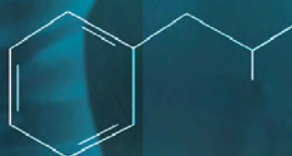


Status: Analysis



AfroCentric
GROUP

Healthier Together



2022 INTEGRATED
ANNUAL
REPORT

About AfroCentric

AfroCentric is a level 2, majority black-owned investment holding company listed on the Johannesburg Stock Exchange (JSE). The Group owns and operates a diverse range of healthcare-related enterprises that provide specialised medical scheme administration and deliver healthcare products and services to the public and private healthcare sectors.

The principal objective of the Group is to ensure the delivery of efficient health management services and the distribution of quality products – all at a manageable and affordable cost for the benefit of our stakeholders.

AfroCentric has successfully broadened its interests in the industry by continuing to pursue new opportunities to expand and rationalise its presence across the healthcare sector.

Snapshot of our performance



3.8 M

LIVES UNDER OUR MANAGEMENT

(2021: 3.8 million lives)



8.0%

REVENUE GROWTH

(2021: 25.8%)



1.2%

INCREASE IN OPERATING PROFIT

(2021: 15.5% increase)



14.0%

RETURN ON EQUITY

(2021: 14.6%)



Level 2

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE) STATUS



15

CLIENT MEDICAL SCHEMES IN SOUTHERN AFRICA

(2021: 18 client medical schemes)



5 812

EMPLOYEES IN SOUTH AFRICA AND OTHER COUNTRIES

(2021: 5 957 employees)

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IBC

CREATING VALUE THROUGH PURPOSE

Our purpose is to enhance the quality of life of our stakeholders.

Value for AfroCentric is therefore tied to our ability to achieve this aim. We seek to fulfil this purpose by transforming healthcare – making it more affordable and widely accessible. This drive has never been more critical.

Navigating our report

Our strategic levers

-  Optimal structure
-  Service model
-  Our people
-  Technology
-  Exploring disruptive models
-  Primary care, primary health insurance and occupational health
-  Pharma cluster
-  Client Experience and membership growth

Our capitals

-  Financial
-  Social and relationship
-  Human
-  Manufactured
-  Intellectual
-  Natural

We deliver on our strategy through our **business clusters**.

Medical aid administration, risk management and technology

3.8 M
lives under management

Substantial **DIGITAL** and **TECHNOLOGICAL ADVANCEMENT**

Pharmaceutical

LARGEST South African courier pharmacy

FULL MEDICINE SPEND can be managed

HIGH IMPACT on overall healthcare spend and savings for schemes

Corporate solutions

PRIMARY CARE

OCCUPATIONAL HEALTH

Fully integrated with **WELLNESS**

Read about our business clusters from page 66.

Delivering value by transforming healthcare

The Group has invested significant financial and intellectual capital into analysing the full healthcare spend. This exploration of the challenges and risk environment has informed our approach to developing or acquiring the necessary assets and capabilities to deliver the right solutions to achieve our mission.



These efforts align with a primary **United Nations Sustainable Development Goal (SDG)** for the healthcare sector and a foremost target for the Group – Good Health and Well-being. Our ambitions specifically address the following target within SDG 3:

Target 3.8 of SDG 3

Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services and access to safe, effective, quality and affordable essential medicines and vaccines for all.

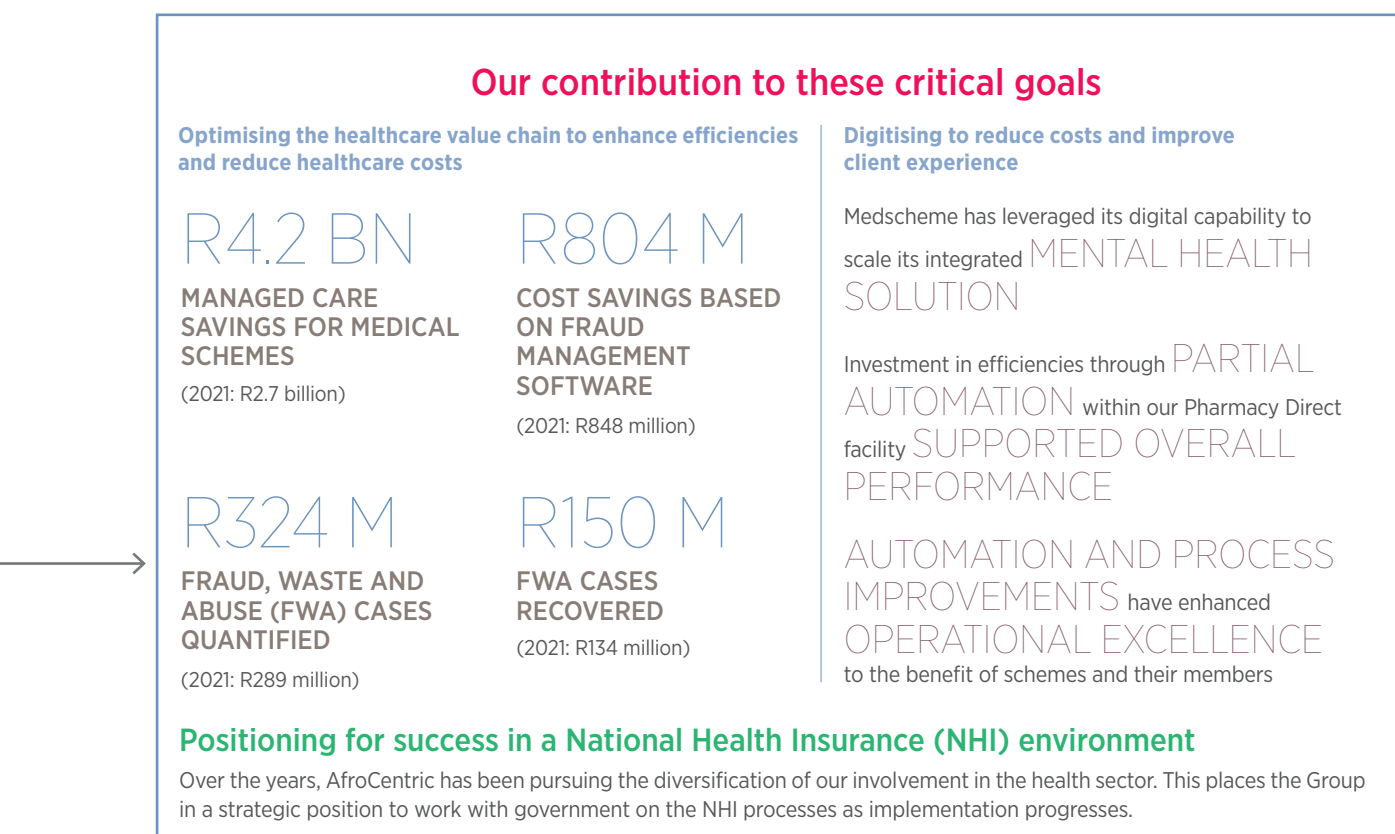
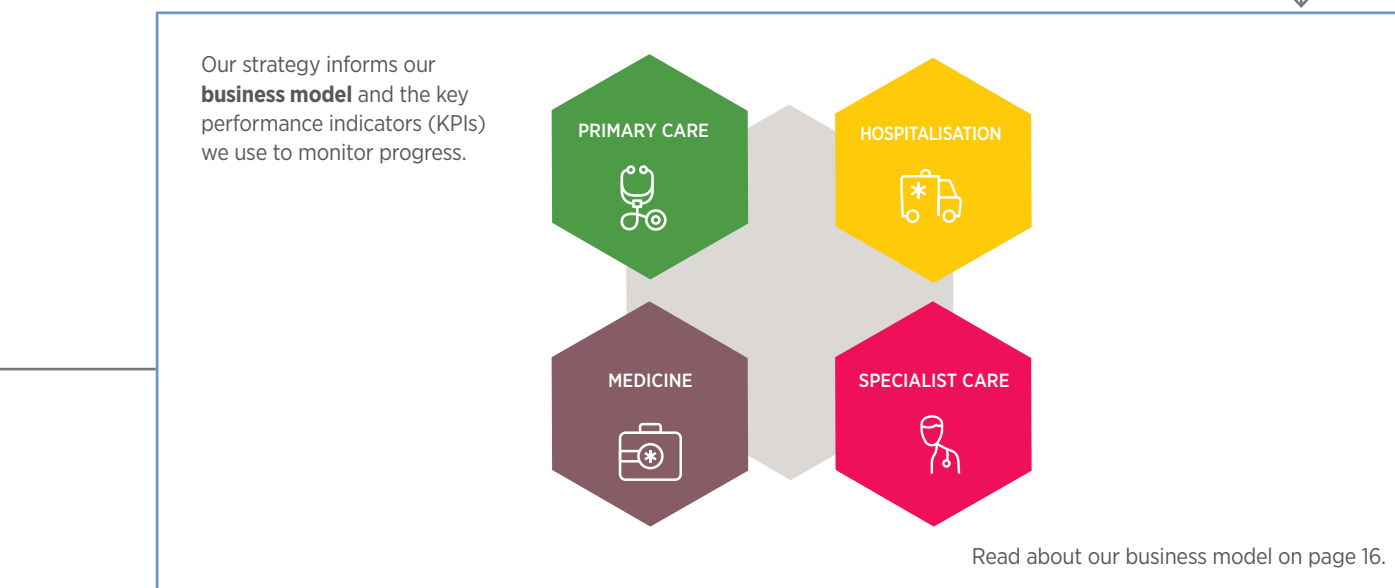
We seek to contribute positively across all 17 SDGs (and reference several SDGs within our report). However, we recognise that in light of our purpose and mission, a focus on enhancing health and wellbeing and, more specifically, targeting broader access to healthcare aligns with our **definition of value** and will be our most significant contribution to sustainable development.



Our objectives also align with the **National Development Plan (NDP) – Vision 2030** in its desire to develop a health system that works for everyone and produces positive health outcomes.

Health goal 8 of the NDP: Universal healthcare coverage

Everyone must have access to an equal standard of care, regardless of their income.



ABOUT THIS REPORT

Our Integrated Report provides information about AfroCentric for the year ended 30 June 2022.

This report is intended for current and prospective investors and stakeholders with an interest in our Group. It provides information on AfroCentric Investment Corporation Limited's (AfroCentric's, the AfroCentric Group's, the Company's or the Group's) governance, material risks and opportunities, performance against strategy, impact on society, and prospects.

Integrated thinking

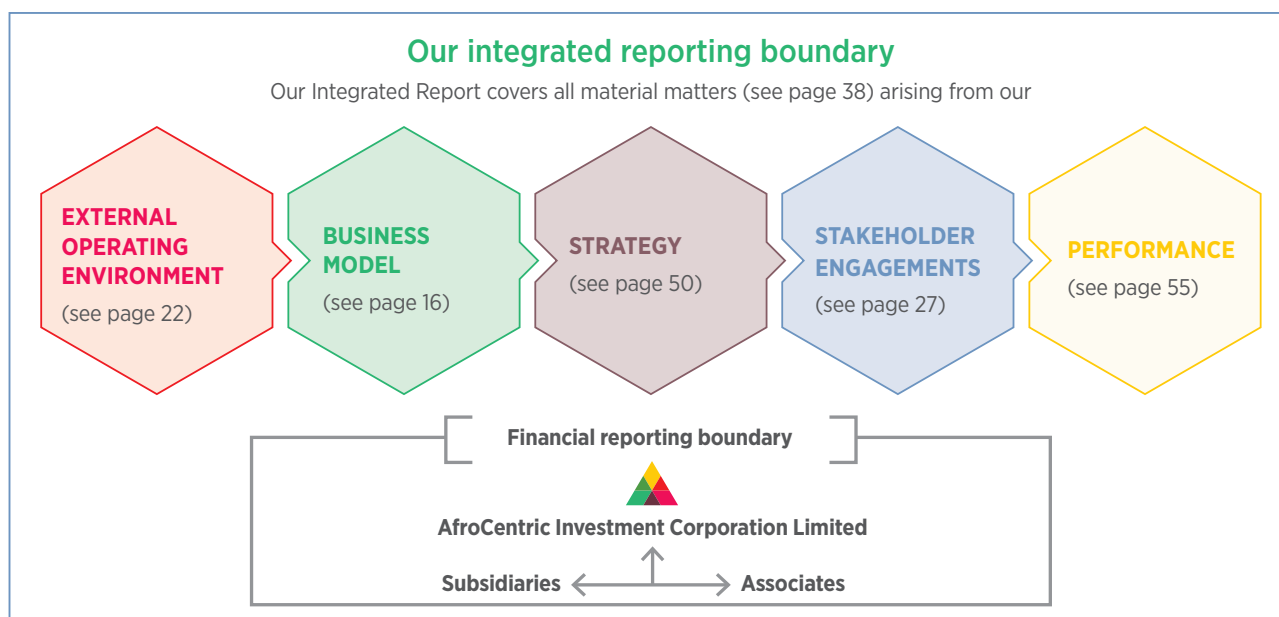
This report has been prepared to provide balanced, reliable, transparent and relevant information to our providers of financial capital and other interested stakeholders. We strive to demonstrate how we execute our strategy to create or preserve value using our chosen business model and considering the nature, quality and availability of the resources and relationships we rely on, as well as our contribution to broader goals.

By carefully considering the relationship between the capitals that we use and affect, as well as the potential trade-offs inherent in our strategic choices, we manage our resources to provide integrated healthcare solutions for our clients and increase access to sustainable, affordable and quality healthcare for their members. This enables us to create value by sustaining financial returns and enhancing the lives of our stakeholders.

To demonstrate our commitment to sustainable development, we have included references to the SDGs – those that relate to our strategy and to which we can most significantly contribute. However, based on our strategic intent, our primary contribution is to SDG 3 – Good Health and Well-being – and specifically to target 3.8.

Reporting scope and boundary

Material events between the year-end and 26 September 2022, when the Board approved the report, are also included. Our reporting approach's scope, boundary and measurement methods are materially similar to those in 2021. There were no restatements to comparatives.



Reporting approach


Only matters material to our value creation have been included in this report. 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 (see page 38 for more detail).

The following frameworks have been used in compiling our report:

- » Integrated Reporting Framework
- » JSE Listings Requirements
- » King Report on Corporate Governance for South Africa, 2016 (King IV)^{TM1}
- » Companies Act 71 of 2008, as amended (Companies Act)
- » The South African Institute of Chartered Accountants' Financial Reporting Guides, as issued by the Accounting Practices Committee
- » Financial Pronouncements as issued by the Financial Reporting Standards Council
- » International Financial Reporting Standards (IFRS)

Reporting suite

Our Integrated Report is supplemented by our full suite of reports accessible on our Group website at www.afrocentric.za.com.



Our IR is primarily addressed to our providers of capital and other interested stakeholders. It details the Group's strategy and our performance against it, including demonstrating the Group's value creation journey.

Assurance

- » Management and governance oversight
- » Board oversight and approval
- » Broad-Based Black Economic Empowerment (B-BBEE) verification (Honeycomb BEE Ratings)

No independent assurance was obtained on the report as a whole.



The Group AFS (AFS) provide comprehensive information pertaining to the Group's audited financial statements, prepared in accordance with IFRS.

Assurance

- » Internal controls
- » Management and governance oversight
- » Internal audit
- » Unmodified external audit opinion (PricewaterhouseCoopers Inc.)



The notice of AGM provides statutory information distributed to shareholders to convene the AGM. In addition, proxies are attached for the voting of all resolutions tabled.

Assurance

- » Management and governance oversight

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Outlook

Outlook information is considered to be that which details the challenges, opportunities and uncertainties we are likely to encounter in pursuing our strategy, as well as the potential implications for our business model and future performance.

Outlook information can be found throughout this report; however, the majority of this information is detailed in the following sections:

Chairman's review	Page 6
External environment	Page 22
Our material matters	Page 38
Chief Executive Officer's (CEO's) review	Page 46
Our strategy and approach	Page 50
Our performance	Page 55
Chief Financial Officer's (CFO's) review	Page 56

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 cause 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 Group undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after 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.

Process disclosure and assurance approach

Our integrated reporting process began with reviewing the material matters for reporting. Content gathering for the report included engagements across the business and at Board level, as well as drawing from Board and Board committee submissions. We apply a combined assurance approach over the Group's operations. Therefore, internal controls, management assurance, compliance and internal audit reviews, as well as the services of independent external assurance providers, support the accuracy of the disclosures within our published reports.

In line with their mandate, the Integrated Report is reviewed and recommended to the Board for approval by the Audit and Risk Committee. The Board takes final accountability for approving the Group's external disclosures.

Board approval

The Board acknowledges its responsibility for the integrity of this report. This report provides relevant information to providers of financial capital to enable informed capital allocation decisions while supplying information relevant to our broader stakeholders. The report addresses all material matters, offering a balanced perspective of the Group's strategy and how it relates to AfroCentric's ability to create value in the short, medium and long term. The report addresses the use of and effects on the capitals and how the availability of these capitals impacts the Group's strategy and business model. Furthermore, we believe this report demonstrates how the Group seeks to fulfil its purpose and, in this way, creates sustainable value for all its stakeholders. Our opinion is that this Integrated Report presents a fair and balanced view of AfroCentric's performance and outlook. We, as the Board, believe that this report has been prepared in accordance with the International Integrated Reporting <IR> Framework.

This report was approved for release on 26 September 2022.

Dr Anna Mokgokong
Chairman

Joe Madungandaba
Deputy Chairman

Bruno Fernandes
Lead Independent Director

Mmaboshadi Chauke
Independent
Non-executive Director

Alice le Roux
Independent
Non-executive Director

Gary Allen
Non-executive Director

Dr Nkateko Munisi
Non-executive Director

Kanyisa Mkhize
Non-executive Director

Ahmed Banderker
Group CEO

Hannes Boonzaaier
Group CFO

Willem Britz
Non-executive Director

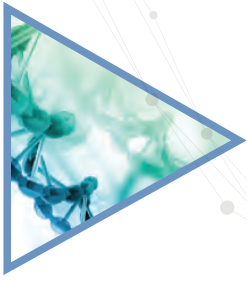
Feedback

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 Bongiwe Ncube at investor-relations@afrocentric.za.com or telephonically at +27 (0)11 671 2475.

WHO WE ARE

START





CHAIRMAN'S REVIEW

As a true patriot, I am driven by the spirit of Ubuntu – a sense of togetherness, an understanding that our actions impact those around us and broader society. I believe this spirit lies at the heart of AfroCentric.

Looking back over the turmoil of the past few years, amid the challenges, we can undoubtedly say the Group is living the vision we had from the onset. We have been driven by one singular purpose: to enhance the quality of life of our stakeholders by innovating a new integrated model of sustainable healthcare that measurably improves access to quality care.

Indeed, this commitment has been at the heart of everything we do since our establishment in 2008. Why, you may ask? Because we recognised then – as we do now – that a healthy, productive population is the cornerstone of our economic development. This commitment aligns with a broader global imperative, SDG 3, to ensure healthy lives and promote wellbeing for all ages.

I am pleased to say that, over the years, we have built an organisation that has proven itself time and time again, one that is well positioned to achieve these lofty goals.

Investing in collective efforts to enhance health and wellbeing

COVID-19 has taught us one central lesson as a country, and particularly as healthcare workers: that we need unity, collaboration and a common purpose to work towards. Therefore, we believe it is critical for healthcare workers and various role players to engage on pertinent issues and lessons learnt that affect us as a nation, particularly around healthcare. In line with this thinking, we sponsored the inaugural SA Healthcare Industry Summit 2022 under the theme *Reimagining Wellcare*. The summit brought together various role players from across the healthcare industry, recognising that there are many elements to wellness, and we need to pay attention to them all to build a healthy nation. As the lead sponsor, we sought to serve the country in achieving these goals.

In line with the Group's driving ambition, AfroCentric worked closely with the government throughout the COVID-19 pandemic, utilising our infrastructure to distribute procured vaccines in our country's time of crisis. With the understanding that charity begins at home, we also embarked on a vaccination campaign for our staff, which received a positive response. With the Group's part in the vaccination drive now complete, I am pleased to report that 210 503 vaccines were administered in major cities across South Africa. Certainly, the Group's overall performance was impacted by the vaccination distribution programme, as approximately R25 million was invested in this project. However, when weighing up the short-term costs against our long-term

ambitions, we knew that leveraging our position as the most diversified healthcare group in Southern Africa was paramount and could significantly contribute to the fight against COVID-19. Indeed, AfroCentric will continue supporting the government to fight fundamental healthcare challenges and forge the path forward in realising our purpose and mission.

Demonstrating resilience in an evolving context

Despite the current circumstances, the Group has continued to progress towards its strategic plans for growth and expansion. AfroCentric's diversification strategy has proven its grit and potential these past years. Furthermore, the Company's diversified healthcare businesses have created stability for investors while enabling the Group to meet heightened stakeholder needs.

We remain passionate about promoting access to care and supporting meaningful progress in the universal healthcare journey. Recently, AfroCentric presented submissions on the NHI system to parliament to demonstrate how we can collectively strive to make the health system more affordable, accessible and of a higher quality for all. We made recommendations on the role the private sector can play towards enabling NHI and the funding sources required.

