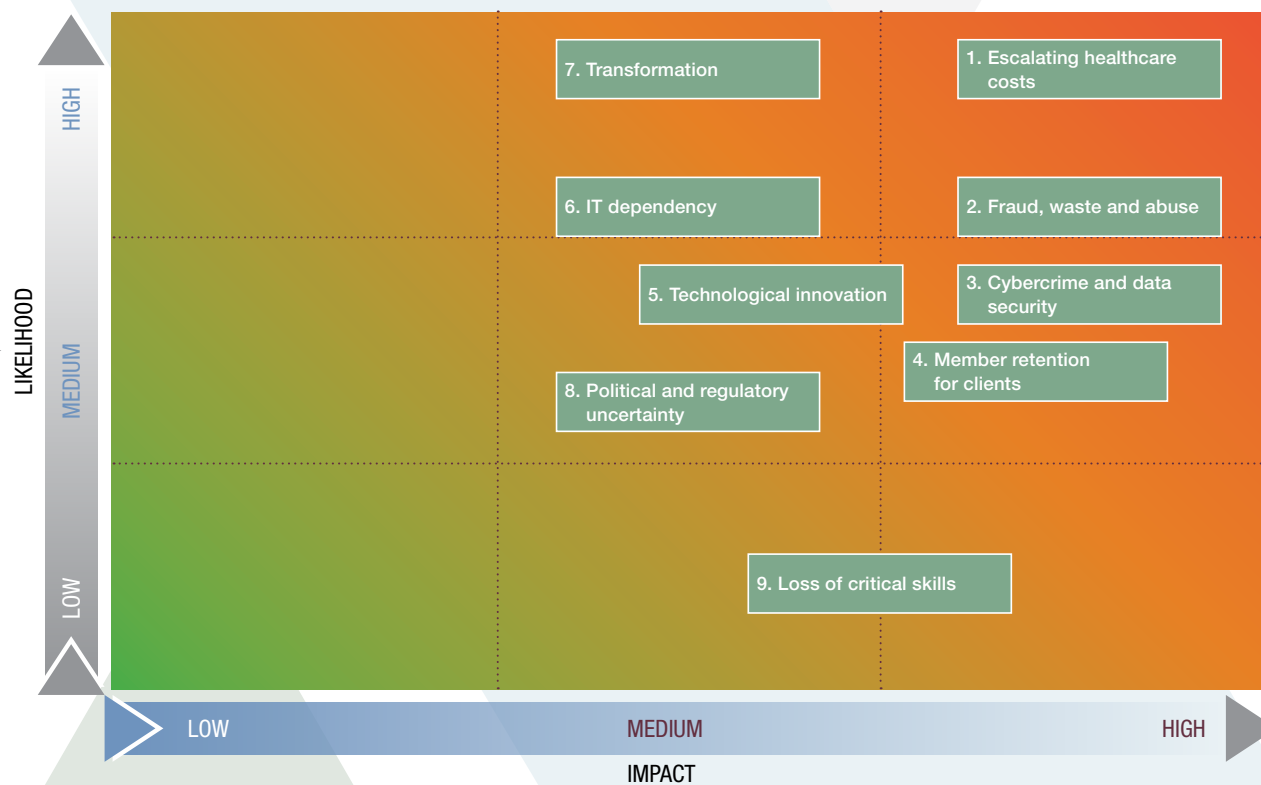
We determine material matters by assessing these factors, linking them to legitimate stakeholder interests and concerns, and aligning these to the strategy as depicted in the material matters table on page 46. Executives review material matters annually to determine if there has been a change in the likelihood or magnitude of their effect on our business, or if new material matters have emerged.

The heat map below depicts how these material matters were evaluated and prioritised based on their impact and likelihood.

Enterprise risk management  material matters, risks and opportunities 



Material matters matrix



The description of the material matters follows on 46 – 48

PERFORMANCE IN CONTEXT (CONTINUED)









Material matters, risks and opportunities

	1	2	3
Material matters	Escalating healthcare costs	FWA	Cybercrime and data security
<i>Why material?</i>	Rising healthcare costs make private medical insurance less affordable. This results in medical scheme membership losses, a shift to less costly scheme options, and a decline in scheme membership.	Losses are incurred and healthcare costs escalate when third parties defraud our schemes or employees and conduct unauthorised, fraudulent or wasteful activity.	With advanced technology comes the increased threat of cybercrime. Inadequate investment in cybercrime detection and prevention makes businesses vulnerable to cyberattacks.
<i>Risks</i>	Declining membership and the shift to less costly options threaten the sustainability of the private healthcare sector.	Fraudulent and wasteful claims impact the financial sustainability of medical schemes, contributing to increased membership costs which may result in membership losses.	Cybersecurity breaches expose our intellectual property and client data to the risk of leaks or compromise. This could damage our client relationships and reputation.
<i>Opportunities</i>	<ul style="list-style-type: none"> Disruptive strategies to reduce inefficiencies Strategic purchasing of healthcare services throughout the value chain New acquisitions increase capacity to reduce healthcare costs 	<ul style="list-style-type: none"> Deployment of robust FWA management, with forensics and data analysis, enable quantification, reduction and, in some cases, recovery of funds Intensive intervention improves billing patterns and claims behaviour 	<ul style="list-style-type: none"> Advanced threat analytics technology strengthens the security of our systems Cybersecurity strategy review ensures continuous updating of systems, including web application firewalls
<i>Stakeholders</i>	<ul style="list-style-type: none"> Shareholders and investors Regulators Our clients – medical schemes 	<ul style="list-style-type: none"> Our clients – medical schemes Potential clients 	<ul style="list-style-type: none"> Trade suppliers Our clients – medical schemes AfroCentric employees
<i>Our response</i>	<ul style="list-style-type: none"> Implemented disruptive strategies to eliminate inefficiencies in the healthcare value chain Adopted technology and other initiatives to curtail pharmaceutical, specialist and hospital costs 	<ul style="list-style-type: none"> Intensified FWA awareness, prevention and apprehension 	<ul style="list-style-type: none"> Applied a proactive approach with improved evaluation and analysis of cybercrime and data security risks Enabled faster detection and response to rapidly evolving cyber threats
<i>Link to strategy</i>	<ul style="list-style-type: none">  Reduce cost of healthcare  Improve efficiencies through cost consciousness  Enhance shareholder value 	<ul style="list-style-type: none">  Reduce cost of healthcare  Improve efficiencies through cost consciousness 	<ul style="list-style-type: none">  Improve efficiencies through cost consciousness  Deliver exceptional client service
<i>Outlook</i>	<ul style="list-style-type: none"> Integrating acquisitions into the Group to achieve planned strategic value Maintaining momentum of disruptive strategies 	<ul style="list-style-type: none"> Identifying and addressing process gaps in FWA management Continuously investing in technology resources and innovations to ensure only valid and legitimate claims are paid 	<ul style="list-style-type: none"> Continuously investing in identification, detection and prevention technologies to mitigate risk and keep dwell time below 60 days Ensuring ongoing user awareness of cyber threats and vulnerabilities

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Material matters	Member retention for clients	Technological innovation	IT dependency
<i>Why material?</i>	Cost escalation leads to increases in medical scheme contributions, resulting in a loss of members or downscaling of benefits. Poor quality service experienced by scheme members may also impact retention.	Technological innovation enhances cost-efficiency and enables the Group to remain relevant to clients. In a rapidly evolving digital environment, increased digitisation improves client experience and is a competitive advantage.	Our IT architecture forms the core of our operations. Stable IT systems and adopting digital technology support operational efficiency and customer service during a period of business growth and market consolidation.
<i>Risks</i>	Failure to help medical scheme clients retain their members by providing cost-effective service could result in the loss of clients.	Not staying abreast of technological advances limits the Group's ability to effectively implement its strategy.	IT system instability exposes the Group to the risk of business interruption, while failure to respond to disruptive technologies may impact our competitive advantages.
<i>Opportunities</i>	<ul style="list-style-type: none"> • Instilling a culture of quality client service • Reducing costs to medical schemes, while providing affordable, quality healthcare services 	<ul style="list-style-type: none"> • Leveraging current digital capabilities to reduce cost, improve client experience and drive member growth and retention with value-added products and services 	<ul style="list-style-type: none"> • Adopting AI and RPA • Digital strategy review to strengthen innovation focus • Enterprise Architecture and IT Technology Operating Model
<i>Stakeholders</i>	<ul style="list-style-type: none"> • Our clients – medical schemes • AfroCentric employees 	<ul style="list-style-type: none"> • Medical schemes • Medical scheme members • Brokers • Employees 	<ul style="list-style-type: none"> • AfroCentric employees • Our clients – medical schemes • Trade suppliers
<i>Our response</i>	<ul style="list-style-type: none"> • Provided easy access to digital self-service on clients' websites and members' smartphones • Designed innovative products to address declining affordability • Focused on improving call centre productivity 	<ul style="list-style-type: none"> • Adopted Group digital strategy • Expanded RPA to one million transactions • Implemented innovative, new benefit design for scheme members and upgraded schemes' digital self-service facilities • Implemented electronic health record systems for high-risk patients 	<ul style="list-style-type: none"> • Establish an architecture oversight and governance structure to improve efficiency and service
<i>Link to strategy</i>	<ul style="list-style-type: none">  Deliver exceptional client service  Reduce the cost of healthcare  Improve efficiencies through cost consciousness 	<ul style="list-style-type: none">  Improve efficiencies through cost consciousness  Diversify revenue sources  Maximise growth opportunities  Deliver exceptional client service 	<ul style="list-style-type: none">  Improve efficiencies through cost consciousness  Diversify revenue sources  Maximise growth opportunities
<i>Outlook</i>	<ul style="list-style-type: none"> • Continuously improving customer experience • Saving money for our medical scheme members by reducing inefficiencies in the healthcare value chain 	<ul style="list-style-type: none"> • Continue reducing healthcare costs and improving client experience • Identifying and implementing new products and services to maximise growth objectives 	<ul style="list-style-type: none"> • Continuously improving IT architecture is expected to improve service and reduce costs

PERFORMANCE IN CONTEXT (CONTINUED)

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8

9

Transformation	Political and regulatory uncertainty	Loss of critical skills
AfroCentric is an empowered business committed to South Africa's transformation agenda. Transformation is a strategic objective and we aim to comply with the B-BBEE codes and other relevant legislation.	The healthcare sector experiences policy uncertainty related to the NHI Bill, and other healthcare legislation. Challenging economic conditions, exacerbated by political uncertainty, contribute to a decline in medical scheme memberships. Constructive relationships with key regulators are crucial to the short, medium and long-term interests of the Group.	AfroCentric competes for skilled and experienced employees in the global and local healthcare sector. Retention of intellectual capital, particularly of actuarial, IT and medical specialists, is imperative.
Poor transformation performance impacts the Group's ability to secure new work and would hinder the Group's ability of having a positive impact on its operating communities.	The draft NHI and MSA Bills propose changes to the roles of healthcare businesses and will impact the future of the private healthcare sector. Failure to comply with legislative requirements can harm financial, reputational or business sustainability.	A shortage of critical skills in the domestic healthcare sector necessitates retaining existing skills and attracting new skills.
<ul style="list-style-type: none"> • Our level 1 B-BBEE status favourably positions the Group to win tenders in the public and private sectors • Our B-BBEE status demonstrates our commitment to transformation 	<ul style="list-style-type: none"> • Position AfroCentric as a diversified healthcare partner in the delivery of universal healthcare in South Africa • Participate in public-private partnerships to demonstrate this capacity 	<ul style="list-style-type: none"> • Succession planning and short-term and long-term incentives attract and retain critical skills • Training and development support retention plans
<ul style="list-style-type: none"> • AfroCentric employees • Our clients – medical schemes • Trade suppliers 	<ul style="list-style-type: none"> • AfroCentric employees • Our clients – medical scheme • Government • Regulators 	<ul style="list-style-type: none"> • Employees
<ul style="list-style-type: none"> • Improved B-BBEE status to level 1 • Improved ACT's black ownership to 57% • Integrated businesses with B-BBEE requirements • Applied preferential procurement practices consistently across Group • Improved reporting and measurement 	<ul style="list-style-type: none"> • Diversified revenue sources and service and product offerings • Partnered with government to drive universal healthcare agenda • Promoted transformation 	<ul style="list-style-type: none"> • Building an external pipeline of critical talent and an internal pipeline of successors for key roles • Implemented leadership competency model to create common leadership behaviour that promotes employee engagement • Implemented a scarce skills retention strategy
<ul style="list-style-type: none">  Promote transformation  Uplift our people 	<ul style="list-style-type: none">  Diversify revenue sources  Maximise growth opportunities  Promote transformation 	<ul style="list-style-type: none">  Maximise growth opportunities  Deliver exceptional client service  Promote transformation  Uplift our people
<ul style="list-style-type: none"> • Maintaining level 1 B-BBEE status • Improving performance in skills development and employment equity 	<ul style="list-style-type: none"> • Continue positioning AfroCentric as a diversified healthcare partner in the delivery of universal healthcare in South Africa 	<ul style="list-style-type: none"> • Mitigating risk of losing critical skills by implementing retention and succession strategies • Implementing culture shift programme to help employees adapt to culture of innovation

The 2018 material matter "project risks" has been removed as it related to one major IT risk which has been completed.

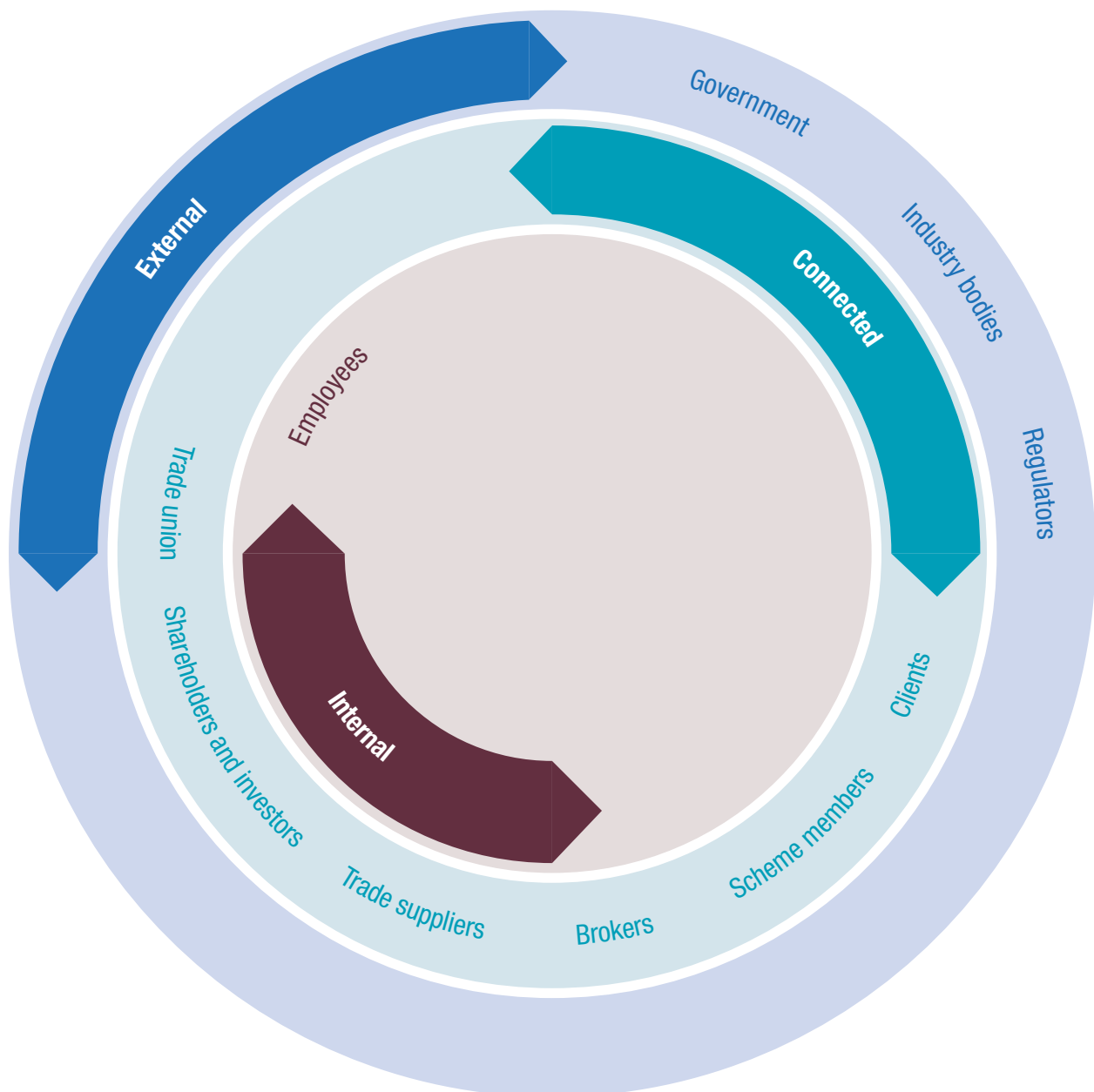
Stakeholders

AfroCentric's performance and sustainability rely on its stakeholders' continued support. This requires developing and sustaining quality, enduring relationships that enable us to understand and respond to our key stakeholders' concerns.

AfroCentric considers its stakeholders as individuals and groups who have an interest in, or who are affected by, its activities. Our stakeholders determine our ability to create sustainable value in the long term. They range from our employees to the external bodies who influence us. They are connected by the groups that we regularly engage with.

The approach of our Board and executive management to our stakeholders is inclusive. We engage our stakeholders responsively, constructively, collaboratively and transparently to address their material needs, interests and expectations and respond in a mutually beneficial manner. The Social and Ethics Committee provides governance oversight to stakeholder engagement.

Our stakeholders



PERFORMANCE IN CONTEXT (CONTINUED)

Internal



AFROCENTRIC EMPLOYEES

The Group's employees perform core functions within the organisation.

Connected



OUR CLIENTS – MEDICAL SCHEMES

Open schemes: Bonitas, Fedhealth, Medshield, Hosmed

Closed schemes: AECL, Barloworld, GEMS, Horizon, MBMed, NedGroup, ParMed, POLMED, SABC, SAMWUMED, Sasolmed

Outside SA schemes: NAMMED, Namibia Health Plan, Sovereign Health

SCHEME MEMBERS

The schemes' members.

TRADE SUPPLIERS

The vendors who support our business.

BROKERS

Brokers are licensed and regulated agents who assist members to enrol for the appropriate medical cover through our schemes.

SHAREHOLDERS AND INVESTORS

Institutional and individual investors.

TRADE UNION

The National Education, Health and Allied Workers Union (NEHAWU) is the union for workers from the education, health, government and social welfare sectors.

External



REGULATORS

Organisations that monitor and regulate our environment:

- Council for Medical Schemes
- Medicines Control Council
- South African Pharmacy Council
- The Johannesburg Stock Exchange
- Competition Commission
- Financial Sector Conduct Authority
- South African Revenue Services

INDUSTRY BODIES

Bodies that oversee healthcare-related matters:

- Body of Healthcare Funders of Southern Africa
- Health Professions Council of South Africa
- Hospital Association of South Africa
- Doctor's health council
- Public health enhancement forum

GOVERNMENT

Government sets out healthcare policies that create the framework within which we operate

Stakeholder concerns

The following table demonstrates our understanding of, and response to, key stakeholder concerns.

Our employees	Our clients – medical schemes	Our shareholders and investors	Government and regulators
Motivated employees are critical to delivering exceptional client service	Retaining and growing our medical scheme clients is critical to our sustainability	Our providers of capital enable us to diversify our revenue sources and grow our business	Various levels of government determine the environment in which we operate
What they expect of us			
<ul style="list-style-type: none"> • An employer who empowers their people and enables them to achieve their potential • Leaders who are accountable and fair 	<ul style="list-style-type: none"> • Exceptional service that helps retain members and grow their schemes • Sound claims management • Technology innovations to reduce cost and improve service 	<ul style="list-style-type: none"> • Sustainable value creation • Consistent financial performance • Sound investment returns 	<ul style="list-style-type: none"> • Regulatory compliance • Increased access to quality healthcare and partnerships in delivering NHI • Management of cost escalation, supplier-induced demand and fragmented care
How we responded			
<ul style="list-style-type: none"> • Offered an industry aligned employee value proposition • Launched leadership competency model to define and instil values-based leadership behaviour • Embedded a culture of high performance, quality service and innovation 	<ul style="list-style-type: none"> • Supplemented administration and managed care services with additional contracts • Established claims excellence forum to address claims underperformance • Implemented decision rules management system to improve claims efficiency 	<ul style="list-style-type: none"> • With effective delivery against our growth strategy, we achieved: <ul style="list-style-type: none"> – compound annual growth rate (CAGR) of 25.7% revenue growth (2015 – 2019); – return on equity of 13.21%; and – dividend yield of 6.9%. 	<ul style="list-style-type: none"> • Applied sound corporate governance and regulatory compliance • Submitted technical inputs to policy and regulatory documents of DoH, Council for Medical Schemes and Health Market Inquiry • Regularly engaged with public sector organisations to influence future policy • Optimised healthcare value chain to reduce costs
 	   	  	   

PERFORMANCE IN CONTEXT (CONTINUED)

External environment

The external environment in which we operate influences our ability to create sustainable value. The healthcare industry is impacted by a range of risks and opportunities. Understanding these factors and how they influence our business informs our response to them. The primary drivers of change in the healthcare industry are as follows:

Low economic growth



Trend

Political uncertainty, together with low economic growth and associated job losses are increasingly making health insurance less affordable for many people. As a result of this, and due to economic disparities and the perception of health insurance as a grudge purchase, only 15.61%¹ of South Africans belong to a medical aid scheme.



Implications for AfroCentric

Declining scheme membership or shifts to lower benefit options result in a loss of revenue and heighten expectations of innovative solutions to reduce the cost of medical insurance while maintaining quality healthcare.

