The remuneration report for the 2020 financial year sets out the company’s remuneration policy and implementation thereof, with detailed remuneration disclosures for executive and non-executive directors. This is in accordance with the commitment to fair, responsible, and transparent remuneration and remuneration disclosure in terms of the Companies Act and JSE Listing Requirements, as recommended by King IV.

PART 1: BACKGROUND INFORMATION

Remuneration philosophy

The group’s remuneration policy is aimed at creating a performance-based culture and strategy. The primary objective of this strategy is to motivate the directors, management and employees to contribute to the group’s strategic growth by achieving operational and financial objectives.

The remuneration policy is based on the philosophy that the growth and sustainability of the group’s business is dependent on its ability to attract, motivate and retain employees with competent skills and commitment to their scope of responsibilities, within a performance-based culture, and with ethical and responsible corporate citizenship.

Remuneration governance

The board is responsible for the remuneration policy and has delegated responsibility to the human capital committee (the committee) for the group’s remuneration practices.

The committee comprises three independent non-executive directors, namely Dr Kinesh Pather (chairman), Andrew Marshall and George Sebulela, and conforms to the King IV guidelines. The committee is governed by a formal charter which is reviewed and approved by the board annually.

The committee meets at least three times a year and additional meetings can be held to discuss specific issues arising in the business. The meetings are aligned to the review and approval of the budgeted remuneration for each year, as well as the performance bonuses awarded to executives and senior management.

The executive directors are responsible for preparing and presenting the remuneration adjustments and incentive schemes to the committee for review and approval.

The fees for non-executive directors are reviewed annually by the committee and presented to the board for approval. These fees are then presented to the shareholders for approval at the AGM.

During the financial year the committee addressed the following key matters:

- The appointment of Mark Sardi as the group CEO, with effect 14 October 2019.
- The appointment of Sango Ntsaluba as an independent non-executive director with effect 7 April 2020. Sango is a chartered accountant and was also appointed to the audit and risk committee.
- Dissolved the investment committee in December 2019 on the basis that the board is dealing directly with the asset disposal strategy.
- Recommended to the board to withdraw the following proposed shareholders’ resolutions at the 7th AGM held on 5 February 2020 due to lack of support from the shareholders:
  - General authority to issue shares of the company for cash.
  - Adoption of the Ascendis Health employee share option scheme.
  - General authority to repurchase shares in the company.
  - Approval of financial assistance in terms of section 44 of the Companies Act.
  - Approval of financial assistance in terms of section 45 of the Companies Act.
- Due to insufficient votes being received for the proposed non-executive director (NED) fees for the 2020 financial year, revised the fees to be aligned to the NED fees previously approved at the 6th AGM held in November 2018.
- Began the sourcing of a suitable replacement for the CFO who resigned with effect 30 September 2020.
- Reviewed and approved the executive directors’ remuneration and their short-term incentives (STI), determined on their performance (more details on the STI are disclosed in the remuneration policy section which follows).
- Reviewed the annual bonuses for senior management based on their performance in the 2019 financial year.
- Determined and recommended to the board, the non-executive directors’ (NED) fees for 2020 financial year.
- Reviewed the structure and performance of the board and its committees.
- Reviewed the STI scheme to ensure that it is aligned to shareholders’ expectations and is competitive relative to the market and industry, with further amendments being:
  - increased emphasis on profit achievement and cash management;
  - accountability being shifted to the subsidiary companies;
  - driving organic growth; and
  - develop ‘owner’ mindset with the senior management team in the subsidiaries.
• Prepared a long-term incentive (LTI) scheme based on a share option model, as reviewed and approved by the JSE, for further consideration and approval by the shareholders. The proposed resolution was withdrawn ahead of the AGM due to lack of shareholder support amid the continued decline in the company’s share price.
• Developed an effective LTI which is relevant to the current circumstances of the company’s business (more details of the LTI are disclosed in the remuneration policy section).
• Reviewed the NEDs’ fees and proposed fees for the 2021 financial year.
• Engaged with dissenting shareholders who voted against the non-binding resolutions on the 2019 remuneration policy and remuneration implementation report.
• Reviewed staff turnover.
• Reviewed and approved the staff salary increases for 2021 financial year with an average salary increase of 4.5% being applied.
• Developed a mitigation plan for Covid-19 with immediate implementation and maintenance.