Beyond vaccination, several of our subsidiaries are already partnering with government to meet broader healthcare needs, including providing chronic medication to government clinic patients across four provinces. With this in mind, we genuinely believe that AfroCentric's diversification strategy positions the Group well within an NHI context.

Embedding environmental, social and governance (ESG) throughout the business

ESG matters present significant material risks and opportunities that require organisations to respond strategically. Our focus on integrating ESG into the core of our business continues to progress within a dynamic context.

Accordingly, we underwent an in-depth materiality review during the year to develop our ESG framework. As a result, AfroCentric has adopted the JSE Sustainability Disclosure Guidance, tailored explicitly for the South African context while remaining closely

aligned with various global frameworks. These guidelines became a logical starting point for developing and implementing our ESG reporting framework. We expect to expand our disclosure over the coming years as the ESG reporting context continues to evolve and as we integrate the necessary processes into the business to manage and measure the full range of matters identified.

(For more information on our material matters, please see page 38.)

Governance and leadership

Effective governance and sustainable value creation go hand in hand, especially in these extraordinary times. We believe this focus has seen us prevail through the crisis, with a strong sense of purpose and a forward-looking emphasis.

I would like to take this opportunity to thank those who have been integral to this journey. To Dr Shirley Zinn, who retired this year from her position as an Independent Non-executive Director; Jurie Strydom, who resigned from his position as a Non-executive Director; and Sello Mmakau, who resigned as an Executive Director, thank you for your contribution to achieving our purpose and furthering the Group's ambitions during this time.

I would also like to thank Willem Britz, who stepped down as an Executive Director of the Group, for his tireless efforts over the years. We are pleased, however, that we will continue to benefit from his insight as a Non-executive Director on the Board.

We welcome Kanyisa Mkhize as a Non-executive Director. Kanyisa will also serve on the Group's Social and Ethics Committee and is the CEO of Sanlam Corporate. We look forward to her contribution to the Group going forward. Her appointment will also enhance our gender diversity at Board level.

In memoriam

During the year, South Africa paid tribute to the doyen of the business world, Jacob "Meyer" Kahn, a co-founder of the AfroCentric Group, who passed on 2 June 2022. He remained a distinguished leader, an inspiration to his colleagues on the Board and a presiding governance icon to management. We wish to take this opportunity to remember his invaluable contributions to the Group. May his soul rest in peace.

Outlook

Globally, the aftershocks of the pandemic will continue to be felt for a long time. We are also cognisant of the significant uncertainty and volatility brought on by the Russia/Ukraine conflict and resultant supply chain constraints. In South Africa, we anticipate a period of sustained economic weakness as the country strives to overcome the significant socioeconomic hardships of the past years off a weak pre-COVID base.

As a purpose-led business, we remain committed to contributing to economic growth and supporting government's universal healthcare aspirations. In the year ahead, we will continue leveraging our position as the most diversified healthcare group in Southern Africa as we implement our strategy to broaden access to sustainable, affordable, quality healthcare.

Appreciation

I am indebted to our leadership team for effectively navigating us through these difficult times and to all our people who respond daily with purpose-driven intent to meet our stakeholders' needs. I also thank my fellow Board members for their unwavering support and diligence in pursuing AfroCentric's purpose and vision. I look forward to their continued support as we move into the future.



Dr Anna Mokgokong
Chairman







Who we are

AfroCentric is a level 2, majority black-owned, 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

Our business is focused on making a sustainable impact in the area we know best – healthcare. We increase access to sustainable, affordable and quality healthcare through our operating subsidiaries by providing health administration, health risk management, and a range of complementary solutions to our medical scheme clients and their members across the healthcare value chain. A primary lever in our strategy is to reduce the cost of healthcare.

 Why we exist	 Where we are going	 How we will get there	 What it will require of us
Our purpose Enhancing the quality of life.	Our vision Transforming healthcare.	Our mission To innovate a new integrated model of sustainable healthcare that measurably improves access to quality healthcare.	Our values <ul style="list-style-type: none"> » Act with integrity and trust » Go the extra mile » Cultivate uniqueness » Thrive together » Make a positive difference

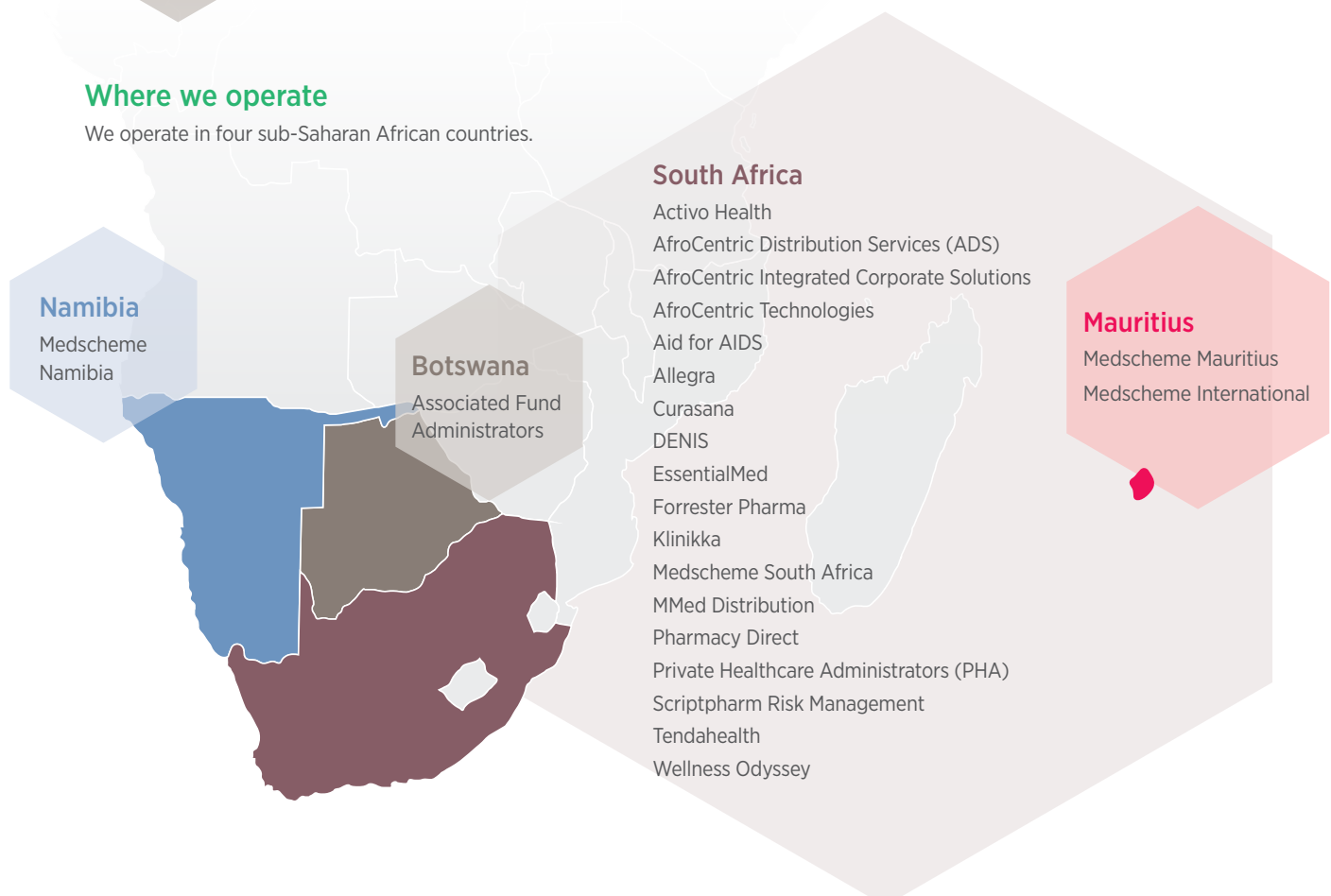
We execute our vision and purpose through our STRATEGY

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

For more information, please see page 50.

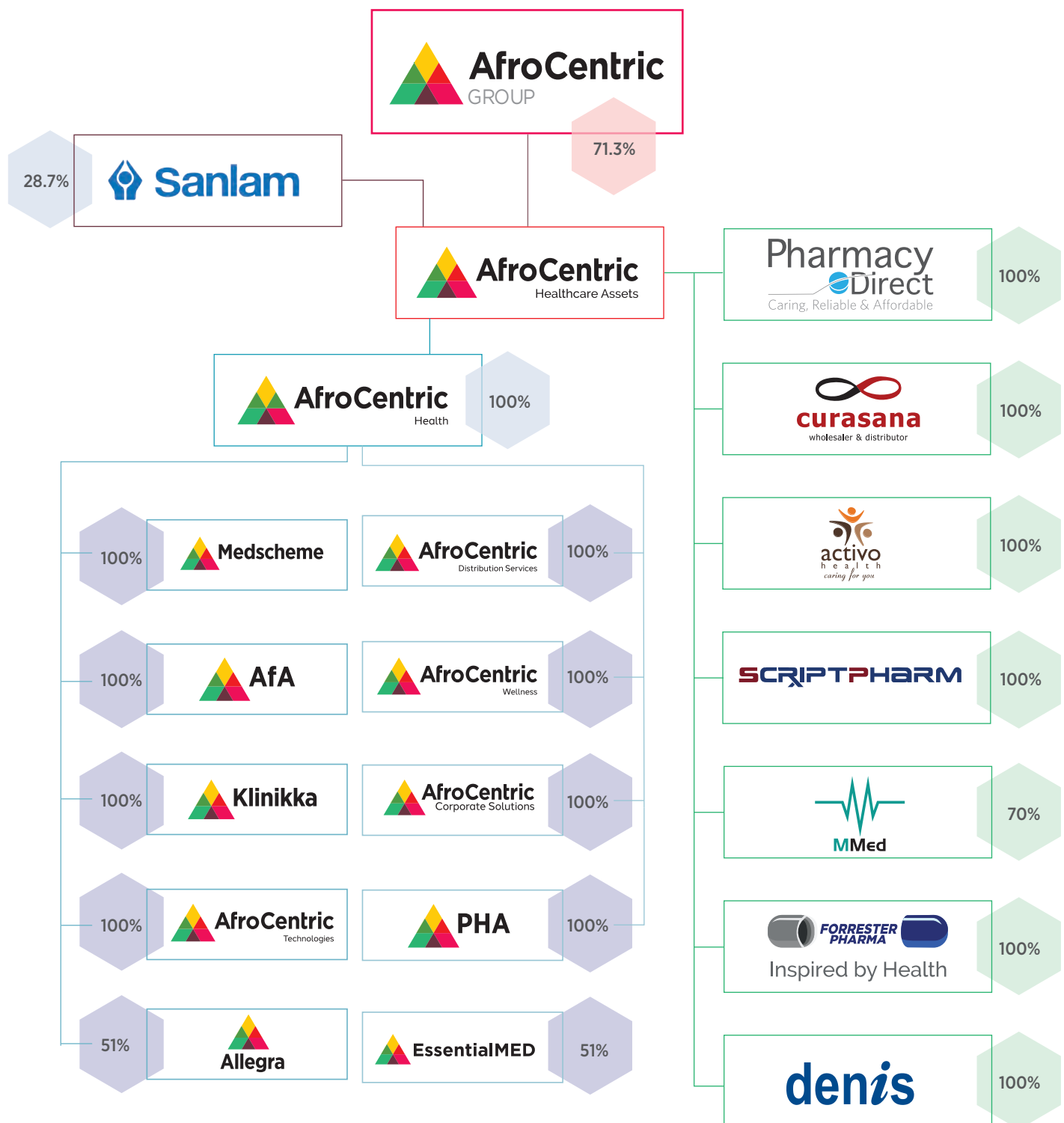
Where we operate

We operate in four sub-Saharan African countries.



Organisational overview

Group structure¹



¹ The complete corporate/Group structure is included in our AFS.

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

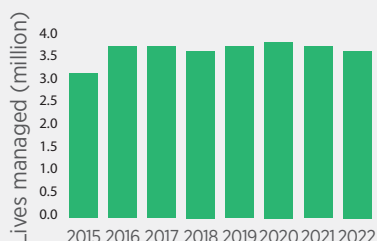
One of the **LARGEST HEALTH ADMINISTRATION BUSINESSES** in the South African healthcare sector.

An **INTEGRATED HEALTHCARE BUSINESS** and **MARKET LEADER** in managed care.

The **LARGEST DISTRIBUTOR OF CHRONIC MEDICINE** to government hospitals and clinics.

3.8 MILLION beneficiaries

Number of lives managed



Diversified across complementary healthcare services

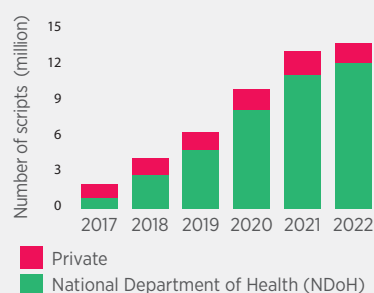
DIVERSIFICATION makes us more sustainable in a changing healthcare environment.

PHARMACEUTICAL COMPANIES CONTRIBUTED 50.5% IN REVENUE through organic and acquisitive growth, as well as 32% contribution to operating profit.

Our business model enables the Group to **OPTIMISE HEALTHCARE COSTS** to deliver on our mission.

AVERAGE 1.2 MILLION MONTHLY SCRIPTS
4.5% GROWTH IN ANNUAL SCRIPTS

Number of scripts



Multiple growth drivers

Positioning **START-UPS** for success.

DIGITISING to enhance efficiencies and improve client experience.

Maximising our **INTEGRATED BUSINESS MODEL**.

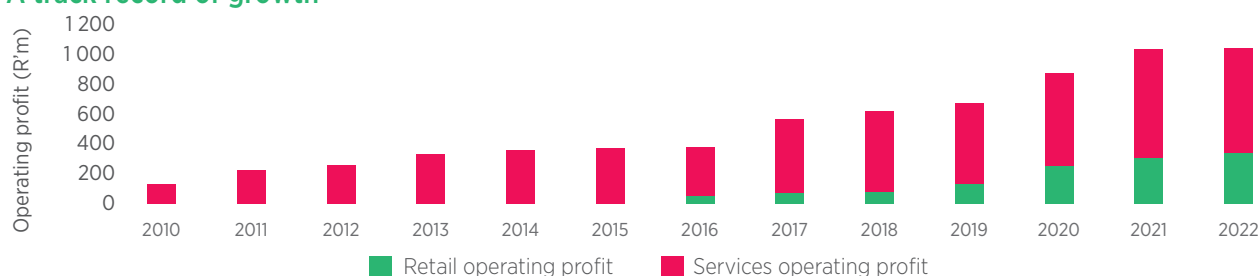
PARTNERING with various institutions to deliver value.

Positioning for success in an **NHI** environment.

Revenue contributors

	2021/2022
Pharmacy Direct	(2%)
Activo Group	22%
Scriptpharm	(2%)
MMed	16%
Admin	13%

A track record of growth





OUR HISTORY

● AfroCentric incorporated (80% effective interest acquired) and listed on the JSE

● Increased effective interest in AfroCentric Health to 94.1%

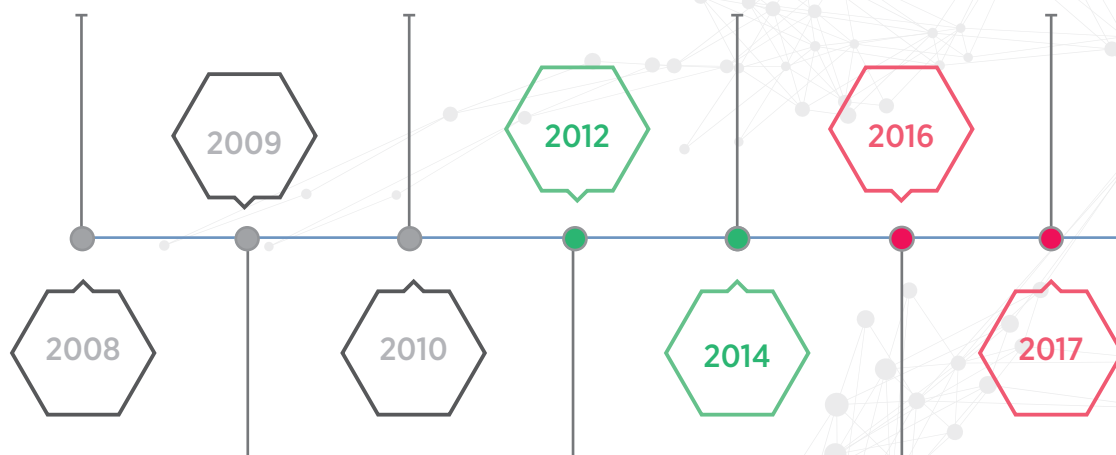
● Acquired South African licence of document-based care (DBC) back and neck rehabilitation programme

● Acquired:

- » 100% of Wellness Odyssey
- » 51% of The Cheese Has Moved

● Amalgamation of Bonitas and Liberty added 125 000 lives to our care

● Pharmacy Direct secured further contracts for the delivery of chronic medicine to public sector patients, increasing its footprint from five to seven South African provinces



● Acquired AfroCentric Health Group (80% effective interest)

● Helios IT Solutions (renamed AfroCentric Technologies) acquired a 51% interest in Allegra

● Acquired:

- » 100% of Pharmacy Direct
- » 100% of Curasana
- » 26% of Activo Health

● Sanlam acquired 28.7% of ACT Healthcare Assets, a major subsidiary of AfroCentric Investment Corporation

● Awarded South African Police Service medical aid (POLMED) scheme contract

● Corporate action

● Scheme merger

● Acquisition/disposal

● Contract award



Acquired:

- » Remaining 74% of Activo Health
- » 82.8% of PHA
- » 100% of Sanlam Health (renamed AfroCentric Integrated Health Administrators)
- » Additional 25% of Associated Fund Administrators Botswana

Medshield Hospital and Fraud Management, and Bonitas Actuarial Services

Hosmed Medicine Management

POLMED contracts for Chronic Medicine Management in Scriptpharm

ACT Healthcare Assets acquired 100% of the shares in the Dental Information Systems (DENIS) Group, which specialises in dental benefits management. The effective date was 1 October 2020

Medscheme was awarded the Government Employees Medical Scheme Managed Care Contract, which includes additional services previously not part of the main managed care contract regarding HIV management, maternity management and expanded services relating to medicine management, effective 1 January 2021

AfroCentric FastPulse concluded a contract to provide COVID-19 occupational health and safety support for the Western Cape's Economic Development and Tourism Department, effective January 2021

Activo Health acquired Exeltis SA (the holding company of Forrester Pharma and Lamar International), effective 1 August 2021

2018

2020

2022

2019

2021

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 the new NDoH Central Chronic Medicine Dispensing and Distribution (CCMDD) contracts, increasing volumes from 50% to an estimated 80%

Acquired

- » ACT Healthcare Assets acquired the remaining 20% of the shares in Scriptpharm Risk Management, effective 1 August 2020
- » Remaining 17.2% of PHA
- » Additional 17% of TCHM

Medscheme won a contract to administer MEDiPOS Medical Scheme

AfroCentric Health acquired the Sanlam Gap Cover business, effective 1 September 2021

AfroCentric Distribution Services (ADS) acquired the remaining 49% of the shares in Tendahealth, effective 1 April 2022

AfroCentric Health acquired the remaining 49% of the shares in ADS, effective 1 July 2022

Medscheme was awarded the full managed healthcare tender for SAMWUMED, effective 1 January 2022

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



Inspired by Health

Operations

AfroCentric is the most diversified healthcare company in Southern Africa. To leverage our integration model, our business is organised into three primary clusters: medical aid administration, risk management and technology; pharmaceutical; and corporate solutions offerings.

To better understand the value delivered through our business clusters, please see page 66.

Medical aid administration, risk management and technology

3.8 MILLION
LIVES UNDER MANAGEMENT
(2021: 3.8 million)

**SUBSTANTIAL DIGITAL AND
TECHNOLOGICAL
ADVANCEMENT**

REVENUE CONTRIBUTION

47.6%

Our businesses



Medscheme

provides its established clients with a full spectrum of health administration and health risk management services.

Through its subsidiaries and associate businesses in several African countries, including Namibia, Mauritius and Botswana, Medscheme delivers innovative, affordable health risk management, medical scheme administration and information technology solutions of exceptional quality to leading medical schemes and corporate clients outside South Africa.



AfroCentric Technologies

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



Aid for AIDS

has been the industry leader in HIV/AIDS management since 1998. The business coordinates care between funders, doctors, pathology labs, pharmacies and patients. This includes designing, developing and delivering unique and encompassing programmes that help businesses care for and manage medical schemes for individuals with HIV/AIDS. The business seeks to design programmes that understand patients' needs and equip them with the treatment and tools to lead fulfilled lives.



Klinikka

is licensed to offer the DBC programme, an evidence-based, multi-disciplinary treatment approach to managing musculoskeletal disorders. Klinikka provides DBC equipment and administration services to 28 musculoskeletal treatment centres in Southern Africa.