Healthcare cost inflation



Trend

Utilisation of healthcare services is increasing as medical scheme membership profiles age, the prevalence of lifestyle-related NCDs such as diabetes and hypertension grows, and hospital admissions for cancer and mental health patients rise. The impact of exchange fluctuations on the cost of imported technology and treatments also exacerbates the trend of rising healthcare costs in South Africa.



Implications for AfroCentric

Rising healthcare costs increase the pressure on scheme administrators to contain or reduce costs across the healthcare value chain. This requires an innovative response to managing chronic illnesses and unnecessary expenditure on costly treatments.

¹ CMS Annual Report 2017–2018

Unethical behaviours



Trend

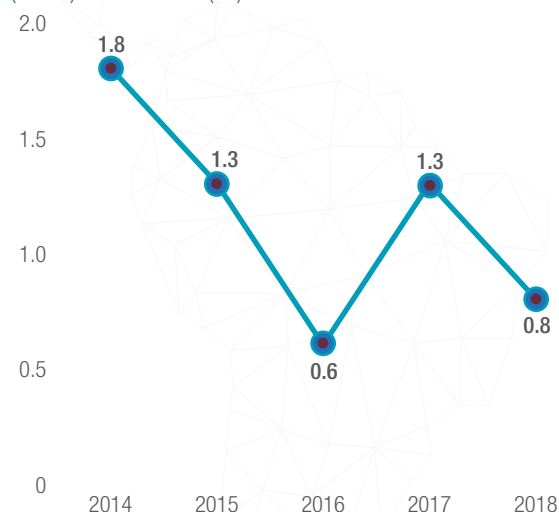
Large-scale FWA of members' benefits by some healthcare practitioners, sometimes in collusion with scheme members, impose a multibillion Rand cost on the healthcare industry and contribute significantly to rising healthcare costs.



Implications for AfroCentric

Unethical behaviour impacts the financial position of administrators and schemes, contributing to higher costs for members and requiring robust interventions to prevent unethical billing and claiming practices in delivering healthcare services.

SOUTH AFRICAN GROSS DOMESTIC PRODUCT (GDP) GROWTH (%)



Source: StatsSA

Regulatory changes



Trend

The healthcare industry is regulated by various legislative requirements, including the NHI and MSA Bills, the PoPI Act and the Health Market Inquiry. In line with the World Health Organisation's drive for universal healthcare, the NHI Bill seeks to provide essential healthcare services to all South Africans regardless of their ability to pay. Although the government has signified its commitment to NHI, there is considerable financial and logistical uncertainty about its implementation.



Implications for AfroCentric

The NHI scheme would affect the operations and role of medical schemes and administrators, while an NHI tax would place additional pressure on scheme members' ability to afford private healthcare. AfroCentric supports the principle of universal healthcare and is positioning itself as a private sector partner with the expertise and experience to constructively participate in an evolving healthcare environment.

Evolving technology



Trend

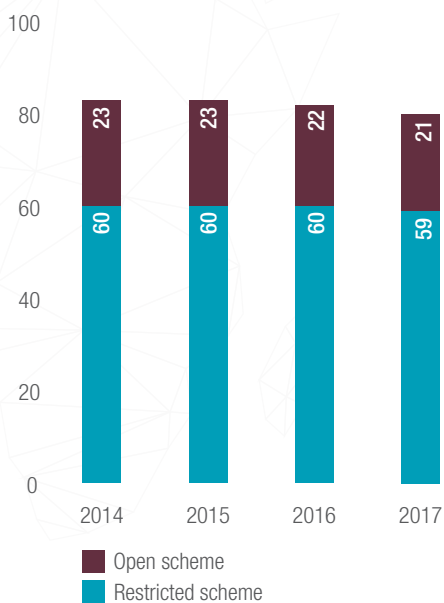
By revolutionising medical procedures, general wellness and data analysis, technology enables the healthcare sector to become more innovative and efficient which should result in cost reduction over time. With technology, businesses can access and engage with their customers more effectively than ever before. Technology advances are a key determinant of future competitiveness in most sectors, including healthcare.



Implications for AfroCentric

To achieve its vision and remain competitive, AfroCentric is leveraging technology to innovate a new integrated model of sustainable healthcare that measurably improves access to quality care.

NUMBER OF SCHEMES



Source: CMS Annual Report 2017 – 2018

Our socioeconomic IMPACT

We recognise that the sustainability of AfroCentric is closely linked to that of the socioeconomic environments in which our businesses exist and flourish. Our role as a socially responsible enterprise includes a strong focus on transformation, investment in our people, support for broader communities and a responsible approach to our natural environment.

AfroCentric was established with the philosophy of promoting transformation and empowerment. We are a majority black-owned company and the most transformed health-related business listed in South Africa. The Group invests in healthcare-related businesses and our contribution to healthcare extends beyond our products and services.

AHL is a wholly owned subsidiary of AfroCentric. Therefore, the ownership credentials of AfroCentric are directly attributable to those of AHL through the modified flow-through principle. As a broad-based entity, AHL is measured on all five elements of the B-BBEE scorecard: ownership, management control, skills development, ESD and SED.




B-BBEE contributor status – historical scorecard comparison

Element	Weighting	2018 ¹	2017	2016	2015
Equity ownership	25	25.00	24.76	25.00	25.00
Management control	19	13.63	13.10	13.41	13.70
Skills development	20	18.12	15.98	15.75	15.55
ESD	40	42.19	41.00	38.21	37.75
SED	5	4.60	5.00	5.00	3.90
Total	109	103.53	99.84	97.37	95.9
B-BBEE level		1	2	2	2

¹ The 2018 B-BBEE verification certificate issued on 12 December 2018 is valid until 6 December 2019.



We invest in people, support transformation, benefit society, provide health management to our members, and make healthcare accessible to more South Africans. Our socioeconomic impact starts within our Group, extending to the suppliers and communities that we benefit directly and the broader society impacted by our health management initiatives.

Investing in our people 	4 984 Permanent employees (2018: 4 710)	137 Non-permanent employees (2018: 196)	9% Employee turnover (2018: 7.1%)
	2% Disabled employees (2018: 2%)	69% Female employees (2018: 70%)	31% Male employees (2018: 30%)
	67% Black representation at top management (2018: 54%)	0.21% Foreign employees (2018: 0.30%)	4.25% Skills development % of payroll (2018: 3.18%)
Transformation 	B-BBEE Level 1		Preferential procurement R860 million of total procurement (2018: R903 million)
	157 External learners on learnership programmes (2018: 126)	R3.5 million SED spend (2018: R3 million)	R3.5 million ED spend (2018: R3.2 million)
Community impact 			R7 million SD spend (2018: R6 million)





OUR SOCIOECONOMIC IMPACT (CONTINUED)

Investing in our people

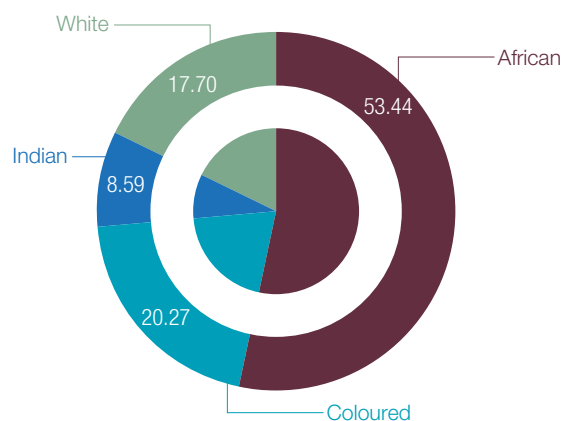
Our people are a key differentiator. We are committed to developing them and promoting a high-performance culture that supports achieving our strategic objectives. The Group provides comprehensive learning and development opportunities, an employee wellness programme and other upliftment opportunities. AfroCentric strives to attract and retain a diverse workforce.

We view transformation as a key driver of a productive, innovative and sustainable business. Our commitment to diversity and transformation is demonstrated by managing employment equity (EE) through several divisional EE forums and the National Employment Equity Forum. These forums provide a platform for the Group to monitor EE progress and debate related matters. Our EE policy, EE plan and transformation strategy drive the implementation of EE within our business.

Our EE plan can be viewed on our website:
<http://afrocentric-online.co.za/reports/afrocentric-ar2019/pdf/employment-equity-plan.pdf> 

Our EE policy can be viewed on our website:
<http://afrocentric-online.co.za/reports/afrocentric-ar2019/pdf/employment-equity-policy.pdf> 

EMPLOYMENT EQUITY AND EMPLOYEE PROFILE (%)



Total workforce profile (including employees with disabilities) at 30 June 2019

Element	Male				Female				Total
Occupational levels	A	C	I	W	A	C	I	W	
Top management	2	0	2	3	2	0	0	0	9
Senior management	11	1	4	37	9	2	1	19	84
Professionally qualified and experienced specialists and mid-management	91	27	38	91	139	48	73	222	729
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents	559	224	114	79	1 350	691	197	420	3 634
Semi-skilled and discretionary decision-making	247	20	1	4	310	29	10	35	656
Unskilled and defined decision-making	7	1	1	0	8	1	1	0	19
TOTAL	917	273	160	214	1 818	771	282	696	5 131²

A = African; C = Coloured; I = Indian; W = White

² The total employee figure of 5 131 is for SA operations only (excluding outside SA subsidiaries)

Talent and leadership development

Online learning

68

online courses



The AfroCentric Learning and Performance Academy offers online training. Employees have constant virtual access to legislative courses, Company policies and functional training courses. During 2019, 68 online courses were undertaken by 2 512 employees. This represents 14 582 course enrolments of which 70.4% (10 265) were successfully completed.

Skills development

AfroCentric invests a percentage of the total payroll into training and developing black employees. There is a difference between measuring and recording skills development and EE requirements (the latter measures the number of people who attended training, not the total spend).

353

employees benefited from
SETA internship and
learnership initiatives

The Group implemented various SETA accredited internship and learnership programmes which comply with sector requirements and provide accelerated and practical work experience for school leavers, graduates and unemployed people. The Group employed 51 graduates on internships and 302 employed and unemployed school leavers on learnership programmes during the year.

Short courses, skills programmes and internal training

R4 million

spent on external training
providers

R4 431 304 was spent on external training providers for developing essential skills required by employees in their current roles. This was in addition to 36 curricula (390 modules) offered internally by the AfroCentric Training Academy. In total, 3 991 class attendances were recorded.

Leadership development

Two

programmes



AfroCentric's leadership competencies assist the business in implementing the relevant leadership development programmes. These programmes are tailored to the Group's objectives. We believe that leadership is not what you do, but how you do it. Our leaders are groomed to display the behaviours and skills that inspire and engage our employees.

Leadership, team leaders and operational managers' curricula are offered twice a year, with approximately 50 enrolments per intake. The curricula for middle and top management will be rolled out in 2020.

Study assistance programme

Many employees are unable to pursue further studies due to financial constraints. AfroCentric's study assistance programme sponsors selected employees for approved courses. The study assistance programme is aligned with our business strategy and priorities. During 2019, we sponsored study assistance for two MBA students (R415 083) and tertiary studies for six additional employees (R265 279). A further 15 employees received financial aid from INSETA of R282 743 to pursue tertiary qualifications.

OUR SOCIOECONOMIC IMPACT (CONTINUED)

Differently abled employees

125
differently abled employees

The Group implemented several programmes to recruit differently abled employees on six-month fixed-term contracts. These employees gain work experience while being trained to become permanently employable. Employees from diverse demographics are a valued part of our workforce. In total, R2 575 000 was invested in learning and development opportunities for differently abled employees.

The Group's commitment to differently abled people is evident in the number of differently abled employees we employ. All business units in the Group demonstrate full support of this initiative.

Learnership programmes

4
learnership programmes

The Learning and Performance Academy implemented several learnership programmes for AfroCentric employees and unemployed individuals. The programmes help candidates earn qualifications and gain valuable working experience. In 2019, 145 employees and 157 unemployed individuals participated in the programmes.

Bursaries

R650 248
spent on bursaries

AfroCentric's bursaries for medical doctors reduce the skills shortage in the private and public healthcare sectors. Bursary recipients are selected based on academic excellence and their financial needs.

In 2019, we invested R650 248 in bursaries for four black female scholars. One student is currently undertaking her third year of studies while the other two are undertaking their second year of studies. We are proud of their performance and our contribution towards developing talent in South Africa.



Strategy in action

AfroCentric Chairman inspires future doctors

Challenge: South Africa lacks medical and dental professionals, particularly in government medical facilities, where many districts have limited access to specialists.

Solution: AfroCentric addresses this by offering bursaries to medical students. Since 2016, AfroCentric provided bursaries to four female students, three of whom are studying at the University of Pretoria: Tovhowani Mulovhedzi (19) – cardiothoracic surgery, Risuna Rivombo (20) – internal medicine and Maggie Ramela (25) – emergency medicine. The fourth bursar, Masana Baloyi (24) is specialising in paediatrics at Sefako Makgatho Health Sciences University.

Benefits: AfroCentric ensures bursars are fully supported and motivated during their studies. In February 2019, AfroCentric Chairman, Dr Anna Mokgokong, invited the four Limpopo-based recipients of the AfroCentric medical bursary to lunch at her home in Pretoria to boost their confidence at the beginning of the new academic year. Dr Mokgokong also invites the students to her annual programmes during women's month.

AfroCentric executives, including the former CEO, Antoine van Buuren, Group Marketing Executive Director, Aklaaq Mahmood and Human Capital and Transformation Executive Director, Modjadji Tati, took time out of their busy schedules to join the lunch and engage with the students. The students discussed their study experiences and future goals, and Dr Mokgokong and Modjadji Tati described their journeys as medical doctors.

"The most important thing to remember is that you need to have humility, when you practise humility the good will follow you and everything else will fall into place," said Dr Mokgokong.

The aim of the lunch was to give the students a sense of belonging at AfroCentric, in line with our approach of combining financial and emotional support for our bursars.

Results: The bursars have produced exceptional academic results. Mr van Buuren commended their commitment: "It is remarkable that all four of you are still here and have all progressed to the next year of your academics, typically one or two parties in a group of four would have fallen off the wagon. You made us really proud."



OUR SOCIOECONOMIC IMPACT (CONTINUED)

Employee wellness programme

AfroCentric offers employees a comprehensive employee wellness programme (EWP). The EWP empowers and trains managers to identify distressed employees and encourage them to use the programme, even though it is voluntary. Healthwise is an easily accessible platform providing wellness services for employees and their immediate dependants. The programme is based on four pillars:



Physical wellbeing

This consists of our annual business unit wellness days, DBC wellness days, on-site weight loss programme, boot camps and charity walks. We also offer a clinic on-site at our Florida offices.



Emotional wellbeing

This is our 365 24/7 employee assistance programme (EAP) facilitated by Ask Nelson. It provides counselling services to our employees and their immediate family members. Managers can use these services in instances where they have identified employees who are troubled by personal, financial or performance concerns. Managers formally refer such employees, with their consent, to Ask Nelson.



Financial wellbeing

The debt management programme facilitated by our service provider, Interface, offers employees free financial wellbeing services on issues such as budgeting, wills and estate planning.



Organisational wellbeing

Absence management is conducted through our ICAS first day of absence system and disability management is provided through Sanlam Group Life.

Clinic on-site

AfroCentric launched its first on-site wellness clinic in 2018 to provide employees with primary healthcare services ranging from health assessments and consultations, to family planning advice and disease management. The clinic is aligned with our vision to empower greater access to sustainable, affordable and quality healthcare, and to improve employee productivity and wellness.

The facility is managed and operated by an external service provider to protect the confidentiality of employees' health data and records. While the facility is fully sponsored by the Group, dispensed medicine is subsidised and comes at a marginal cost to employees.

We intend to continue expanding the facility's service offerings to our employees and, should this pilot initiative be successful, to provide similar services to employees at our regional operations.

Strategy in action

Investing in employee wellness

Challenge: Many employees are affected by medical ailments or pressures they experience in their work and private lives. This has an adverse impact on their physical and emotional wellbeing and productivity.

Solution: Medscheme invested in an on-site clinic to address employee wellness at its Roodepoort offices early in 2018. Since it opened, the clinic has seen 1 553 patients, a monthly average of 258.

- 66% of patients are female
- 58% of patients are under 40 years old
- 28% of patients are repeat visits
- Patient feedback has been positive

Benefits: On-site clinics deliver returns on investment in these areas:

Time

Clinic visits take minutes compared to hours spent on out-of-office healthcare

Reduced sick leave

Prompt treatment reduces the need for extended sick leave in many cases and there is no commercial incentive to issue medical certificates

Healthcare cost

Clinic visits are free, with medicine at a nominal charge under R75, compared to the average R500 for a private GP visit

Loyalty

Employees' morale and loyalty are boosted when an employer provides a valued service to them



OUR SOCIOECONOMIC IMPACT (CONTINUED)

Performance management

Balanced Scorecard

AfroCentric uses a Balanced Scorecard (BSC) approach for performance management. The BSC provides the tools for management to drive competitive success. It translates an organisation's strategy into performance measures that provide the framework for a strategic measurement and management system. To be a progressive organisation, we continuously research best practice to build a high-performance culture.

When managing individual performance, we aim for a "win-win" environment where managers and employees share clear expectations and objectives from the outset. Employees participate in all phases of the process and share ownership of the outcomes with the organisation. Performance discussions are expected to cover more than just performance ratings, with the focus on real-time performance. Leaders should have regular, meaningful conversations aimed at improving performance gaps and enabling individuals to understand how their performance and behaviour link to the organisational strategy and how their contributions drive business growth. We emphasise self-management in achieving total quality and customer service, and employees are encouraged to maximise their contribution in their current role, while having access to opportunities to grow and develop their careers within the AfroCentric Group.

Passion awards

Recognising employees is vital to their performance which directly impacts the success of the Group. Our recognition programme, known as the passion awards, allows managers to recognise employee behaviour linked to the organisation's values. The recognition programme offers monetary and non-monetary rewards to employees. All reward and recognition programmes are coordinated as part of the passion awards programme.



Outlook/future focus areas

During 2020, we will continue ensuring that the EE plan is implemented, and that promotion, recruitment, retention and succession are conducted in line with the economically active population (EAP) statistics of South Africa. Our focus will be on continuing to diversify our workforce.

Transformation

Transformation is a strategic enabler for AfroCentric to achieve its vision of creating sustainable healthcare. It enables us to drive sustainability for all our stakeholders.

Factors such as imbalances in career, educational and economic opportunities perpetuate inequality for many South Africans. B-BBEE directly addresses economic transformation by increasing the number of black people who manage, own and control the country's economy.

AfroCentric's transformation framework supports the national strategic priorities and our own social impact agenda. The Group adheres to the South African government's B-BBEE policies and other transformation-related legislation such as, but not limited to, the:

- National Development Plan 2030;
- National Strategy for B-BBEE;
- Revised B-BBEE Act 53 and related amendments;
- Amended Codes of Good Practice on B-BBEE of 2013;
- Employment Equity Amendment Act of 2014 and related regulations; and
- Skills Development Act and related Skills Development Levies Act.

At AfroCentric, we aim to transcend compliance and go beyond the numbers for transformation, while adhering to the spirit of the B-BBEE Codes. We have several structures that debate, critique and approve transformation initiatives. The Board and the AfroCentric Health Group Executive Committee support these structures, primarily through the following committees:

- Transformation Steering Committee;
- Social and Ethics Committee; and
- ESD Committee.

Our level of compliance with the B-BBEE scorecard demonstrates our commitment to driving transformation within the Group and how we do business.

Equity ownership

AHL ownership profile (July 2019)	2018 ¹	2017	2016
Black exercisable voting rights that flow through to AHL	81.01%	80.22%	34.51%
Black exercisable voting rights by black females	11.00%	9.42%	13.46%
Black entitlement to economic interest that flows through to AHL	79.76%	80.22%	34.51%
Entitlement to economic interest by black females	10.49%	9.42%	13.46%
Economic interest that flows through to black designated groups	3.29%	14.00%	13.79%
Involvement of ownership of the enterprise of black new entrants	2.62%	11.03%	13.57%

¹ The 2018 B-BBEE verification certificate issued on 12 December 2018 is valid until 6 December 2019.

Management control

EE is implemented in compliance with the EE Act. This involves compiling a five-year plan, and setting quantifiable targets for each race, gender and employment category. Progress is measured and reported annually to the Department of Labour. AfroCentric's EE plan outlines our targets for EE. These add to the universal targets for EE compliance under the B-BBEE Codes by including a measure for representing black disabled employees among the Group's total employees. The Company uses these targets to measure its EE performance for the EE element under the B-BBEE Codes.

Outlook/future focus areas

Transformation remains a key strategic enabler for AfroCentric to achieve its vision of creating sustainable healthcare, thus creating a solid basis to drive sustainability for all its stakeholders.

OUR SOCIOECONOMIC IMPACT (CONTINUED)

Community impact

AfroCentric participates in sustained, collaborative, strategic efforts to uplift communities. The Group is dedicated to improving community life and access to economic opportunity.

Enterprise and supplier development (ESD)

The Group emphasises preferential spending on black-empowered companies providing services and products to our businesses. We focus on black-owned small, medium and microenterprises (SMMEs) with black women and designated group ownership.

R758 million (2018: R443 million) spent on black-owned suppliers	R454 million (2018: R146 million) spent on black women-owned suppliers	R127 million (2018: R143 million) spent on exempt microenterprises (EMEs)	R10 million (2018: R20 million) spent on developing suppliers and enterprises	R88 million (2018: R98 million) spent on qualifying small enterprises (QSEs)
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Our ED pillar uplifts the South African economy by developing smaller businesses and growing, among others, the small business sector. The Group has various initiatives to develop SMMEs. We invest in sustainable projects aligned with the Group's business objectives with a reasonable expectation of providing a direct or indirect financial return.