• Reviewed and proposed the rotation of NEDs as per the company’s Memorandum of Incorporation, for approval at the next AGM.
• Reviewed the committee’s charter.
• Reviewed and updated the remuneration policy and remuneration implementation report for inclusion in the 2020 integrated annual report and presentation at the next AGM for shareholders’ approval as non-binding resolutions.

This remuneration report focuses on the remuneration of the executive directors and non-executive directors.

Non-binding advisory votes

The remuneration policy and the implementation report are subject to separate non-binding advisory votes at the AGM, in accordance with the recommendations of King IV. At the AGM in February 2020, 43.73% of shareholders that voted supported the remuneration policy and 48.86% supported the implementation report in these non-binding advisory votes.

Shareholder engagement

Ascendis Health encourages proactive engagement on remuneration-related issues with shareholders to ensure that informed decisions are made when voting on the group’s remuneration policy and implementation report.

In line with the requirements of King IV, should either the remuneration policy or the implementation report receive 25% or more dissenting votes, management will engage directly with these shareholders to determine the reasons for the dissenting votes and take reasonable measures to address legitimate concerns. The steps taken to address legitimate and reasonable concerns will be disclosed in the following year’s integrated report.

As both the remuneration policy and the implementation report received the support of less than 75% of shareholders voting at the 2019 AGM, the group initiated the required engagement process with dissenting shareholders to determine the reasons for voting against the non-binding advisory endorsements and to consider their concerns.

The key concerns raised by shareholders and the company’s response to these issues is as follows:

<table>
<thead>
<tr>
<th>Key shareholder concerns</th>
<th>Company response</th>
</tr>
</thead>
<tbody>
<tr>
<td>The short-term incentive bonus paid to the previous CEO was considered excessive relative to the group’s poor financial performance in the 2019 financial year and indicates a misalignment of pay and performance.</td>
<td>The bonus was paid in terms of the employment contract of the CEO which was agreed at the time of his appointment to the group. The contract of the current CEO has no settlement provision nor guaranteed bonus. Short-term incentive bonuses are reflected annually in arrears in the remuneration implementation report and the bonus in question was paid for the 2018 financial year.</td>
</tr>
<tr>
<td>The proposed share option scheme as the company’s LTI included (i) accelerated vesting in the event of change of control; (ii) dividends to be earned for unvested share options; and (iii) different vesting periods for different executive positions.</td>
<td>The company’s board decided to withdraw the proposed LTI before the 7th AGM was held, as a more effective form of LTI that is relevant to the company’s current business position was required.</td>
</tr>
<tr>
<td>Lack of disclosure on the STI on the weightings of financial indicators and performance measures.</td>
<td>The updated remuneration policy for 2020 now provides full disclosure of the measures and weightings applied in determining the bonuses in the STI.</td>
</tr>
<tr>
<td>Details are unclear on the targeted mix of guaranteed pay, STI and LTI.</td>
<td>Full details on the STI and LTI are now included, recording the ranges of reward as compared to performance achievement, as well as a capping of these incentives.</td>
</tr>
<tr>
<td>Performance hurdles need to be an integral part of the LTI.</td>
<td>The new LTI now includes performance hurdles.</td>
</tr>
</tbody>
</table>
Part 2: REMUNERATION POLICY

Remuneration principles

The key principles embedded in the remuneration policy are designed to:

- align remuneration practices with the delivery of the group’s strategy and ensure that remuneration of executive management is fair and responsible in the context of overall employee remuneration;
- ensure that executive reward schemes are aligned with shareholders’ interests;
- attract, develop and retain employees in the healthcare industry who contribute to the group’s sustained business growth;
- establish remuneration packages that comprise annual guaranteed pay, performance-based bonuses and other benefits;
- recognise and reward employees by promoting a performance-based culture which incorporates both short-term and long-term objectives;
- ensure the group’s remuneration structures are competitive in the market;
- ensure internal equity among employees;
- grant annual increases which are performance-based and in line with the responsibilities of the job;
- benchmark and review job positions annually using the internationally recognised Hay benchmarking system;
- encourage career path aspirations and develop succession planning within the group; and
- ensure compliance with applicable legislation and regulatory codes.