AfroCentric Distribution Services

is a specialised marketing and sales company that offers a full suite of marketing services and comprehensive distribution channel management.



Allegra

is a tech-based contributor to the medical sector that empowers healthcare communities by providing access to information that enhances total individual care. Allegra strives to gather and share vital information seamlessly with appropriate healthcare providers, funders, and other stakeholders, resulting in improved patient quality of life.



Private Healthcare Administrators

is a medical scheme administrator that leverages its technologically advanced systems to provide innovative healthcare solutions to its open and corporate scheme clients.



DENIS

DENIS has 26 years of experience as a managed care company, focusing entirely on dental management. With DENIS being part of the AfroCentric Group, it adds to the Group's diversity as focused dental managed care is now a new product to offer to all its medical scheme clients.

Pharmaceutical

**LARGEST
SOUTH AFRICAN
COURIER PHARMACY**

**FULL MEDICINE
SPEND
CAN BE MANAGED**

**HIGH IMPACT
ON OVERALL HEALTHCARE
SPEND AND SAVINGS
FOR SCHEMES**

REVENUE CONTRIBUTION

50.5%

Our businesses

**Pharmacy Direct**

distributes and delivers medicine to urban and rural areas for medical scheme clients and government's CCMD programme.

**Curasana**

is a specialty pharmaceutical wholesaler, procures and supplies pharmaceutical products to Pharmacy Direct, Activo Health and other major wholesalers in Gauteng.

**Activo Health**

specialises in importing and marketing pharmaceutical products and trades in all pharmaceutical industry sectors.



Inspired by Health

Forrester Pharma

owns several registered legal rights to manufacture and distribute specific generic medications (dossiers) and have a right to a substantial pipeline of dossiers in the process of being registered with the South African Products Regulatory Authority.

SCRIPTPHARM**Scriptpharm**

is a registered managed care organisation that manages chronic and acute medicine through a capitation arrangement, where healthcare providers are managed in terms of efficiency, cost control and preventative care. The business provides drug utilisation reviews, and Scriptpharm's medicine formulary is a list of safe, clinically appropriate and cost-effective medicines for treating specific conditions.

**MMed Distribution (MMed)**

is a specialist procurer and distributor of affordable pharmaceutical, surgical and medical products and devices. It has distribution agreements with several multi-national manufacturers with a national footprint. MMed partners with private hospitals and improves their cost-efficiency by providing a fully outsourced stock supply and management service.

Corporate solutions

PRIMARY CARE

**OCCUPATIONAL
HEALTH**

**FULLY INTEGRATED WITH
WELLNESS**

REVENUE CONTRIBUTION

1.9%

Our businesses

**AfroCentric Integrated Corporate Solutions**

combines AfroCentric WorkCare, AfroCentric Integrated Health Administrators, AfroCentric Healthinsure and AfroCentric FastPulse Employee Benefit Solutions to provide integrated health and wellness solutions to the workplace.

**Wellness Odyssey**

provides people-centric wellness solutions that identify non-communicable clinical risk; promote awareness and supply educational material; refer designated high-risk members to established disease management programmes; and provide home-based care services to scheme members.

**EssentialMed**

provides day-to-day healthcare insurance plans offering 100% access to private General Practitioners (GPs), acute, chronic and over-the-counter medicine, radiology, pathology, dentistry and optometry. In addition to the above benefits, members can include Accident cover for those unexpected incidents.

Our business model

Inputs



Financial capital

The pool of funds (equity) the Group relies on:

- » Funds reinvested in the Group
- » Return on investments
- » Revenue generated from services

Key inputs

- » R3.4 billion net asset value (2021: R3.2 billion)
- » R286 million reinvested funds (2021: R274 million)



Intellectual capital

The knowledge-based intangible assets:

- » Systems and processes
- » Customised IT systems
- » Licences
- » Business and industry knowledge

Key inputs

- » IT systems and relevant licences
- » Fraud management software
- » Medical administration



Manufactured capital

Our service platform:

- » Nexus IT system

Key inputs

IT solutions

- » Transactional switching
- » Specialised disease management
- » Back, neck and shoulder treatment
- » Pharmaceutical wholesaling
- » Pharmaceutical courier distribution services



Human capital

Our employees' and contractors' skills, wellness and motivation

Key inputs

- » 5 812 employees (2021: 5 957)



Social and relationship capital

The quality of AfroCentric's relationships with our material stakeholders

Key inputs

- » Managing stakeholder relations
- » Social licence to operate

See page 27 for our in-depth discussion on stakeholder relationships



Natural capital

We consume energy, water and paper to provide services

- » Water consumption 2022: 20 486kl (2021: 27 326kl)
- » Electricity consumption 2022: 7 946 MWh (2021: 8 746 MWh).
- » Diesel consumption: Diesel (used in generators) 2022: 49 512 litres (2021: 31 359 litres).

Activities

AfroCentric's activities focus on broadening healthcare access by expanding our presence, integrating our operations and optimising costs across the value chain to measurably improve access to quality care.

Our primary activities at Group level focus on **acquiring, developing and integrating** businesses that enable us to optimise the healthcare value chain to increase the value of the healthcare spend.

The **healthcare value chain** comprises **primary care, medicine, specialist care and hospitalisation** solutions.

To optimise costs and the delivery of healthcare to our stakeholders, the Group is organised into **three clusters that incorporate businesses across the value chain**:

INTEGRATING



PRIMARY CARE

MEDICINE

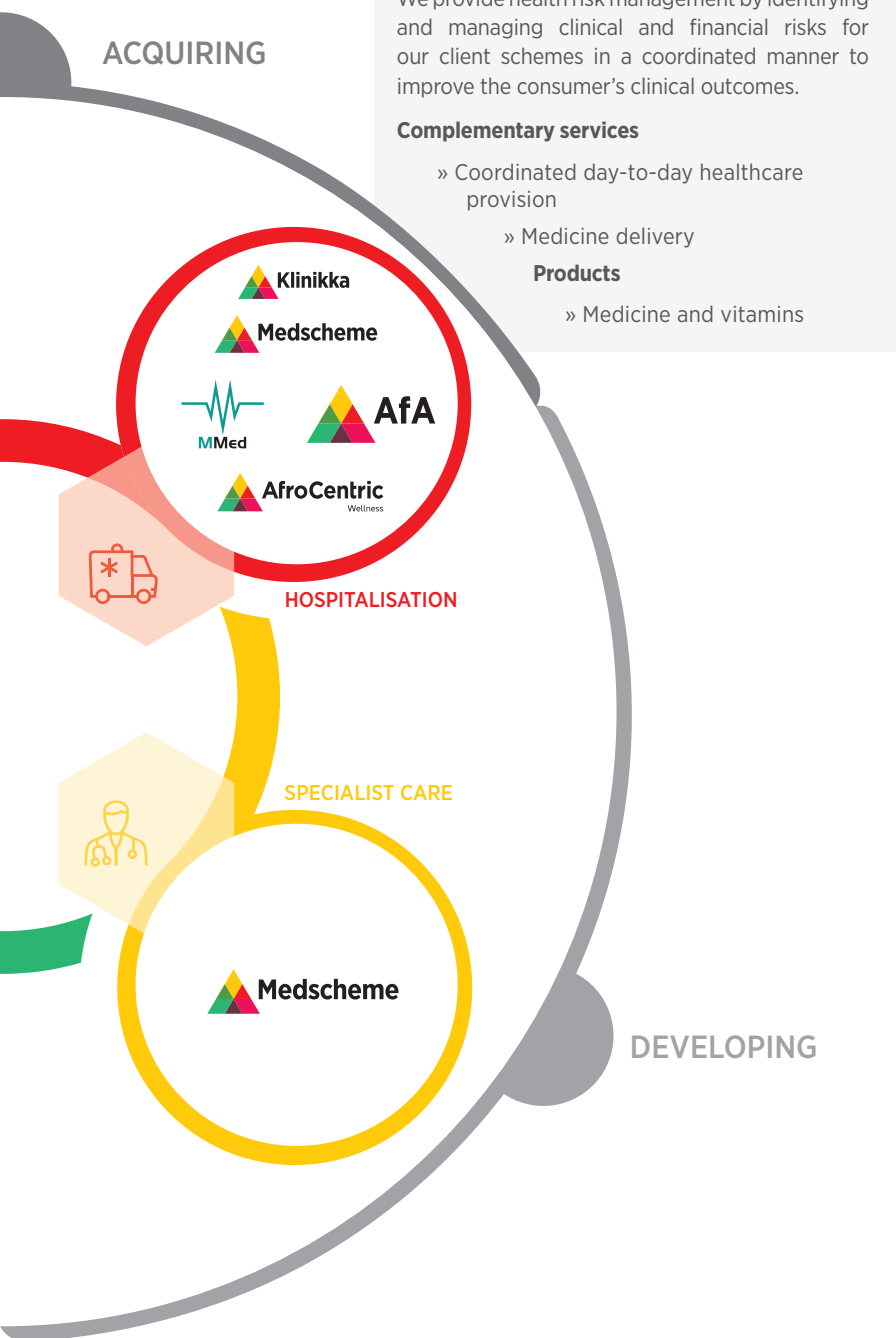
Pharmacy Direct
Caring, Reliable & Affordable

SCRIPTPHARM

curasana
wholesaler & distributor

FORRESTER PHARM
Inspired by Health

activo
health
caring for you



Outcomes



Financial capital

- Normalised headline earnings per share 55.53 cents (2021: 61.56 cents)
- R138 million in cash reserves (2021: 198 million)
- The dividend yield remained flat at 7.7% (2021: 7.7%)
- 0.7% decrease in share price (2021: 20% increase)
- + Operating profit increased by 1.2% (2021: 15.5% increase)
- + Total revenue increased by 8.0% (2021: 25.8% increase)



Intellectual capital

- Cost savings based on fraud management software – R804 million (2021: R848 million)

Impacted SDGs



Manufactured capital

- 3.8 million lives under administration (2021: 3.8 million)
- 15 client medical schemes in Southern Africa (2021: 18)

Impacted SDGs



Human capital

- » 10% employee turnover (2021: 11.3%)
- » R5.6 million invested in training employees (2021: R10.7 million)
- » R1.4 million invested in bursaries (2021: R458 000)

Impacted SDGs



Social and relationship capital

- » R9.3 million invested in enterprise development (ED) (2021: R6.6 million)
- » R10.1 million invested in supplier development (SD) (2021: R13.6 million)
- » R3.8 million invested in socioeconomic development (SED) (2021: R9.6 million)

Impacted SDGs



Natural capital

- + Environmental impact monitoring and management
- + Optimised energy, water and paper use
- + Enhanced awareness communication Group-wide
- Direct emissions increased by 30% from FY2021 to FY2022
- + Indirect emissions decreased by 9%

Impacted SDG




The value derived from our business model for our stakeholders


Value created/capital enhanced Value eroded/capital reduced Value preservation 


Value for our CLIENTS

AfroCentric is committed to **EXCEPTIONAL CLIENT SERVICE** and continuous improvement in our service offerings.


We optimise the healthcare value chain by leveraging our market presence and size **TO REDUCE COSTS** for our clients and their scheme member.


Voice of the Customer Survey achieved a positive response rate of **81.23%** (2021: 81.46%) 

Membership in larger schemes between 2015 and 2022 has grown by **19.7%** 

Weighted scheme solvency of **35.8%** (2021: 39%) 

Average scheme contribution increase of **5.6%** (2021: 3.81%) 

R4.2 BILLION managed care savings for medical schemes (2021: R2.7 billion) 

R804 MILLION cost savings based on fraud management software (2021: R848 million) 

R324 MILLION FWA cases quantified (2021: R289 million) 

R150 MILLION FWA cases recovered (2021: R134 million) 

Value created for us

Retaining and growing our medical scheme clients is critical to our sustainability and enhances the organisation's profitability.

Capitals impacted




Value for our client's MEMBERS

Enhancing the **QUALITY** and **EASE OF ACCESS** to healthcare services.

Enabled VirtualCare consultations

Enabled WhatsApp member engagements

Facilitated the use of the hospital-at-home product by patients

Launched our Pharmacy Direct online shop (<https://pharmacydirect.co.za>) – available to all our patients and the public 

Value created for us

Member satisfaction is critical to our clients and therefore top of mind. By ensuring member satisfaction for our clients, we support the continued sustainability of our business.

Capitals impacted



Value created for our SHAREHOLDERS AND INVESTORS

SUSTAINABLE RETURNS over time derived from a purpose-driven business model.

Dividend yield of 7.7% (2021: 7.7%)	→
Headline earnings per share of 55.07 cents (2021: 57.26 cents)	✗
Operating profit increased by 1.2% (2021: 15.5%)	✓
Return on equity of 14.0% (2021: 14.6%)	✗
Diversifying into other revenue streams through our various subsidiaries supports business sustainability	
» Pharmaceutical companies contributed 50.5% in revenue through organic and acquisitive growth (2021: 52.5%), as well as 32% contribution to operating profit (2021: 30%)	✓
Net working capital 11.2% increase year-on-year (2021: 10.8% decrease) despite 8.0% growth in sales (2021: 25.8%) and new product launches	✓

Value created for us

Our providers of capital enable us to diversify our revenue sources and grow our business.

Capitals impacted



Value for our EMPLOYEES

A purpose-driven work culture that fosters INCLUSIVITY and HIGH PERFORMANCE.

Passionate individuals who pursue INNOVATION, EXCELLENCE AND CAREER ADVANCEMENT through continued professional development.

10% employee turnover (2021: 11.3%)	✓
83% of the workforce are black (2021: 82%)	✓
71% of the workforce are women (2021: 70%)	✓
58% of the workforce are black women (2021: 57%)	✓
31% black representation at senior management level (2021: 33%)	✗
500 online courses were undertaken by 2 588 employees (2021: 247 courses taken by 3 816 employees)	✓
R5.6 MILLION was spent on developing our employees (2021: R10.7 million)	✗

Value created for us

Our people are a key differentiator and enable our continued success. AfroCentric competes for skilled and experienced global and local healthcare employees. Retention of critical skills, particularly actuarial, IT and medical specialists, is imperative to our continued success.

Capitals impacted



The value derived from our business model for our stakeholders *continued*

Value for GOVERNMENT AND REGULATORS

Enhancing public-private partnership in furthering the aim of enabling ACCESS TO HEALTHCARE FOR ALL.

R25 MILLION invested in the vaccination roll out process (2021: R5 million)



AfroCentric contributed approximately **R225 MILLION** in corporate income taxes.

Value created for us

Policy and regulatory decisions directly impact the Group and our subsidiary entities. By engaging with government and regulators, we can contribute to shaping an environment that supports our mission of innovating a new integrated model of sustainable healthcare that measurably improves access to quality healthcare. Furthermore, we can develop sustainable revenue streams by seeking to support national and provincial spheres of government by delivering services that meet their mandate.

Capitals impacted



Value created for INDUSTRY BODIES

Contributing our TECHNICAL EXPERTISE and IN-DEPTH KNOWLEDGE to pertinent industry topics.

AfroCentric participates in various engagements with industry bodies

Value created for us

Industry bodies provide vital opportunities to interact with broader industry players concerning critical interests in the healthcare sector. In some instances, they open communication channels to government and regulators, particularly when policymakers and regulators seek industry-wide positions.

Capitals impacted



OUR BUSINESS IN CONTEXT



External environment

Trends impacting the healthcare context in South Africa

ACCESS AND AFFORDABILITY

Understanding the global trend	Understanding the trend in our context	Responding strategically
<p>As unemployment levels mount due to weakening economic conditions, quality healthcare has become increasingly inaccessible. According to the World Health Organization, approximately half of the global population lacks access to essential healthcare services, and hundreds of millions are pushed into extreme poverty annually due to health-related expenses. Regrettably, COVID-19 has only served to exacerbate the issue of unequal access to health and healthcare¹. Against this backdrop, the private sector can play a pivotal role in broadening access to healthcare by developing innovative and relatively affordable business models.</p>	<p>Section 27 of the South African Constitution provides that everyone has the right to access healthcare services, yet access is unequal. The public sector is state-funded and caters to the majority of the population. The private sector is primarily funded through individual contributions to medical aid schemes or health insurance. The public sector is underfunded, while most South Africans cannot afford the rising cost of private care. The Competition Commission's Health Market Inquiry identified many issues that increase healthcare costs and impact the market forces within the private healthcare sector.</p> <p>The NHI Bill has come about to address universal access to healthcare in our country. To support this aim, the bill paves the way for establishing an NHI Fund, which will purchase services from accredited public and private healthcare providers.</p>	<p>COVID-19 has presented a hard-hitting case study for the desperate need to create access to quality healthcare for the most vulnerable in our society. AfroCentric exists to enhance the quality of life of our stakeholders, achieving this aim through targeted actions to transform healthcare delivery.</p> <p>We are pursuing the diversification of our involvement in the health sector, thereby placing the Group in a strategic position to work with government on the NHI processes as implementation progresses. Several subsidiary entities are already working closely with government in delivering innovative and sustainable services, such as the provision of chronic medicine to government clinic patients across four provinces.</p> <p>Our involvement in the COVID-19 vaccination roll out has also demonstrated our capability to support government's ambitions, serving as a true test for the power of collaboration and the possibility that the two systems could coexist and result in reduced costs and improved quality of care for those who need it most.</p>
Related risks	Related material matters	Link to strategic levers
<ul style="list-style-type: none"> » NHI: Uncertainty surrounding implementation » Membership: Inability to attract/retain members for our clients » Loss of clients: Reduction in client base as a result of economic situation 	<ul style="list-style-type: none"> » Business continuity and business model adaptation » Access to healthcare and medicine » Economic, transformation and political and societal risk » Member satisfaction for clients » Impact of the COVID-19 pandemic 	

¹ <https://intelligence.weforum.org>


TECHNOLOGY AND CYBERSECURITY

Understanding the global trend	Understanding the trend in our context	Responding strategically
<p>COVID-19 has accelerated digital innovation and the uptake of telemedicine. Furthermore, healthcare companies are turning to digital to meet consumers' evolving needs, improve patient engagement and experience, and drive loyalty. Data has a significant role in improving healthcare outcomes as aggregating and sharing data can improve diagnoses, lead to new discoveries, and strengthen scientific results. However, the complex regulatory requirements of data privacy and other laws tend to complicate data collection and sharing.</p> <p>The growing use of technology in all areas of life and business is likely to further increase the risk of cybercrime and therefore the need for cybersecurity and information security strategies, which require ongoing optimisation, investment and skills development to ensure business preparedness and continuity.</p>	<p>In the National Digital Health Strategy for South Africans (2019–2024), the government recognises the importance of digitisation and digitalisation in improving access to quality healthcare. The government's efforts to create a framework for the provision of healthcare using digital technologies is pleasing. Yet, continued collaboration in the healthcare sector to promote innovation is required to achieve government's aims.</p> <p>The increasing connectivity and mobility, as well as the growing mobile phone penetration on the continent, offer opportunities to penetrate new markets and reach new members through online automated products and services and significantly broaden access to healthcare and personalise virtual care.</p> <p>Cybersecurity was rated as the top business risk in South Africa for 2022¹ and is considered one of our business's core risks and priorities.</p>	<p>AfroCentric is leveraging technology to innovate a new integrated model of sustainable healthcare that measurably improves access to quality care to achieve our vision and remain competitive.</p> <p>In terms of aggregating and sharing data, AfroCentric Group, through our subsidiary Medscheme, collaborated with the biggest healthcare groups and medical scheme administrators in the country to form the CareConnect Health Information Exchange to facilitate the authorised exchange of information between hospitals, clinicians and medical aids to ensure that patients receive the best possible care faster and more cost-efficiently. All this happens while protecting client confidentiality.</p> <p>We are utilising telemedicine to support greater access to care at lower costs.</p> <p>In addition, our growing data capabilities support our strategy to eliminate inefficiencies within the healthcare industry and optimise the value chain.</p>
Related risks	Related material matters	Link to strategic levers
<ul style="list-style-type: none"> » Cybersecurity vulnerabilities: Ineffective cyber defence controls and mechanisms to protect critical infrastructure, systems and data against malicious cyber attacks » Technologies: Inability to remain relevant in the face of new disruptive technologies 	<ul style="list-style-type: none"> » Digital transformation and resilience » Cybersecurity and information security » Business continuity and business model adaptation » Member satisfaction for clients » Access to healthcare and medicine 	

¹ <https://www.agcs.allianz.com/news-and-insights/reports/allianz-risk-barometer.html>


External environment *continued*

CLIMATE CHANGE AND HEALTHCARE


Understanding the global trend	Understanding the trend in our context	Responding strategically
The increased frequency, intensity, and variability of natural disasters and their downstream effects challenge healthcare systems' infrastructure, supply chains, and workforce. Furthermore, no country or continent is immune to the health impacts of climate change. For example, the environmental suitability for the transmission of diseases like dengue, malaria and cholera is increasing around the world and, in 2020, up to 19% of the global land surface was affected by extreme drought in any given month – putting people in danger of food and water insecurity ¹ .	Certainly, climate change and other environmental and social matters were gaining traction before the pandemic. However, the need to focus on sustainable development – to build back better – has become a resounding call from all spheres of society, with growing calls from investors and other stakeholders.	In line with AfroCentric's position as a purpose-led business, the Board, through the Social and Ethics Committee, has concentrated on enhancing our focus on ESG. Moreover, to support transparency and in line with best practice, we have developed a comprehensive ESG framework that will be rolled out to the business over a period of three years, starting with the current year.
Related risks	Related material matters	Link to strategic levers
» Business continuity: Failure to ensure proper business continuity in the event of a disaster/crisis in the organisation	» Business continuity and business model adaptation » Economic, transformation and political and societal risk » Legal, regulatory and compliance management » Climate change	