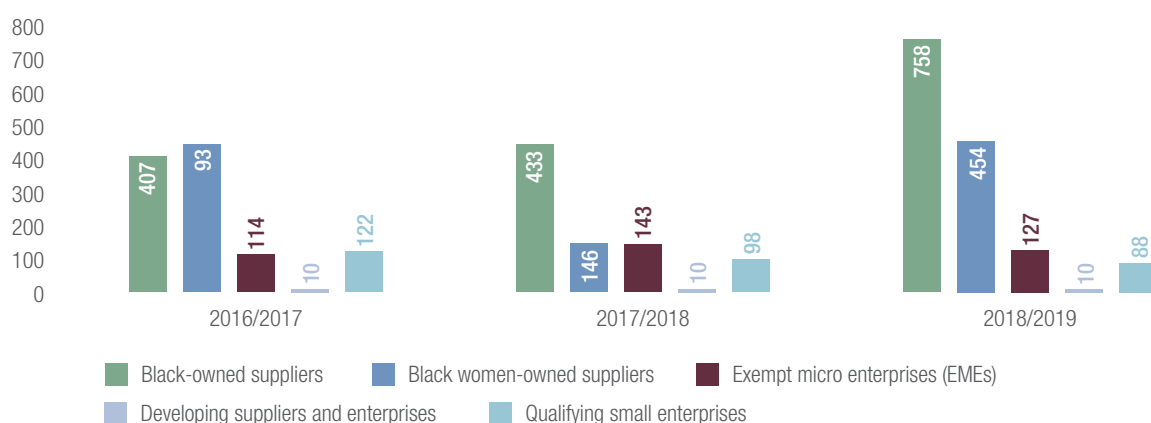
AHL aims to invest 2% of net profit after tax (NPAT) on developing suppliers and enterprises as it has done for the past three years. The Group invested over R10 million in SMMEs and deserving initiatives.



Our ESD beneficiaries include:

ESD initiatives 2019	
Entity	Description
Belinda Ogundipe Associates Inc.	Dr Belinda Ogundipe is a GP with an existing practice, consulting at DBC Sandton and DBC Roodepoort. Dr Ogundipe allocated funding for the monthly rental agreements of Klinikka DBC equipment and for purchasing three DBC machines for the expansion into three provinces currently without DBC services which include Limpopo, Mpumalanga and Northern Cape.
Classic Health Consulting	Classic Health Consulting develops innovative and practical healthcare delivery solutions based on sustainable deployment for underserved areas in Africa and other developing countries. It finalised the i-Health Clinic which offers a turnkey community primary facility and contributes to SED in South Africa's rural and underserved areas.
Marara Health Consulting	Marara Health's initial core business was to render wellness services. Marara Health was allocated ED funding for the purpose of buying bicycles, providing training to the participants and assisting in giving the participants a stipend of R2 000 per participant. The key activities to be performed include collecting medication from health facilities then delivering the medication to a patient roll that will be provided by health facilities.
Ndala ICT Solutions	Ndala ICT Solutions is a start-up company offering end-to-end solutions across a complete spectrum of ICT services to medium and large entities. Ndala was allocated funding with the objective of covering its start-up costs, training and mentorship.

ENTERPRISE AND SUPPLIER DEVELOPMENT (R'm)



OUR SOCIOECONOMIC IMPACT (CONTINUED)

Socioeconomic development

Our socioeconomic development (SED) initiatives are rooted in supporting and investing in communities in which the Group operates. We continuously improve the quality of peoples' lives one project at a time – from our bursary scheme for medical students to refurbishing schools to create normal learning environments for township and rural school learners. We seek to establish long-term relationships with all the organisations we support and we aim to make a sustainable impact on our beneficiaries.

The Group invested over R3.5 million in SED initiatives, which amounts to 1% of NPAT.

Current SED projects

We have allocated 1% of NPAT to flagship projects into which we plan to channel a significant portion of our budget over three to five years.

The key projects in 2019 included:

Vision for Change R594 544	<p>AfroCentric and Vision for Change are committed to changing the lives of South African children, mainly in rural and disadvantaged communities. In collaboration with the DoH, we conducted eye screenings for learners at two schools in the Eastern Cape and two schools in Limpopo. Learners with visual impairments were further tested, and those in need of prescription glasses were fitted with spectacles in November 2018 and January 2019.</p> <ul style="list-style-type: none"> • 3 846 learners received eye screening and testing • 105 children were identified as having visual impairments and fitted with prescription glasses by qualified optometrists
Charlotte Maxeke Johannesburg Hospital School R871 166	<p>AfroCentric supports the Charlotte Maxeke Hospital School and maintains a good relationship with the hospital for the learners' wellbeing.</p> <p>AfroCentric donated a bus to the school because it could not transport learners to excursions and educational activities and often had to incur costs of hiring public transport. The school bus is safer as it can be used to fetch learners from their homes and transport them to school.</p>
Emfundisweni Primary School project R126 368	<p>AfroCentric funds infrastructure, classrooms and office equipment upgrades at Emfundisweni Primary School. On 22 February 2019, the Group distributed over 1 300 school backpacks and stationery to learners and teachers.</p>
Eluthandweni Maternity Clinic R69 478	<p>AfroCentric supports Eluthandweni Maternity Clinic with infrastructure and equipment. Eluthandweni hosts an annual breast cancer walkathon which AfroCentric has supported since inception.</p>
Adopt a School Foundation R1 416 567	<p>AfroCentric partnered with Adopt a School, an entity of the Cyril Ramaphosa Foundation, to build ablution facilities and implement the health sanitation and sexual awareness programme in rural Eastern Cape.</p> <p>We identified Dutyini Junior Secondary School as the school we would support in 2019. Our investment included the construction of an ablution facility to provide a safe and hygienic space for learners, and a health, sanitation and sexual awareness programme which supports sound hygiene practices and informed life choices.</p>

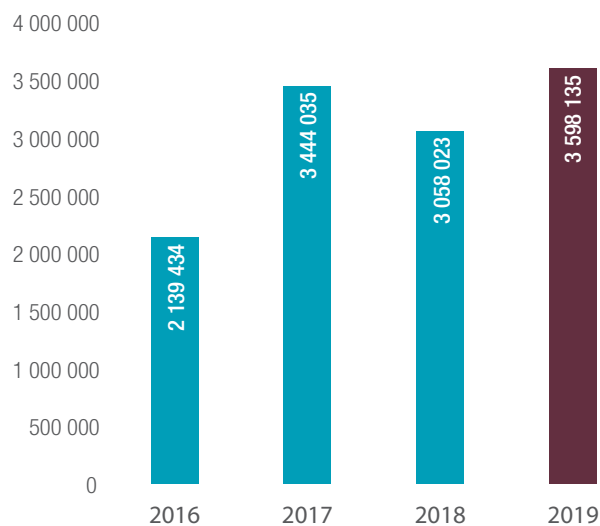
Inanda Community Health Centre

R520 013

The Inanda Community Health Centre services a large catchment area with an estimated population of over 160 000. Of the 38 786 households, unemployment is currently around 43% with the average monthly income estimated at R1 600. Although HIV and TB are a serious concern in the area, it is reported that trauma caused by motor vehicle accidents and acts of violence account for more than 50% of mortalities at the clinic.

The facility management believes that with the right medical equipment they would be able to provide more efficient services to their patients and bring the mortality rate down to 20%. AfroCentric donated the medical equipment required to action the anticipated decline in mortality.

SOCIOECONOMIC DEVELOPMENT SPEND (R)



Outlook/future focus areas

AfroCentric strengthened its support for school children in disadvantaged communities, and prioritised the following focus areas:

- Easier access to schools;
- Improved eyesight; and
- Improved learning environments.

The Group strives to make a difference through healthcare initiatives and projects around the country by investing in small businesses in the healthcare sector, creating jobs and assisting SMMs to become sustainable. This socioeconomic strategy supports the Group's vision to empower greater access to sustainable, affordable and quality healthcare.

OUR SOCIOECONOMIC IMPACT (CONTINUED)

Environmental impact

The AfroCentric Group is committed to creating a working environment that is safe for all its visitors, contractors and employees, and a culture promoting sustainability through environmental and conservation awareness. The Group’s environmental management is guided by the Occupational Health and Safety Act 85 of 1993 and National Environmental Management Act 107 of 1998 (NEMA).

The Occupational Health and Safety Act is based on the principle that dangers in the workplace must be addressed by communication between the employer and employees.

The NEMA is based on the principles that everyone has the right to an environment that is not harmful to his or her health or wellbeing; the government must respect, protect, promote and fulfil the social, economic and environmental rights of everyone, prevent pollution and ecological degradation, and promote conservation.

Environmental, health and safety volunteers

Compliance to the Occupational Health and Safety Act is supported by volunteers within our organisation. The environmental health and safety (EH&S) team oversees 208 volunteers throughout the Group who find the time to assist with:

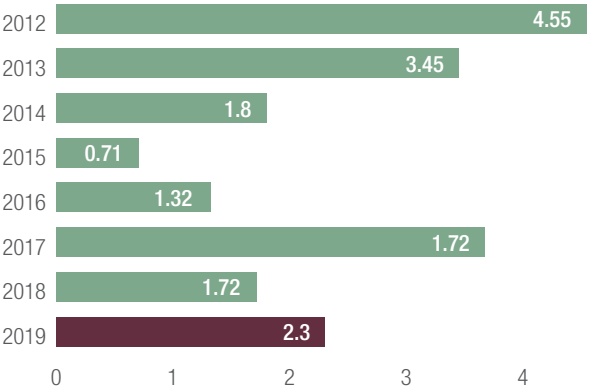
- first aid incidents (medical or injured on duty-related);
- inspections to ensure our work environment is safe;
- training employees in branches that are not easily accessible to the EH&S team;
- two evacuations of all major branches; and
- reporting of unsafe behaviour as a near miss via the ResQ system.

The Total Recordable Incident Rate (TRIR) since the EH&S team’s inception is shown in the following graph. The high incident rate during 2011 and 2012 is attributable to inadequate safety processes and awareness of the role employee behaviour plays in creating a safe working environment.

Further analysis of statistics accumulated over the years shows that the TRIR fluctuates due to the:

- increase or decrease of EH&S volunteers;
- increase in employee awareness of safety matters;
- large intake of new employees;
- changing work environment (e.g. a new building); and
- reduction in reporting less serious incidents, such as paper cuts.

TRIR (%) YEAR-ON-YEAR TREND ANALYSIS



Carbon footprint

The carbon footprint report, also known as a GreenHouse Gas (GHG) inventory, covers emissions from the South African operations of AfroCentric's subsidiary, Medscheme. The scope of the assessment is conducted for the 2018 financial year and reported on in arrears. AfroCentric's reporting boundary under the National Greenhouse Gas Emissions Reporting Regulations is confined to the direct GHG emitting activities under the Group's operational control and over the relevant threshold. Operational control occurs where the Company (or one of its subsidiaries) has full authority to introduce and implement its operating policies over the GHG emitting activities.

The list of activities and relevant thresholds above which GHG activities must be reported are provided in the regulations and companies are required to register and report their GHG emissions to the Department of Environmental Affairs using specified templates. The combustion of diesel in stationary emergency generators is an activity under which the AfroCentric Group will be required to register and report emissions arising from its South African facilities. Fluctuations in the annual results could be attributable to:

- increased awareness in AfroCentric to reduce our carbon footprint;
- year-on-year improvement in the data evaluated, resulting in accurate information reported; and
- a new baseline for data comparison based on the accuracy and completeness of data received in 2016.

Emissions (tCO ₂ e)		2018 ²	2017	2016
Scope 1 – direct	Petrol combustion in Company-owned vehicles	53	64	66
	Diesel combustion in generators	40	39	21
	Liquefied petroleum gas ¹	5		
	R410 ¹	31		
Scope 2 – indirect	Electricity	5 751	8 779	7 896
Scope 3 – inherent	Fuel and energy-related emissions (not included in scope 1 and 2)	368	547	1 199
	Business travel	1 021	1 009	872
	Purchased goods and services (water, food and office stationery)	298	274	984
	Waste generated in operations	248	414	342
	Employee commutes	8 028	8 007	11 840

¹ Reported for the first time in 2018.

² Verification occurs annually in October/November.

Outlook/future focus areas

The EH&S team, assisted by its volunteers and supported by management, continues driving responsible management of environment, health and safety within AfroCentric through awareness initiatives, compliance audits and risk management.

The Group is committed to improving the management of the natural resources it uses, with a focus on annual reductions in its carbon footprint, water use and waste generation.

CORPORATE GOVERNANCE REPORT



Board of Directors

Non-executive Directors

DR ANNA MOKGOKONG (62)

Chairman

Qualifications: BSC, MBCHB, DCom (HC)

Appointed: 10 June 2010

Expertise: Business development, governance, health, investor relations, leadership and strategy

Committee:

- Nomination Committee

IAN KIRK (61)

Qualification: CA(SA)

Appointed: 15 December 2015

Expertise: Auditing, business development, finance and investor relations

THINUS ALSWORTH-ELVEY (46)

Qualifications: BProc, LLB, LLM, HDipTax

Appointed: 1 July 2019

Expertise: Financial services, business development and strategy management

Committees:

- Audit and Risk Committee
- Remuneration Committee
- Investment Committee

JOE MADUNGANDABA (61)

Deputy Chairman

Qualifications: CPA(SA), MDP

Appointed: 10 June 2010

Expertise: Business development, finance, human resources, investor relations and strategy

Committees:

- Remuneration Committee
- Nomination Committee
- Investment Committee

DR NKATEKO MUNISI (53)

Qualification: MBCHB

Appointed: 7 December 2015

Expertise: Business development, and health and safety management

Committees:

- Investment Committee
- Social and Ethics Committee



GOVERNANCE REPORT (CONTINUED)

Independent Non-executive Directors

Detailed biographies of our Board can be found on www.afrocentric.za.com/au-board.php

LINDANI DHLAMINI (46)

Lead Independent Director

Qualifications: BSc, CA(SA), MBA

Appointed: 2 December 2015

Expertise: Accounting, advisory-related services, finance, risk management and tax

Committee:

- Audit and Risk Committee

GRATHEL MOTAU (45)

Qualifications: CA(SA), MPhil

Appointed: 15 May 2017

Expertise: Accounting, business development, finance and audit

Committees:

- Audit and Risk Committee
- Investment Committee

BRUNO FERNANDES (51)

Qualifications: BCom, BAcc,

BCom (Hons) (InvM), CA(SA)

Appointed: 23 November 2018

Expertise: Accounting, advisory-related services, finance, risk management, and mergers and acquisitions

Committees:

- Investment Committee
- Audit and Risk Committee

PROFESSOR SHIRLEY ZINN (57)

Qualifications: BA, HDE, BEd (Hons), MEd, EdM, DEd

Appointed: 23 November 2018

Expertise: Human resources, business leadership and strategy

Committees:

- Remuneration Committee
- Social and Ethics Committee



Executive Directors

HANNES BOONZAAIER (45)

Group CFO
Qualification: CA(SA)
Appointed: 1 August 2015
Expertise: Finance and investment banking

WILLEM BRITZ (55)

Qualifications: BCom, BProc
Appointed: 1 August 2015
Expertise: Business development, governance and compliance, legal and project management

AHMED BANDERKER (43)

Group CEO
Qualification: CA(SA)
Appointed: 15 December 2015
Expertise: Strategy, M&A, Leadership
Committees:
• Ex-officio on all committees

SELLO MMAKAU (44)

Group Chief Information Officer (CIO)
Qualifications: BCom, MBL, BA
Appointed: 30 November 2016
Expertise: ICT governance and compliance including strategy and security
Committee:
• Information and Communication Technology (ICT) Committee

Combined key skills of the Board

Accounting
Auditing
Advisory-related services
Business development
Community relations
Finance
Governance
Health
Health and safety management
Human resources
Investor relations
Investment banking
IT governance and compliance
IT security
IT strategy
Leadership
Legal, governance and compliance
Project management
Risk management
Strategy
Tax



GOVERNANCE REPORT (CONTINUED)

Executive Committee

The Executive Committee manages the business's day-to-day running in line with the tone of institutional good governance established by the Board.

The CEO is an ex-officio member of the Board and all sub-committees. From time to time, other Executive Directors are invitees of Board sub-committee meetings on matters relevant to their areas of responsibility.

Detailed biographies of our Executive Committee can be found on www.afrocentric.za.com/au-exec.php

AHMED BANDERKER (43)

CA(SA)
Group CEO

AKLAAQ MAHMOOD (53)

BCompt, MBA
Executive Director: Business
Development

HANNES BOONZAAIER (45)

CA(SA)
Group CFO

SELLO MMAKAU (44)

BCom, MBL, BA
Group CIO



DR NOMALUNGELO NYATHI (38)

MBCHB
Executive Director: Health
Management



ANTHONY PEDERSEN (46)

CA(SA)
CEO: Medscheme Holdings



MODJADJI TATI (56)

BCur, BCom (Hons), MBL
Executive Director: Human
Capital and Transformation



TIM RAMETSE (49)

LABOUR RELATIONS
Executive Director: Managing
Director – AfroCentric Health
Solutions



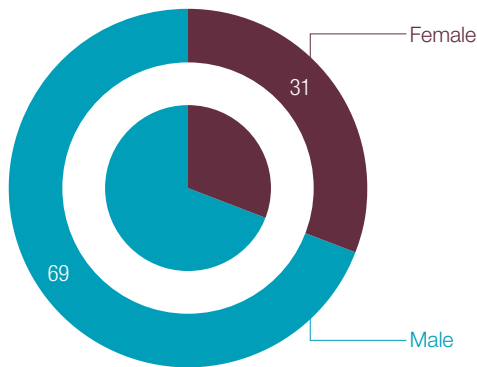
GOVERNANCE REPORT (CONTINUED)

Board diversity

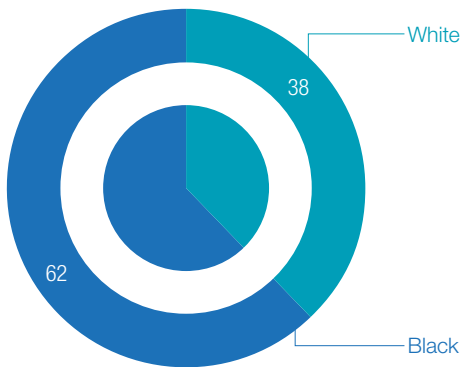
To ensure that AfroCentric’s Board reflects South Africa’s demographics and practices good governance, we employ qualified directors from diverse backgrounds. The diversity criteria include gender, age, ethnicity and geographic background, and meeting the Board’s requirements for skills and qualifications. AfroCentric recognises that a diverse board makes better decisions by reducing “groupthink”, paying attention to managing and controlling risks, and understanding the Group’s clients. There is an approved gender policy which outlines the Board’s position on gender diversity in line with King IV requirements.

Our gender diversity policy can be viewed on <http://afrocentric-online.co.za/reports/afrocentric-ar2019/pdf/gender-diversity-policy.pdf> 

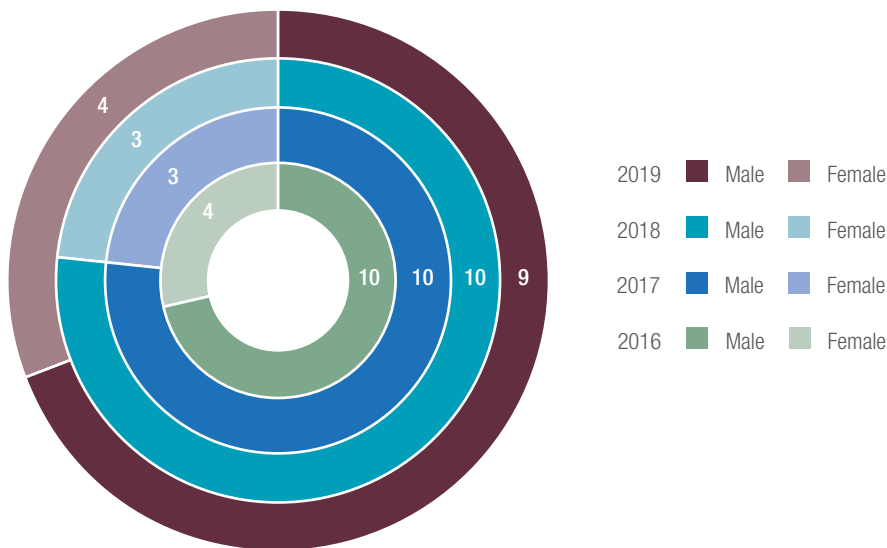
BOARD GENDER DIVERSITY (%)



BOARD RACIAL DIVERSITY (%)



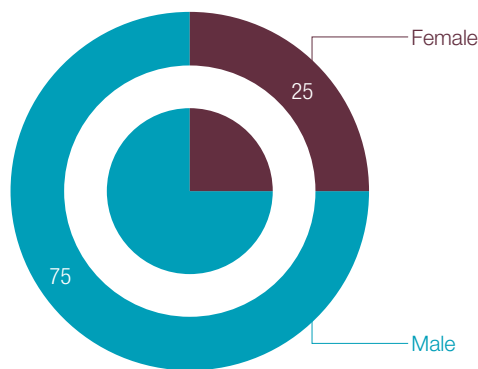
BOARD GENDER DIVERSITY (NUMBER)



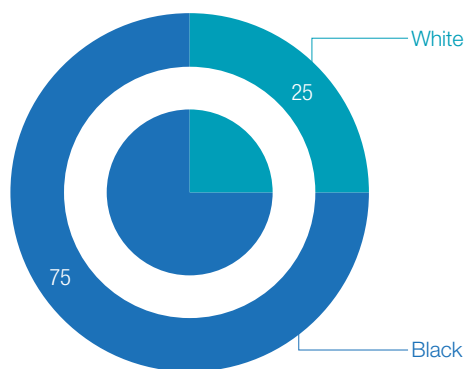
Executive Committee diversity

In support and maintenance of our current B-BBEE level scoring, our Executive Committee diversity is as follows:

EXECUTIVE COMMITTEE GENDER DIVERSITY (%)



EXECUTIVE COMMITTEE RACIAL DIVERSITY (%)



GOVERNANCE REPORT (CONTINUED)

Board

Chairman: Dr Anna Mokgokong

The Board is the highest governing authority of the Group and is responsible for corporate governance and setting strategy direction. The Board formulates the Group's strategy in line with the organisational vision and values and ensures all business decisions and judgements are made with reasonable care, skill and diligence

Sub-committees

Audit and Risk Committee

Chairman: Lindani Dhlamini

- Responsible for governance and compliance with applicable laws and regulations
- Monitors and ensures that the combined assurance model is applied and incorporates various assurance services
- Recommends the independent auditors and oversees the auditing process
- Ensures the integrity, accuracy and adequacy of accounting records
- Evaluates risk assessments and ensures effective risk management policies and practices
- Reviews the business continuity planning within the Group
- Reviews and ensures the quality of the Integrated Report
- Oversight on IT

ICT Steering Committee

Chairman: Sello Mmakau

- Considers and steers high-level and high-impact ICT projects including the Group digitisation strategy
- Aligns ICT and business strategies, goals and resources and achieves competitive advantage through ICT
- Monitors ICT projects against ICT master systems plan

** All governance committees have a minimum of four meetings per year.*



Investment Committee

Chairman: Joe Madungandaba

- Plans, implements and monitors new capital expenditure projects, evaluating on completion and reporting findings to the Board
- Makes recommendations to the Board, monitors and reports on material acquisition, merger or disposal opportunities, and ongoing material transactions and related matters

Remuneration Committee

Chairman: Joe Madungandaba

- Recommends the remuneration policy to the Board for approval
- Approves the remuneration report for disclosure as per King IV
- Determines and monitors the remuneration and contractual terms of the Executive Directors and Group Executive Committee members

Social and Ethics Committee

Chairman: Dr Nkateko Munisi

- Monitors anti-corruption and employment equity policies
- Monitors all executive actions related to the Group's standing as a responsible corporate citizen
- Monitors the Group's Code of Ethics, and investigates, resolves and reviews any matters which may violate the Code of Ethics

Nomination Committee

Chairman: Dr Anna Mokgokong

- Responsible for nomination, election, succession planning and Board appointments
- Oversees the development of a formal induction programme for new directors
- Evaluates the Board and examines the skills and characteristics required of Board candidates

GOVERNANCE REPORT (CONTINUED)

Corporate governance review

Our aspiration of global leadership in sustainable, affordable and quality healthcare, and our ability to fulfil our stakeholder promises, require the highest standards of corporate governance.