Fair and responsible remuneration

As a responsible corporate citizen, the group is aware of the societal tensions relating to minimum wages and the wage gap and is committed to adopting fair and responsible remuneration practices.

The committee is required to ensure that executive remuneration is justifiable in the context of overall employee remuneration. The group is committed to applying measures that will realise the principle of fair and reasonable remuneration, including:

- equal pay for equal work;
- compliance to trade union agreements;
- performance reviews and 360° leadership assessments;
- annual salary benchmarking surveys (using the Hay model);
- annual assessment of competitive remuneration packages for key personnel;
- position grade and development curve placement inform the benchmark percentile to ensure market competitive remuneration;
- increased investment in training and leadership development to facilitate promotional opportunities;
- internal talent pipeline development programmes facilitated through personal development programmes established on a blended learning model;
- discretionary and promotional increases programme based on measurable performance and development metrics; and
- total payroll movement percentage determined by the board, as guided by the annual increase in the consumer price index and economic and employment market conditions.

Remuneration practices

Basic salaries are benchmarked annually to the Hay system as well as comparisons to JSE listed companies with similar market profiles as Ascendis Health.

The complexities of the group’s business model are considered, as well as the regulatory environment within the healthcare sector in which the group operates.

The pay policy aims to pay employees on the 50% percentile on average.

Skilled positions that are difficult to source in the industry are paid to be competitive and attract the best skills.

Attrition savings are applied where necessary, to align human resource costs to business performance.

Staff turnover is measured regularly, and the underlying reasons assessed in terms of risk to the company.

Diversity and gender-based appointments continue to improve employment equity and employee diversity.

Prescribed officers

The prescribed officers of Ascendis Health in terms of the Companies Act are the executive directors and their remuneration is disclosed annually in the implementation report.

Executive directors’ remuneration

The remuneration structure of the executive directors is closely linked to the achievement of the group’s operating and financial targets and is therefore aligned to shareholders’ interests.

The remuneration packages of the executive directors, which are reviewed and approved by the committee and the board, include the following components:

- Annual guaranteed pay including company benefits, including medical aid, provident fund, disability and life cover.
- Cash-based bonuses which are based on annual business and financial performances.
- Participation in the company’s STI and LTI schemes.
The performance of the CEO is evaluated by the committee while the performance of the CFO is assessed by the CEO and reviewed by the committee. These evaluations determine the annual salary increases that are reviewed by the committee and recommended to the board.

A significant portion of short-term and long-term remuneration is variable and designed to incentivise the executive directors.

Executive directors have standard terms and conditions of employment in line with all group employees. The notice periods of the CEO and the CFO are six and three months respectively. There are no provisions for special termination benefits.

**Short-term incentive scheme**

Executive directors and senior management participate in a short-term incentive scheme (STI) which is a cash-based performance bonus scheme and is subject to income tax. The STI is based on both key financial indicators and key personal performance measures which are non-financial and include operational, customer, human capital and internal business process improvement metrics. The annual STI scheme is reviewed and approved by the committee.

The key components and criteria of the STI for the 2021 financial year, which are similar to the STI for the 2020 financial year, which are summarised as follows:

- STI pay-out percentage of cost-to-company (CTC), based on employee level as per Hay grade.
- Includes a minimum and maximum level of CTC eligibility percentage.
- Hay grade levels below 15 (operational and transactional employees) receive a guaranteed 13th cheque.
- STI financial performance targets are set at business unit and head office level.
- STI pay-out versus target based on financial and personal performance.
- STI pay-out achieved includes a minimum and maximum levels.
- all the STI awards are subject to a minimum achievement of the company’s financial performance.

Further details of the STI results for the 2020 financial year and the STI scheme for the 2021 financial year are provided in the implementation report.

**Long-term incentive scheme**

The executive directors and senior management participate in a long-term incentive scheme (LTI).