¹ <https://www.lancetcountdown.org/2021-report/>

SPECIALISED SKILLS SHORTAGES

Understanding the global trend	Understanding the trend in our context	Responding strategically
The skills shortage in many sectors requires employers to increasingly invest in developing skills in employees and adopt a broader perspective – where the development of skills not only benefits the business in the short term but also provides long-term benefits to the industry and the country as a whole.	A significant risk affecting employee acquisition and retention is the overall skills shortage present in the sector.	AfroCentric was founded on the philosophy of empowerment and transformation. We are committed to empowering our people by investing in training to meet current and future business needs. The Group provides comprehensive learning and development opportunities, an employee wellness programme and other upliftment opportunities. We also invest in growing skills throughout the sector to ensure sustainable healthcare provision in the future.
Related risks	Related material matters	Link to strategic levers
» Technologies: Inability to remain relevant in the face of new disruptive technologies » Resource constraints/people risk: Heavy reliance on certain individuals with critical technical skills to support business demand	» Digital transformation and resilience » Employee wellbeing, acquisition, talent management and retention » Business continuity and business model adaptation	

MENTAL HEALTH


Understanding the global trend	Understanding the trend in our context	Responding strategically
Recent health, climate, and political crises have heightened the world's mental health challenges. Mental health issues place an under-recognised burden on the global economy, with the cumulative economic output loss associated with mental health difficulties projected to be USD16.3 trillion worldwide between 2011 and 2030 ¹ .	We recognise that the socioeconomic context that we operate in and the rapid change and performance-driven nature of our industry require a great deal from our people. Likewise, our clients' scheme members increasingly require integrated, holistic healthcare solutions that address both physical and socio-emotional wellbeing.	AfroCentric is specifically focused on mental health and ensuring that the healthcare system is geared towards enabling access to prevention, early diagnosis and treatment. We take mental health seriously, which is why we have initiated various mental health campaigns throughout the Group, such as the Mental Health Project.
Related risks	Related material matters	Link to strategic levers
<ul style="list-style-type: none"> » Membership: Inability to attract/retain members for our clients » Loss of clients: Reduction in client base as a result of economic situation » Resource constraints/people risk: Heavy reliance on certain individuals with critical technical skills to support business demand 	<ul style="list-style-type: none"> » Access to healthcare and medicine » Economic, transformation and political and societal risk » Employee wellbeing, acquisition, talent management and retention 	

¹ Deloitte 2022 Global Healthcare Outlook report


External environment *continued*

Trends impacting our clusters


MEDICAL AID ADMINISTRATION, RISK MANAGEMENT AND TECHNOLOGY

Understanding the context		Responding strategically
<p>Medical schemes have transitioned from solely claims administrators to actively monitoring their members' health. Furthermore, the ease with which members and healthcare professionals expect to interact with medical plans is now significantly influenced by the technology already part of our daily lives. The COVID-19 pandemic has illustrated how quickly the healthcare environment can change, as well as the vital need for healthcare systems to be able to adapt, and to do so swiftly.</p>		<p>The administration business, in particular, concentrates on improving operational service delivery. Technology enhances interaction with members and providers, including online and mobile technologies for their day-to-day administrative needs. Increased usage of automation, machine learning, and artificial intelligence have also been areas of focus.</p>
Related risks	Related material matters	Link to strategic levers
<ul style="list-style-type: none"> » Membership: Inability to attract/retain members for our clients » Loss of clients: Reduction in client base as a result of economic situation » Technologies: Inability to remain relevant in the face of new disruptive technologies 	<ul style="list-style-type: none"> » Digital transformation and resilience » Member satisfaction for clients » Access to healthcare and medicine 	

PHARMACEUTICAL

Understanding the context		Responding strategically
<p>The pandemic revealed a weakness in the global web of interconnected nodes for the movement of drugs, medical supplies, technology and innovation. The South African healthcare sector, supported by the government, has been increasingly focused on solving this challenge. The emphasis on localisation has been key to building a sustainable supply chain. It is critical that SA improves its capacity to manufacture, package and distribute its own pharmaceutical products and medical supplies. This would mitigate the risk of South Africans being unable to access much-needed medicines, or indeed vaccines, during times of crisis.</p>		<p>AfroCentric has a presence across the entire pharmaceutical value chain, manufacturing, packaging and distributing pharmaceutical products and medical supplies to meet the growing need within the country.</p>
Related risks	Related material matters	Link to strategic levers
<ul style="list-style-type: none"> » Business continuity: Failure to ensure proper business continuity in the event of a disaster/crisis in the organisation 	<ul style="list-style-type: none"> » Access to healthcare and medicine » Member satisfaction for clients 	

CORPORATE SOLUTIONS

Understanding the context		Responding strategically
<p>Workplace health is receiving increasing focus, driving employers to play a more proactive role in ensuring access to quality healthcare for their workers to positively influence factors such as absenteeism, productivity, recruitment/retention, culture and employee morale.</p>		<p>AfroCentric is uniquely positioned to deliver financial value to employers and employees, given the Group's focus on implementing integrated healthcare solutions that reduce costs by disrupting and creating efficiencies in the healthcare value chain.</p>
Related risks	Related material matters	Link to strategic levers
<ul style="list-style-type: none"> » Membership: Inability to attract/retain members for our clients » Loss of clients: Reduction in client base as a result of economic situation 	<ul style="list-style-type: none"> » Access to healthcare and medicine 	

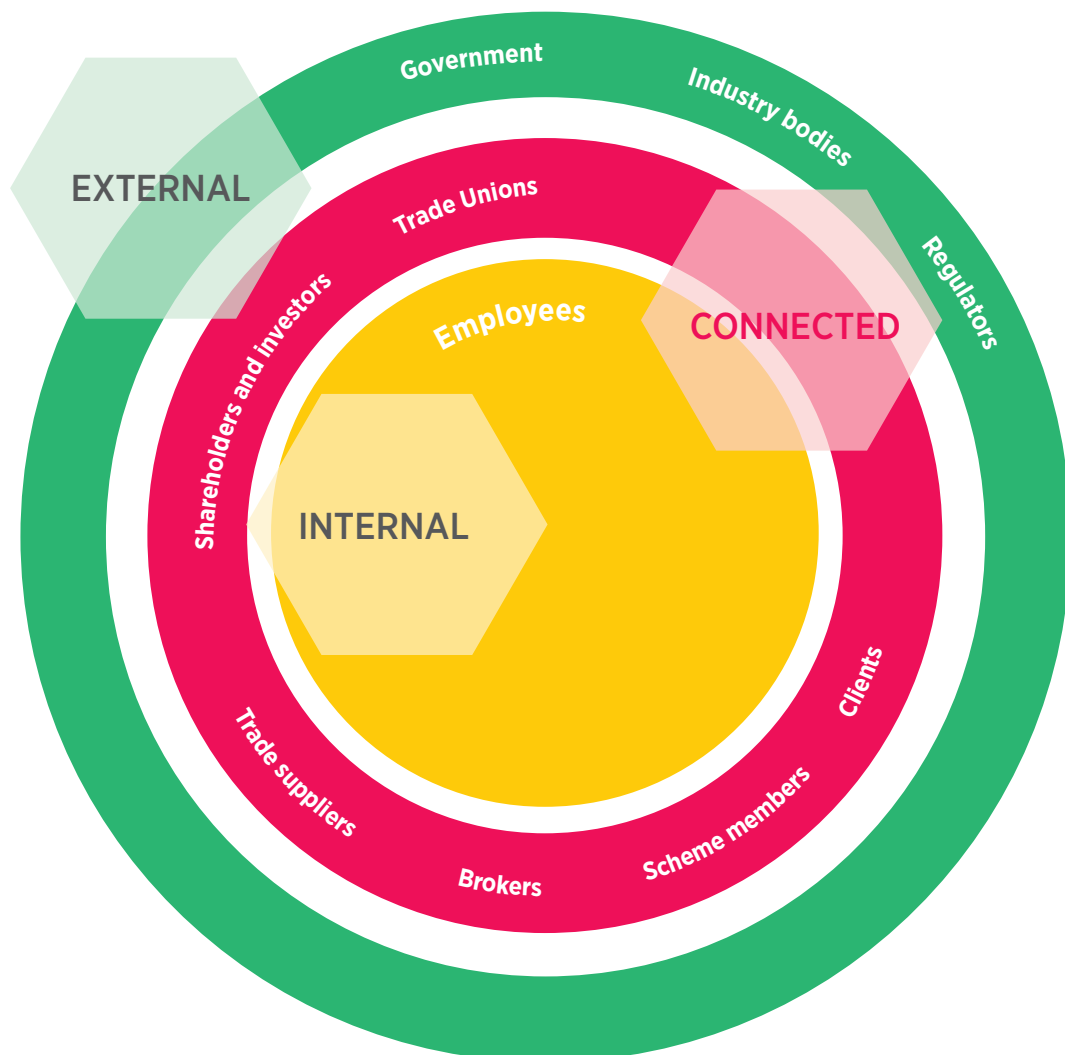
OUR STAKEHOLDERS

We exist to enhance the quality of our stakeholders' lives. Engaging meaningfully with various stakeholders is therefore critical to ensure we meet this goal.

AfroCentric considers its stakeholders as individuals and groups interested in or affected by our activities. They range from employees to the external bodies who influence us. We understand the levels of engagement will vary between stakeholder groups based on their levels of influence or interest. We analyse and classify our stakeholders according to their interests and influence to enable tailored levels of engagement to meet their unique needs.

The Board and executive management adopt an inclusive approach to stakeholder management. We engage our stakeholders responsively, constructively, collaboratively and transparently to address their material needs, interests and expectations, and respond in a mutually beneficial manner.

Our Social and Ethics Committee provides governance oversight to stakeholder engagement.



Our stakeholders *continued*GOVERNMENT
AND
REGULATORS

Various levels of government determine the environment in which we operate.

Organisations that monitor and regulate our environment include:

- » Council for Medical Schemes (CMS)
- » South African Health Products Regulatory Authority (SAHPRA)
- » South African Pharmacy Council
- » The JSE
- » Competition Commission
- » Financial Sector Conduct Authority
- » South African Revenue Services
- » Companies and Intellectual Property Commission (CIPC)

Capitals impacted:



How we engage

- » Integrated Report and AFS
- » Interactive Group website
- » Participation in public and industry forums
- » Publications
- » Shareholder and market information update
- » Organisational compliance monitoring

Key concerns raised

- » A critical recurring concern from government (NDoH) and regulators (CMS) across the sector is the lack of material growth in the number of medical scheme members over the years

Responding to our stakeholders' needs

- » A vital contribution that AfroCentric has made to the debate is the submission of technical commentary as an alternative to pursuing the summary decision to wind down demarcation and low-cost benefit option products
- » No political donations or contributions were made during 2022

INDUSTRY
BODIES

Bodies that oversee healthcare-related matters:

- » Board of Healthcare Funders of Southern Africa
- » Health Professions Council of South Africa
- » Hospital Association of South Africa
- » Doctors' Health Council
- » Public Health Enhancement Forum

Capitals impacted:



How we engage

- » Integrated report and AFS
- » Interactive Group website
- » Participation in public and industry forums
- » Publications

Key concerns raised

- » The role of medical schemes within the NHI environment
- » Legal challenges in the draft NHI Bill as gazetted by parliament
- » Medical scheme sustainability in the face of the COVID-19 pandemic
- » The need for medical schemes and other industry players to support government in the COVID-19 pandemic response

Responding to our stakeholders' needs

- » Ongoing engagements with government and regulators regarding the NHI Bill. AfroCentric leadership was invited to the Health Portfolio Committee meeting to discuss potential synergies between the private sector and government

EMPLOYEES AND TRADE UNIONS

- » National Education, Health and Allied Workers' Union (NEHAWU)
- » South African Legal Union (SALU)

Capitals impacted:



How we engage	Key concerns raised	Responding to our stakeholders' needs
<ul style="list-style-type: none"> » Ongoing dialogue through established channels » Forums » Integrated report and AFS » Company intranet and newsletters » Managers/team dialogues » Surveys and employee presentations » Focus group sessions » Employee culture campaigns 	<ul style="list-style-type: none"> » Conditions of employment » Wages and benefits (wage negotiations) » Creation of a positive working environment » Diversity awareness » An inclusive journey » Reward and recognition » Strong, ethical leadership » Staff retention/attrition 	<p>We have established the following forums as part of our stakeholder engagements to deepen dialogue; namely:</p> <ul style="list-style-type: none"> » National Bargaining Forum: This will help streamline our annual wage negotiations » Quarterly Union Meetings: These meetings inform the union about our current and future strategic projects. This forum was also used to provide updates on topical issues like COVID-19, the return-to-work project, the work-from-home projects, and the like » Chairpersons Forum: This forum is used to groom chairpersons within the Group and to have a panel of available chairpersons in any given month » Human capital formed the People Enablement Forum to provide updates on work-from-home policies, return-to-work considerations, and vaccination-related issues

OUR CLIENTS – MEDICAL SCHEMES

Our clients are our direct link to the end-users of our services, which are the medical scheme members.

Our schemes include:

- » Open schemes: Bonitas, Fedhealth, Medshield
- » Closed schemes: AECI, Barloworld, GEMS, Horizon, MBMed, ParMed, POLMED, SABC, SAMWUMED, and MEDipos
- » Outside SA schemes: NAMMED, Namibia Health Plan

Capitals impacted:



How we engage	Key concerns raised	Responding to our stakeholders' needs
<ul style="list-style-type: none"> » Presentations » Meetings » Email communication » Symposiums » Voice of the customer survey » Integrated report and AFS 	<ul style="list-style-type: none"> » Member retention in the current context » Maintaining service levels during the pandemic » Addressing co-payments to address member concerns » Fraud, waste and abuse » Understanding our unique value proposition » Sound claims management » Technology innovations to reduce cost and improve service 	<ul style="list-style-type: none"> » Culture journey to support service excellence » Leveraging the elements of our value chain to address the rise in healthcare costs and increase affordability » Significant engagement around models of contracting with doctors and hospitals to address the issue of co-payments » Supplemented administration and managed care services with additional contracts » Introduction of AMP, which is a health and wellness platform and self-help tool for medical scheme members to monitor physical health and nutrition, and disease management

Our stakeholders continued

OUR SHAREHOLDERS AND INVESTORS

» Institutional and individual investors

Capitals impacted:



How we engage	Key concerns raised	Responding to our stakeholders' needs
<ul style="list-style-type: none"> » Corporate website » SENS announcements » Investor days and roadshows » One-on-one meetings with executive management » Interim and annual results presentations » Integrated reports and AFS 	<ul style="list-style-type: none"> » Sustainable value creation » Consistency in the delivery of strategy » Consistent financial performance » Sound investment returns » Working capital and capital allocation » Interest in expanding business to rest of Africa » Relationship with Sanlam » ESG issues 	<ul style="list-style-type: none"> » With effective delivery against our growth strategy, we achieved: <ul style="list-style-type: none"> › Net asset value (NAV) per share of R5.98 (2021: R5.67) » We remain committed to engaging with investors in an open and transparent manner » We communicate our value creation story and strategy through our Integrated Report » Enhanced focus on ESG issues and reporting

Stakeholder matters in focus

We seek to maintain high levels of corporate transparency. This builds and maintains trust with our stakeholders, growing social capital that enables value creation and protects against value erosion. Below is a summary of matters that arose as areas of heightened stakeholder interest during the year.

Vaccination roll out process

The Group has been on the frontline of the COVID-19 pandemic – utilising our resources and leveraging our diversified healthcare business to support this critical endeavour. We believe that our efforts align with our purpose-driven model and have served to demonstrate our capability to support government's healthcare ambitions.

“Vaccinations will not prevent infections, but we do know they will provide substantial protection against severe disease, hospitalisation and death due to COVID-19.”

– Ahmed Banderker, CEO

To better understand how we are responding strategically to support government's ambitions to enable universal access to healthcare within an **NHI context**, please see:

Creating value through purpose page IFC
External context – Access and affordability page 22

For more information on our role in the national vaccination roll out, please see:

Living our purpose through the pandemic page 46
Chairman's review page 6
CEO's review page 46

Stakeholders	Related material matter
» Government and regulators	» Access to healthcare and medicine
» Clients	
» Shareholders and investors	

Section 59 Inquiry

In early 2019, several healthcare providers and the National Health Care Professionals Association made allegations of unfair treatment by medical aid schemes based on race and ethnicity. As a result, the CMS launched an investigation into these allegations regarding its regulatory mandate.

Our fiduciary duty is to safeguard members' funds and access to affordable quality healthcare. Notably, the providers we investigate constitute less than 2% of the total practices paid by Medscheme. At all times, we pursue forensic processes that are fair, transparent and within the law. Following the release of the Section 59 Investigation Panel Interim Report, we submitted a formal response to the Commission of Enquiry on the findings.

Stakeholders	Related material matter
» Industry bodies	» Access to healthcare and medicine
» Clients	
» Shareholders and investors	» Legal, regulatory and compliance management

Our stakeholders continued

Neil Harvey and Associates

The first arbitration case determined in the Neil Harvey and Associates (NHA) case was NHA's claim regarding Medscheme's use of a copy of an offline and online broker software module known as the EMI Broker software from 2005 to 2007. Medscheme had provided the specifications and assisted in developing this software and therefore considered the organisation entitled to use the software during the above period. Claims relating to this matter amounted to approximately R24 million (as a royalty) plus interest, which NHA sought to claim from about 2005.

The dispute over this issue was heard in July and August 2020, and an award was given in October 2020. The arbitrator ruled that NHA was entitled to only R2.7 million, with interest only from October 2020 to the payment date and costs. The arbitrator found that Medscheme's contribution fell short of the contribution required for joint authorship and ownership of the software. The arbitrator further dismissed NHA's claims against three of Medscheme's former executives and awarded Medscheme the costs of a previous postponement of the arbitration. Thus, both NHA and Medscheme were ordered to pay costs.

In October 2021, the Plaintiffs submitted a proposed amended claim of R500 million based on an additional amount claimed for the loss of revenue on royalties, which they argued is due to them based on the utilisation of the software by Medscheme. This claim will be subject to argument at the next hearing.

The next part of the case relating to the claim for loss of earnings and emulation of the software commenced on 1 August 2022, and is set down for hearing until March 2023. We will endeavour to keep our stakeholders updated on progress.

Stakeholders	Related material matter
» Shareholders and investors	» Legal, regulatory and compliance management

Capital and working capital management

The Group continues to follow a prudent approach to capital management, and working capital management has likewise been an area of heightened focus for the year.

For detail on these topics, please see our CFO review on page 56

Stakeholders	Related material matter
» Shareholders and investors	» Access to healthcare and medicine » Business continuity and business model adaptation

Expanding into Africa

AfroCentric does not currently have aspirations to expand further into Africa. Our ambition is to focus on our South African businesses and operations in Namibia, Botswana and Mauritius and sustainably grow these over time.

Stakeholders	Related material matter
» Shareholders and investors	» Access to healthcare and medicine » Business continuity and business model adaptation

Call for regulatory reform on low-cost benefit options

Significant opportunity exists to further access to healthcare by addressing pending regulatory reform timeously. This matter has increasingly been in the media following discussions held at the Board of Health Funders conference this year.