AfroCentric aspires to become a leading responsible and diversified global healthcare investment company, while ensuring that our clients and other stakeholders benefit from our growth. AfroCentric's Board adopts an integrated approach to managing the Group to ensure that the governance structure actively identifies, responds to and communicates material issues that impact its ability to create value. Corporate governance provides the Board with a framework that supports transparency, sustainability, fairness and ethical conduct. One of the key principles in King IV is establishing a unitary Board which reflects a balance of power, with no individuals yielding unfettered power on the Board. AfroCentric has responded by appointing a Lead Independent Director and four Independent Non-executive Directors. We conclude that corporate governance is integral to our efficiency, growth and investor relations.

The Board believes it has adhered to the Board Charter and the Group has complied with the JSE Listings Requirements, Companies Act and King IV. The Board believes that it has ethically executed its responsibilities and has reported on the outcomes of its direction in line with King IV.

The Board's application of King IV can be viewed on <http://afrocentric-online.co.za/reports/afrocentric-ar2019/pdf/king-iv-application-register.pdf> 

As the stewards of public trust, the Board acts for the good of the organisation, exercising reasonable care in all decision-making without placing the organisation under undue risk. The Board applies and leverages sound corporate governance in improving performance by:

- enhancing accountability at all levels;
- determining how governance requirements, particularly King IV, can be implemented to add organisational value;
- guiding decision-making, reinforcing material disclosures and refining risk processes;
- ensuring that certain powers are delegated to management for operational efficiency;
- implementing integrated reporting of all business aspects;
- embedding risk controls in day-to-day processes and decision-making; and
- effectively identifying, understanding and managing stakeholders and their expectations to improve our ability to reduce risks.


Company Secretary

Billy Mokale is the Group Company Secretary. The Board is satisfied that he possesses the requisite qualifications and experience to perform his duties since he is the repository of governance knowledge, advice and assurance for corporate integrity. The Group Company Secretary is independent of the Board and is not a director of the Group. He is responsible for the efficient administration of the Company, particularly for ensuring compliance with statutory and regulatory requirements and ensuring that decisions of the Board are implemented.

All directors have access to the Group Company Secretary, and he continues providing dedicated support to the Board and its sub-committees on all matters of governance, risk, compliance and legal. Along with the Chairman, the Group Company Secretary regularly reviews the Board and AfroCentric's governance processes to ensure they are fit for purpose. He also recommends or develops initiatives to strengthen AfroCentric's governance.

The Group Company Secretary is the focal point of directors and employees' share trading, JSE Listings Requirements, and notification of open and closed periods.

The Board of Directors

The Board's powers and responsibilities are defined in the Board Charter, which is annually reviewed and approved. The Board Charter aligns with the JSE Listings Requirements, the Companies Act and King IV and can be viewed on <http://afrocentric-online.co.za/reports/afrocentric-ar2019/pdf/board-charter.pdf>. 

The Board's leadership and judgement direct the Group to sustainable growth and acting in the best interests of the business and its stakeholders. The Board is responsible to shareholders for creating and delivering sustainable shareholder value by managing the Group's businesses. Therefore, it determines the strategic objectives and policies required to deliver such long-term value. In providing overall strategic direction, the Board ensures that management strikes an appropriate balance between long-term growth and short-term objectives.

The Board adheres to the Companies Act stipulations on skill, care and fiduciary duties. This is reflected in the conflicts of interest policy, which also applies to directors. Declarations of interest are confirmed at each Board and committee meeting and are recorded in the minutes.

Board and committee meetings

During the year, the Board had five scheduled meetings in addition to the Annual General Meeting (AGM) and Board strategy session. Prior to or following a Board meeting, Non-executive Directors have the unrestricted right to request any senior executive to clarify or explain any matter. This facilitates the Board's discussions and assists in reaching prompt and informed decisions.

Operational responsibility for the Group's subsidiary companies is delegated to the individual boards, which are accountable to the main Board for managing the businesses. Operational reports are presented to the Board, prompting interactive engagements at meetings.

Member	Meeting attendance						
	Board	Audit and Risk Committee	ICT Steering Committee	Investment Committee	Social and Ethics Committee	Remuneration Committee	Nomination Committee
Anna Mokgokong <i>Chairman and Non-executive Director</i>	5/5*						3/3*
Joe Madungandaba <i>Non-executive Director</i>	5/5			5/5*		5/5*	3/3
Nkateko Munisi <i>Non-executive Director</i>	5/5			5/5	3/3*		
Ian Kirk <i>Non-executive Director</i>	3/5						
Ahmed Banderker <i>Group CEO and Executive Director</i>	5/5	3/7	1/1	4/5	1/1	3/5	3/3
Hannes Boonzaaier <i>Group CFO and Executive Director</i>	5/5	6/7	4/4	5/5	2/3		
Willem Britz <i>Executive Director</i>	4/5			2/5		1/5	
Lindani Dhlamini <i>Independent Non-executive Director</i>	4/5	6/7*					
Sello Mmakau <i>Group CIO and Executive Director</i>	5/5	7/7	4/4*				
Grathel Motau <i>Independent Non-executive Director</i>	5/5	6/7		2/2			
Bruno Fernandes <i>Independent Non-executive Director</i>	2/2**	3/3		3/3			
Professor Shirley Zinn <i>Independent Non-executive Director</i>	2/2**				1/1	2/3	
Thinus Alsworth-Elvey <i>Non-executive Director</i>	0/0***						

* Committee Chairman.

** Professor Shirley Zinn and Bruno Fernandes were appointed on 23 November 2018.

*** Thinus Alsworth-Elvey was appointed on 1 July 2019.

GOVERNANCE REPORT (CONTINUED)

Key matters the Board focused on

- Approving recommendations from the sub-committees
- Retaining full and effective control over the Company
- Monitoring management's implementation of Board resolutions and strategies
- Defining levels of materiality and delegating other matters with the necessary written authority to management
- Addressing all matters concerning shareholders

Board composition

AfroCentric has a unitary Board structure with four Executive Directors, five Non-executive Directors and four Independent Non-executive Directors. The Board's members have appropriate industry knowledge and qualifications, and sufficiently diverse experience to effectively discharge their duties.

The Non-executive Chairman of the Board is Dr Anna Mokgokong. The Chairman is not classified as independent and, to strengthen good corporate governance as recommended by King IV, Lindani Dhlamini is the appointed Lead Independent Director. The roles and responsibilities of the Chairman and the CEO are separated.

Appointment and retirement of directors

One-third of directors are required to retire by rotation at the AGM of shareholders and may offer themselves for re-election. Being eligible for re-election, directors offer themselves for reappointment. Directors appointed during the year are required to have their appointments ratified at the following AGM. After the retirement of the founding directors, Motty Sacks and Meyer Kahn in 2018, the Board subsequently appointed Professor Shirley Zinn and Bruno Fernandes as Independent Non-executive Directors. Their appointment would be ratified at the AGM scheduled on 7 November 2019.

Executive Directors have no fixed term of appointment and retire in line with AfroCentric's internal employment policies. At the end of March 2019, Antoine van Buuren retired as Group CEO and effective 1 April 2019, Ahmed Banderker was appointed as AfroCentric Group CEO. The Board proceeded to appoint Thinus Alsworth-Elvey as a Non-executive Director to replace Ahmed Banderker in line with the Company's Memorandum of Incorporation (MOI).

Board effectiveness

Board evaluations are critical structural processes for assessing how effective and efficient the Board and its committees are. In line with King IV, the Board and sub-committees' performance was assessed and reported to the Nomination Committee as part of its adjudication process on effective performance of individual Board members. The Group Company Secretary, in consultation with the Chairman, is responsible for implementing any actions emanating from

this evaluation to improve the Board's effectiveness. The Board is satisfied with the overall execution of its oversight role and there is a joint effort to ensure the Board adheres to its strategic directive.

Directors' remuneration

Non-executive Directors do not have a service contract, and all their remuneration for services as directors is in terms of approval by the shareholders at the AGM. Board remuneration is based on a retainer determined by the Remuneration Committee.

Executive Directors' remuneration is determined by the Remuneration Committee according to AfroCentric's policy. AfroCentric's executive remuneration is based on the principle of "pay for performance" where members are remunerated in line with the success criteria measured against the Group balance scorecard. Our remuneration policy represents good corporate governance as outlined in King IV.

Further information on directors' remuneration appears on page 8 of the Group Annual Financial Statements (supplementary information).

Board committees and attendance

The Board established and delegated specific roles and responsibilities to sub-committees. Each committee's roles, responsibilities and membership follow their Board approved charter. The directors have delegated specific responsibilities to committees to assist the boards of AfroCentric Investment Corporation Limited and the major subsidiary, AHL, in meeting their oversight responsibilities. However, the delegation of authority does not absolve the Board or its directors of their fiduciary responsibilities. The directors confirm that the committees have functioned within their charters during the financial year.

The AHL Executive Enterprise Risk Committee and Transformation Committee do not operate at Group level. The Board relies on the sub-committees of AHL and trusts them to function and operate as intended while updating the Board on any material matters.

The Board is satisfied that the sub-committees fulfilled their responsibilities in accordance with their respective mandates for the reporting period.



Audit and Risk Committee

“Combined assurance remains a modern epitome of corporate governance.”

The role of the Audit and Risk Committee is to provide independent oversight which includes, among others:

- The effectiveness of the organisation's assurance functions and services, focusing on combined assurance processes; and
- The integrity of the Annual Financial Statements and, to the extent delegated by the Board, other external reports issued by the organisation.

Composition

Member	Number of meetings	Meeting attendance (%)
Lindani Dhlamini <i>Independent Non-executive Director (Chairman)</i>	6/7	86
Sello Mmakau* <i>Group CIO and Executive Director</i>	7/7	100
Grathel Motau <i>Independent Non-executive Director</i>	6/7	86
Bruno Fernandes <i>Independent Non-executive Director</i>	3/3	100
Other invitees		
Ahmed Banderker** <i>Group CEO and Executive Director</i>	3/7	43
Hannes Boonzaaier <i>Group CFO and Executive Director</i>	6/7	86

* Sello Mmakau was an Independent Non-executive Director until 30 November 2018. He was appointed as Group Chief Information Officer (CIO) effective 1 December 2018. He is an invitee to meetings as an Executive Director.

** Ahmed Banderker attends the committee in his ex-officio capacity as the Group CEO from 1 April 2019.

Independence of committee: 100%

Key matters the committee focused on

- Appointment of an independent auditor, approval of the engagement letter and recommendation of the audit fee for approval
- Determination of the nature and extent of non-audit services
- Assessment of effectiveness of the Chief Audit Executive and the work and processes of the internal audit function
- Satisfied itself of the appropriateness of the expertise and experience of the Group CFO
- Reviewed and approved year-end results and announcement (recommended for Board approval)
- Reviewed profit announcements and made recommendations to the Board
- Reviewed and approved all major accounting policy decisions affecting year-end results
- Reviewed the risk and opportunities register
- Reviewed the Group's position on contingent liabilities and other claims at financial year-end
- Reviewed and confirmed the updated authority levels
- Reviewed non-audit services fees paid to the external auditors

GOVERNANCE REPORT (CONTINUED)

Investment Committee

“Having a concise and efficient investment strategy like the VCO is a critical step to reaping the rewards of money well spent.”

The Investment Committee oversees the approval processes for investments. These ensure alignment with the Group's agreed strategies and values.

Composition

Member	Number of meetings	Meeting attendance (%)
Joe Madungandaba <i>Non-executive Director (Chairman)</i>	5/5	100
Nkateko Munisi <i>Non-executive Director</i>	5/5	100
Grathel Motau <i>Independent Non-executive Director</i>	2/2	100
Bruno Fernandes <i>Independent Non-executive Director</i>	3/3	100
Other invitees		
Ahmed Banderker* <i>Group CEO and Executive Director</i>	4/5	80
Hannes Boonzaaier <i>Group CFO and Executive Director</i>	5/5	100
Willem Britz <i>Executive Director</i>	2/5	40

* Ahmed Banderker attends the committee in his ex-officio capacity as the Group CEO from 1 April 2019.

Independence of committee: 100%

Key matters the committee focused on

- Considered the acquisitions or disposals and first-time investments in the Group
- Considered the viability of the capital project and/or acquisition and/or disposal and their potential effect on the Group's cash flow, as well as whether it will fit the Group's overall strategy
- Managed capital allocation within the Group
- Ensured due diligence procedures when acquiring or disposing of assets
- Reviewed and recommended the Group's dividend policy for Board approval



ICT Steering Committee

“The emergence and adaption of digital technologies such as analytics and the cloud have swiftly transformed businesses around the globe.”

The ICT Steering Committee manages the progress of all ICT initiatives associated with goals from the Group's ICT strategy.

Composition

Member	Number of meetings	Meeting attendance (%)
Sello Mmakau* Group CIO and Executive Director (Chairman)	4/4	100
Other invitees		
Ahmed Banderker** Group CEO and Executive Director	1/1	100
Hannes Boonzaaier Group CFO and Executive Director	4/4	100

* Sello Mmakau was an Independent Non-executive Director until 30 November 2018. He was appointed as Group CIO effective 1 December 2018. He is an invitee to meetings as an Executive Director.

** Ahmed Banderker attends the committee in his ex-officio capacity as the Group CEO from 1 April 2019.

Independence of committee: 100%

Key matters the committee focused on

- Reviewed all ICT policies including the business continuity plan
- Reviewed and recommended the digital ICT strategy
- Monitored progress of the Fusion project
- Ensured the alignment of the business and technical project management functions

GOVERNANCE REPORT (CONTINUED)

Nomination Committee

“The success of organisations depends on the quality of those who lead them.”

The Nomination Committee provides recommendations to the Board on all new Board and committee appointments.

Composition

Member	Number of meetings	Meeting attendance (%)
Anna Mokgokong <i>Non-executive Director (Chairman)</i>	3/3	100
Joe Madungandaba <i>Non-executive Director</i>	3/3	100
Ahmed Banderker <i>Group CEO and Executive Director</i>	3/3	100

Independence of committee: 100%

Key matters the committee focused on

- Formulate and adopt a clear, transparent process for the selection, nomination and appointment of directors to the Board
- Provide recommendations to the Board on appointing new Executive and Non-executive Directors, including providing recommendations on the composition of the Board and the balance between Executive and Non-executive Directors appointed to the Board
- Ensure that succession plans are in place, particularly for the Chairman and Group CEO positions
- Liaise with the Board in the preparation of the committee's report to shareholders, as required



Remuneration Committee

“We recognise that intellectual capital remains a critical source of a company’s value.”

The Remuneration Committee’s mandate is to ensure that remuneration supports the strategic aims of the business and that packages are sufficient to recruit, motivate and retain senior executives while complying with regulatory and governance principles.

Composition

Member	Number of meetings	Meeting attendance (%)
Joe Madungandaba <i>Non-executive Director (Chairman)</i>	5/5	100
Shirley Zinn <i>Independent Non-executive Director</i>	2/3	67
Ronnie Wa-Mundalamo <i>Independent member</i>	4/5	80
Other invitees		
Ahmed Banderker* <i>Group CEO and Executive Director</i>	3/5	60
Willem Britz <i>Executive Director</i>	1/5	20

* Ahmed Banderker attends the committee in his ex-officio capacity as the Group CEO from 1 April 2019.

Independence of committee: 100%

Key matters the committee focused on

- Agree and develop the Group’s general policy on executive and senior management and employee remuneration. This general policy will be referred to shareholders for such shareholders to pass a non-binding advisory vote on AfroCentric’s annual remuneration policy
- Approves the remuneration report for purposes of disclosure as per King IV
- Determine the specific remuneration packages for Executive Directors of the Company
- Identify the criteria necessary to measure the performance of Executive Directors in discharging their functions and responsibilities
- Review (at least annually) the terms and conditions of Executive Directors’ service agreements, taking into consideration information from comparable companies, where relevant

GOVERNANCE REPORT (CONTINUED)

Social and Ethics Committee

“Instilling the highest standards of corporate citizenship, social responsibility, sustainability and ethics underpins the way of doing business.”

The Social and Ethics Committee assists the Board with responsible business practices within the Group and monitors Group activities in line with section 72 of the Companies Act, terms of reference and other legal requirements.


Composition

Member	Number of meetings	Meeting attendance (%)
Nkateko Munisi <i>Non-executive Director (Chairman)</i>	3/3	100
Shirley Zinn <i>Independent Non-executive Director</i>	1/1	100
Other invitees		
Ahmed Banderker* <i>Group CEO and Executive Director</i>	1/1	100
Hannes Boonzaaier <i>Group CFO and Executive Director</i>	2/3	67

* Ahmed Banderker attends the committee in his ex-officio capacity as the Group CEO from 1 April 2019.

Independence of committee: 100%

Key matters the committee focused on

- Ensured Group compliance to the B-BBEE Act
- Reviewed the Company's environment, health and public safety performance, including the impact of the Group's activities and of its products and services
- Reviewed results of the Employee Climate Survey that reviewed the Company's standing in terms of the International Labour Organisation protocol on decent work and working conditions, its employment relationships (inter alia, treatment of unions and labour disputes), skills development, the promotion of equality and prevention of unfair discrimination (inter alia, policies and interventions)
- Has oversight of stakeholder engagement 
- Monitored ethical standards within the Company. The committee confirms that no material breaches occurred

Governance policies, procedures and processes

Compliance

During the year, we focused on the following material regulatory developments that impact our business:

- Group compliance universe: The legislative compliance universe was reviewed, monitored and reported on. A key framework that facilitates a compliance environment is our approved compliance universe containing applicable legislation. The legislation is categorised according to significance, namely core/primary, secondary and topical.
- PoPI Act: With the impending effective date on application of PoPI, we complied with readiness on legislative requirements and the General Data Protection Regulation (GDPR). To effectively manage this project, AfroCentric Group adopted a three-step approach to track progress. Firstly, discover as much information as possible; secondly, conduct workshops or interviews to assess the AfroCentric Group's compliance with PoPI; and thirdly, document findings by drafting and delivering responses on the gap analysis report, including actions required to ensure compliance.

Conflicts of interest

Declaration of interest

The Group has policies to manage potential conflicts of interest. Directors sign a declaration stating that they are unaware of any undeclared conflicts of interest due to their interest in, or association with, any other company. In addition, directors disclose interests in contracts and related party transactions for the Board to assess whether such transactions are done on arm's length commercial terms.

In such instances, the directors in question will recuse themselves from deliberations.

All information acquired by directors while performing their duties, which is not disclosed publicly, is treated as confidential. Directors may not use, or appear to use, such information for personal advantage or for the advantage of third parties.

Dealings in shares

Directors and officers are prohibited from dealing directly or indirectly in AfroCentric's ordinary shares on the basis of unpublished price-sensitive information regarding its business or affairs. Similarly, no director or officer may trade in the Company's shares during a closed period, as determined by the Board according to JSE Listings Requirements. The Group's closed periods are between the last day of the reporting period and the publication of the results, and during those periods when the Group trades under a cautionary note. The Group Company Secretary regularly disseminates written notice to all directors and executive management throughout the Group, highlighting the provisions of the Financial Markets Act and JSE Listings Requirements, and informing them that dealing in AfroCentric's shares during certain restricted periods may not be undertaken. The Board reviews its current share policy and updates the policy to improve processes. This was carried out during the year under review.

During the year under review, there were no compliance concerns in respect of directors' dealings. An information and share dealings policy exists. Controls are in place and the Board was inducted on the JSE rules in respect of share dealings. Regular updates are provided to the Board via the Group Company Secretary.

Enterprise risk management

Our robust approach to risk management supports the implementation of our strategy and enables us to identify opportunities.