The previous LTI schemes have become ineffective, being linked to the company’s share price which has performed poorly over the past few years, with no reward and retention impact being achieved. Due to the company’s current business position and the need to implement a revised strategy to resolve its excessive gearing, a new LTI has been developed that presents the opportunity for achievement, reward and retention, while being aligned to the company’s future business plans. This LTI has been reviewed and approved by the committee as well as the board.

The key principles applied to this revised LTI are:

- move away from a share-based only scheme to a cash-based awards;
- no shareholder dilution;
- cash awards for head office participants designed to create alignment of shareholder interest and allow a degree of pay-out certainty;
- aligns with company prerogative to generate free cash flow and reduce debt;
- alignment with the company’s new strategy which has three pillars:
  - stabilise – fix the balance sheet;
  - optimise – right-size and set the platform for future growth; and
  - monetise – focus on value maximisation,
- alignment of incentives to performance against corporate strategy and shareholders’ interests;
  - ensuring ongoing business performance and maximising the value of asset disposals; and
  - critical talent and key skills are retained in the current uncertain environment and following the disposal of assets,
- strong governance and best-practice principles applied:
  - in addition to King IV, the specific guidelines in King III were consulted in designing the scheme;
  - multiple stakeholders consulted for inputs;
  - independent assessment of benchmark values;
  - linked to executive contribution to company performance; and
  - disclosed limits for individual participation,
- transparent and easy to understand:
  - baselines and targets are fixed; and
  - scenarios modelled to illustrate performance compared to potential upside from outset,
- fair and inclusive:
  - favours the shareholder as incentive pay-outs to management are only activated upon Ascendis Health achieving required thresholds;
  - business unit specific, with incentives for management linked to the performance of their specific business units, thereby driving accountability; and
  - pay-outs staggered (HO: 3 years; BU: 1 year) to drive retention post-close and introduce claw-back mechanism to ensure fulfillment of sale agreement terms.

Further details on the application of the proposed LTI are provided in the implementation report.
Other management and staff

Senior managers and selected key staff receive an annual guaranteed salary, which includes certain retirement and healthcare benefits as well as a variable portion based on a performance-based annual bonus. Salaries may include premiums of up to 20% for skills and positions that are scarce and critical. An annual salary increase is applied which is performance based as well as being market-related.

Non-executive directors

The committee applies an external benchmarking survey every year, the Institute of Directors SA 2019 guidelines, to ensure that directors’ fees are market-related. The proposed directors’ fees consider the level of responsibility and activity of each director in the meetings of the board and its sub-committees. The board is responsible for determining the remuneration of executive directors in accordance with the remuneration policy.

The non-executive directors are paid a quarterly fee for their services as directors as well as for serving on board committees. The fees are based on the number of meetings planned for the year as well as regulatory and governance responsibilities.

In accordance with best corporate governance practices, non-executive directors do not participate in the group’s incentive schemes, nor do they have employment contracts with the group.

The group’s remuneration policy can be accessed on the company’s website:


PART 3: IMPLEMENTATION REPORT 2020

Details of the remuneration paid to executive and non-executive directors for the financial year ended 30 June 2020 are provided in this section of the report. The committee is satisfied that the remuneration policy has been consistently applied in the 2020 financial year and that there have been no deviations from this policy.

The average salary increase effective from 1 July 2019 was 5% (2019: 6%). The committee approved an increase of 4.8% for the CFO. The CEO position was replaced during the 2020 financial year.

### Total directors’ remuneration

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive directors</td>
<td>8 254</td>
<td>22 236</td>
</tr>
<tr>
<td>Non-executive directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• fees</td>
<td>2 959</td>
<td>3 869</td>
</tr>
<tr>
<td>• other services</td>
<td>1 758</td>
<td>991</td>
</tr>
<tr>
<td>Total directors</td>
<td>12 971</td>
<td>27 096</td>
</tr>
</tbody>
</table>