Stakeholders	Related material matter
» Government and regulators » Clients » Shareholders and investors	» Access to healthcare and medicine



206.08

+3.48

1.549.62

+22.38

25,645.39

+329.15

8,342.59

+46.27

12,845.32

+129.84

26,843.98

+28.62

20,605.58

+354.24

96.80

+0.68

78.29

+1.80

76%

98%

65%

Our risks

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

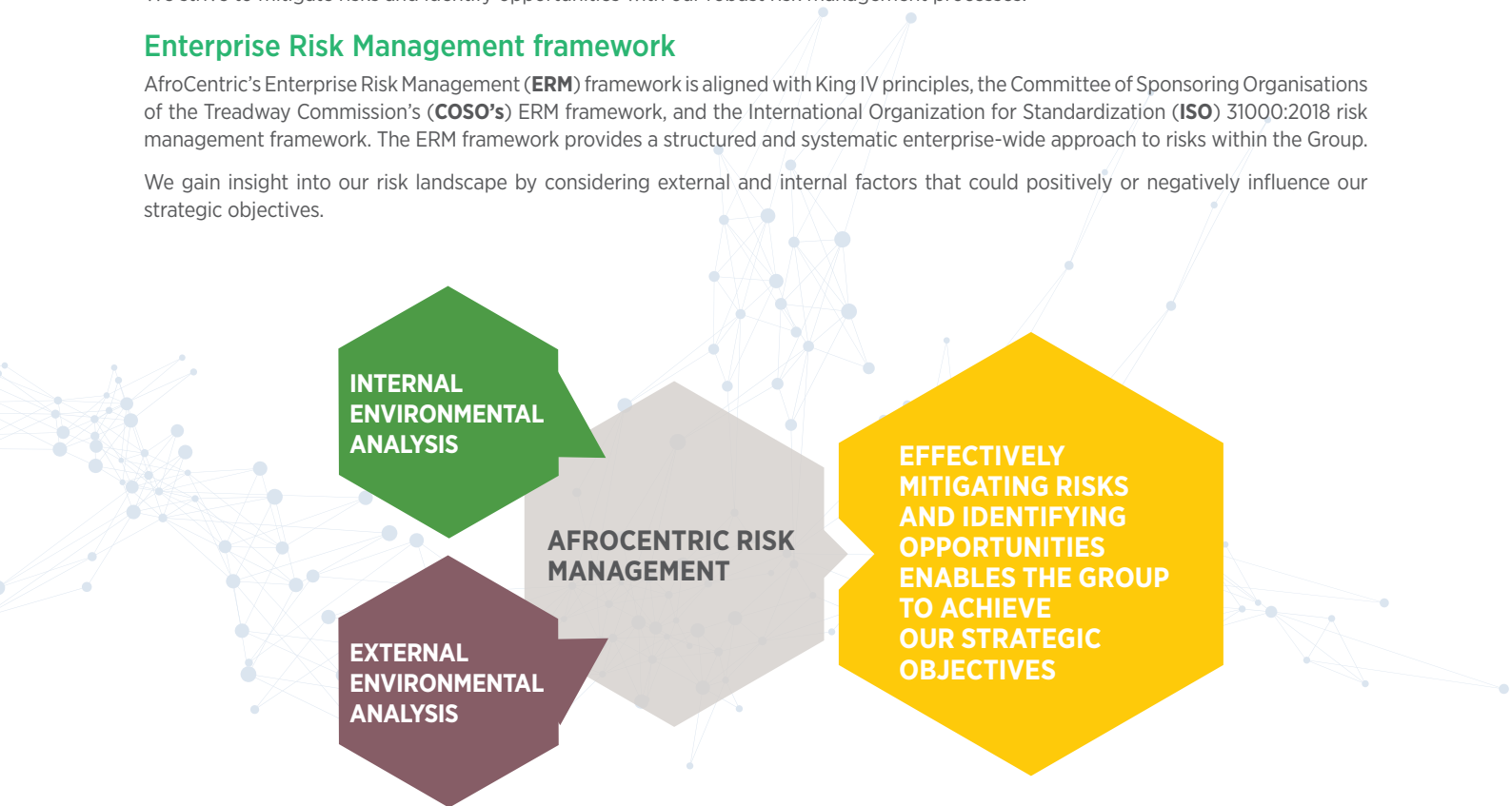
AfroCentric's risk management is overseen by the Board and its sub-committees and managed by governance structures. These structures are chaired by senior management team members and are accountable to Board sub-committees. Risk management systems are effectively governed and managed by the Group risk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

Overview of our top risks

Please see our material matter discussion on page 38 for information on how our top risks are integrated into our materiality process.

Remains unchanged



Trend improving



Trend worsening






IT RISKS

Risk description	Root cause	Inherent rating	Existing controls	Previous residual rating	Current residual rating	Movement
Resource constraint/ people risk: Heavy reliance on certain individuals with critical technical skills to support business demand	1. Unavailability of skilled/ dedicated resources	20	1. New IT operating model 2. Business prioritisation forum 3. Upskilling where possible 4. Appointment of relevant technical resources 5. Panel of service providers 6. Resource and knowledge shared among the team	9	10	↓
IT Infrastructure: Obsolete and legacy IT infrastructure that has reached end of life and is no longer supported	1. Further investment required to support system stability and availability	20	1. Extended support and maintenance with vendors 2. Data migration project steerco established 3. Implementation of new infrastructure equipment	12	16	↓
System stability/ availability: Unavailability and unreliability of critical IT systems, leading to business disruption	1. Reliance on third parties 2. Enhanced system maintenance required	20	1. Supplier contracted to provide managed services for IT operations 2. Timeous software upgrades to minimise the risk of ageing technologies 3. Monitoring tools to detect vulnerability 4. Regular maintenance schedules	6	16	↓
Cybersecurity vulnerabilities: Ineffective cyber defence controls and mechanisms to protect critical infrastructure, systems and data against malicious cyber attacks	1. Additional investment in infrastructure required	25	1. Information security strategy, framework, related policies and procedures 2. Cybersecurity service improvement programme 3. Ongoing vulnerability and maturity assessments 4. Security monitoring tools upgraded 5. New firewall implemented	12	12	→
Technologies: Inability to remain relevant in the face of new disruptive technologies	1. Enhanced requirement for research and development 2. Need for enhanced technology architecture	20	1. Digital strategy plan 2. New enterprise architecture 3. Best technologies implemented (Telemedicine/ Virtual Care, Mobile App, Lead Management Systems/Brokers Portal for schemes) 4. Key digital solutions implemented 5. Biannual sessions with strategic partners	6	6	→

Our risks continued

Remains unchanged  Trend improving  Trend worsening 

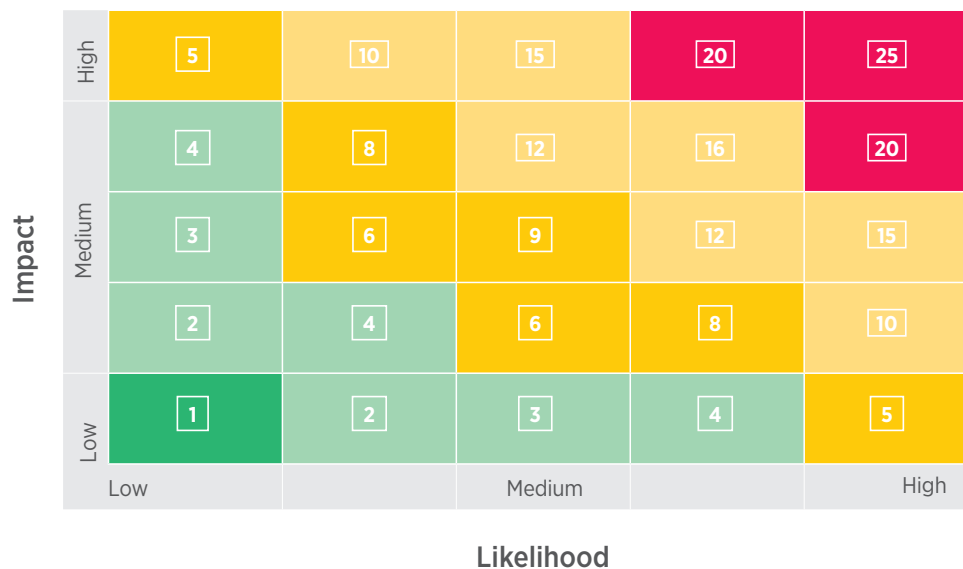
ECONOMIC/GROWTH RISKS

Risk description	Root cause	Inherent rating	Existing controls	Previous residual rating	Current residual rating	Movement
NHI: Possible substantial reduction of the scope and size of Medscheme's offering, client base, and revenue should NHI be implemented. There will be a similar impact on the EssentialMed and Sanlam Gap businesses	<ol style="list-style-type: none"> Provisions of the NHI Bill Long duration of NHI implementation 	25	<ol style="list-style-type: none"> Communication plan Engagement with the NDoH and the Presidency on policy direction Engagement with Provincial Departments of Health for revenue diversification 	12	12	
Membership: Inability to attract/retain members for our clients	<ol style="list-style-type: none"> People unable to afford high medical costs 	25	<ol style="list-style-type: none"> Growth and retention strategy with targets Dedicated retention unit Amalgamations for membership growth AMP (Wellness + Loyalty) product launched Technology-based option with lower contributions launched Sanlam Health solution launched 	16	12	
Loss of clients: Loss of clients (Reduction of client base)	<ol style="list-style-type: none"> Competitive tariffs Market consolidation of small schemes 	20	<ol style="list-style-type: none"> Extensive negotiation strategy Network management strategy Amalgamations Stakeholder management framework Early notification of contract renewals Executive support refocused to support open schemes through the revised approved health risk management structure SmartCare, SmartServices, SmartWork strategy implemented 	9	9	

BUSINESS/REPUTATIONAL RISKS

Risk description	Root cause	Inherent rating	Existing controls	Previous residual rating	Current residual rating	Movement
COVID-19 risk: Failure to implement COVID-19 regulations and ensure continuity of the business	1. Global Pandemic	20	1. Education and counselling support services offered by Group for employees 2. Ongoing adherence to related legislation and best practice 3. OHS Committee to oversee and address risks	9	6	↑
Business continuity risks: Failure to ensure proper business continuity in the event of a disaster/crisis	1. IT system and connectivity failures 2. Water and power supply failures 3. Environmental threats, such as fire, gas, bomb threats or natural disasters 4. Physical threats: security or political unrest	20	1. BCM policy, plans and procedures 2. Business Continuity Oversight Committee 3. Multiple generators per site and mobile generators 4. Water reservoirs 5. Portable sanitation resources	4	4	→

Risk heat map



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 2022.

Our material matters

During the year, we underwent a full materiality review to determine the relevance of our material matters within a dynamic context. The change in reported matters has resulted from this review.

Determining what matters most

The JSE's Sustainability Disclosure Guidance has adopted the double materiality approach. Accordingly, AfroCentric has also adopted this approach, focusing on those sustainability issues that could meaningfully affect our operational and financial results and those relating to managing our significant impacts on the economy, society and the environment.



Identify

Our external environment (see page 22) influences our ability to create value and achieve our strategy (see page 50), along with our relationships with our stakeholders (see page 27) and the risks and opportunities derived from these contexts.

Inputs

- » Global research reports
- » Peer benchmarking
- » Group risk register
- » Stakeholder inputs



Prioritise

A materiality workshop was conducted to evaluate and prioritise a comprehensive set of material matters relevant to our business and strategy.

Inputs

- » Materiality workshop held with executives and findings verified by the Social and Ethics Committee and Audit and Risk Committee
- » Approval from appropriate governance structures



Integrate

We map our material matters to our strategy to ensure our strategic direction is responsive and progressive. Furthermore, by assigning internal owners of various material matters and the related KPIs, we integrate monitoring and management of these diverse issues into our everyday business.

Inputs

- » Board-determined strategy
- » Progressive alignment with remuneration structures

Overview of our material matters

1. Access to healthcare and medicine

Link to macro trends

- » Access and affordability

Related capitals



Impacted SDG



What it entails

Covers initiatives aimed at expanding access to comprehensive, quality healthcare services. It includes initiatives that target cost reduction and increasing access to medicine and treatments for more people.

How we're responding

- » Implemented disruptive strategies to eliminate inefficiencies in the healthcare value chain
- » Partnered with government to drive universal healthcare agenda through the CCMDD programme
- » Adopted technology and other initiatives to curtail costs
- » Collective bargaining aimed at cost reduction
- » Alternative reimbursement models with risk-sharing agreements
- » Successful tariff negotiations
- » Management of supplier-induced demand
- » FWA initiatives to reduce maladministration and fraudulent activities that impact healthcare costs

Related risks

- » NHI: Uncertainty surrounding implementation
- » Membership: Inability to attract/retain members for our clients
- » Loss of clients: Reduction in client base as a result of economic situation

ESG metrics (topic and sub-topic)

(Please see page 135 for our full ESG reporting index)

Customer responsibility

- » Product innovation

Strategic levers



2. Member satisfaction for clients

Link to macro trends

- » Access and affordability
- » Healthcare technology and cybersecurity

Related capitals



Impacted SDG



What it entails

Encompasses strategies and processes seeking to meet or surpass member expectations to create a positive experience and build member loyalty for our clients.

How we're responding

- » Focused on providing innovative digital solutions to meet member needs and enhance efficiencies
- » Designed innovative scheme products and interventions to address declining affordability
- » Enhanced our actuarial and analytics capability to understand our scheme lives and develop products and services to delight and assist members
- » Partnered with various institutions, including Sanlam, to develop value-added products to address financial constraints for members
- » Focused on improving call centre productivity
- » Created specific teams to address retention for members, either directly or as service consultants for brokers

Related risks

- » Membership: Inability to attract/retain members for our clients
- » Loss of clients: Reduction in client base
- » Technologies: Inability to remain relevant in the face of new disruptive technologies

ESG metrics (topic and sub-topic)

(Please see page 135 for our full ESG reporting index)

Customer responsibility

- » High-risk products and services
- » Product innovation
- » Consumer data security and privacy

Strategic levers



3. Cybersecurity and information security

Link to macro trends

- » Healthcare technology and cybersecurity
- » Specialised skills shortages

Related capitals



Impacted SDG



What it entails

Refers to securing critical information systems and networks from security breaches, which might disrupt core operations or lead to illegal access, destruction, alteration, or disclosure of protected data.

How we're responding

- » 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
- » Continued use of Privileged Account Manager, which is a supervisory tool to track activities and changes by privileged users
- » Advanced threat analytics technology strengthens the security of our systems
- » Cybersecurity strategy review ensures continuous updating of systems, including web application firewalls

Related risks

- » Cybersecurity vulnerabilities: Ineffective cyber defence controls and mechanisms to protect critical infrastructure, systems and data against malicious cyber attacks

ESG metrics (topic and sub-topic)

(Please see page 135 for our full ESG reporting index)

Customer responsibility

- » Consumer data security and privacy

Strategic levers



Our material matters continued

4. Business continuity and business model adaptation

Link to macro trends

- » Healthcare technology and cybersecurity
- » Specialised skills shortages

Related capitals



Impacted SDGs



What it entails

Includes plans, protocols and systems to ensure continuity of business operations during and after crises. It also entails strategies to enable business model adaptation in the face of actual or potential changes in the external environment.

How we're responding

- » Business continuity planning within the Group is continuously updated and reviewed by the Audit and Risk Committee
- » Continuity plans are in place to ensure the services we provide to our clients are not materially impacted
- » Information Communication Technology (ICT) Committee reviewed all ICT policies, including the business continuity plan

Related risks

- » Business continuity: Failure to ensure proper business continuity in the event of a disaster/crisis in the organisation
- » COVID-19: Failure to implement COVID-19 regulations and ensure continuity of the business

ESG metrics (topic and sub-topic)

(Please see page 135 for our full ESG reporting index)

Customer responsibility

- » High-risk products and services
- » Product innovation

Strategic levers



5. Legal, regulatory and compliance management

Link to macro trends

- » Access and affordability

Related capitals



Impacted SDGs



What it entails

Refers to compliance with relevant laws, policies and regulations. It covers several processes for recognising and proactively addressing risks of litigation or regulatory action and seeking to prevent disputes from arising or escalating.

How we're responding

- » The Board serves as the custodian of corporate governance and ensures that best practice corporate governance principles are observed and entrenched while meeting all compliance requirements
- » Adapted our strategies to align our business model to the government's health policy direction and have successfully demonstrated our abilities in these strategies

Related risks

- » NHI: Uncertainty surrounding implementation
- » COVID-19: Failure to implement COVID-19 regulations and ensure continuity of the business

ESG metrics (topic and sub-topic)

(Please see page 135 for our full ESG reporting index)

Customer responsibility

- » High-risk products and services
- » Consumer data security and privacy

Compliance and Risk Management

- » Incidents
- » Fines

Strategic levers



6. Economic, transformation, political and societal risk

Link to macro trends

- » Access and affordability

Related capitals



Impacted SDGs



What it entails

Encompasses economic, transformation, political and societal issues that may pose risks to the Group.

How we're responding

- » Our B-BBEE status is at level 2
- » Increased partnerships within the Group to achieve B-BBEE priority objectives, emphasising skills development, enterprise and supplier development and ownership
- » Facilitated black economic empowerment through targeted interventions to achieve more inclusive growth
- » Enabled transformational development in an equitable and socially responsible manner
- » Extended relationships with critical stakeholders for the betterment of the organisation concerning B-BBEE
- » Promoted a professional, ethical, dynamic, competitive and customer-focused environment concerning B-BBEE
- » Increased visibility by providing activities, education and resources
- » ESG framework driving/implementing

Related risks

- » Inability to maintain Level 1 B-BBEE status*

* This risk does not form part of the top strategic risks that are disclosed in the Integrated Report. It however forms part of all the strategic risks that have been identified.

ESG metrics (topic and sub-topic)

(Please see page 135 for our full ESG reporting index)

Human rights and community development

- » Human rights
- » Skills for the future
- » Employment and wealth creation
- » Economic contribution

Supply chain (social)

- » Supply chain

Board composition

- » Board diversity and competence
- » Board independence
- » Remuneration practices

Strategic levers



Our material matters *continued*

7. Employee wellbeing, acquisition, talent management and retention

Link to macro trends

- » Specialised skills shortages
- » Mental health

Related capitals



Impacted SDGs



What it entails

Includes how we go about recruiting, managing, and retaining employees to build a skilled and capable workforce that supports sustainable growth.

How we're responding

- » Continued initiatives to address mental health and employee wellbeing
- » Remained focused on building an external pipeline of critical talent and an internal pipeline of successors for critical roles
- » Undertook numerous training and development initiatives
- » Reviewed short-term and long-term incentives

Related risks

- » Resource constraints/people risk: Heavy reliance on certain individuals with critical technical skills to support business demand

ESG metrics (topic and sub-topic)

(Please see page 135 for our full ESG reporting index)

Health and Safety

- » Workplace health and safety

Human rights and community development

- » Human rights
- » Skills for the future
- » Employment and wealth creation

Labour standards

- » Diversity and inclusion
- » Pay equality
- » Wage level
- » Living wage
- » Freedom of Association and Collective Bargaining at Risk
- » Temporary workers

Strategic levers



8. Impact of COVID-19 pandemic

Link to macro trends

- » Access and affordability
- » Specialised skills shortages

Related capitals



Impacted SDGs



What it entails

Deals with the ongoing consequences of the pandemic on our business.

How we're responding

- » Diversified revenue sources and service and product offerings
- » Leveraged existing contractual arrangements with National and Provincial Departments of Health (DoH), for example, CCMDD, to roll out COVID-19 pandemic responses
- » Leveraged existing relationships with private hospital groups to design and implement interventions to support National and Provincial DoH in dealing with COVID-19-related infections
- » Engagement with government to identify opportunities for private sector involvement in the COVID-19 pandemic response

Related risks

- » COVID-19: Failure to implement COVID-19 regulations and ensure continuity of the business

ESG metrics (topic and sub-topic)

(Please see page 135 for our full ESG reporting index)

Health and Safety

- » Workplace health and safety

Strategic levers



9. Digital transformation and resilience

Link to macro trends

- » Healthcare technology and cybersecurity
- » Specialised skills shortages

Related capitals



Impacted SDG



What it entails

Includes matters related to our cutting-edge technological platforms and transactional systems and services, such as hosting, switching, administration, health risk management and clinical applications.

How we're responding

- » Enhanced our actuarial and analytics capability to understand our scheme lives and develop products and services to delight and assist members
- » Focused on providing innovative digital solutions to meet member needs and enhance efficiencies
- » Provided easy access to digital self-service on clients' websites and members' smartphones
- » Enabled faster detection and response to rapidly evolving cyber threats

Related risks

- » Technologies: Inability to remain relevant in the face of new disruptive technologies

ESG metrics (topic and sub-topic)

(Please see page 135 for our full ESG reporting index)

Customer responsibility

- » Product innovation

Strategic levers



Our material matters continued

10. Climate change

Link to macro trends

- » Climate change and healthcare

Related capitals



Impacted SDGs



What it entails

Refers to the impending climate and biodiversity crisis in combination with the ratification of the Paris Agreement¹, which will likely increase environmental regulation. Includes the impacts of climate change on health and wellbeing.

How we're responding

- » Developed and rolled out an ESG framework to expand the measuring and monitoring of KPIs related to environmental factors, including climate change, over a three year period.

Related risks

- » Business continuity: Failure to ensure proper business continuity in the event of a disaster/crisis in the organisation

ESG metrics (topic and sub-topic)

(Please see page 135 for our full ESG reporting index)

Climate change

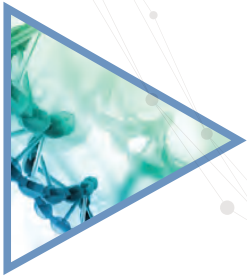
- » GHG emissions
- » Energy mix
- » Just Transition

Strategic levers



¹ <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

RESPONDING STRATEGICALLY



CEO'S REVIEW

As we reflect on the road to here, I recognise that as a nation, we still face significant uncertainty. However, despite the challenges we have yet to overcome, I believe there is much hope for the future. The pandemic has cost lives and destroyed livelihoods, but it has also demonstrated the transformative power of collective purpose.