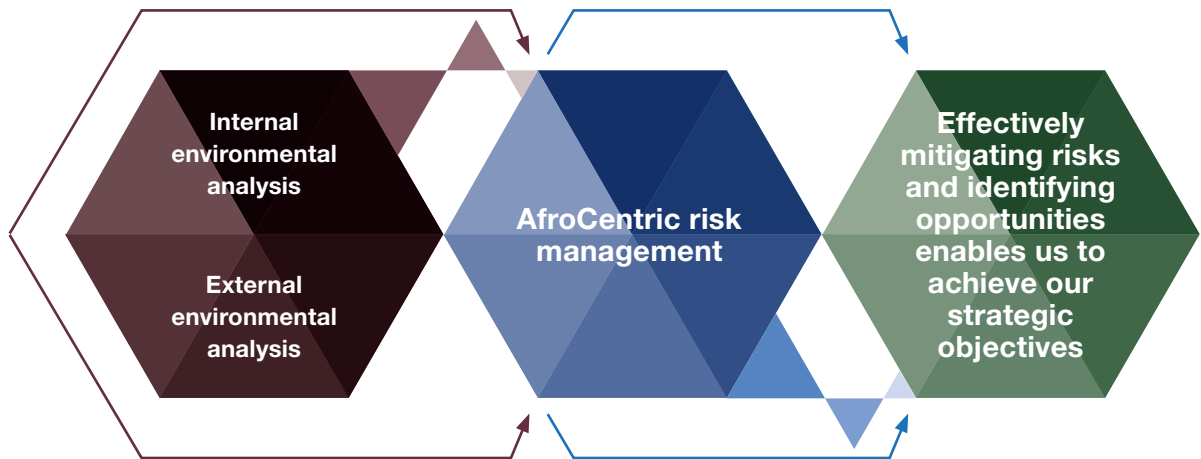
AfroCentric's risk management is overseen by the Board and its sub-committees and managed by governance structures throughout the Group. These structures are chaired by senior members of the management team and are accountable to Board sub-committees. Risk management systems are effectively governed and managed by the Group risk management function.

We strive to mitigate risks and identify opportunities with our robust risk management processes.

Enterprise Risk Management framework

AfroCentric's Enterprise Risk Management (ERM) framework is aligned with King IV principles, the Committee of Sponsoring Organisations of the Treadway Commission's (COSO's) ERM framework, and the International Organization for Standardization (ISO) 31000:2018 risk management framework. The ERM framework provides a structured and systematic enterprise-wide approach to risks within the Group.

We gain insight into our risk landscape by considering factors in our external and internal environments which could positively or negatively influence our strategic objectives.



Reporting, communication and consultation

The Board and senior management receive regular reports on the risk profile.

Training promotes risk management across the Group

Identification

Strategic risks are identified at Group level and cascaded down to business units which identify operational risk through their respective risk registers.

IT, cybersecurity, economic/growth, people, regulatory and compliance, financial, legal, and internal fraud and external fraud risks and opportunities are identified.

Analysis

The Group assesses the likelihood of the risks in the absence of controls and provides a residual risk rating. The Group has Board approved risk quantification levels to measure the potential impact of risks.

Evaluation

The risk management system is regularly assessed by the Group which implements internal controls for each risk. The BarnOwl risk management system is used to evaluate each control.

Categorising residual risks

Each residual risk is categorised as high, medium or low impact.

Formulation of risk mitigation strategies

The Board approves the risk management policy and framework that define the Group's risk appetite and tolerance levels.

Monitoring and reviewing risks

We consistently monitor ERM and regularly conduct comprehensive risk assessments.

Risk appetite and tolerance

A detailed Board approved risk appetite statement for individual risk categories applies to all Group entities.

The Group did not experience any material breaches, or undue, unexpected or unusual risks beyond risk appetite levels in 2019.

GOVERNANCE REPORT (CONTINUED)

Combined assurance

Our combined assurance framework is supported by a three lines of defence model that specifies and delegates accountability for managing, overseeing and independently assuring risks across the Group. The duties of each line of defence are described below.

The combined assurance framework provides principles and guidelines used in implementing combined assurance across the Group and continues to evolve as this process is embedded and matures.



The Board is committed to maintaining and upholding sound corporate governance practices as these are imperative to the Group and its subsidiaries' success, and to the adherence to sound corporate governance principles in managing the Group's business.

Internal controls

Organisational policies, procedures, structures and approval frameworks provide direction, accountability and segregation of responsibilities, and contain self-monitoring mechanisms. Operational and executive management closely monitor the controls and actions taken to correct weaknesses as they are identified. The Head of Group Finance reports directly to the Group CFO, who is responsible for the overall financial control and reporting.

Standards of disclosure increased significantly, and internal governance structures and roles were reviewed and where necessary improved to reflect best practices. This occurred at Board and management levels. The internal audit function is governed by an internal audit charter, which is annually reviewed and approved by the Audit and Risk Committee.

Internal audit

AfroCentric's internal audit is an independent function governed by an internal audit charter, approved by the Audit and Risk Committee and annually reviewed. The internal audit charter defines the role, organisational status authority, responsibilities and scope of the internal audit activity (IAA). It also includes the principles underlying the realisation of the IAA's objectives and the translation thereof into operational activities. The Chief Audit Executive reports at each Audit and Risk Committee meeting and has a direct reporting line to its Chairman. Internal audit operates independently of executive management and is not authorised to perform any operational duties in the Group. For administrative purposes, the Chief Audit Executive reports to the Group CEO.

The internal audit team is fully capacitated with 25 professionals who collectively possess the knowledge, skills, experience, tenure and other competencies to effectively and competently fulfil its mandate. Specific specialist skills and additional resources are obtained from third parties.

The vision of internal audit is to add proactive, objective and independent value and assist with the Group's business strategy and objectives while upholding the core values of mutual respect, accountability, empowerment, integrity, innovation, accessibility, commitment, efficiency, proactivity and professionalism. According to its core values, AfroCentric's internal audit endeavours to comply with the highest professional standards of integrity, sound practice

and transparency to build trust and maintain the interests of client schemes and shareholders at the forefront of our corporate agenda.

Internal audit assists AfroCentric as well as some of its clients to accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. This is achieved by managing the significant risk exposures and control issues, corporate governance issues and other matters.

The Institute of Internal Auditors (IIA) standards require an external quality assessment on an entity's IAA at least every five years. AfroCentric's internal audit was recently subjected to an independent external quality assessment in August 2019. The overall rating as assessed by the IIA was "generally conforms". This is consistent with the same rating achieved in August 2016. This was confirmed by the award received from the Institute of International Auditors South Africa (IIA SA) where our Chief Audit Executive received the Excellence in Internal Audit Award: Private sector. Therefore, the function is entitled to use the "in accordance with the standards" statement in its internal audit reports. The Internal Audit function aims to meet and exceed the IIA standards and Code of Ethics.

Information and security governance

IT governance is defined in King IV as the effective and efficient management of IT resources to facilitate the achievement of corporate objectives. It exists to inform and align decision-making for IT planning, policy and operations to meet business objectives and to ensure that risks are managed appropriately.

The AfroCentric Group applies the principles of King IV in its governance frameworks, as far as it is appropriate, and regards the requirements of Cobit, ISO 27001, ITIL and ISO 38500:2015 in IT governance. The Group adopted a formal IT governance framework to standardise IT practices across the organisation and formalise the good governance requirements stipulated in King IV.

In addition to applying due governance across our IT areas, external auditors did an extensive review of our ICT controls (ISAE3402) within our governance framework; the report of which is shared with our clients as further assurance.

Remuneration REPORT

Background statement

Remuneration Committee Chairman's report

On behalf of the Remuneration Committee, I am pleased to present AfroCentric's 2019 remuneration report. This report supplements the information provided in the corporate governance report on pages [70](#) – [93](#), and highlights the committee's focus areas for the year, outlines our policies and practices, and addresses the Group's performance and corresponding remuneration outcomes. During the year under review, we met with our key stakeholders, who highlighted the need to demonstrate a stronger link between pay and performance across all elements of remuneration.

The Remuneration Committee believes that appropriately designed, fair and market-related remuneration will attract and retain high-calibre employees who positively contribute to AfroCentric's strategic objectives. We are committed to ensuring that the remuneration policy and practices remain fair and responsible. This is done by overseeing the alignment of executive reward outcomes with business performance. Our commitment extends from the highest to the lowest paid Group employees, ensuring fair pay and progress opportunities for all. As part of our commitment to fair and responsible remuneration and narrowing the internal wage gap, AfroCentric's Remuneration Committee regularly reviews the Company's internal wage gap and pay ratios.

In 2018 we effected and implemented several changes to our remuneration and related policies. These have proven to be successful in achieving their desired objectives. The differentiated pay models for the IT and actuarial skills have progressed our retention strategy and embed our pay for performance philosophy.

The report shows a strong link between pay and performance, while balancing internal equity. Therefore, the Company has taken solid steps to ensure that executive salary increases (4.5%) are moderate compared to increases across the organisation (>5%). There are also clear links between the overall Company strategy, specifically AfroCentric's strategic objectives and the Company's remuneration policy.

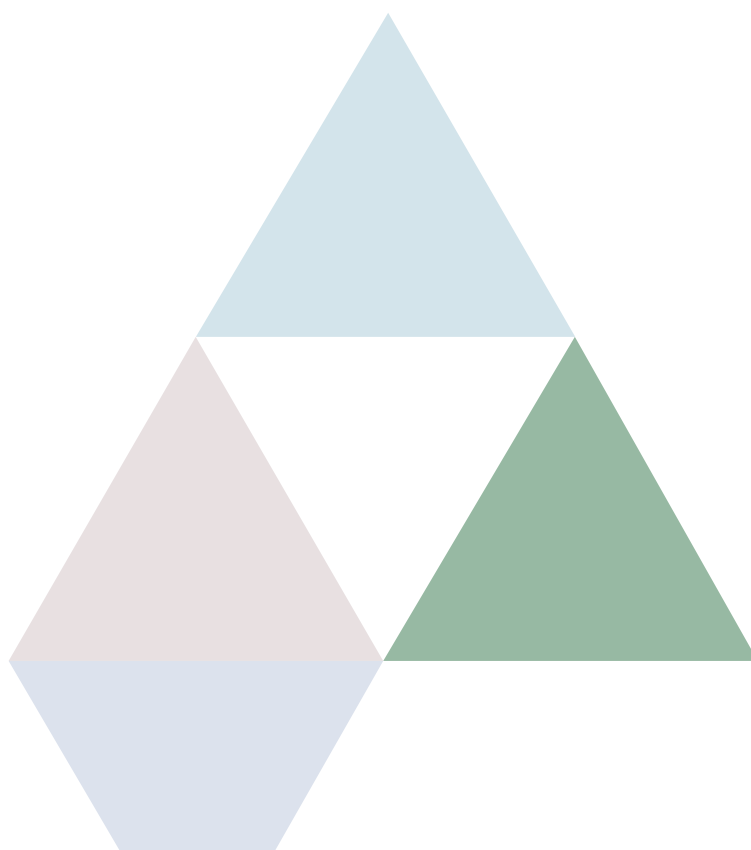
Operating context and performance highlights

Our pay decisions considered financial performance, progress against our balanced scorecard, business unit targets and strategic impact. AfroCentric Group's 2019 financial results were satisfactory in the context of varying macroeconomic factors resulting in EBIT of R601 million; however, we were below target. In respect of other key performance areas, namely risk management, strategic objectives and transformation, the Group's performance was on par, with all targets met and exceeded regarding transformation. As a result, bonus payments were made on a sliding scale to executives and senior management in respect of strategic management incentives. A total management performance bonus pool approved for distribution by the committee was R45.5 million (2018: R79 million).

Further detail on the Group's overall performance is provided in our leadership reports. [24](#) – [43](#)

Changes to the remuneration and related policies for the 2019 financial year

The committee reviewed the Group's remuneration policy and other related policies for the 2019 financial year. The following changes were effected and implemented during the 2019 financial year. We continued to review the Group's remuneration policy and no material changes were made during the review year.



Remuneration element	Change	Reason or need for change
Management short-term incentive (STI) scheme	Introduction of a sliding scale for payout, in relation to the holistic Group scorecard. The current gatekeeper relates to the financial KPI of EBIT only.	It is a disincentive to employees who have contributed throughout the year and met all their targets, to not receive their incentive payments due to a single financial KPI not being met.
General staff performance bonus	Replacement of the production incentive scheme with a performance-based bonus for all general staff.	The production incentive excluded the support staff, who in effect did not participate in an incentive scheme.

Focus areas

The Remuneration Committee envisages the following focus areas in the advancement of the organisation's value proposition:

2019 focus areas	2020 focus areas
<ul style="list-style-type: none"> Continued pay for performance links to enhance the Group's strategic efforts of reduced healthcare costs, value chain optimisation and an enhanced leadership culture. Change in retirement fund provider to ensure an optimal administration platform for members. 	<p>Enhancements to the overall corporate culture:</p> <ul style="list-style-type: none"> To respond to market demographics and the operating environment. To position ourselves as an employer of choice. To have a culture that supports our strategy for business sustainability.

Shareholder engagement and voting

Shareholder voting results



Resolution	November 2018	November 2017
Ordinary resolution on non-binding advisory vote on remuneration policy	97.56%	99.00%
Ordinary resolution on non-binding advisory vote on implementation report	97.34%	99.70%
Special resolution of Non-executive Directors' fees	99.39%	99.06%
Special resolution of general authority to repurchase shares	99.90%	99.93%




The remuneration policy and implementation report were presented for shareholder voting at the AGM held on 8 November 2018. The policy was endorsed by 97.56% of our shareholders, and the implementation report received an in favour vote of 97.34%.

Although we received a 97.56% vote in favour, AfroCentric has taken the initiative to engage stakeholders to continually monitor best practice.

Topic	Shareholder comments	Remuneration Committee response
Pay for performance principle	<ul style="list-style-type: none"> Pay for performance principle alignment is not clear. Long-term incentive (LTI) more retention-focused. 	<ul style="list-style-type: none"> From a fixed pay perspective, a salary increase matrix is applied to demonstrate the pay for performance principle and differentiated pay model. Increases and any remuneration incentives are based on individual performance and not applied across the Board. Performance conditions are attached to the LTI scheme as a modifier.

REMUNERATION REPORT (CONTINUED)

As required by the Companies Act and King IV, the following resolutions will be tabled for shareholder voting at the AGM, details of which can be found in the notice of AGM  and .

- Non-binding advisory vote on the remuneration policy .
- Non-binding advisory vote on the implementation report ; and
- Binding vote on Non-executive Directors' fees .

In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more, the Board will engage with shareholders to understand concerns raised. This engagement may be done in person or in writing and will be implemented at a time after the release of the voting results. Where possible and prudent, objections are taken into consideration when formulating any amendments to the Company's remuneration policy and implementation report in the following financial year. To that end, the Board is considering a claw-back policy for implementation in the next financial year.

Appreciation

I would like to thank my fellow Remuneration Committee members for their contribution and support. It is the view of the Remuneration Committee that the remuneration policy achieved its stated objective of attracting and retaining high-calibre talent within the organisation. I am satisfied that the Remuneration Committee responsibly and professionally discharged its obligations.

Thank you to our shareholders for your support and engagement in 2019. We look forward to further interaction on AfroCentric's remuneration policy.



Joe Madungandaba

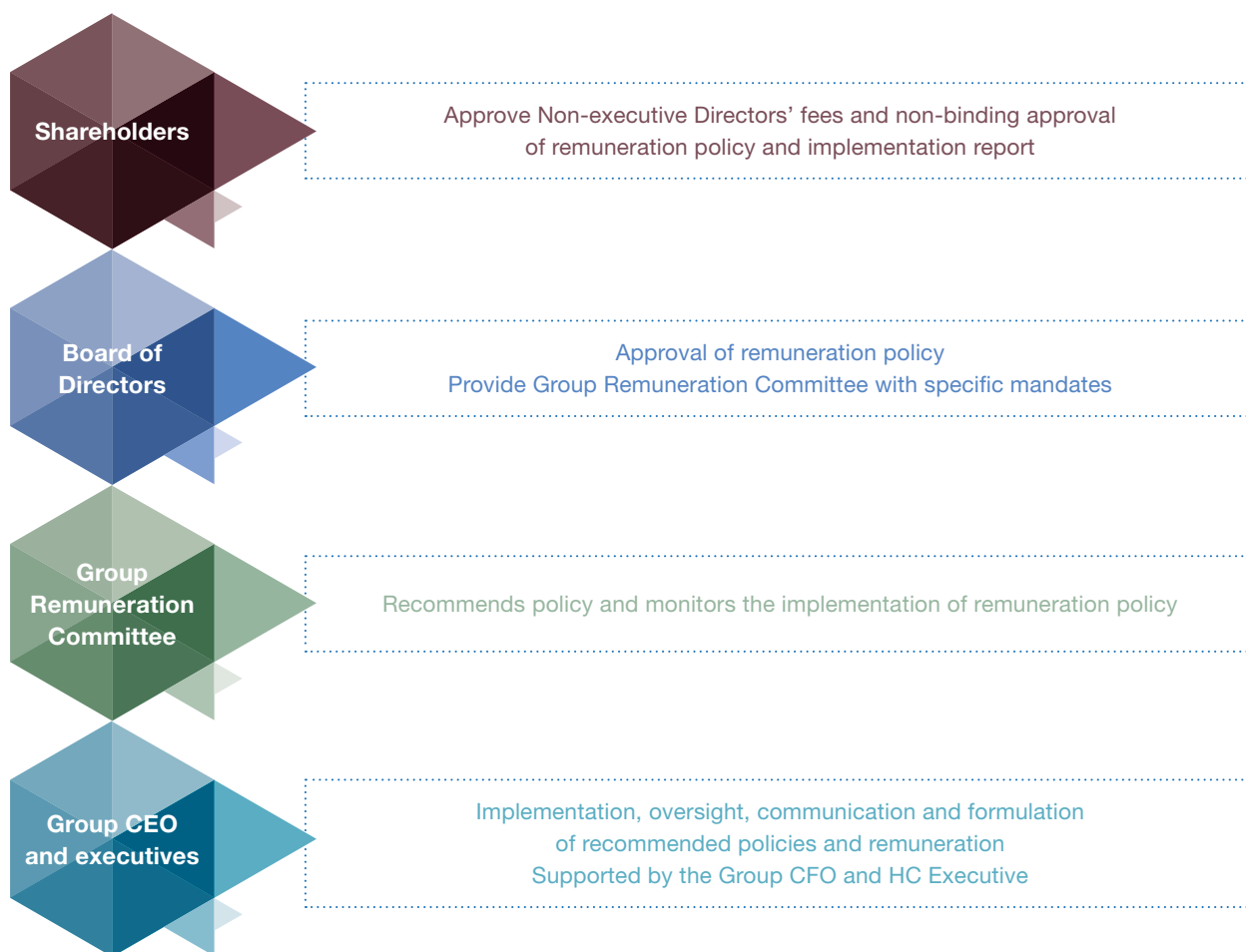
Remuneration Committee Chairman

12 September 2019

Remuneration oversight and policies

Remuneration governance

AfroCentric's remuneration policy, structures and processes are set within a governance framework with designated levels of authority.



While we apply a common remuneration structure across the Group, we differentiate its implementation according to the size of various companies within the Group.

Remuneration policy design principles

Our remuneration policy provides a framework for managing total remuneration within the Group, and supports the Group's employee value proposition.

REMUNERATION REPORT (CONTINUED)

Remuneration objectives

Talent motivation and engagement	Ensures strategic alignment with organisational and individual objectives, thus keeping employees engaged.
Talent attraction and retention	Manages high-calibre talent for the achievement of strategic objectives.
Leveraging the total reward offering and enhancing our employee value proposition	Balances financial and non-financial rewards for a holistic reward mix that is sustainable.

Remuneration principles

Employees are at the core of our business since we require highly skilled, competent and experienced employees to drive our business growth. AfroCentric's remuneration policy is designed to reward employees for their performance and contribution towards sustainability for our shareholders. The following principles govern Group-wide remuneration at all levels:

Pay for performance	▶ Pay for performance methodology, linking executive reward to business performance. This allows for differentiated increases based on the individual's contribution and performance.
Parity and equity	▶ Ensure external parity is maintained; market relevance; balanced internal equitability; and pay adjustments are affordable to the organisation.
Talent attraction and retention	▶ Ensure a remuneration mix that will attract the best talent in the market and retain top talent in the organisation.
Performance incentives	▶ Align executives to shareholder interests by linking STI and LTI to performance indicators not limited to financial indicators.
Fair and responsible pay	▶ Internal equity: Ensuring that all our employees are appropriately and fairly rewarded for their contributions, irrespective of gender, race, age, ethnicity, religion or sexual orientation.

Pay for performance

Executives' remuneration is based on level of accountability, complexity and nature of the role which is sized relative to the organisation's turnover, number of employees (including wage bill), market cap, assets and net after tax profitability benchmarked to the external market. The table below shows the relationship between the Group's strategy, its pay for performance philosophy and requirements set out in King IV:

Strategic objective: Maximise shareholder value and returns	
Strategic aspiration: Operating profit (EBIT) target as agreed with the Board from time to time	
Pillars of the BSC supports the delivery of our strategic objectives	
Strategic impact	Financial (40% weighting)
• Reducing healthcare costs	Risk management (10% weighting)
• Value chain optimisation	Transformation (10% weighting)
• Enhanced leadership culture	Strategic impact (40% weighting)
• Strategic projects	

Our deliverables, contained in our BSCs, are derived from and directly support the Group strategy. The Group BSC cascades to the various business units and the individual performance scorecards. Each BSC's items supports the BSC above it, ultimately supporting the Group strategy.

Remuneration arrangements for other employees

Recognising the need to remunerate executive management fairly and responsibly in the context of overall remuneration, we award higher increases to bargaining unit employees compared to executive levels ¹⁰⁴. Increases in respect of the bargaining unit are negotiated annually with NEHAWU, the recognised labour union, considering a variety of internal and external factors such as affordability, market conditions and benchmark information. PwC's Remchannel Salary Survey formed the basis for market benchmark information to facilitate the remuneration review.