### Executive directors’ emoluments

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic salary</td>
<td>3 273</td>
<td>3 466</td>
<td>6 739</td>
<td>6 600</td>
<td>3 304</td>
<td>9 904</td>
</tr>
<tr>
<td>Short-term incentives²</td>
<td>–</td>
<td>1 018</td>
<td>1 018</td>
<td>6 688</td>
<td>1 056</td>
<td>7 744</td>
</tr>
<tr>
<td>Retirement/medical benefits</td>
<td>330</td>
<td>96</td>
<td>426</td>
<td>–</td>
<td>88</td>
<td>88</td>
</tr>
<tr>
<td>Other benefits</td>
<td>29</td>
<td>42</td>
<td>71</td>
<td>854</td>
<td>46</td>
<td>900</td>
</tr>
<tr>
<td>Termination cost</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3 600</td>
<td>–</td>
<td>3 600</td>
</tr>
<tr>
<td>Total executive directors</td>
<td>3 632</td>
<td>4 622</td>
<td>8 254</td>
<td>17 742</td>
<td>4 494</td>
<td>22 236</td>
</tr>
</tbody>
</table>

¹ Appointed 14 October 2019
² Terminated 23 May 2019
³ Short-term incentives are based on the performance in the prior financial year
Short-term incentive scheme (STI)

The results of STI awards made in the 2020 financial year were as follows:

<table>
<thead>
<tr>
<th>Performance measured used (and the weighting of each)</th>
<th>Target</th>
<th>Achievement</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue, EBITDA, cash conversion, strategic and personal KPIs</td>
<td>100%</td>
<td>97%</td>
<td>R44 million</td>
</tr>
</tbody>
</table>

The key components of the STI for the 2021 financial year are:

- **70% of the STI is based on financial targets, which are:**
  - 40% on earnings before interest, tax, depreciation and amortisation (EBITDA);
  - 30% on return of invested capital (ROIC);
  - 30% on working capital management as determined by business units;
  - the financial measurements are based on the audited group annual financial statements; and
  - these STIs are based on financial indicators which are scaled and capped at 150%, as follows:

<table>
<thead>
<tr>
<th>Performance versus budget</th>
<th>70% of annual basic salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>90%</td>
<td>20%</td>
</tr>
<tr>
<td>95%</td>
<td>50%</td>
</tr>
<tr>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>105%</td>
<td>110%</td>
</tr>
<tr>
<td>110%</td>
<td>125%</td>
</tr>
<tr>
<td>120%</td>
<td>150%</td>
</tr>
</tbody>
</table>

- **30% of the STI is based on personal key performance indicators (KPIs) which include:**
  - implementation of the business strategy;
  - internal and business controls development;
  - employee development;
  - asset management;
  - cost controls;
  - subject to the company’s minimum financial performance achieved, being 90% or more of budget; and
  - these STIs are based on SMART KPIs which are scaled and capped at 150%, as follows:

  (SMART = Specific; Measurable; Attainable; Realistic; Timeframe)

<table>
<thead>
<tr>
<th>Average personal performance rating (on a scale of 1 to 5)</th>
<th>30% of annual basic salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>below 3</td>
<td>0%</td>
</tr>
<tr>
<td>3 to 3.5</td>
<td>100%</td>
</tr>
<tr>
<td>3.6 to 4</td>
<td>110%</td>
</tr>
<tr>
<td>4.1 to 4.5</td>
<td>125%</td>
</tr>
<tr>
<td>4.6 to 5</td>
<td>150%</td>
</tr>
</tbody>
</table>

The executive directors’ STI targets are also based on the same financial targets.

The group’s CEO personal KPIs for the 2021 financial year are:

1. strategy prioritisation;
2. optimise Medical Devices platform;
3. leadership development;
4. values and culture implementation;
5. delivery of disposal programme; and
6. renegotiate deferred vendor liabilities.
Long-term incentive scheme (LTI)

The key components of the LTI are summarised as follows:

- Incentives are based on the company’s asset disposal programme.
- Baseline enterprise value (BV) is determined upfront via independent valuations for each business unit.
- BV is adjusted annually for cost of carry (by CPI added to BV) to determine the Adjusted BV (ABV).
- If the actual sale price achieved is greater than the BV or ABV, 15% of the difference will be allocated towards an incentive pool.
- Incentive pool allocations will be split between key head office (35%) and business unit (65%) individuals.
- Head office incentives will be cash-based awards, vested over three years.
- Incentive pool allocations split within head office and business units to specific individuals responsible for driving value.
- To avoid issues created from relative size of business units and overly generous individual incentives, introduce a cap based on a multiple of a participant’s salary.
- In addition, a cumulative cap is imposed to govern maximum pay-outs.
- In the event of the company having a change of control, the following measures would apply:
  - if the LTI incentives have not yet been earned, then they would expire;
  - if the LTI incentives have been earned but not yet paid due to the retention period, then:
    - if the participant continues to be employed, then the retention period would continue to apply;
    - if the participant’s employment is terminated, then the balance of the LTI incentive earned, would be accelerated.
- The terms of the pay-outs are staggered per sale of business unit (head office: three years, business units: one year) to drive retention post-close and allow a clawback mechanism to ensure fulfilment of sale agreement term.
- The terms of capping of these incentives per business unit sold is summarised as follows:

<table>
<thead>
<tr>
<th>Position</th>
<th>Multiple threshold</th>
<th>Incentive pay-out terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group CEO</td>
<td>2 times annual salary</td>
<td>50% day 1*</td>
</tr>
<tr>
<td></td>
<td>(maximum cap is 2.5 times)</td>
<td>16.7% end of year 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16.7% end of year 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16.7% end of year 3</td>
</tr>
<tr>
<td>Group CFO</td>
<td>annual salary</td>
<td>50% day 1</td>
</tr>
<tr>
<td></td>
<td>(maximum cap is 1.7 times)</td>
<td>16.7% end of year 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16.7% end of year 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16.7% end of year 3</td>
</tr>
<tr>
<td>Key head office manager</td>
<td>annual salary</td>
<td>50% day 1</td>
</tr>
<tr>
<td></td>
<td>(maximum cap is 1.25 times)</td>
<td>16.7% end of year 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16.7% end of year 2</td>
</tr>
<tr>
<td></td>
<td></td>
<td>16.7% end of year 3</td>
</tr>
<tr>
<td>Business unit MD</td>
<td>5 times annual salary</td>
<td>50% day 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25% end of 6 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25% end of 12 months</td>
</tr>
<tr>
<td>Key business unit manager</td>
<td>3 times annual salary</td>
<td>50% day 1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25% end of 6 months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>25% end of 12 months</td>
</tr>
</tbody>
</table>

*‘day 1 is the day when the transaction is settled i.e. cash is received by the company*
Non-executive directors’ fees

<table>
<thead>
<tr>
<th>Non-executive directors</th>
<th>2020 Fees</th>
<th>2020 Other services</th>
<th>Total</th>
<th>2019 Fees</th>
<th>2019 Other services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>AB Marshall (appointed 3 May 2019)</td>
<td>724</td>
<td>1 458</td>
<td>2 182</td>
<td>92</td>
<td>417</td>
<td>509</td>
</tr>
<tr>
<td>JA Bester (retired 3 May 2019)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>908</td>
<td>–</td>
<td>908</td>
</tr>
<tr>
<td>B Harie</td>
<td>510</td>
<td>–</td>
<td>510</td>
<td>668</td>
<td>–</td>
<td>668</td>
</tr>
<tr>
<td>MS Bomela</td>
<td>430</td>
<td>–</td>
<td>430</td>
<td>475</td>
<td>–</td>
<td>475</td>
</tr>
<tr>
<td>Dr NY Jekwa</td>
<td>395</td>
<td>300</td>
<td>695</td>
<td>463</td>
<td>574</td>
<td>037</td>
</tr>
<tr>
<td>SS Ntsaluba (appointed 7 April 2020)</td>
<td>85</td>
<td>–</td>
<td>85</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dr KS Pather</td>
<td>475</td>
<td>–</td>
<td>475</td>
<td>665</td>
<td>–</td>
<td>665</td>
</tr>
<tr>
<td>PM Roux (appointed 3 May 2019, resigned 7 June 2019)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>21</td>
<td>–</td>
<td>21</td>
</tr>
<tr>
<td>GJ Shayne (resigned 31 March 2019)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>187</td>
<td>–</td>
<td>187</td>
</tr>
<tr>
<td>Total non-executive directors</td>
<td>2 959</td>
<td>1 758</td>
<td>4 717</td>
<td>3 869</td>
<td>991</td>
<td>4 860</td>
</tr>
</tbody>
</table>