In August 2019, the NHI Bill was tabled in parliament. What felt like moments later, we were in the throes of a global pandemic. COVID-19 has undoubtedly taught us a great deal – it has seen us get together, both in the public and private sector, in ways we could not have imagined pre-pandemic.

Now, as we look to a post-pandemic future, it is imperative that the momentum derived from the collective purpose of protecting lives and livelihoods is not lost. Instead, this impetus should be channelled into creating sustainable systems of public-private partnership that will enable resilience in the future and support the ambition of universal healthcare for all.

Continued collaboration in an evolving healthcare context

We are focused on making a sustainable impact in the area we know best – healthcare. 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.

We continue to look for innovative means to positively impact the healthcare sector. For example, during the year, in line with our aim to facilitate industry-wide dialogue to support our vision of transforming healthcare, we initiated the inaugural SA Healthcare Summit, which focused on broad themes such as the COVID-19 pandemic, finding solutions to South Africa's health challenges, and enabling greater access to healthcare for all. By bringing together role players across the sector and examining various facets of the health and wellness ecosystem, the summit sought to offer a glimpse into an exciting future in which we can all support efforts to broaden access to quality healthcare while strengthening the country's health system.

Likewise, with the aim of partnering to support health in South Africa, the Group made a conscious effort to invest in the COVID-19 vaccination programme. This project had a significant societal impact, with AfroCentric member schemes and non-medical aid members alike receiving a safe and caring service during challenging times. We believe this successful collaboration demonstrated our capability to support the government's ambitions as a private sector partner with the expertise and experience to constructively participate in a developing healthcare environment.

Delivering on our strategic ambitions amid uncertainty

In the words of Winston Churchill, one should “never let a good crisis go to waste”. COVID-19 has certainly stress-tested our model, and while we are pleased with the strength and resilience the Group has demonstrated, there are always lessons to be learnt and improvements to be made. We are therefore deliberately leveraging the lessons learnt during the pandemic to create more efficient digital modes of care while enhancing integration throughout the business to further our aims of enabling greater access to affordable, quality healthcare.

Within a challenging operating environment where we saw a reduction in the medical scheme membership base or members downgrading their medical aid options due to significant economic pressure, our medical aid administration, risk management, and technology cluster remained focused on cost reduction through increased efficiency and an enhanced operating model. As a result, the cluster decreased its operating profit by 2.4%. Our stable and consistent fee structures have supported the cluster’s resilience, as well as new measures to enhance operational excellence and deliver more effective cost controls.

Our integrated architecture remains a key differentiator, enabling creative solutions that reduce costs and deliver quality care. SmartCare is one such solution, providing a complete managed care concept that reduces members’ health risks, detects risk timeously, and efficiently covers the cost of care. Furthermore, we aim to establish a supporting structure that delivers a comprehensive care plan and improves members’ quality of life.



CEO's review continued

Last year, we acquired 100% shares in DENIS, which specialises in dental benefits management. The acquisition supports our aim of transforming healthcare by enabling the business to focus on cost-effective treatment and innovation in our dental offerings to medical scheme members. In addition, we have gained a partner in DENIS to fast-track our strategic business objectives and expand our expertise.

The level of uncertainty that accompanied the COVID-19 pandemic and its impact on the economy and consumer spending patterns required the pharmaceutical cluster to remain agile and adaptable. The cluster noted a decline in member adherence to chronic medicine compliance during the year as the demand for preventative medicines reverted to pre-COVID levels. This has impacted the performance of both Pharmacy Direct and Activo Health. More concerning, however, is the likely medium-term effects of this trend on members' health outcomes. Our subsidiaries have therefore sought ways to encourage adherence, actively collaborating and focusing on efforts to drive awareness. Other product categories also saw a decline in demand, including medicines related to elective surgeries. We are, however, pleased to see that as member behaviour normalises, the adherence challenge is improving significantly.

Despite these headwinds, the pharmaceutical cluster's overall performance was supported by a diverse composition of entities, increasing its operating profit by 9.7%. In this regard, investment in efficiencies was critical, including the partial automation within our Pharmacy Direct facility and the launch of an online shop, easily accessible by all patients and the public. In addition, the cluster focused on driving value realisation from various digital projects to enable greater efficiencies within a highly competitive environment.

During the period, we concluded the acquisition of Forrester Pharma, enabling the Group to expand its product offering to the pharmaceutical market and enter the oncology market in the coming year.

Through our corporate solutions cluster, we seek to deliver integrated health and wellness solutions for the workplace, reducing direct healthcare costs while increasing productivity and providing tangible savings to employer groups. With the desired integration and operational efforts realised, the cluster continues to enjoy significant growth and produce improved results. The key highlight within the cluster was the conclusion of negotiations with Sanlam Health Solutions to acquire the Gap Cover business, supplementary to its current medical scheme offerings. We are appreciative of the collaboration with Sanlam and the significant time and effort involved in ensuring the success of this endeavour going forward.

During the year, we acquired the remaining 49% shareholding in Tendahealth. Tendahealth offers investment, health and insurance solutions to protect and enhance health and financial wellness – it plays a critical role in rendering brokerage services on behalf of our medical scheme clients. We also acquired the remaining 49% shareholding in AfroCentric Distribution Services (ADS). ADS performs a critical role through its marketing and support services for medical schemes. Therefore, as we prepare for our future growth strategy by marketing integrated products, it has become imperative to own the full distribution capability to market the Group's new generation products and those of our other partners.

Focused on our people

Our people have shown incredible resilience throughout the pandemic, and we cannot have supported our stakeholders in the ways we have without their tireless commitment. Ensuring we maintain high levels of employee engagement remains critical to understanding their needs and addressing those matters that are top of mind for them.

Therefore, we undertook a Group-wide culture survey to gauge our employees' attitudes and opinions about our work environment. We received a response rate of 77%, far exceeding market benchmarks. An overwhelming percentage of employees responded positively to all questions, receiving an 83% positive sentiment. We are encouraged by an excellent set of results, along with feedback on areas that require more attention – all of which support our efforts to become an employer of choice. As a next step, we created a facilitation toolkit for leaders to share the culture survey results with their teams and encourage dialogue to generate suggestions to address growth areas.

Outlook

AfroCentric has once again delivered satisfactory operating results, particularly given national economic challenges still posed by the COVID-19 pandemic and continued economic uncertainty. While we expected medical scheme memberships to fall dramatically, we are seeing members doing everything in their power to retain their existing health cover. However, from a chronic medicine adherence perspective, as discussed, we noted a decline in compliance as the demand for preventative medicines has reverted to pre-COVID levels. We continue to work with our subsidiaries to address this concerning trend.



Furthermore, in line with the growing global awareness of the criticality of extending the population's healthspan – not only their lifespan – we will maintain our focus on supporting members' health, with a greater emphasis on lifestyle risk management and mental wellbeing. This ambition aligns with our aim of enhancing our stakeholders' quality of life while also focusing on making healthcare more affordable and widely accessible.

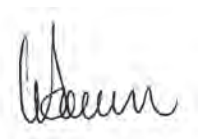
The financial position of the Group remains sound, and the Group is sufficiently capitalised for its immediate needs. Management continues to promote organic growth and carefully considers compatible bolt-on opportunities for acquisition. We also look forward to further benefit for both parties and stakeholders as we continue our collaboration with Sanlam to meet critical healthcare needs.

Appreciation

The pandemic has only heightened the case for a transformative healthcare system that supports the wellbeing of all stakeholders. Knowing the collective effort put forth in our continued labour to achieve this lofty aim, I would like to extend my heartfelt gratitude to our people across the Group. You continue to rise to the challenge to ensure we are progressively transforming healthcare for the better.

To the Board, thank you for your continued guidance and oversight. The management team has steadfastly focused on implementing our strategic intentions within a challenging context. I thank them for their tireless efforts in seeing our vision come to life. I would also like to welcome our new executives, Sandile Mbele, Fezeka Nompumza, Tebogo Makoe and Avsharn Bachoo. We have already benefited from their expertise during the year and look forward to their continued contributions.

I would also like to thank our clients for trusting us to meet the needs of their members and a special thank you to all our customers across the Group. We are also grateful for the ongoing support from our operating subsidiaries, schemes, and other stakeholders.



Ahmed Banderker
Group CEO

Our strategy and approach

Our strategy informs our business model for sustained value creation

AfroCentric is the most diversified healthcare company in Southern Africa. By completing the integration of new acquisitions into our business and leveraging the power of technology to transform client service, we are evolving our business model and moving closer to achieving our ultimate goal of transforming healthcare.

Our long-term objective

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



This requires that we

Our strategic pillars
(medium-term objectives)

GROW

and strengthen our businesses

DIVERSIFY

our business composition with new products and services

ACHIEVE

greater operating excellence

Executing our priorities through our strategic levers



OUR PEOPLE

Our people are a critical differentiator. We are devoted to helping them self-develop. A top priority is fostering a high-performance culture to help us achieve our strategic goals.



CLIENT EXPERIENCE AND MEMBERSHIP GROWTH

We create access to sustainable, affordable, quality healthcare through innovative expertise. We deliver this through an efficient, seamless experience.



TECHNOLOGY

We provide cutting-edge technological platforms and transactional systems that are among the best in the world with services such as hosting, switching, administration, health risk management, and clinical applications.



EXPLORING DISRUPTIVE MODELS

Our integrated approach promotes tight collaboration between the Group, schemes and providers, as well as improved access to care for long-term sustainability.



OPTIMAL STRUCTURE

A taxonomy geared towards the business strategy, business goals, and execution, all of which enables us to deliver consistent business outcomes.



SERVICE MODEL

We leverage big data and best-practice analytics to achieve superior operating excellence linked with modern, simple service tools.



PHARMA CLUSTER

Our value-chain capabilities offer world-class distribution services for medicine and pharmaceutical products.









PRIMARY CARE, PRIMARY HEALTH INSURANCE AND OCCUPATIONAL HEALTH

We enable expanded access to care by leveraging the latest technology and data approaches while driving a superior service experience for all our stakeholders.

Achieved Partially achieved Not achieved 

Our short- to medium-term objectives

Overview of our performance	Key performance indicators	2023 target	2022 target	2022 actual	Link to executive remuneration
» Embarked on a digital transformation journey for our people	B-BBEE Level	Level 1	Level 1		✓ (Scorecard component: Transformation)
» Developed, implemented and used Service Design and LEAN Six Sigma methodologies				Level 2 (2021: Level 1)	
» Embarked on the identification of the talent pipeline for senior leadership and key roles (ongoing)	Engagement	85%	85%	83% positive sentiment	✗
» Drove culture transformation at all levels across the business – all leaders are being held accountable for pioneering culture transformation					
» Rolled out a formal curriculum for team leaders and operational managers					
» Continued macroeconomic stressors placed pressure on membership growth	Number of lives administered	3.8 million	3.8 million		✓ (Scorecard component: Strategic)
» Awarded the full managed healthcare tender for SAMWUMED, effective 1 January 2022				3.8 million (2021: 3.8 million)	
» Continued progress in enhancing the data-driven nature of the business through easy access, sharing and availability of data	IT system stability	Reduced number of incidents, associated with an improved cost per member value	Reduced number of incidents, associated with an improved cost per member value	 A decrease in incidents from 2021 to 2022	✓ (Scorecard component: Strategic)
» Continued with system renewals and upgrades to explore better and more efficient ways of servicing and engaging our customers/members					
» Enhanced automation and process improvements have furthered operational excellence to the benefit of schemes and their members					
» Developed and implemented mobile application digital initiatives for the schemes, resulting in the reduction of member calls to the call centres					
» Concluded negotiations with Sanlam Health Solutions to acquire a Gap Cover business that is supplementary to current medical scheme offerings	Success criteria to be defined in terms of membership growth, types of products and long-term impact during the new financial year.				✓ (Scorecard component: Strategic – forward-looking)
» Designed and implemented the Sanlam Corporate Wellness offering for the Sanlam Group staff					
» Enhanced our innovation capability through the identification of a core group of individuals to drive the design of innovative solutions					
» Enhanced real-time availability monitoring	Reduction in permanent staff per 1 000 lives while improving service level	3 – 5%	3 – 5%	5.49% (2021: 4%)	✓ (Scorecard component: Strategic)
» Continued to leverage the use of a single service measure as an operational tool to drive functional output at the highest levels					
» Enhanced automation rate has increased straight-through processing, with a 20% increase in self-service channels	% reduction in calls per 1 000 lives	10% reduction	10% reduction	 5.49% reduction (2021: 4%)	✓ (Scorecard component: Strategic)
» Continued enhancement of processes, call centre management and customer/member contact via digital platforms					
» Experienced negative trend in adherence to chronic medicines, which impacted subsidiaries and script growth	% increase in scripts under management	10%	10%	 4.5% (2021: 32.3%)	✗
» Continued investment in efficiencies through partial automation within our Pharmacy Direct facility, supporting overall performance					
» Experienced changing demand for preventative products, such as vitamins, which returned to pre-COVID levels					
» Launched the Pharmacy Direct Online Store					
» Established an Independent Retail Pharmacy Network to create an organised, well-coordinated and managed pharmacy network					
» Reduced claims costs for our schemes through managed care programmes	Managed care savings	R4.5 billion	R4 billion	 R4.2 billion (2021: R2.7 billion)	✗
» Developed and rolled out a wide range of healthcare and corporate wellness offerings tailor-made and white labelled for Sanlam clients					
» Vaccinated approximately 200 000 citizens, comprising medical scheme members, the uninsured public and our staff at our various centres around the country					
» Provided access to the VirtualCare platform for primary care healthcare providers for seamless integration with AfroCentric					
» Leveraged Medscheme's digital capability to scale its integrated mental health solution by partnering with a mental health app that improves access to self-care solutions, group sessions and virtual care					

Understanding our strategic trade-offs

Deciding which trade-offs to pursue and which to avoid requires robust strategic decision-making processes, especially when these decisions may negatively impact certain stakeholder groups while enabling sustained value creation for others.

BALANCING SHORT-TERM RETURNS WITH LONG-TERM DIRECTION

We recognise that in improving access to quality healthcare, value is created, preserved or eroded across the six capitals. The alignment of our core purpose with national and global goals positions the business well within a changing South African healthcare context but requires the Group to make decisions regarding the pursuit of long-term value over short-term gains.

This central trade-off plays out in all the decisions listed below.



Responding with purpose in the fight against COVID-19

Related material matters

- » Access to healthcare and medicine
- » Business continuity and business model adaptation

Link to strategic levers



Analysing the trade-off

Our purpose-driven response to the COVID-19 pandemic resulted in short-term financial costs (financial capital), as well as additional pressure on our people (human capital). However, taking a long-term view, we recognise that the sustainability of our business relies on the stability of our operating environment. Therefore, while our chosen response resonates with our purpose and mission, we also believe that our role in supporting government's efforts has further demonstrated our ability to act as a strategic partner within a changing healthcare context (social capital). This has been demonstrated by our leadership being invited to speak at the Health Portfolio Committee meeting to discuss potential ways forward and possible synergies between the private sector and government within an NHI context. Moreover, significant lessons have been learnt in the process, which we believe will assist in establishing innovative models of public-private collaboration in the future (intellectual capital).

Financial and human capital invested in our COVID-19 response.



Intellectual and social and relationship capital gained through the process.



Prioritising capital allocation with medium- to long-term objectives in mind

Related material matters

- » Business continuity and business model adaptation
- » Access to healthcare and medicine
- » Economic, transformation and political and societal risk

Link to strategic levers



Analysing the trade-off

While trading in the pharmacy cluster did not achieve the peak levels seen in 2021, we continued to invest in new product launches, which are generally slow moving in the first two years, in line with our medium to long-term objectives for a sustainable pharmacy cluster. This deliberate approach to capital allocation continues to consider our optimal capital structure of equity, debt and working capital balanced by a reasonable dividend policy to ensure the sustainability of our business and continued returns for our shareholders.

Financial capital



Manufactured capital in the form of inventory



Investing in a future-fit workforce

Related material matters

- » Employee wellbeing, acquisition, talent management and retention
- » Business continuity and business model adaptation
- » Legal, regulatory and compliance management

Link to strategic levers



Analysing the trade-off

The accelerated speed of technological transformation continues to impact the ways we relate to one another, how we work and the level of always-on service delivery that we expect. Moreover, digitisation and automation have accelerated the rate at which historical jobs have become obsolete. This change process needs to be managed strategically, as rising unemployment in our country places unsustainable pressure on the stability of the operating environment. We therefore invest (financial capital) in upskilling and reskilling our people (human capital) in line with our changing business needs and investing in change management initiatives to support this process. Furthermore, we invest in job creation through our enterprise and supplier development initiatives.

Financial capital invested in upskilling and reskilling our employees.



Human and social and relationship capital increased through initiatives that upskill and reskill employees and those that serve to stimulate wider employment.



Understanding our strategic trade-offs *continued*

Enhancing our future decision-making capacity today

Related material matters

» Business continuity and business model adaptation

Link to strategic levers



Analysing the trade-off

In line with our objective to enhance the Group-wide focus on ESG, management and the Board focused significantly (human capital) on developing our ESG framework (intellectual capital) and determining the best way forward to integrate our material ESG-related performance measures. While we have identified many strengths in our social monitoring and tracking, our natural capital monitoring, in particular, will require enhanced focus in the coming years. Therefore, we have developed a three-year strategy to integrate the necessary processes into the business to manage and measure the full range of identified matters.

While this undertaking may not be directly linked to short-term financial return, we recognise that companies that do not prioritise ESG are more likely to endure materially adverse events. Furthermore, a deep understanding of the full range of our material matters will provide the business with valuable information to make forward-looking capital allocation decisions regarding key ESG opportunities. Likewise, investments in enhancing our understanding of our natural capital, our impacts on it and its impacts on us (for example, climate change and its effects on health and wellbeing), will enhance our decision-making capabilities regarding our medium- to long-term objectives to safeguard our resilience and sustainability.

Financial capital and human capital invested in developing our ESG framework.

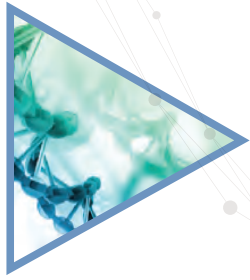


Intellectual capital and social and relationship capital increased through initiatives that enhance the decision-making capacity of the business based on broader KPI monitoring.



OUR PERFORMANCE





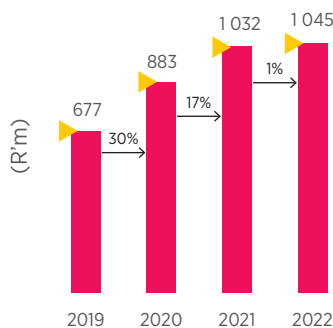
CFO'S REVIEW

Normalising growth after the COVID pandemic with investment into organic growth for the future!

The 2022 financial year has been the year of two halves with the first half being impacted by once off vaccination programme investment of R25 million and the impact of non-adherence to chronic medicine of R22 million. The Group has however neutralised the impact of non-adherence to chronic medicine towards the end of the second half of our financial year. The second half was impacted by geopolitical tensions which led to higher inflation and rising interest rates across the globe. Despite some of these changes that have had an impact on the Group's results, the Group has continued to grow.

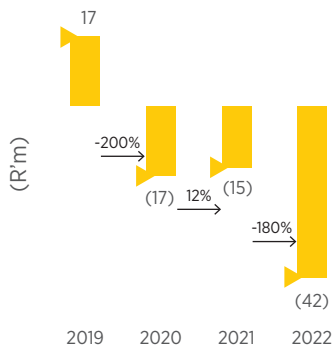
Four-year summary of Profit before tax

Operating profit*

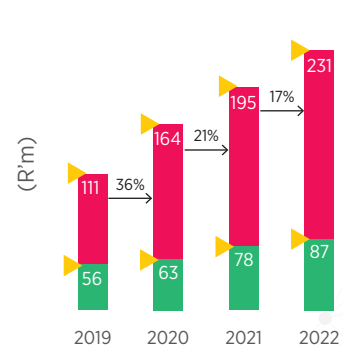


* Operating profit stated after actual lease costs paid to be in line with 2017 standard pre IFRS 16 implementation.

Net cash finance income/loss

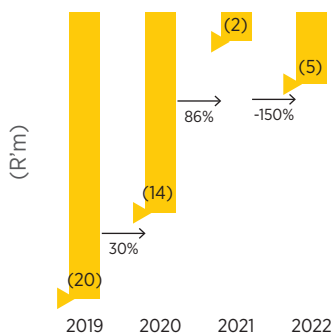


Depreciation/amortisation

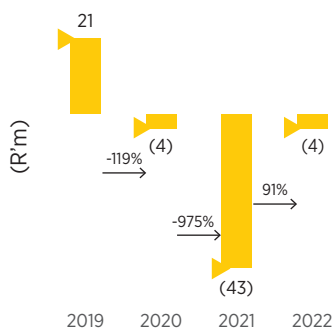


■ Amortisation
■ Depreciation

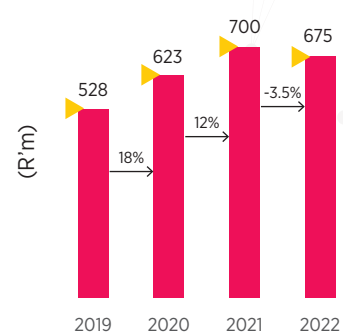
IFRS 16 (Leases) net effect



Other (impairments, share based payments)



Profit before tax



During the 2022 financial year, AfroCentric invested in the digitisation of the Group, as well as in new product initiatives. The implementation of these initiatives has resulted in the Group incurring once off costs, which will be fully realised through improved operational efficiencies in the short to medium term. Pursuant to this investment, the operating growth increased by 1.2% while the Profit before tax decreased by 3.5%. The profit before tax was further impacted by the increased depreciation and amortisation in the 2022 financial year. The Group's strategy of diversifying its product offering by investing in the value chain of healthcare services has been the main reason for increased amortisation over the past few years, with significant acquisitions like Activo Health in 2019, DENIS in 2020, and Forrester Pharma in 2022. The investment in our internally developed administration system during 2015 to 2018 (with final implementation in the 2019 year) has also contributed to enhanced amortisation.