Differences in remuneration policy for executives compared to other employees

There are differences in the remuneration policy's structure for Executive Directors, prescribed officers and other salaried employees, which are necessary to reflect the different levels of responsibility and market practices. The key difference is the increased emphasis on incentives or variable performance-related pay in senior roles. Lower maximum variable incentive pay limits, as a percentage of guaranteed pay, apply for roles below executive level, driven by market benchmarks and the relative impact of the role.

Senior executives, general management and key strategic resources at senior management, management or specialist levels may participate in both STI and LTI schemes, where these plans are targeted at those individuals who have the greatest responsibility for Group performance.

General staff are eligible to participate in a short-term performance bonus scheme replacing the production incentive scheme which was not all inclusive.

REMUNERATION REPORT (CONTINUED)

Remuneration model

AfroCentric's remuneration model balances short-term and long-term financial and non-financial rewards to drive a high-performance culture. The key components of this model, including policy elements, are illustrated below:

Guaranteed pay

This comprises the benchmarked, market-related fixed component of AfroCentric's remuneration offering set to attract and retain qualified and experienced employees	
Base pay	Benefits and allowances
Market-related salary reflecting individual contribution, roles and responsibilities	Market-related benefits including medical aid, retirement fund ¹ and insured benefits such as Group death and disability benefits
Purpose To attract and retain qualified and experienced employees	Purpose To retain employees and contribute to their overall wellbeing
Mechanics <ul style="list-style-type: none">• All employees• Pay bands are set with reference to industries• For executives, benchmarks are derived from similar comparator groups• Salaries are paid monthly• Employees are eligible for adjustments when promoted to other positions; however, specific conditions apply• Market benchmarking according to job family grouping, job grade and individual long-term performance	Mechanics <ul style="list-style-type: none">• Applicable to all employees• Allowances are paid in terms of statutory requirements or policy• Contributions to all benefits are made by both the employer and employee• Beneficiaries of employees who pass away while in service receive additional benefits such as education benefits, medical aid premium waivers, etc.
Maximum opportunity <ul style="list-style-type: none">• Cost of annual increases is approved by the Remuneration Committee and set in accordance with expected market movements, affordability and forecast inflation• Increases granted to bargaining and non-bargaining unit employees are linked to individual performance, effective 1 July	Maximum opportunity <ul style="list-style-type: none">• In addition to the standard basket of benefits, employees can buy additional benefits at Group rates

¹ Employees elect participation in either a pension fund or the NEHAWU Provident Fund, the latter being available to NEHAWU members only.


² General management is defined as positions at grade levels E1 to E3 on the Paterson grading scale.

³ Senior management is defined as positions at grade levels D4 and D5 on the Paterson grading scale.

⁴ Management is defined as positions at grade levels D1 to D3 on the Paterson grading scale.

Variable pay

Additional financial compensation in the form of STIs and LTIs aligned to the Group's performance, strategy and value creation

STI	LTI scheme
<p>Performance-based Group annual incentive schemes</p> <ul style="list-style-type: none"> • Management strategic incentive scheme • Management performance bonus scheme • Performance-based bonus for all general staff 	<p>Share scheme designed to incentivise delivery of long-term strategic goals aligned with shareholder expectations</p>
<p>Purpose</p> <ul style="list-style-type: none"> • To motivate employees management and executives to achieve short-term strategic, financial, and non-financial objectives • To reward Company and individual performance • To recognise, motivate, attract and retain 	<p>Purpose</p> <p>To retain, motivate and reward executives and senior management or individuals who influence the long-term sustainability, value creation and strategic objectives of the Group on a basis which aligns their interests with those of the Group's shareholders</p>
<p>Mechanics</p> <ul style="list-style-type: none"> • Executive Committee members, general management², senior management³ and management⁴ at corporate and business unit level • The STI consists of Group and individual performance targets • Group targets on a BSC basis are set each year and cascaded • Business unit targets are set in line with the approved business plans • Individual targets are recorded in the performance contract with reference to the role's requirements • Performance below threshold results in a zero score, and the individual will not be eligible for an STI award • Hurdle for payment of any STI is the achievement of EBIT targets; however, sliding scale is applicable at the Remuneration Committee's discretion upon achieving all other KPA targets • Any payments in respect of performance-based STIs are approved by the committee • Other STIs such as general staff performance bonus or commissions are paid quarterly or monthly as per the respective set of rules 	<p>Mechanics</p> <ul style="list-style-type: none"> • Vesting share scheme • Executive Committee members, general and senior management at Group and business unit levels • The LTI scheme consists of conditional shares subject to vesting conditions • Governing resides with the committee which considers annual awards for eligible employees and discretionary or bonus awards for retention purposes • Annual awards are linked directly to the role as well as long-term individual performance and potential • Vesting period is three years • Share value is determined by volume weighted average price measured 30 days prior to award date • Group performance targets include EBIT (40%), risk and audit management (10%), transformation (10%) and strategic impact (40%)  • Participation subject to approval by Remuneration Committee • Allocation based on job grade with Remuneration Committee discretion
<p>Maximum opportunity</p> <ul style="list-style-type: none"> • Stretch performance percentage of guaranteed pay of 150%, or 14th cheque depending on the scheme in which the employee participates • Participation is limited to one scheme only 	<p>Maximum opportunity</p> <ul style="list-style-type: none"> • Maximum allocation is determined by the employee's job grade
<p>Number of participants: 517 for management; 3 360 for general staff</p>	<p>Number of participants: 59</p>

REMUNERATION REPORT (CONTINUED)

STI schemes

The Group relies on two bonus schemes both designed to achieve its strategic objectives.

Individual performance below threshold results in a zero score, and the employee will not be eligible for consideration for an STI award.

Management strategic incentive scheme

The annual, strategic management incentive scheme is focused on the executive team and tier two managers, being those who report directly to the executives and employees selected for value contribution and scarce and critical skills. This applies to employees whose roles have a direct impact on the Group's strategic imperatives.

Strategic incentives are calculated as shown below; however, any payment is subject to the achievement of the gatekeeper (EBIT) on a sliding scale.

On-target % X business multiplier X individual performance multiplier								
ON-TARGET %		Group performance multiplier				Individual performance multiplier		
Determined by employee's level/job grade		X	Group performance measured against targets set annually in advance				X	Determined by employee's individual performance score
Level	On-target % of annual CTC		Financial target (EBIT)	Risk management	Transformation	Strategic Company objectives	Performance rating	IP multiplier
Group CEO	60%						Above stretch	150%
CEO	50%						Stretch	125%
Group CFO	45%						On-target	100%
Group executives	40%						Below target	50%
							Missed targets	0%

Group performance

As explained in the Group CFO's report, the Group achieved EBIT of R601 million. The performance conditions for the STI bonus were tested to determine if the minimum incentive trigger had been achieved. The payout for the management strategic incentive will be based on a sliding scale determined by a BSC achievement and the financial KPI. The Remuneration Committee's discretion will be applied in extraordinary circumstances.

Management performance bonus scheme

The management performance bonus scheme was introduced during the 2017 financial year at the Remuneration Committee's request. This scheme targets exceptional performance, through a reward of 100% of guaranteed monthly package and additional bonus payments as given in the rules.

STIs on termination of employment

There is no automatic entitlement to annual STIs on termination, but it may be considered at the committee's discretion considering performance measures during the period. Any such payment will be pro-rated to service. The governing rules require active employment on the date of payment. No bonus will be payable in the case of misconduct or resignation, unless done under extenuating circumstances.

LTI scheme

AfroCentric's LTI scheme (the vesting share scheme) commenced in November 2017, following approval by the Board and shareholders at the AGM held on 8 November 2017.

The allocations for all participants are approved by the Remuneration Committee.

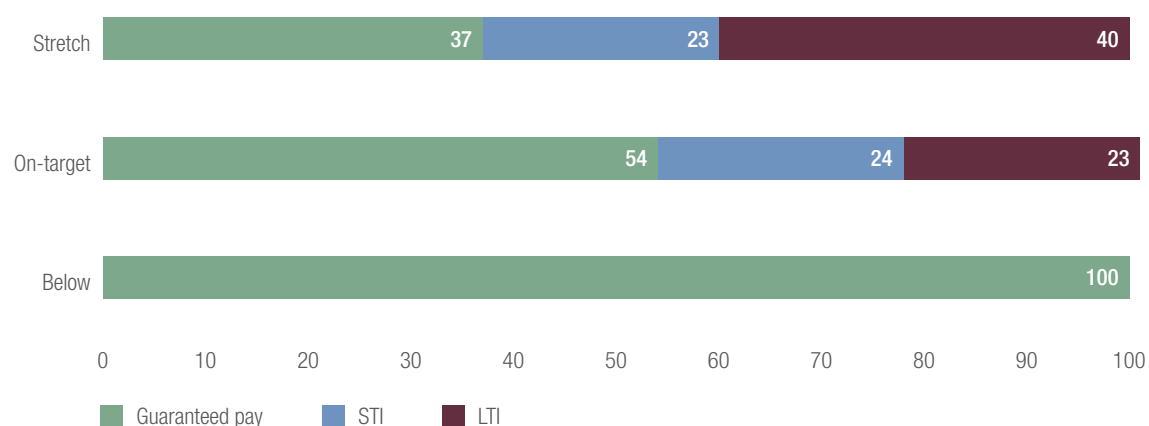
Vesting share scheme	
Award mechanism	Linked to job grade and allocated by the committee. The committee has discretion within a range per job grade with a maximum number of shares set per grade.
Bonus shares	Discretionary allocation by committee considering scarce skills, personal performance ratings, leadership and potential.
Vesting	Five-year vesting based on anniversary of allocation: Year 3 – 1/3, year 4 – 1/3 and year 5 – 1/3.
Participation	Individual participation is reviewed annually by the committee to ensure alignment to the strategic objectives of the Group and consideration is given to: <ul style="list-style-type: none"> • individual long-term performance (over a three-year period); • scarce and critical skills, particularly at other levels; • strategic importance of the role; and • potential or talent of the employee (in particular ability, attitude, aspiration).
Conditions	Share award is conditional to the retention period provided the employee is eligible.
Performance conditions	Long-term individual performance.

Remuneration mix

To maintain a high-performance culture and alignment with shareholders through value creation, the total reward mix for the Group CEO, Executive Directors, executives and senior management is geared towards a higher percentage of variable pay "at risk" for achieving stretch goals.

The chart below represents the potential mix of guaranteed pay, STI and LTI for the Group CEO at below, on-target and stretch levels. The below target assumes no variable incentive payments.

EXECUTIVE MANAGEMENT REMUNERATION (%)



REMUNERATION REPORT (CONTINUED)

Remuneration processes

Service contracts and notice periods

AfroCentric can summarily terminate executive employment for any reason recognised by law in the respective jurisdiction. It is policy that the Executive Directors and executives have employment agreements with the Group which may be terminated with a three-month notice period. Executive Directors may be required to work during the notice period but, if not, the full notice period may be provided with pay in lieu of notice (subject to mitigation where relevant).

Non-executive Directors' emoluments

The table below sets out the remuneration principles applied by the Group for the 2019 financial year for Non-executive Directors. These policies also apply for the 2019 financial year and form the underlying basis for the fees tabled for approval at the AGM held on 8 November 2018.

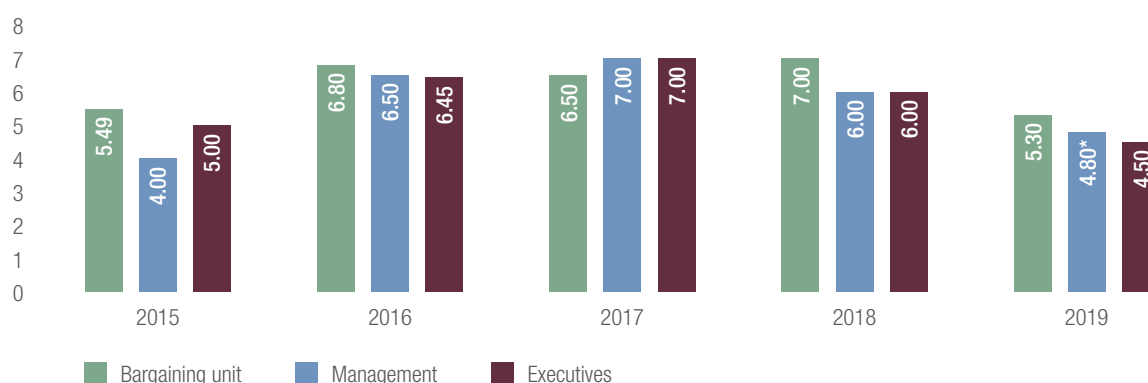
	Chairman	Deputy Chairman	Directors and Lead Directors	Committee
Objective	A market-related fee to attract and retain experienced and diverse Non-executive Directors		Fees to reflect the additional responsibilities undertaken through membership of committees. Committee chairmen receive an additional amount	
Fee principles	<ul style="list-style-type: none">• Fees are reviewed annually, and fees in respect of the Chairman and Deputy Chairman were adjusted during the reporting period following the benchmark done by PwC• Fees reflect the time commitments in respect of meetings and additional stakeholder relations as well as other standard duties associated with each role• Fees are fully inclusive• The Remuneration Committee recommends the fees to the Board for final approval			
Payable	Main Board: quarterly Subsidiary board: monthly		Per meeting fee payable monthly	

Implementation report

It is the view of the Remuneration Committee that the remuneration policy achieved its stated objective.

2019 guaranteed pay

GUARANTEED PAY, BASE PAY INCREASE (%)



* Middle management was awarded a 5.0% increase; senior and general management were awarded a 4.8% increase.

Total remuneration outcomes

Single figure remuneration (R'000)

	Guaranteed pay				Variable pay				Total remuneration	
	Base pay		Benefits and allowances		STI		LTI			
	2019	2018	2019	2018	2019	2018²	2019	2018	2019	2018
Executive directors										
A Banderker¹	1 148 904		187 882		1 326 786			0	1 336 786	0
W Britz	3 795 626	3 646 973	358 987	341 453	Waived fee	2 689 391	0	0	4 154 613	6 677 817
H Boonzaaier	2 956 130	2 824 019	244 144	213 094	1 684 924	1 509 468	1 006 000	1 208 000	4 206 274	5 754 581
Resigned/retired/separated										
A van Buuren	2 750 327	3 740 377	376 916	248 050	Retired	2 689 391		0	3 127 243	6 677 818
M Sacks					Waived all fees					
M Khan					Waived all fees					
TOTAL	10 650 987	10 211 369	1 167 929	802 597	3 011 710	6 888 250	1 006 000	1 208 000	12 824 916	19 110 216

¹ A Banderker joined 1 April 2019 figures are pro rated.

² The figures reported in 2018 were for the 2017 financial year.

STI performance outcomes

Financial performance indicators are measured against audited annual financial results and are net of STI accruals. Non-financial performance KPIs are based on formal performance evaluation conducted by the Group CEO for executives and by the Remuneration Committee and Board Chairman for the Group Chief Executive.

Performance below threshold attracts no STI payments, where threshold for financial targets is 100% of target.

Non-financial individual performance is assessed against suitable KPIs and is rated on a sliding scale where a score of 2.75 represents threshold performance, 3 on-target performance, 4 excellent performance and 5 stretch performance.

R45.5 million was paid out on the management performance bonus scheme aligned to individual performance scores.

REMUNERATION REPORT (CONTINUED)

Management strategic incentive scheme

Business multiplier		Outcome		Comments
Weighting – 40%	Finance (EBIT)	2.6 out of 5	Target partially met	EBIT of R601 million achieved relative to target of R610 million (on-target)
Weighting – 10%	Risk	3 out of 5	Met target	The risk management processes continue to evolve with more relevant aspects being monitored earlier in the process. The internal audit findings have reduced significantly
Weighting – 10%	Transformation	5 out of 5	Excellent performance	In respect of transformation, the Group achieved a level 1 with an increase in points from 97.37 in 2017 to 103.53 in 2018 (6.16% increase)
Weighting – 40%	Strategic impact	3 out of 5	Met target	While the Group achieved its targets of enhanced leadership culture, value chain optimisation and in lowering the cost of healthcare, targets set in respect of strategic projects were partially met
	<ul style="list-style-type: none"> • Lower cost of healthcare • Value chain optimisation • Enhanced leadership culture • Strategic projects 			

LTI performance outcomes

The Remuneration Committee reviewed participation in the scheme again to ensure alignment to strategic objectives of the Group and consideration was given to individual long-term performance (measured over three years), scarce and critical skills required, strategic importance of the role and the individual's talent measured in a nine box matrix.

The vesting share scheme was implemented in 2017, and the first 4 410 000 shares were awarded to participants in terms of the registered rules. The vesting period is three years, with the first third of shares awarded in 2017 vesting in 2020. An additional 5 060 000 shares were awarded by the Remuneration Committee to participants in 2018.

The exiting Group CEO and Executive Director did not participate in the LTI; however, to ensure market-related remuneration principles and mix, Group CEO, Ahmed Banderker, appointed 1 April 2019, will participate in the LTI scheme.

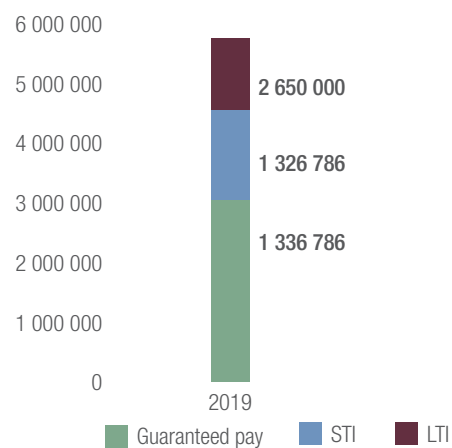
	Date awarded	Number of shares awarded	Grant value (R)	Date vesting		
				Tranche 1 33.33%	Tranche 2 33.33%	Tranche 3 33.33%
Hannes Boonzaaier	November 2018	200 000	1 208 000	402 667	402 667	402 667
	November 2019	200 000	1 006 000	335 333	335 333	335 333
Ahmed Banderker	April 2019	500 000	2 650 000	883 333	883 333	883 333

Individual remuneration outcomes

Ahmed Banderker (Group CEO)

	2019 (R)
Salary	1 148 904
Medical aid	10 786
Retirement benefits	76 000
Other employee benefits	101 096
Total guaranteed pay	1 336 786
Increase in guaranteed pay	0
STI	1 326 786
Number of Shares Awarded	500 000
Value of Awarded Shares	2 650 000
Total variable pay	3 976 786
TOTAL REMUNERATION	5 313 572

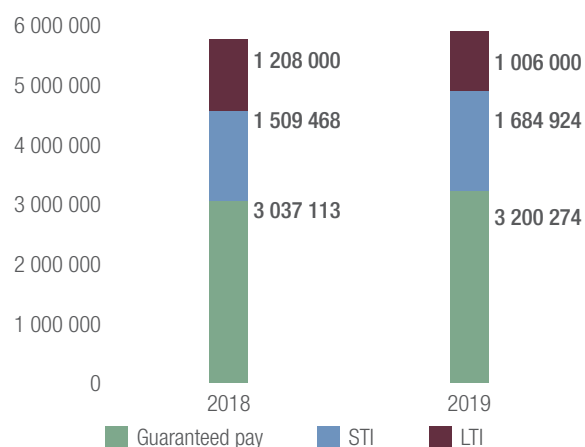
Note: A Banderker's remuneration is pro rated for three months, he joined in April 2019.



Hannes Boonzaaier (Group CFO)

	2019 (R)	2018 (R)
Salary	2 956 130	2 824 019
Medical aid	47 192	42 152
Retirement benefits	158 094	150 565
Other employee benefits	38 858	20 377
Total guaranteed pay	3 200 274	3 037 113
Increase in guaranteed pay	4.5%	7%
STI	1 684 924	1 509 468
Number of Shares Awarded¹	200 000	200 000
Value of Awarded Shares	1 006 000	1 208 000
Total variable pay	2 690 924	2 717 468
TOTAL REMUNERATION	5 891 198	5 754 581

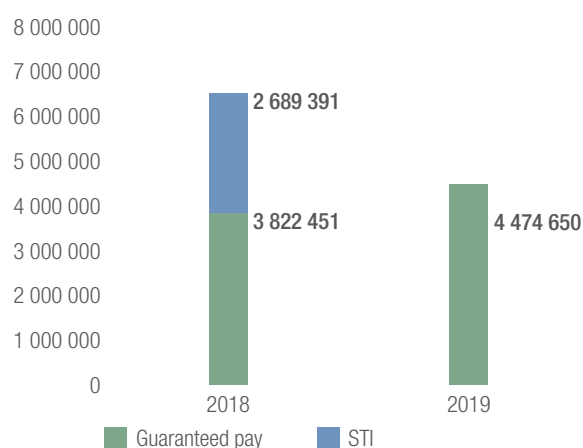
¹ One third of the awarded shares will vest in 2020



REMUNERATION REPORT (CONTINUED)

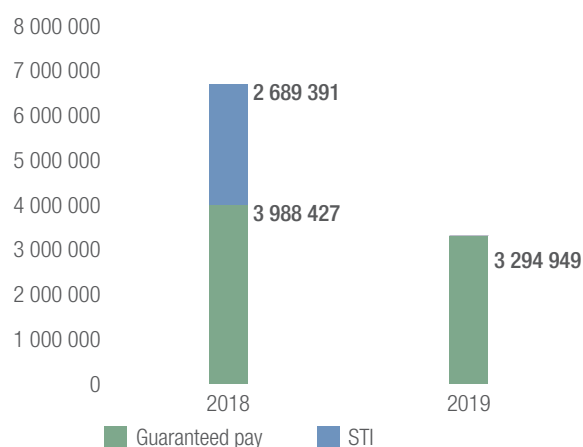
Willem Britz (prescribed officer)

	2019 (R)	2018 (R)
Salary	3 795 626	3 646 973
Medical aid	114 800	103 672
Retirement benefits	205 238	40 753
Other employee benefits	358 987	31 143
Total guaranteed pay	4 474 650	3 822 541
Increase in guaranteed pay	4.5%	4.5%
STI	–	2 689 391
Total variable pay	1 144 905	2 689 391
TOTAL REMUNERATION	4 474 650	6 511 932



Antonie van Buuren (retired Group CEO)

	2019 (R)	2018 (R)
Salary	2 750 327	3 740 377
Medical aid	14 188	17 755
Retirement benefits	153 518	209 918
Other employee benefits	376 916	20 377
Total guaranteed pay	3 294 949	3 988 427
Increase in guaranteed pay	4.5%	4.5%
STI	–	2 689 391
Total variable pay	–	2 689 391
TOTAL REMUNERATION	3 294 949	6 677 818



Note: STI payments were not made in respect of the 2018 financial year, 2017 values are reflected.