The following emoluments were paid to non-executive directors during the 2020 year in addition to their fees for serving as directors:

- R300 000  Dr NY Jekwa for consulting on a large disposal project for the group for the period 1 July to 30 September 2019.
- R1 458 331  AB Marshall for compensation for serving as acting CEO of the group for the period 1 July to 13 October 2019. During his tenure as acting CEO, Mr Marshall did not receive non-executive directors’ fees.

The following emoluments were paid to non-executive directors during the 2019 financial year in addition to their fees for serving as directors:

- R574 000  Dr NY Jekwa for consulting on a large disposal project for the group for the period 9 January to 30 June 2019.
- R416 667  AB Marshall for compensation for serving as acting CEO of the group for the period 23 May to 30 June 2019. During his tenure as acting CEO, Mr Marshall did not receive non-executive directors’ fees.

Other than as is recorded above, no other remuneration was paid by the company nor was any consideration paid to or by any third party, or by the company itself, in respect of services of the company’s executive and non-executive directors, during the years ended 30 June 2019 and 30 June 2020.
Non-executive directors’ fees

Non-executive directors’ fees proposed for the 2020 financial year were not approved at 7th AGM held on 5 February 2020, and therefore the fees approved in 6th AGM held on 8 November 2018, were applied for the 2020 financial year.

The fees payable to non-executive directors comprise an annual fee based on the role fulfilled by each director, with the expectation of attendance at a pre-determined regular number of meetings per annum: board (four meetings); audit and risk committee (four meetings); human capital committee (three meetings); and social, ethics and transformation committee (three meetings). All travel and accommodation expenses incurred by directors to attend board and committee meetings are paid by the company.

The quantum of non-executive directors’ fees was determined taking into account the following:

- Size of the group – enterprise value (EV) is more appropriate than market capitalisation given the gearing in the group i.e. EV was R8.1 billion as at 30 June 2020 vs market cap of c.R411 million at 30 June 2020.
- Complexity of the group in the following areas:
  - Geographic – operations based in Cyprus, Spain, Hungary, Romania and South Africa.
  - Currency – emerging market vs developed market.
  - Business models – Pharma and OTC manufacturing, Nutraceutical and OTC sales and marketing, Pharma research and development, B2B and B2C.
  - Group debt levels – business has operated under an interim stability agreement (‘ISA’) for the entire financial year with limited liquidity and constrained operational flexibility.
- Debt restructuring and refinancing with long-term lenders.
- Frequency of board meetings (the board met a total of six times during the 2020 financial year) and board committee meetings.
- Compliance wide range of regulatory requirements internationally.

The following fees for the 2021 financial year will be proposed to the shareholders for consideration and approval at the 8th AGM, to be held on 1 December 2020. The proposed fees are based on an inflationary increase of 5% per position held as compared to the fees paid for the 2020 financial year.

![Table of fees](#)

<table>
<thead>
<tr>
<th>Proposed fees 2021</th>
<th>R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman of the board</td>
<td>998</td>
</tr>
<tr>
<td>Lead independent non-executive director</td>
<td>350</td>
</tr>
<tr>
<td>Member of the board</td>
<td>263</td>
</tr>
<tr>
<td>Chairman of the audit and risk committee</td>
<td>242</td>
</tr>
<tr>
<td>Member of the audit and risk committee</td>
<td>95</td>
</tr>
<tr>
<td>Chairman of the human capital committee</td>
<td>126</td>
</tr>
<tr>
<td>Member of the human capital committee</td>
<td>63</td>
</tr>
<tr>
<td>Chairman of the social, ethics and transformation committee</td>
<td>95</td>
</tr>
<tr>
<td>Member of the social, ethics and transformation committee</td>
<td>63</td>
</tr>
</tbody>
</table>

Directors’ and associates’ shareholdings at 30 June

![Table of shareholdings](#)

*Appointed 14 October 2019*