The above acquisitions have resulted in growth in the pharmaceutical cluster in excess of 10% while the efficiency in which the Medscheme South Africa business is managing its clients is improving operating profit, therefore remaining stable in a period of declining membership in South Africa due to macroeconomic factors.



CFO's review *continued*

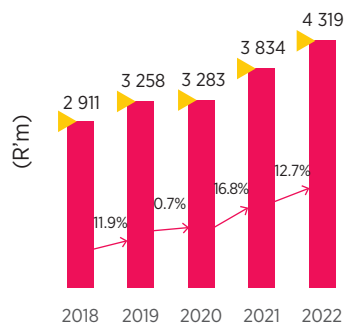
Healthcare Services Financial Performance

The traditional medical scheme administration and managed care businesses that mainly consist of Medscheme have consistently been exceeding expectations in operating profit due to the difficult market conditions they operate in. With limited growth in insured lives in South Africa, the Medscheme membership has been able to retain its membership base consistently in the four largest schemes we manage, namely, Bonitas, Fedhealth, Polmed and GEMS. In the past 12 months, we have recorded net growth in both Bonitas and GEMS which indicates the commitment the public still have for private healthcare benefits and that the South African middle class has not been impacted too harshly by the reduction in employment.

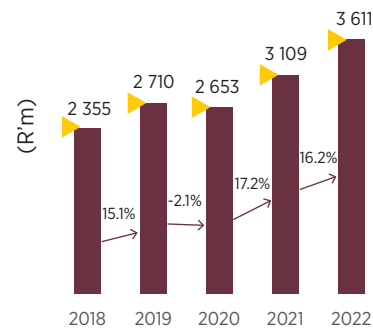
The focus for Medscheme, being the primary subsidiary of the Group responsible for medical scheme administration, has been to build systems and processes of excellence. This entailed embarking on projects where teams compete on a "Single Service Measure" enabled competition in the business units that resulted in improved customer service and turnaround time of transactions. The rollout of other digital enhancements in the member applications, WhatsApp communication and chatbots have also driven more customer volumes to a digital platform that is 24/7 enabled and reliable. An improved hospital approval system linked to the major hospital groups in South Africa will further enhance the turnaround time, case management and payment cycles of hospital claims and thereby reducing transaction costs for this particular service.

With this investment in digitalisation, the cluster's operating profit decreased slightly by 2.4%.

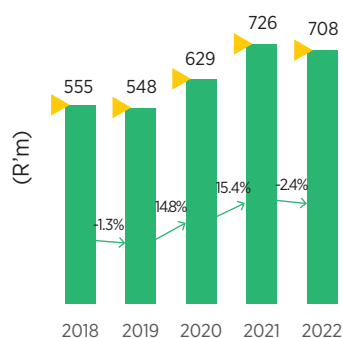
Revenue



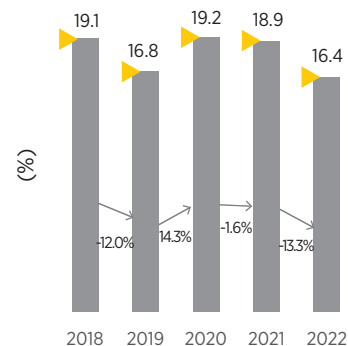
Operating costs



Operating profit



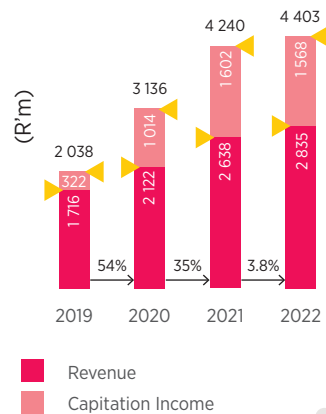
Operating margin



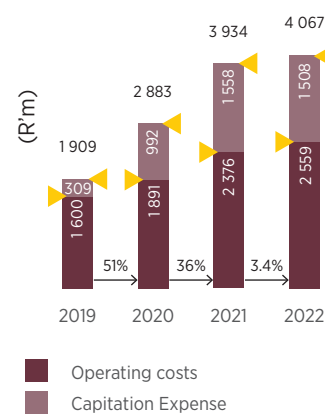
Healthcare Retail Financial Performance (Pharmaceutical)

The Pharmaceutical division has continued its expected growth trajectory during 2022, however, this was dampened by the sales of preventative medicine that retracted to pre-COVID-19 levels, reduced script performance due to non-adherence to the renewal of chronic medicine scripts, the slower than anticipated progress on the oncology product line, and price pressure to reduce the single-exit price. Encouragingly, the reduction in the private portfolio script performance has been offset by an increase in the National Department of Health (NDoH) script performance.

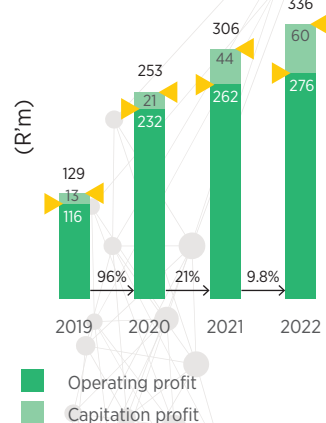
Revenue



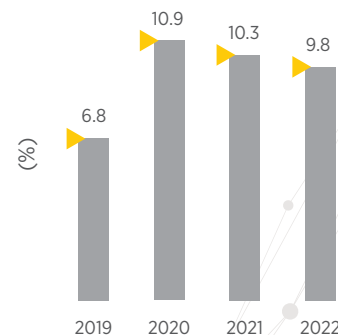
Operating costs



Operating profit



Operating margin (%) (excluding Capitation Income)



Pharmacy Direct continued its script growth during the year and consistently delivered in excess of 1 million chronic scripts to public patients, while the private medical scheme script count retracted to 142 842 (2021: 169 022) per month. The improved operating profit was, however, not only due to increased volumes, but was also as a result of improved cost efficiencies in the packing and distribution of medicine. In the latter part of the year, a new robotics system has been installed in the private side of the business and will yield significant returns in the 2023 financial year.

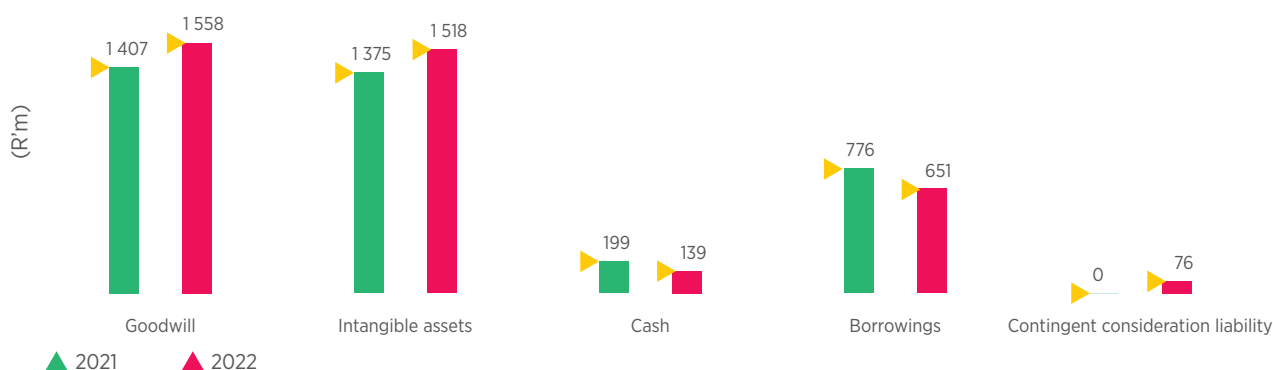
CFO's review *continued*

Capital management

The Group has experienced some significant turnarounds in its balance sheet since 2015 by first having excessive cash on hand with the subscription of shares sale to Sanlam and the issue of additional shares that funded the initial pharmaceutical assets. These new businesses, compared to a stable cash generating medical scheme administration business, have required the management team to look at different ways in which growth can be supported. For this very reason, the Group has continued to rather fund acquisitions through debt since 2019, as no gearing was in place then, and the continued working capital needs are being monitored and reviewed on a weekly basis, with targets set for each unique business.

These trends of acquisitive growth are the main drivers of significant movements in our statement of financial position at 30 June 2022 as set out below.

Significant movements

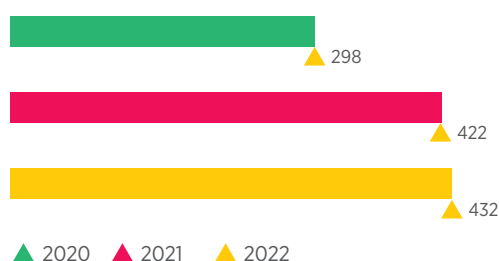


Optimising our Capital Structure while absorbing new acquisitive opportunities is a balancing act.

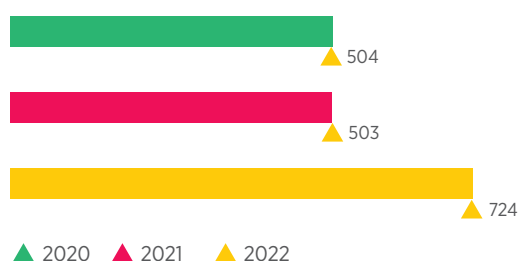
The Forrester acquisition in August 2021 was the main contributor to the increase in Goodwill, Intangible Assets, and Contingent consideration liability.

The objective of matching capital expenditure incurred with regards to IT development and matching it with amortisation is starting to pay off and, therefore, the increase in intangible assets is mostly attributed to the customer relationships, arising from the purchase price allocation of the DENIS and Forrester acquisitions.

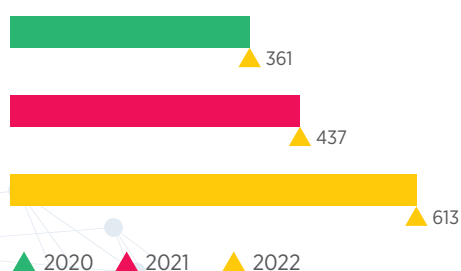
Inventory (R'm)



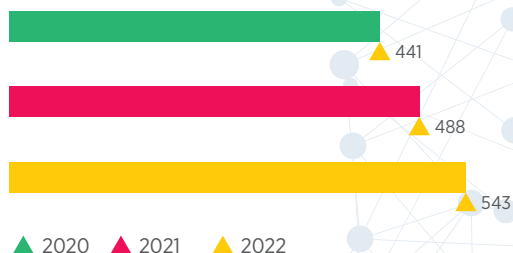
Trade receivables (R'm)



Trade payables (R'm)



Net working capital (R'm)



The Group has had a good cash generating ability over the last 18 months which covered working capital, acquisitions and shareholder needs. Some of this cash was invested in our short-term borrowing at year-end which shows a decline even though the Forrester acquisition was funded through it. Cash generation is key to the AfroCentric Group and forms the foundation of delivering a satisfactory dividend to our shareholders while being able to fund new Group initiatives through its working capital.

Working capital, as depicted above, has grown, especially inventory, but if the excess inventory as a result of new product launches (slow moving in first two years of launch) is excluded, the inventory levels have actually been managed down from prior years and with cognisance of the growth experienced.

Conclusion

AfroCentric has a proven track record of acquiring new businesses and integrating new businesses products in a seamless way to provide customers with a continuous experience in healthcare services and products. This philosophy will continue and while we are at the end of a period of acquisitions, the organic growth opportunities will now be the focus for further expansion.

The optimal capital structure of equity, debt and working capital balanced by a reasonable dividend policy is continuously being reviewed to ensure the sustainability of earnings of the Group and returns for our shareholders.

I would like to thank the Group Finance team for its dedicated hard work and commitment to consistently being innovative in support to the Group from a financial and commercial level, of which we reap the benefits, as evidenced by the results recorded.



Hannes Boonzaaier
Group CFO

Results at a glance

for the year ended 30 June 2022

		Audited year ended 30 June						% change				
Key features		2022	2021	2020	2019	2018	2017	2022/21	2021/20	2020/19	2019/18	2018/17
Healthcare service revenue	(R'000)	4 319 439	3 834 256	3 282 853	3 258 658	2 910 702	2 715 266	12.7%	16.8%	0.7%	12.0%	7.2%
Healthcare service operating profit	(R'000)	708 375	725 606	629 584	548 421	555 286	495 974	(2.4%)	15.3%	14.8%	(1.2%)	12.0%
Healthcare retail revenue	(R'000)	4 403 131	4 240 162	3 136 059	2 038 135	1 302 003	1 069 435	3.8%	35.2%	53.9%	56.5%	21.7%
Healthcare retail operating profit	(R'000)	336 267	306 564	253 772	129 233	67 800	68 135	9.7%	20.8%	96.4%	90.6%	(0.5%)
Headline earnings	(R'000)	317 139	329 068	306 750	265 841	260 916	123 838	(3.6%)	7.3%	15.4%	1.9%	110.7%
Normalised headline earnings	(R'000)	319 785	353 786	321 822	275 545	264 066	244 113	(9.6%)	9.9%	16.8%	4.3%	8.2%
Cash generated from operations	(R'000)	1 101 850	1 013 012	939 745	663 536	552 695	450 887	8.8%	7.8%	41.6%	20.1%	22.6%
Statutory earnings per shares												
- Basic	(cents)	54.57	52.56	52.87	48.12	46.29	21.23	3.8%	(0.6%)	9.9%	4.0%	118.0%
Statutory headline earnings per shares												
- Basic	(cents)	55.07	57.26	53.42	47.29	47.06	22.34	(3.8%)	7.2%	13.0%	0.5%	110.7%
Normalised headline earnings per share												
- Basic	(cents)	55.53	61.56	56.04	49.13	47.63	44.03	(9.8%)	9.9%	14.1%	3.1%	8.2%
Dividends paid per ordinary share	(cents)	34.00	34.00	34.00	34.00	32.00	28.00					
Share price as at 30 June	(rands)	4.39	4.42	3.69	4.95	5.75	6.20					
Return on assets		8.89%	9.31%	10.08%	8.50%	12.21%	6.53%					
Return on assets (excl Goodwill)		12.46%	12.84%	14.44%	12.24%	17.01%	9.16%					
Return on equity		14.02%	14.62%	14.69%	13.21%	14.59%	12.70%					
Current ratio		1.33	1.66	1.40	1.56	2.31	2.06					
Cash generated from operating activities		(R'000)	527 018	385 264	501 708	306 767	290 519	205 188				
Capital expenditure			295 386	439 019	369 533	498 450	243 000	244 000				
Number of lives managed		(R'000)	3 790	3 781	3 754	3 700	3 600	3 700				
Group membership		('000)	1 652 035	1 768 251	1 738 527	1 711 014	1 687 982	1 677 455				
Open schemes			492 283	510 185	498 105	444 027	426 795	408 305				
Closed and Corporate schemes			259 103	308 952	225 309	280 707	281 491	279 433				
GEMS			784 431	759 685	735 584	711 448	693 467	692 266				
SADEC and other			116 218	189 429	279 529	274 832	286 229	297 451				
Number of scripts			13 911 074	13 315 918	10 063 229	6 428 213	4 186 562	2 034 342				
NDoH			12 196 969	11 287 656	8 320 838	4 897 824	2 799 919	901 682				
Pharmacy Direct			1 714 105	2 028 262	1 742 391	1 530 389	1 386 643	1 132 660				

Audited final results

for the year ended 30 June 2022

Summarised Consolidated Statement of Financial Position

	Audited year ended 30 June 2022 R'000	Audited year ended 30 June 2021 R'000	Audited year ended 30 June 2020 R'000	Restated Audited year ended 30 June 2019 R'000	Audited year ended 30 June 2018 R'000
ASSETS					
Non-current assets	4 115 697	3 808 789	3 539 167	3 364 615	2 306 326
Property and equipment	381 057	369 065	210 583	220 409	375 649
Right of use Assets	147 964	176 924	234 980	290 136	-
Land and buildings	316 561	321 504	261 374	196 149	-
Investment property	7 631	7 765	15 418	15 418	15 418
Intangible assets	3 076 336	2 782 866	2 695 187	2 556 012	1 739 086
Available for sale investment	-	-	-	-	9 000
Managed funds and deposits	-	-	-	-	65 028
Other financial assets	75 736	29 661	3 711	-	-
Investment in associates and joint ventures	33 340	31 541	33 307	29 943	56 935
Deferred tax assets	77 072	89 463	84 607	56 548	45 210
Current assets	1 321 909	1 305 577	1 007 999	1 117 899	823 735
Trade and other receivables	724 321	503 270	504 335	531 494	348 527
Inventory	431 764	421 563	297 851	283 732	83 532
Current tax assets	27 235	32 560	28 133	37 377	20 768
Receivables from associates and joint venture	-	-	-	-	5 740
Other financial assets	-	149 244	-	-	-
Cash, managed funds and deposits	138 589	198 940	177 680	265 296	365 168
Total assets	5 437 606	5 114 366	4 547 166	4 482 514	3 130 060
EQUITY AND LIABILITIES					
Capital and reserves	2 448 394	2 326 972	2 216 604	2 095 283	1 940 614
Issued ordinary share capital	18 909	18 892	18 885	18 885	18 686
Share premium	1 094 876	1 084 696	1 080 301	1 080 301	999 058
Share-based payment reserve	30 465	26 802	20 417	11 286	3 501
Treasury shares	(2 324)	(2 324)	(2 324)	(2 324)	(2 324)
Foreign currency translation reserve	(5 056)	(6 139)	(14 632)	(3 114)	793
Capital contribution by Non controlling interest	55 874	55 874	55 874	55 874	55 874
Distributable reserve	1 255 650	1 149 171	1 058 083	934 376	865 026
Non-controlling interest	997 491	928 752	902 491	787 713	679 277
Total equity	3 445 885	3 255 724	3 119 095	2 882 996	2 619 891
Non-current liabilities	995 923	1 072 665	705 492	881 194	153 860
Deferred tax liabilities	242 367	250 040	246 809	230 229	121 667
Non-current borrowings	531 082	655 785	266 311	371 566	-
Non-current provisions	16 970	8 350	8 350	8 350	8 350
Post-employment medical obligations	1 916	2 137	2 595	2 611	2 665
Lease liabilities	127 790	156 353	181 427	261 104	-
Contingent consideration	75 798	-	-	-	-
Deferred payment	-	-	-	7 335	5 263
Accrual for straight lining of leases	-	-	-	-	15 915
Current liabilities	995 798	785 977	722 579	718 324	356 309
Provisions	15 216	11 269	8 374	9 606	8 598
Borrowings	120 000	120 000	120 000	120 000	-
Lease liabilities	68 610	63 764	96 855	61 551	-
Trade and other payables	613 200	436 520	361 488	406 230	284 028
Current tax liabilities	19 161	23 808	33 086	32 279	13 729
Employment benefit provisions	143 122	130 616	102 776	88 659	49 955
Deferred payment liability	14 139	-	-	-	-
Bank overdraft	2 350	-	-	-	-
Total liabilities	1 991 721	1 858 642	1 428 071	1 599 518	510 169
Total equity and liabilities	5 437 606	5 114 366	4 547 166	4 482 514	3 130 060