Non-executive Directors' 2019 emoluments

The following table sets out the fees for the period 1 January 2019 to 31 December 2019 approved by means of majority vote during the AGM:

	Current 2019 (R)	Proposed 2020 (R)	Increase (%)
Main Board (annualised retainer fee)			
Chairman	1 272 000	1 329 240	4.5
Deputy Chairman	954 750	997 713	4.5
Member	237 500	248 188	4.5
Subsidiary board (per meeting)			
Chairman	21 600	22 572	4.5
Member	15 900	16 615	4.5
Audit and Risk Committee (per meeting)			
Chairman	28 800	30 096	4.5
Member	21 200	22 154	4.5
Remuneration Committee (per meeting)			
Chairman	21 600	22 572	4.5
Member	15 900	16 615	4.5
Nomination Committee (per meeting)			
Chairman	21 600	22 572	4.5
Member	15 900	16 615	4.5
Social and Ethics Committee (per meeting)			
Chairman	21 600	22 572	4.5
Member	15 900	16 615	4.5
Investment Committee (per meeting)			
Chairman	21 600	22 572	4.5
Member	15 900	16 615	4.5
ICT Steering Committee (per meeting)			
Chairman*	21 600		
Member	15 900	16 615	4.5

* The Chairman is currently an Executive Director and does not receive fees.

REMUNERATION REPORT (CONTINUED)

Payments made to Non-executive Directors

The following fees were paid in respect of the AfroCentric Board:

Name of director	Board fees	Audit Committee	Investment Committee	Remu- neration Committee	Nomi- nations Committee	SEC	ICT Steerco	Total current year 2018 – 2019	Total previous year 2017 – 2018
ATM Mokgokong	1 421 400				41 745			1 463 145	734 650
MJ Madungandaba	1 150 368		96 384	48 300	41 745	–		1 336 797	816 319
ND Munisi	230 250		61 800			63 600		355 650	291 155
IM Kirk	264 787							264 787	216 200
A Banderker	196 506	–	35 535	35 535	35 535	–		303 111	376 435
SE Mmakau	111 500	80 000				–	30 000	221 500	433 698
LL Dhlamini	264 787	191 360						456 147	427 156
HG Motau	264 787	150 880	18 285					433 952	298 146
JB Fernandes	137 333	63 600	31 800					232 733	–
SA Zinn	157 933			36 570		18 285		212 788	–
R Wa-Mundalamo	–			61 800				61 800	59 047
Total	4 199 651	485 840	243 804	182 205	119 025	81 885	30 000	5 342 410	3 652 806

Termination of office payments

No payments were made on termination of employment or office of any members of executive management.

Statement regarding compliance with remuneration policy

The committee has satisfied itself that the remuneration policy as detailed in the report was complied with, and there were no substantial deviations from the policy during the year.

Advisory vote on the implementation report

The implementation report as it appears above is subject to an advisory vote by shareholders at the 2019 AGM. Accordingly, shareholders are requested to cast an advisory vote on the remuneration policy's implementation for 2019.

Approval of the remuneration report by the Board

The remuneration report was approved by the Board on 12 September 2019.





Shareholder **INFORMATION**

Financial calendar

The salient dates relating to the dividend are as follows:

Last day to trade cum dividend	<i>Tuesday, 29 October 2019</i>
Shares commence trading ex dividend	<i>Wednesday, 30 October 2019</i>
Dividend record date	<i>Friday, 1 November 2019</i>
Dividend payment date	<i>Monday, 4 November 2019</i>

SHAREHOLDER INFORMATION (CONTINUED)

Notice of Annual General Meeting

NOTICE OF THE 13th ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, 7 NOVEMBER 2019, AT 10:00 AT THE AFROCENTRIC DISTRIBUTION SERVICES OFFICES, THE GREENS OFFICE PARK, BUILDING L, 26 CHARLES DE GAULLE CRESCENT, HIGHVELD EXT 12, CENTURION

AfroCentric Investment Corporation Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1988/000570/06)

JSE share code: ACT

ISIN: ZAE 000078416

(AfroCentric or the Company)

37 Conrad Street, Florida North, Roodepoort, 1709

PO Box 1101, Florida Glen 1708

Telephone: +27 (11) 671 2000

Website: www.afrocentric.za.com

IMPORTANT NOTICE TO SHAREHOLDERS

If you are in any doubt as to any action you should take, please consult your banker, stockbroker, legal advisor, accountant or other professional advisor immediately.

1. If you have disposed of all your AfroCentric shares, this document should be handed to the purchaser of such shares or to the stockbroker, banker or other agent through whom such disposal was effected.
2. Members attending the Annual General Meeting (AGM) of the Company on Thursday, 7 November 2019, at 10:00 are requested to ensure registration of attendance on arrival.

*Kindly note that, in terms of section 63(1) of the Companies Act 71 of 2008, as amended, from time to time (**the Act**), any person attending or participating in the AGM must present reasonable satisfactory identification and the person presiding at the AGM must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include the presentation of valid identity documents, driving licences and passports.*

3. The record date of the AGM for shareholders to participate in and vote at the AGM is Friday, 1 November 2019 (**the voting record date**).
4. The last date to trade in order to be eligible to participate in and vote at the AGM is Tuesday, 29 October 2019.

RECORD DATES

Please take note of the following important dates:

2019

Record date for the purposes of determining which shareholders of the Company are entitled to receive notice of the AGM (the notice record date)	Friday, 27 September
Integrated Report and notice of AGM to be posted on	Monday, 7 October
The last date to trade in order to be eligible to participate in and vote at the AGM	Tuesday, 29 October
Record date for the purpose of determining which shareholders of the Company are entitled to participate in and vote at the AGM (the voting record date)	Friday, 1 November
Last day for lodging forms of proxy by 10:00	Tuesday, 5 November
Date of the AGM at 10:00	Thursday, 7 November
Results of the AGM published on SENS on	Thursday, 7 November

VOTING AND PROXIES

A member entitled to attend and vote at the AGM is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company. A form of proxy is distributed with this notice of AGM for the sake of convenience.

Forms of proxy must be delivered to the Company's transfer secretaries:

Computershare Investor Services Proprietary Limited

(Registration number 2004/003647/07)

15 Biermann Avenue, Rosebank, 2196

PO Box 61051

Marshalltown, 2107

Fax: +27 (11) 688 5238

Email: proxy@computershare.co.za

By no later than 10:00 on Tuesday, 5 November 2019

SHAREHOLDER INFORMATION (CONTINUED)

Notice of Annual General Meeting (continued)

AfroCentric Investment Corporation Limited

(Incorporated in the Republic of South Africa)

Registration number: 1988/000570/06

JSE share code: ACT

ISIN: ZAE000078416

(AfroCentric, the Company or the Group)

All terms defined in the 2019 Annual Financial Statements, to which this notice of AGM is attached, shall bear the same meanings when used in this notice of AGM.

Notice is hereby given that the 13th AGM of shareholders for the year ended 30 June 2019 will be held at the AfroCentric Distribution Services offices, the Greens Office Park, Building L, 26 Charles De Gaulle Crescent, Highveld Ext 12, Centurion, on **Thursday, 7 November 2019 at 10:00** to conduct such business as may lawfully be dealt with at the AGM and to consider, and if deemed fit, to pass with or without modification, the special and ordinary resolutions set out hereunder in the manner required by the Act, as read with the JSE Limited (JSE) Listings Requirements, as amended from time to time (**Listings Requirements**).

The Board of Directors of the Company (the Board) has determined, in accordance with section 62(3)(a), read with section 59(1)(a) and (b) of the Act, that the record dates for the purpose of determining which shareholders are entitled to:

- receive notice of the AGM being the notice record date as Friday, 27 September 2019;
- trade in order to be eligible to participate in and vote at the AGM as Tuesday, 29 October 2019; and
- participate in and vote at the AGM being the voting record date as Friday, 1 November 2019.

AGENDA

The purpose of the AGM is to transact the business set out in the agenda below.

PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The audited consolidated Annual Financial Statements of the Company and the Group, including the reports of the directors, Group Audit and Risk Committee and the independent auditors, for the year ended 30 June 2019, will be presented to shareholders as required in terms of section 30(3)(d) of the Act. The complete set of audited consolidated Annual Financial Statements, together with the report of the directors and the independent auditors' report are set out on pages 5 to 102 of the 2019 Annual Financial Statements. The Audit and Risk Committee report is set out on pages 2 to 4 of the 2019 Annual Financial Statements. The Integrated Report is also available on the Company's website: www.afrocentric.za.com/cd-ar-reports.php.

RESIGNATION OF DIRECTOR

Shareholders are hereby informed that Mr IM Kirk concluded that his objectives on behalf of AfroCentric were achieved, resigned from the Board effective 12 September 2019. The Chairman, on behalf of the Board thanked him for his invaluable contribution to the Group and wished him well.

RESOLUTIONS

To consider and if deemed fit, approve, with or without modification the following ordinary and special resolutions:

ORDINARY RESOLUTION NUMBER 1

Election of directors appointed during the year under review

In terms of the Company's Memorandum of Incorporation (**MOI**), any Board appointments made by the Board during a year under review must be confirmed by shareholders at the next AGM of the Company, following such an appointment. Accordingly, Professor SA Zinn, Mr JB Fernandes, Mr SE Mmakau, Mr T Alsworth-Elvey and Mr G Allen were appointed by the Board during the year under review and shareholders are hereby requested to confirm such appointments.

Accordingly, shareholders are requested to consider and, if deemed fit, to elect the directors named above by way of passing the separate ordinary resolution numbers 1.1 to 1.5 set out below as required under section 68(2) of the Act.

Ordinary resolution number 1.1

Election of Professor SA Zinn as an Independent Non-executive Director

"RESOLVED that Professor SA Zinn, being a new appointment to the Board, be and is hereby elected as an Independent Non-executive Director of the Company."

Professor Zinn was the Group Executive Human Resources at Nedbank. Before this, she was the General Manager for Human Resources at the South African Revenue Service (SARS). She is also an Extraordinary Professor at the University of Pretoria's Department of Human Resource Management and is the Past President of the Institute for People Management South Africa. She started her career as a secondary school teacher of English, then moved to the University of the Western Cape where she lectured in Teacher Education. After this, she served at Southern Life as Training Manager and then moved to the Department of Public Service and Administration's South African Management Development Institute in Pretoria as Director. She held the position of Executive Employment Equity at Computer Configurations Holdings. Before her appointment at SARS, she filled the role of Regional Human Resources Director for Middle East and Africa for Reckitt Benckiser, a global company listed on the London Stock Exchange.

Professor Zinn holds a BA (University of Western Cape), Postgraduate Higher Diploma in Education (University of the Western Cape), BEd (Hons) (UNISA), MEd (University of the Western Cape), EdM (Harvard), and Doctorate in Education (Harvard).

For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Ordinary resolution number 1.2

Election of Mr JB Fernandes as an Independent Non-executive Director

"RESOLVED that Mr JB Fernandes, being a new appointment to the Board, be and is hereby elected as an Independent Non-executive Director of the Company."

Mr Fernandes holds a BComm (Accountancy), BAcc, BCom (Hons) (Investment Management) (cum laude) and is CA(SA). Mr Fernandes completed his accounting articles of clerkship in audit at KPMG in 1995 and spent two years at KPMG Corporate Finance in Johannesburg and Manchester (UK). He is currently consulting privately. Mr Fernandes was a former Investment Banking Vice-President at Nedbank Investment Bank Limited and former Principal at Nedbank Limited. He was the former Group Operations Risk Review Manager at Balfour Beatty Limited in UK, London. Mr Fernandes has held memberships at the Chartered Institute of Business Management (ACIBM), Investment Analysts Society of SA (IAS), the Golden Key International Honour Society, the Public Accountants' & Auditors' Board (PAAB), the Independent Regulatory Board for Auditors (IRBA) and The South African Institute of Chartered Accountants (SAICA).

For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Ordinary resolution number 1.3

Election of Mr SE Mmakau as an Executive Director

"RESOLVED that Mr SE Mmakau, being a new appointment to the Board, be and is hereby elected as an Executive Director of the Company."

Mr Mmakau has a Master's of Business Leadership, BA and BCom with more than 16 years' experience in the IT and ICT industries in both the public and private sectors. Previously, he was Chief Information Officer at Airports Company South Africa (ACSA) and was Deputy Director General in Home Affairs and previously served as a member of various committees at the Department of Home Affairs. He currently serves as the Chief Information Officer of the Group.

For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

Ordinary resolution number 1.4

Election of Mr T Alsworth-Elvey as a Non-executive Director

"RESOLVED that Mr T Alsworth-Elvey, being a new appointment to the Board, be and is hereby elected as a Non-executive Director of the Company."

Mr Alsworth-Elvey joined the Sanlam Group in 2019 and is currently the Chief Executive of Sanlam Corporate. Prior to that he was with the Momentum Metropolitan Group where he had overall responsibility for the Corporate and Health business. He has also served as Chief Executive Officer of Momentum Investments. Mr Alsworth-Elvey holds a BProc, LLB, LLM and HDipTax.

For the above resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

SHAREHOLDER INFORMATION (CONTINUED)

Notice of Annual General Meeting (continued)

Ordinary resolution number 1.5

Election of Mr G Allen as a Non-executive Director

“RESOLVED that Mr FG Allen, being a new appointment to the Board, be and is hereby elected as a Non-executive Director of the Company.”

Mr Allen is a Senior Executive within Sanlam Corporate. He holds a BComm Honours in Finance and a BBus Honours in Marketing. Gary started his career at Accenture where he was a director. He currently leads various Sanlam Health businesses and was previously the CEO of Sanlam Reality, Sanlam Fiduciary Services and Marlborough Stirling South Africa.

ORDINARY RESOLUTION NUMBER 2

Re-election of directors

In terms of the Company's MOI, one-third of the Non-executive Directors of the Company must retire by rotation every year at the Company's AGM. The Board has assessed the performance of the directors standing for re-election and has found them suitable for reappointment. Accordingly, the following directors retire by rotation at the AGM:

- Dr ND Munisi;
- Ms LL Dhlamini; and
- Ms HG Motau.

Ordinary resolution number 2.1

Re-election of Dr ND Munisi as a Non-executive Director

“RESOLVED that Dr ND Munisi, who retires by rotation in terms of the MOI of the Company, being eligible and offering himself for re-election, be and is hereby re-elected as a Non-executive Director of the Company.”

Ordinary resolution number 2.2

Re-election of Ms LL Dhlamini as an Independent Non-executive Director

“RESOLVED that Ms LL Dhlamini, who retires by rotation in terms of the MOI of the Company, being eligible and offering herself for re-election, be and is hereby re-elected as an Independent Non-executive Director of the Company.”

Ordinary resolution number 2.3

Re-election of Ms HG Motau as an Independent Non-executive Director

“RESOLVED that Ms HG Motau, who retires by rotation in terms of the MOI of the Company, being eligible and offering herself for re-election, be and is hereby re-elected as an Independent Non-executive Director of the Company.”

Brief résumés for these directors appear on pages 71 and 72 of the 2019 Integrated Report.

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

ORDINARY RESOLUTION NUMBER 3

Appointment of Group Audit and Risk Committee members

“RESOLVED that an Audit and Risk Committee comprising Independent Non-executive Directors, as provided in section 94(4) of the Act, set out below be and is hereby appointed in terms of section 94(2) of the Act to hold office until the next AGM and to perform the duties and responsibilities stipulated in section 94(7) of the Act and King Report on Corporate Governance for South Africa, 2016 (King IV™)*.

“The Board has assessed the performance of the Group Audit and Risk Committee members standing for election and has found them suitable for appointment. Brief résumés for these directors appear on pages 71 and 72 of the 2019 Integrated Report.”

Ordinary resolution number 3.1

“RESOLVED that, subject to the passing of ordinary resolution number 3.1, Ms LL Dhlamini is elected as a member and Chairman of the Audit and Risk Committee.”

Ordinary resolution number 3.2

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Ordinary resolution number 3.2

"RESOLVED that, subject to the passing of ordinary resolution number 3.2, Ms HG Motau is elected as a member of the Audit and Risk Committee."

Ordinary resolution number 3.3

"RESOLVED that, subject to the passing of ordinary resolution number 3.3, Mr JB Fernandes is elected as a member of the Audit and Risk Committee."

For the above resolutions to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

ORDINARY RESOLUTION NUMBER 4

Reappointment of independent auditors and designated audit partner

The Group Audit and Risk Committee has assessed PricewaterhouseCoopers Incorporated's performance, independence and suitability and has nominated them for reappointment as independent auditors of the Group, to hold office until the next AGM.

"RESOLVED that PricewaterhouseCoopers Incorporated, with the designated audit partner being Ms Julianie Basson, be and is hereby reappointed as the independent auditor of the Group for the ensuing year."

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

ORDINARY RESOLUTION NUMBER 5

General authority to issue shares for cash

"RESOLVED that the authorised but unissued shares in the capital of the Company be and are hereby placed under the control and authority of the directors and that they be and are hereby authorised to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as they may from time to time and at their discretion deem fit, subject to the provisions of the Act, clause 4 of the MOI of the Company and the Listings Requirements, provided that:

1. the general authority shall be valid until the Company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of this ordinary resolution (whichever period is shorter);
2. the allotment and issue of the shares must be made to public shareholders as defined in the Listings Requirements and not to related parties;
3. the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
4. the number of shares issued for cash in aggregate under this authority shall not exceed 28 712 062 shares, being 5% (five percent) of the Company's listed equity securities as at the date of this notice of AGM, excluding treasury shares;
5. any shares issued under this authority during the period contemplated in paragraph 1 above, must be deducted from the number in paragraph 4 above;
6. in the event of a sub-division or consolidation of issued shares during the period contemplated in paragraph 1 above, the existing authority must be adjusted accordingly to represent the same allocation ratio;
7. the maximum discount at which ordinary shares may be issued is 10% (ten percent) of the weighted average traded price of those shares measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE must be consulted for a ruling if the Company's securities have not traded in such 30-business day period; and
8. after the Company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five percent) or more of the number of shares in issue prior to that issue, the Company shall publish an announcement containing details of inter alia the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 (thirty) business days prior to the date that the price of the issue was agreed in writing between the issuer and the party subscribing for the shares and in respect of options and convertible securities, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of profit or loss and other comprehensive income, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation, including supporting documents (if any), of the intended use of the funds shall be published when the Company has issued securities, or any other announcements that may be required in such regard in terms of the Listings Requirements which may be applicable from time to time."

SHAREHOLDER INFORMATION (CONTINUED)

Notice of Annual General Meeting (continued)

Reason for and effect

The reason and effect of this ordinary resolution number 5 is to seek a general authority and approval for the directors to allot and issue ordinary shares in the authorised but unissued share capital of the Company (excluding shares issued pursuant to the Company's share incentive scheme), up to 5% (28 712 062 shares) of the number of ordinary shares of the Company in issue at the date of passing of this resolution, in order to enable the Company to take advantage of business opportunities which might arise in the future.

For this resolution to be passed, votes in favour must represent at least 75% of all votes cast and/or exercised at the meeting.

At present, the directors have no specific intention to use this authority and the authority will thus only be used if circumstances are appropriate.

ORDINARY RESOLUTION NUMBER 6

Approval of the remuneration policy

"RESOLVED that, by a non-binding advisory vote, the Company's remuneration policy as set out in the remuneration report on pages 94 to 104 of the Integrated Report for 2019, be and is hereby endorsed."

Reason for and effect

King IV recommends that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the remuneration policies adopted. Ordinary resolution number 6 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements.

However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

ORDINARY RESOLUTION NUMBER 7

Approval of the remuneration implementation policy

"RESOLVED that, by a non-binding advisory vote, the Company's remuneration implementation report as set out on pages 104 to 110 of the Integrated Report for 2019, be and is hereby endorsed."

Reason for and effect

King IV recommends that the implementation of a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM.

This enables shareholders to express their views on the implementation of the Company's remuneration policies. Ordinary resolution number 7 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration arrangements.

However, the Board will take the outcome of the vote into consideration when considering amendments to the Company's remuneration policy.

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

ORDINARY RESOLUTION NUMBER 8

Authorise directors and/or Group Company Secretary

"RESOLVED that, any one director and/or the Group Company Secretary or equivalent, be and are hereby authorised to do all such things and to sign all such documents that are deemed necessary to implement the resolutions set out in the notice convening the AGM at which these resolutions will be considered."

For this resolution to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

SPECIAL RESOLUTIONS

SPECIAL RESOLUTION NUMBER 1

Approval of Non-executive Directors' fees

Approval in terms of section 66 of the Act is required to authorise the Company to remunerate for their services as directors. Furthermore, in terms of King IV and as read with the Listings Requirements, remuneration payable to Non-executive Directors should be approved by shareholders in advance or within the previous two years.

"RESOLVED, as a special resolution in terms of the Act, that the remuneration of Non-executive Directors for the period 1 January 2020 until 31 December 2020 be and is hereby approved as follows:

	Position	Current (2019)	Recommended increase (%)	Proposed (2020)
Main Board (annualised fee)	Chairman	R1 272 000	4.5	R1 329 240
	Deputy	R954 750	4.5	R997 713
	Member	R237 500	4.5	R248 188
Subsidiary board (per meeting fee)	Chairman	R21 600	4.5	R22 572
	Member	R15 900	4.5	R16 615
Audit and Risk Committee (per meeting fee)	Chairman	R28 800	4.5	R30 096
	Member	R21 200	4.5	R22 154
Remuneration Committee (per meeting fee)	Chairman	R21 600	4.5	R22 572
	Member	R15 900	4.5	R16 615
Nomination Committee (per meeting fee)	Chairman	R21 600	4.5	R22 572
	Member	R15 900	4.5	R16 615
Social and Ethics Committee (per meeting fee)	Chairman	R21 600	4.5	R22 572
	Member	R15 900	4.5	R16 615
Investment Committee (per meeting fee)	Chairman	R21 600	4.5	R22 572
	Member	R15 900	4.5	R16 615
ICT Steering Committee (per meeting fee)	Chairman*	R21 600		
	Member	R15 900	4.5	R16 615

* Chairman is currently an Executive Director and does not receive fees.

Reason for and effect

The reason and effect of this special resolution number 1 is to approve the remuneration of Non-executive Directors for the next 12 months (payable quarterly in arrears) with effect from 1 January 2020 until 31 December 2020.

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

SPECIAL RESOLUTION NUMBER 2

General authority to repurchase shares

"RESOLVED that, as a special resolution, the Company and/or any subsidiary of the Company (the Group) be and is hereby authorised, by way of a general approval as contemplated in section 48 of the Act, to acquire from time to time issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI of the Company and the provisions of the Act and provided that:

1. any repurchase of shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
2. at any point in time, the Company may only appoint one agent to effect any repurchases on its behalf;

SHAREHOLDER INFORMATION (CONTINUED)

Notice of Annual General Meeting (continued)

3. the number of shares which may be repurchased pursuant to this authority in any financial year may not in the aggregate exceed 5% (five percent) of the Company's issued share capital as at the date of passing of this general resolution or 10% (ten percent) of the Company's issued share capital in the case of an acquisition of shares in the Company by a wholly owned subsidiary of the Company;
4. repurchases of shares may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
5. the Company or a wholly owned subsidiary of the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the Listings Requirements;
6. after the Company or a wholly owned subsidiary of the Company has acquired shares which constitute, on a cumulative basis, 3% (three percent) of the initial number of shares in issue (at the time that authority from shareholders for the repurchase is granted) of the relevant class of shares and for each 3% in aggregate of the initial number of that class acquired thereafter, the Company shall publish an announcement on SENS containing full details of such repurchase; and
7. the Board has passed a resolution authorising the repurchase and that the Company has passed the solvency and liquidity test contained in section 4 of the Act, and that since the test was done, there have been no material changes to the financial position of the Company."

Reason for and effect

The reason for and effect of this special resolution number 2 is to grant the directors a general authority in terms of the MOI of the Company and the Listings Requirements for the acquisition by the Company or by a wholly owned subsidiary of the Company of shares issued by the Company on the basis reflected in special resolution number 2. In terms of section 48(2)(b)(i) of the Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the avoidance of doubt, a pro rata repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Act.

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

In accordance with the Listings Requirements, the directors record that:

The directors have no specific intention to repurchase shares but would utilise the renewed general authority to repurchase shares to serve our shareholders' interests, as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

The directors undertake that they will not implement the repurchase as contemplated in this special resolution while this general authority is valid unless:

- the Company and Group will be able to pay their debts in the ordinary course of business;
- the consolidated assets of the Company and Group will be in excess of the liabilities of the Company and the Group; the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited Group Annual Financial Statements;
- the share capital and reserves of the Company and of the Group are adequate for ordinary purposes; and
- the working capital of the Company and the Group will be adequate for ordinary business."

Disclosures required in terms of paragraph 11.26 of the Listings Requirements

The following additional information, some of which may appear elsewhere in this report is provided in terms of the Listing Requirements for purposes of the special resolution:

- Major shareholders – page 12 of the 2019 Annual Financial Statements; and
- Company's share capital – page 81 of the 2019 Annual Financial Statements.

Directors' responsibility statement

The directors, whose names are given on page 1 of the 2019 Annual Financial Statements, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2, 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 the aforementioned special resolution contains all the information required by the JSE.

Material change

Other than the facts and developments reported on in the 2019 Annual Financial Statements, there have been no material changes in the financial or trading position of the Company or its subsidiaries since the Company's financial year-end and the signature date of this Integrated Report.

SPECIAL RESOLUTION NUMBER 3

Financial assistance to a related or inter-related company or companies

"RESOLVED that, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance (**financial assistance** will herein have the meaning attributed to it in section 45(1) of the Act) that the Board of the Company may deem fit to any company or corporation that is related or inter-related (**related** or **inter-related** will herein have the meaning attributed to it in section 2 of the Act) to the Company, on the terms and conditions and for amounts that the Board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next AGM of the Company."

Reason for and effect

The reason and effect of this special resolution number 3 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Act to a related or inter-related company or corporation.

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

SPECIAL RESOLUTION NUMBER 4

Financial assistance for subscription of shares to related or inter-related companies

"RESOLVED that, in terms of section 44(3)(a)(ii) of the Act, as a general approval, the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance (**financial assistance** will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Act) that the Board of the Company may deem fit to any company or corporation that is related or inter-related to the Company (**related** or **inter-related** will herein have the meaning attributed to it in section 2 of the Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts that the Board of the Company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the Company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid for two years or until the date of the next AGM of the Company."

Reason for and effect

The reason and effect of special resolution number 4 is to grant the directors the authority, in terms of section 44(3)(a)(ii) of the Act, to provide financial assistance to any company or corporation which is related or inter-related to the Company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation.

This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries.

A typical example of where the Company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

For this resolution to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

SHAREHOLDER INFORMATION (CONTINUED)

Notice of Annual General Meeting (continued)

In terms of and pursuant to the provisions of sections 44 and 45 of the Act, the directors of the Company confirm that the Board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in special resolutions numbers 3 and 4 above:

- the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company);
- the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's MOI have been met.

To transact such other business as may be transacted at an AGM

Identification, voting and proxies

In terms of section 63(1) of the Act, any person attending or participating in the AGM must present reasonable satisfactory identification and the person presiding at the AGM must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include the presentation of valid identity documents, driving licences and passports.

The votes of shares held by share trusts classified as schedule 14 trusts in terms of the Listings Requirements will not be considered at the AGM for approval of any resolution proposed in terms of the Listings Requirements.

A form of proxy is attached for the convenience of any certificated or dematerialised AfroCentric shareholders with own name registrations who cannot attend the AGM, but who wish to be represented thereat.

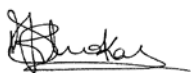
Forms of proxy and/or letters of representation may be presented at any time prior to the AGM and also at the AGM, but to enable the Company to ensure prior to the AGM that a quorum will be present at the AGM, it would be helpful if forms of proxy and/or letters of representation could be delivered to the Company or the Company's transfer secretaries 48 hours prior to the AGM, being 10:00 on Thursday, 5 November 2019.

All beneficial owners of AfroCentric shares who have dematerialised their shares through a central securities depository participant (CSDP) or broker, other than those with own name registration, and all beneficial owners of shares who hold certificated shares through a nominee, must provide their CSDP, broker or nominee with their voting instructions, in accordance with the agreement between the beneficial owner and the CSDP, broker or nominee as the case may be. Should such beneficial owners wish to attend the meeting in person they must request their CSDP, broker or nominee to issue them with the appropriate letter of authority. If shareholders who have not dematerialised their shares or who have dematerialised their shares with own name registration and who are entitled to attend and vote at the AGM do not deliver forms of proxy to the transfer secretaries timeously, such shareholders will nevertheless at any time prior to the commencement of the voting on the resolutions at the AGM be entitled to lodge the form of proxy in respect of the AGM, in accordance with the instructions therein with the Chairman of the AGM.

Each shareholder is entitled to appoint one or more proxies (who need not be shareholders of AfroCentric) to attend, speak and vote in his/her stead. On a show of hands every shareholder who is present in person or by proxy shall have one vote, and, on a poll, every shareholder present in person or by proxy shall have one vote for each share held by him/her.

AfroCentric does not accept responsibility and will not be held liable for any failure on the part of a CSDP or broker to notify such AfroCentric shareholder of the AGM.

By order of the Board



Billy Mokale

Group Company Secretary
Roodepoort
7 October 2019

Form of proxy

RELATING TO THE 13TH ANNUAL GENERAL MEETING OF THE COMPANY

For use by the holders of certificated shares and/or dematerialised shares held through a broker or central securities depository participant (CSDP) who have selected "own name" registration, registered as such at the close of business on the voting record date, at the Annual General Meeting to be held at 10:00 at the AfroCentric Distribution Services offices, The Greens Office Park, Building L, 26 Charles De Gaulle Crescent, Highveld Ext 12, Centurion, on Thursday, 7 November 2019 or any postponement or adjournment thereof.

The form of proxy may also be handed to the Chairman of the Annual General Meeting or adjourned or postponed Annual General Meeting before the Annual General Meeting is due to commence or recommence.

Dematerialised shareholders who have not selected "own name" registration must not complete this form.

They must inform their broker or CSDP timeously of their intention to attend and vote at the Annual General Meeting or be represented by proxy thereat in order for the broker or CSDP to issue them with the necessary letter of representation to do so or provide the broker or CSDP timeously with their voting instructions should they not wish to attend the Annual General Meeting in order for the broker or CSDP to vote in accordance with their instructions at the Annual General Meeting.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (address) (BLOCK LETTERS PLEASE)

Telephone number (WORK) (area code):

Cell phone number:

Telephone number (HOME) (area code):

E-mail address:

being the holder/s of

shares hereby appoint

1. or failing him/her

2. or failing him/her

3. the Chairman of the Annual General Meeting

as my/our proxy to act for me/us on my/our behalf at the Annual General Meeting in accordance with the following instructions (see note 2):

		FOR	AGAINST	ABSTAIN
Ordinary resolutions				
1.	Election of Directors			
1.1	Professor SA Zinn			
1.2	Mr JB Fernandes			
1.3	Mr SE Mmakau			
1.4	Mr T Alsworth-Elvey			
1.5	Mr G Allen			
2.	Re-election of Directors			
2.1	Dr NM Munisi			
2.2	Ms LL Dhlamini			
2.3	Ms HG Motau			
3.	Appointment of Group Audit and Risk Committee members			
3.1	Ms LL Dhlamini (Chairman)			
3.2	Ms HG Motau			
3.3	Mr JB Fernandes			
4.	Reappointment of independent external auditor			
5.	General authority to issue shares for cash			
6.	Approval of the remuneration policy			
7.	Approval of the remuneration implementation policy			
8.	Authority of directors and/or Group Company Secretary			
Special resolutions				
1.	Approval of Non-executive Directors' remuneration			
2.	General authority to repurchase shares			
3.	Financial assistance to a related or inter-related company or companies			
4.	Financial assistance for subscription of shares to related or inter-related companies			

* One vote per share held by shareholders on the voting record date.

Signature

Date

2019

SHAREHOLDER INFORMATION (CONTINUED)

Notes to the form of proxy

Please read the following notes and instructions carefully – AfroCentric Investment Corporation Limited (Incorporated in the Republic of South Africa) (Registration number: 1988/000570/06) JSE share code: ACT ISIN: ZAE 000078416 (AfroCentric or the Company)

Notes

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided. The person whose name appears first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A proxy appointed by a shareholder in terms hereof may not delegate his authority to act on behalf of the shareholder to any other person.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the Annual General Meeting as he deems fit in respect of the entire shareholder's votes exercisable thereat.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. In addition to the foregoing, a shareholder may revoke the proxy appointment by:
 - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
 - (ii) delivering a copy of the revocation instrument to the proxy, and to AfroCentric. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
5. The Chairman of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received, otherwise than in accordance with these notes, provided that, in respect of acceptances, the Chairman is satisfied as to the manner in which the shareholder/s concerned wishes to vote.
6. Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder) to attend, speak and vote in place of that shareholder at the Annual General Meeting.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by AfroCentric or the transfer secretaries or waived by the Chairman of the Annual General Meeting.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory (ies).
9. Where there are joint holders of shares:
 - 9.1 any one holder may sign this form of proxy; and
 - 9.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of shares.
10. The form of proxy may be used at any adjournment or postponement of the Annual General Meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
11. An extract from the Act reflecting the provisions of section 58 of the Act is attached as an appendix to this form of proxy.
12. Unlisted securities (if applicable) and shares held as treasury shares may not vote.

Appendix – extract from section 58 of the Companies Act

“58. Shareholder right to be represented by proxy

1. At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to—
 - (a) *participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or*
 - (b) *give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60, provided that the shareholder may appoint more than one proxy to exercise voting rights attached to different shares held by the shareholder.*
2. A proxy appointment—
 - (a) *must be in writing, dated and signed by the shareholder; and*
 - (b) *remains valid for—*
 - (i) *one year after the date on which it was signed; or*
 - (ii) *any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).*
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise—
 - (a) *a shareholder of that company may appoint two or more persons concurrently as proxies;*
 - (b) *a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and*
 - (c) *a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.*
4. Irrespective of the form of instrument used to appoint a proxy—
 - (a) *the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;*
 - (b) *the appointment is revocable unless the proxy appointment expressly states otherwise; and*
 - (c) *if the appointment is revocable, a shareholder may revoke the proxy appointment by—*
 - (i) *cancelling it in writing, or making a later inconsistent appointment of a proxy; and*
 - (ii) *delivering a copy of the revocation instrument to the proxy, and to the company.*
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of—
 - (a) *the date stated in the revocation instrument, if any; or*
 - (b) *the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).*
6. If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to—
 - (a) *the shareholder; or*
 - (b) *the proxy or proxies, if the shareholder has—*
 - (i) *directed the company to do so, in writing; and*
 - (ii) *paid any reasonable fee charged by the company for doing so.*
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

Appendix – extract from section 58 of the Companies Act (continued)

8. If a company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy—
 - (a) *the invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;*
 - (b) *the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must—*
 - (i) *bear a reasonably prominent summary of the rights established by this section;*
 - (ii) *contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and*
 - (iii) *provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;*
 - (c) *the company must not require that the proxy appointment be made irrevocable; and*
 - (d) *the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).*
9. Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder.”

Glossary

ACT	AfroCentric Investment Corporation Limited
ADS	AfroCentric Distribution Services
AGM	Annual General Meeting
AHL	AfroCentric Health (RF) Proprietary Limited
AI	Artificial intelligence
AICS	AfroCentric Integrated Corporate Solutions
AIDS	Acquired Immunodeficiency Syndrome
ARV	Antiretroviral
BA	Bachelor of Arts
B-BBEE	Broad-Based Black Economic Empowerment
BEd Hons	Honours Bachelor of Education
BI	Business intelligence
BProc	Baccalaureus Procuracionis
BSC	Balanced Scorecard
CA	Chartered Accountant
CAGR	Compound annual growth rate
CCMDD	Central Chronic Medicine Dispensing and Distribution
CEO	Chief Executive Officer
CES	Customer effort score
CFO	Chief Financial Officer
CIO	Chief Information Officer
CMS	Council of Medical Schemes
CMSA	Council of Medicines South Africa
COMMED	Community Medical Scheme
COSO	Committee of Sponsoring Organisations of the Treadway Commission
CPA	Certified Public Accountant
CSI	Corporate social investment
DBC	Document-based care
DCom	Doctor of Commerce
DEd	Doctorate in Education
DoH	Department of Health
EAP	Employee assistance programme
EBIT	Earnings before interest and tax
ED	Enterprise development
EE	Employment equity
EH&S	Environmental, Health and Safety
EMEs	Exempt microenterprises
ERM Framework	Enterprise Risk Management Framework
ESD	Enterprise and supplier development
EWP	Employee wellness programme
Exco	Executive Committee
FWA	Fraud, wasteful expenditure and abuse of scheme members' benefits
GAD	Generalised anxiety disorder
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GEMS	Government Employees Medical Scheme
GHG	Greenhouse gas
GP	General Practitioner

Glossary (continued)

HDE	Higher Diploma in Education
Helios	Helios IT Solutions
HIV	Human Immunodeficiency Virus
ICT	Information and communication technology
IFM	Insurance Fraud Manager
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
INSETA	Insurance Sector Education and Training Authority
INVM	Investment Management
IR	Integrated Report
ISO	International Organization for Standardization
IT	Information technology
JSE	Johannesburg Stock Exchange Limited
King IV	King Report on Corporate Governance for South Africa 2016
KPI	Key performance indicator
KPA	Key process area
LLB	Bachelor of Laws
LLM	Master of Laws
LTI Plan	Long-Term Incentive Plan
MBA	Master in Business Administration
MBCHB	Bachelor of Medicine and Bachelor of Surgery
MBL	Master of Business Leadership
MD	Managing Director
MDP	Management Development Programme
MEd	Master of Education
MOI	Memorandum of Incorporation which comprises the Company's existing memorandum of association and its articles of association
MPHIL	Master of Philosophy
MSA Bill	Medical Schemes Amendment Bill
NCD	Non-communicable disease
NEHAWU	National Education Health and Allied Workers Union
NEMA	National Environmental Management Act
NHI	National Health Insurance
NPAT	Net profit after tax
NPS	Net promoter score
PARMED	Parliamentary and Provincial Medical Aid Scheme
PC-PTSD	Primary care post-traumatic stress disorder
PHA	Private Healthcare Administrators
PHQ	Patient health questionnaire
POLMED	South African Police Service Medical Scheme
PoPI	Protection of Personal Information
QSEs	Qualifying small enterprises
RPA	Robotics process automation

SABC	South African Broadcasting Corporation
SAICA	South African Institute of Chartered Accountants
SAMWUMED	South African Municipal Workers Union Medical Scheme
Sanlam	Sanlam Life Insurance Limited
SD	Supplier development
SED	Socioeconomic development
SETA	Sector Education and Training Authority
SMMEs	Small, medium and micro enterprise businesses
TCHM	The Cheese Has Moved
the Board	The Board of Directors of AfroCentric Investment Corporation Limited
the Companies Act	The Companies Act 71 of 2008, as amended
TRIR	Total recordable incident rate
VAT	Value added tax

Administration and contact information

Registration number

1988/000570/06

Registered office

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Roodepoort
1709

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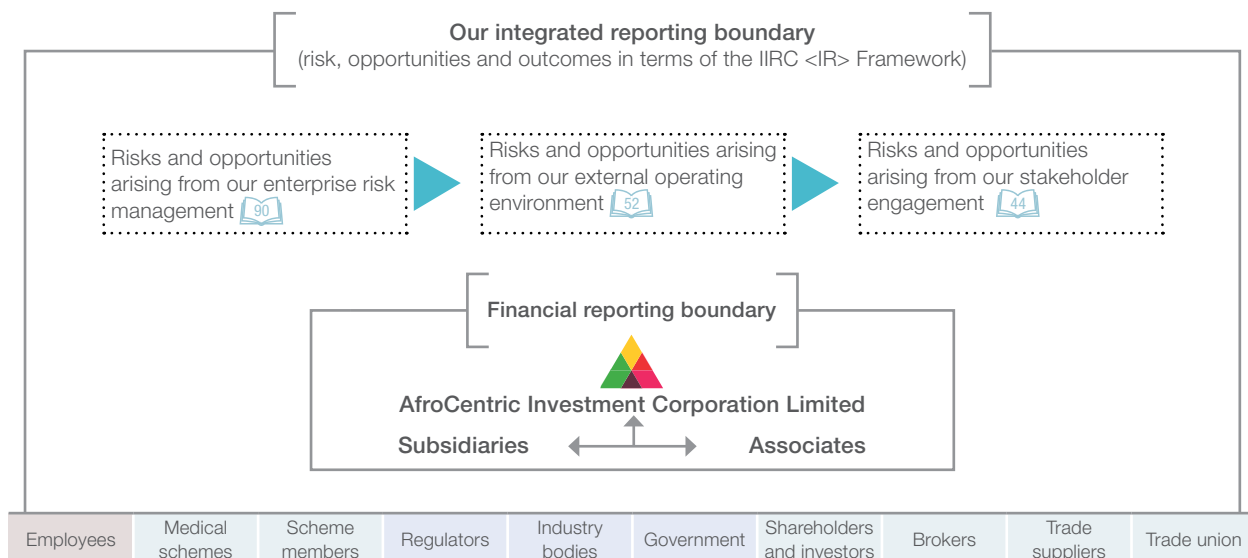
Reporting suite and boundary

We are committed to effectively communicating with our stakeholders. Our IR is supplemented by our full suite of reports accessible on our Group website at www.afrocentric.za.com.



Compliance	Our IR is primarily addressed to our providers of capital and other stakeholders. It details the Group's strategy and its performance against the strategy including demonstrating the Group's value creation journey.	The Group Annual Financial Statements is a comprehensive report of the Group's audited financial statements, prepared in accordance with IFRS.	The Notice of AGM provides statutory information distributed to shareholders to convene the AGM. Proxies are attached for voting of all resolutions tabled
	<ul style="list-style-type: none"> • IIRC Integrated Reporting <IR> Framework • JSE Listings Requirements • King IV • Companies Act 	<ul style="list-style-type: none"> • IFRS • SAICA Financial Reporting Guides as issued by the Accounting Practices Committee • Financial Pronouncements as issued by the Financial Reporting Standards Council • Companies Act • JSE Listing Requirements 	<ul style="list-style-type: none"> • Companies Act • JSE Listing Requirements • King IV
Assurance	<ul style="list-style-type: none"> • Management and governance oversight • Board oversight and approval • B-BBEE verification (Empowerdex Proprietary Limited) <p><i>Note: No independent assurance was obtained on the report as a whole.</i></p>	<ul style="list-style-type: none"> • Internal controls • Management and governance oversight • Internal audit • Unmodified external audit opinion (PricewaterhouseCoopers Inc.) 	<ul style="list-style-type: none"> • Management and governance oversight

Reports are available online at www.afrocentric.za.com/cd-ar-reports.php, and physical copies are available on request from the Group investor relations office (Nosipho Phewa at investor-relations@afrocentric.za.com).





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