Audited final results continued

for the year ended 30 June 2022

Summarised consolidated Statement of Comprehensive Income

	Audited year ended 30 June 2022 R'000	Audited year ended 30 June 2021 R'000	Audited year ended 30 June 2020 R'000	Restated 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
Healthcare service revenue	4 319 439	3 834 256	3 282 853	3 258 658	2 910 702	2 715 266
Healthcare service operating costs	(3 611 064)	(3 108 650)	(2 653 269)	(2 710 237)	(2 355 416)	(2 219 292)
Healthcare service operating profit	708 375	725 606	629 584	548 421	555 286	495 974
Healthcare retail revenue	4 403 131	4 240 162	3 136 059	2 038 135	1 302 003	1 069 435
Healthcare retail cost of sales	(3 589 621)	(3 438 009)	(2 477 796)	(1 641 279)	(914 305)	(836 734)
Healthcare retail operating costs	(477 243)	(495 589)	(404 491)	(267 622)	(319 898)	(164 566)
Healthcare retail operating profit	336 267	306 564	253 772	129 233	67 800	68 135
Total healthcare operating profit	1 044 642	1 032 170	883 356	677 654	623 086	564 109
IFRS 16: Lease reversals	77 486	86 456	85 460	94 418	-	-
Total healthcare operating profit (Including lease reversals)	1 122 128	1 118 626	968 816	772 073	623 086	564 109
Other income	563	1 747	-	-	-	-
Profit on sale of investments	-	1 314	-	-	(2 717)	-
Loss on disposal of intangible assets	(635)	(26 793)	-	(40 000)	-	-
Fair value gains or losses	6 369	(6 307)	183	-	-	-
Fair value gain on investment disposal	-	-	-	118 715	-	-
Impairment of assets and loans	(3 203)	(10 378)	(2 919)	(68 587)	(1 667)	(19 851)
Net finance and investment income	(61 317)	(36 498)	(45 224)	(14 891)	43 481	16 106
- Finance and investment income	15 086	20 595	26 503	37 524	45 343	62 773
- Finance costs: Lease liabilities	(19 354)	(21 420)	(27 839)	(31 822)	-	-
- Finance cost: Conditional put option	-	-	-	-	-	(45 906)
- Finance cost	(57 049)	(35 673)	(43 888)	(20 593)	(1 862)	(761)
Share-based payment expense	(13 848)	(10 694)	(8 876)	(7 785)	(3 501)	(2 096)
Fair value of second tranche consideration	-	-	-	-	-	(59 582)
Indemnity expense	-	-	-	-	(3 150)	(14 787)
Share of associate profits	6 991	8 294	7 990	18 479	23 626	14 306
Profit before depreciation and amortisation	1 057 048	1 039 311	919 970	778 004	679 158	498 205
Right of use assets depreciation	(63 287)	(66 564)	(71 026)	(82 666)	-	-
Depreciation	(87 299)	(78 202)	(62 179)	(55 909)	(51 109)	(45 098)
Amortisation of intangible assets	(231 269)	(195 027)	(164 091)	(110 941)	(89 603)	(86 450)
Profit before income taxation	675 193	699 518	622 674	528 488	538 446	366 657

	% change					
	2022/21	2021/20	2020/19	2019/18	2018/17	CAGR
	12.7%	16.8%	0.7%	12.0%	7.2%	8.0%
	-	-	-	-	-	-
	(2.4%)	15.3%	14.8%	(1.2%)	12.0%	6.1%
	3.8%	35.2%	53.9%	56.5%	21.7%	26.6%
	-	-	-	-	-	-
	-	-	-	-	-	-
	9.7%	20.8%	96.4%	90.6%	(0.5%)	30.5%
	1.2%	16.8%	30.4%	8.8%	10.5%	10.8%
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
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	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	1.7%	13.0%	18.2%	14.6%	36.3%	13.4%
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	(3.5%)	12.3%	17.8%	(1.8%)	46.9%	10.7%

Cluster performance

MEDICAL AID ADMINISTRATION, RISK MANAGEMENT AND TECHNOLOGY

AfroCentric primarily operates in administration and health risk management through Medscheme. Leading medical schemes in Southern Africa rely on the Group for effective, client-focused administration services. Furthermore, by recognising and managing clinical and financial risks for our client schemes, we lower healthcare costs, reduce scheme contributions and improve the quality of treatment.

OVER R4.2 BILLION IN CLAIMS COSTS WERE SAVED for our schemes due to managed care programmes (2021: R2.7 billion)

AWARDED THE FULL MANAGED HEALTHCARE TENDER FOR SAMWUMED, effective 1 January 2022

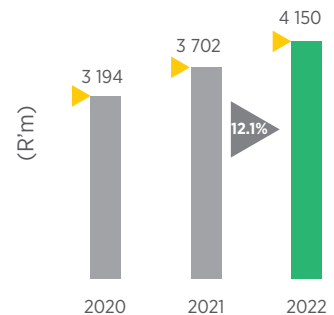
Automation and process improvements have **ENHANCED OPERATIONAL EXCELLENCE** to the benefit of schemes and their members

CONSTRAINT IN MEMBERSHIP GROWTH due to significant economic pressure on members

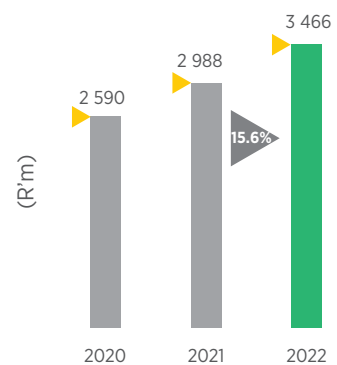
Our **AUTOMATION RATE** has increased straight-through processing, with a **20% INCREASE IN SELF-SERVICE CHANNELS**

THE PREVALENCE OF CHRONIC CONDITIONS, INCLUDING HIV AND CANCER, CONTINUES TO INCREASE. As a result, wellness and preventative care are more important than ever, as are disease management and multimorbidity management.

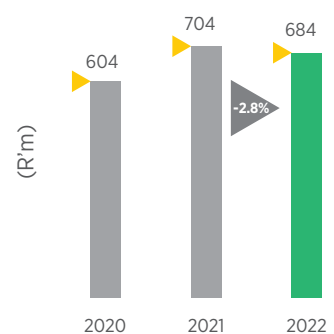
Revenue



Operating costs



Operating profit



Increase/highlight 

No change 

Decrease/challenge 

Overview

In line with our commitment to continuous improvement, we have refreshed our approach by leveraging our diversified business model and enhanced client-centricity to drive superior long-term partner sustainability.

Our performance

We remained focused on cost reduction through increased efficiency and an enhanced operating model. As a result, despite the continued challenging macroeconomic environment worsened by the effects of the COVID-19 pandemic, the cluster delivered a solid performance. This was primarily driven by continued optimisation efforts in our operations, utilising our technology, data and business engineering capabilities.

Our capabilities include:

- » Service in the moment
- » Robotic process automation
- » Agile project management
- » Improved business sustainability
- » Decision services
- » Data-driven insights
- » Data management
- » Accuracy and consistency

Operations

Customer centricity remains a top priority. Building close partnerships with our clients (medical schemes) ensure that we develop deep insights into their strategic objectives. This allows us to design unique service offerings that best meet their goals. Our capacity to provide a superior customer experience is supported by a high-performance culture that focuses on embracing innovative performance management methodologies. Digitalisation allows us to focus on high-quality customer experience initiatives, making significant gains in improving customer experience metrics over the year.

Intelligent automation of processes, coupled with automated decisioning, remains a priority and will enable efficiency in delivering value-added services that foster a unified experience along the entire servicing continuum.

Membership

The reduction in the medical scheme membership base and/or members downgrading their medical aid options due to significant economic pressure in the current environment has resulted in the slight decrease in the cluster's operating profit by 2.8%.

Weighted scheme solvency is at 35.8%, which is good news for the sustainability of our clients. We observed that throughout the pandemic, medical schemes continued to see lower claims, owing to the deferral of discretionary and elective healthcare procedures, which outweighed the additional expenses incurred due to COVID-19 and Long COVID. After the five peaks of COVID-19 in South Africa, we are seeing a recovery in discretionary and elective healthcare utilisation, and our care products are aligned with the new post-pandemic healthcare landscape.

New contracts

Medscheme was awarded the full managed healthcare tender for SAMWUMED, effective 1 January 2022. Medscheme was also recently awarded the AECl tender for administration and managed care services, including the Value option. In addition, Medscheme was awarded the GEMS call centre contract.

Health risk management

Successful collective bargaining was conducted on behalf of our schemes for hospital-based treatments, enabling the negotiation of reduced rates, thereby lowering the cost of care. We are also focusing on negotiations for device procurement.

Innovation

Medscheme concluded the development of a new Hospital Benefit Management system that enables digital engagement with providers and members seeking hospital authorisations. This system leverages the latest technology in decisioning and when integrated with the claims decision engine, will make the hospital admission and claims process almost immediate at first submission.

Medscheme launched **AMP**, a new digital wellness platform designed to integrate into medical schemes' existing member apps. It places the wellbeing of scheme members in their own hands, to create a South Africa that is healthier together. AMP forms part of Medscheme's Integrated Smart Solutions and brings it a step closer to embedding data-driven insights of healthcare to add value to the members of the schemes under administration. The launch of AMP comes at a time when Medscheme is increasingly focusing on the digitalisation of healthcare to add value to its schemes. It further demonstrates AfroCentric's commitment to innovation that will transform healthcare to help address the high burden of disease in South Africa. The development of AMP was driven by a need to help members make better lifestyle choices, ultimately reducing the need for costly healthcare interventions. The app provides users with the tools, information, and encouragement they need to make positive lifestyle changes.

AMP, which is embedded in the existing medical schemes' apps, uses advanced gamification, bespoke user insights, and artificial intelligence and machine learning to take a radically different, holistic approach to wellness that is based on positively guiding and nudging its users. AMP also gives members access to complementary and value-added services through partnerships with, among others, Avo™ by Nedbank and Panda™, a mental wellness platform. These partnerships give members a 360-degree view of the changes they need to make better lifestyle choices, while at the same time accessing the necessary support to make these changes. AMP has the potential to make a substantial impact on South Africans' overall quality of life. The platform is designed around the belief that, when prompted to take steps towards better living, South Africans will accept the challenge of becoming healthier together.

Cluster performance continued

Medscheme has also leveraged its digital capability to scale its integrated mental health solution. As mental health becomes an even more increasing concern globally and acknowledging the constraints in access in South Africa, digitally enabling mental health support is integral in overcoming barriers to health-seeking behaviour. Digital solutions allow the proactive identification of beneficiaries who require support and can be channelled into disease risk management programmes. In addition to integrating with existing managed care protocols, a seamless, personalised experience has been developed to digitally guide beneficiaries to services and support they may need. We have partnered with a mental health app that improves access to self-care solutions, group sessions and virtual care. Early identification paired with access to appropriate levels of care enhances the affordability of mental health services while aligning with clinical best practice.

VirtualCare is an innovative platform from Allegra that gives patients access to safe, affordable virtual consultations with registered medical professionals. Bonitas was the first to roll out VirtualCare through its mobile app, offering free virtual COVID-19-related consultations for all South Africans – including non-Bonitas medical aid members. The team continues to improve this service, offering more people safe healthcare, and investing in various business solutions to deliver service excellence in real time and on demand.

The acquisition of DENIS enables us to focus specifically on cost-effective treatment and innovation in the dental treatment offerings to medical scheme members. We have gained a partner in DENIS to fast-track our strategic business objectives and expand our expertise.

Outlook

To reduce the cost of care, we will maintain our focus on supporting members' health, with a greater emphasis on lifestyle risk management and mental wellbeing. We will also ramp up our work on the delivery of care. In addition, we are leveraging the lessons learnt during the COVID-19 pandemic to create more efficient and affordable digital models of care.

From an administration perspective, our focus is on excellent customer service models. We are prioritising Service-in-the-Moment and leveraging our accelerated digital transformation strategy. From a health risk management perspective, to further enhance the benefits of collective procurement, collective bargaining will include the implementation of collective hospital networks and common tariff files across participating schemes. This will be conducted through a Request for Proposal (RFP) process.

We look forward to the roll out of additional programmes in the new year and the transformative benefits that will be experienced by members and medical schemes alike.

PHARMACEUTICAL

We seek to participate throughout the pharmaceutical value chain to reduce medicine and related costs to improve access to affordable, quality healthcare.

ACQUIRED FORRESTER to expand our product offering to the pharmaceutical market

NEGATIVE TREND IN ADHERENCE to chronic medicines impacted subsidiaries

INVESTMENT IN EFFICIENCIES THROUGH PARTIAL AUTOMATION within our Pharmacy Direct facility supported overall performance

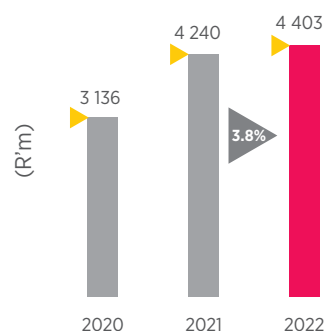
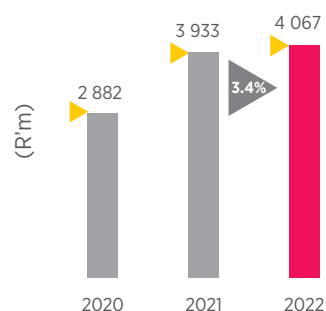
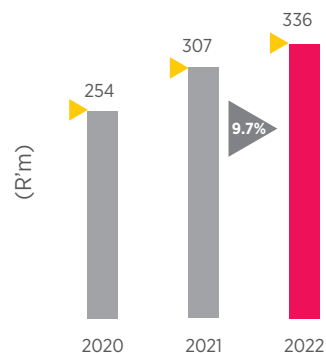
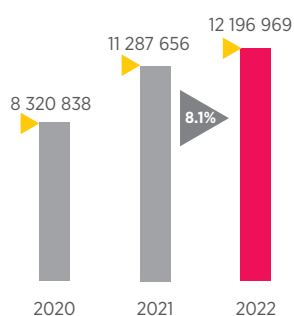
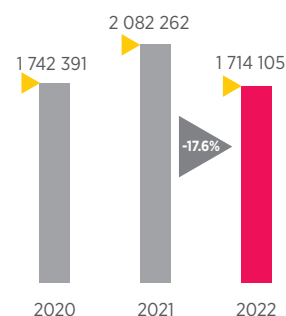
DEMAND FOR PREVENTATIVE PRODUCTS such as vitamins **RETURNED TO PRE-COVID LEVELS**

UNPREDICTABLE CONSUMER SPENDING PATTERNS as a result of COVID-19

PRICE PRESSURE to reduce the single-exit price (SEP), especially on antiretrovirals (ARVs)

PHARMACY DIRECT WAS APPOINTED AS THE DESIGNATED SERVICE PROVIDER for the provision of HIV medicine to Fedhealth, with the goal of improving script performance

BRANDMED APPOINTED PHARMACY DIRECT as the designated service provider to high-risk patients from Keyhealth and Profmed, aimed at improving script performance

Revenue**Operating costs****Operating profit****DoH script growth****Private script movement**

Increase/highlight



No change



Decrease/challenge



Cluster performance *continued*

Overview

AfroCentric has a presence across the entire pharmaceutical value chain, which provides risk mitigation due to revenue diversification and enables the Group to deliver on its ambition to reduce the cost of healthcare.

Our performance

The pharma cluster delivered an operating profit of R336 million, up 9.7% from the prior year. This resilient performance was achieved against the backdrop of the uncertainty of the global COVID-19 pandemic, which continues to redefine the operating context of our business. The challenges faced by our industry were further exacerbated by the subdued economic recovery in South Africa, resulting in constant changes to consumer spending patterns. These factors contributed to the lower than expected profit growth in the pharma cluster, with sales of preventative medicine retracting to pre-COVID-19 levels. Other factors included reduced script performance due to non-adherence to the renewal of chronic medicine scripts, the slower than anticipated progress on the oncology product line, and price pressure to reduce the single-exit price. Encouragingly, the reduction in the private portfolio script performance was offset by an increase of 8.1% in the DoH script performance.

Despite the challenging operating environment, management's agile response enabled the cluster to adjust to changes in market demand by implementing operational efficiencies, driving down costs, growing the customer base and continuing to diversify revenue streams. As a result, the pharma cluster contributed 32% of AfroCentric's operating profit, up from 30% in 2021.

Importing and marketing pharmaceutical products

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

Activo Health's diversified basket of products has, in part, enabled the business to deliver an 8.3% growth in operating profit compared to 2021. However, the non-adherence to script renewal suppressed the ARV sales volumes during the year. This decline is attributable to the expiry of the Prescription Extension Ruling. Previously, this ruling allowed doctors to renew a patient's script without a physical consultation. However, the reduced physical patient consultation has not recovered since the expiry of the ruling, with doctors hesitant to renew a script without a physical consultation. Sales volumes were also adversely impacted by the change in consumer spending patterns, with the demand for vitamins and other preventative medicine normalising to pre-COVID-19 levels. Management is closely monitoring these trends and has since implemented measures to improve adherence to the renewal of scripts and efforts aimed at increasing demand for preventative medicine.

The progress of the oncology product line has been slower than expected due to a setback with one of the key products related to a name change. However, we anticipate that the sales volumes will increase as the renamed product gains market traction.

Pursuant to AfroCentric's strategic growth objectives in the health sector, Activo Health concluded its acquisition of Forrester Pharma, effective 1 August 2021. The acquisition is consistent with AfroCentric's growth objectives in the health sector and will strengthen Activo's product offering to the pharmaceutical market.

Buying and distributing pharmaceutical products

AfroCentric buys and distributes pharmaceutical products through its subsidiaries Curasana, Pharmacy Direct and MMed Distribution.

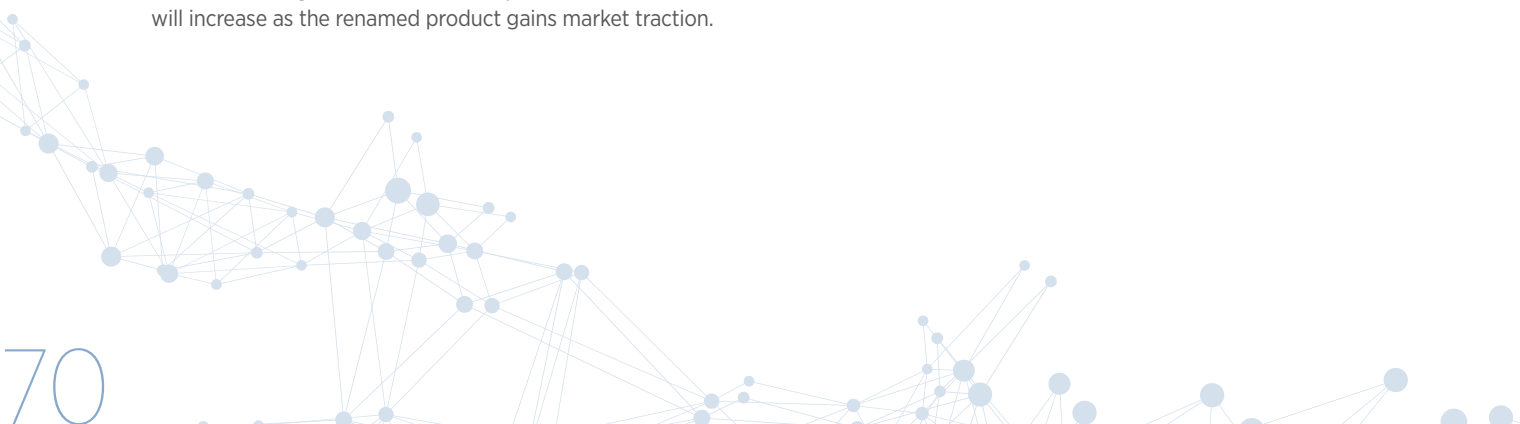
Curasana is a speciality pharmaceutical wholesaler and distributor to all major wholesalers in Gauteng and has developed its distribution capability to extend its service offerings within the value chain. Curasana's performance during the year was resilient, with a continued drive to achieve sustainable growth and value creation by leveraging and optimising its working capital by creating efficiencies that will reduce costs for the overall pharma cluster value chain.

Pharmacy Direct distributes and delivers chronic medicine to urban and rural areas for medical scheme clients and government's CCMD programme. Within the current context, we were able to assist government in fighting COVID-19 by alleviating congestion in high-risk public healthcare facilities and reducing the cost of delivering chronic medicine.

In a challenging operating environment still characterised by the ongoing effects of COVID-19, Pharmacy Direct delivered negative growth in operating profits.

The Robotic Automation of the dispensary reached its final implementation stage with the formal opening by our chair, Dr Anna Mokgokong, on 4 November 2021. The solution is performing well and will allow Pharmacy Direct to scale the business at short notice. In addition, initiatives such as redesigning and digitalising the back-office support and clinical processes are underway. These strategic initiatives are yielding positive results with a significant reduction in the cost per script, as well as enhanced patient care and service experience. The implementation of these initiatives resulted in Pharmacy Direct incurring once off costs, which will be fully realised through improved operational efficiencies in the short to medium term.

With the successful launch of the Pharmacy Direct Online Store, the store has been added as an MVP (Most Valuable Product) for the AMP app. In addition, there is a greater focus on diversifying income through ongoing strategies to sell-up and dispense in other therapeutic classes on the online store. This strategy will also reduce the risk of over-reliance on a specific scheme and certain therapeutic classes (such as ARVs), minimise the adverse impact on Pharmacy Direct against current operational and economic changes, and position the business for future growth.



The MMED business unit, which specialises in hospital cost efficiencies through device procurement and sourcing interventions, managed to deliver 11.85% in annual savings to all participating schemes against all external medical devices and achieve a further 11.38% (> R9 million) in overall savings for all schemes against internal cardiac prosthesis for the same period. Due to the success of the MMED interventions, the Group will extend the prosthesis categories to include other high-cost devices from the spinal and orthopaedic categories to further savings for schemes and members. In addition, MMED changed its strategy from the capital-intensive hospital wholesale model in favour of a model that focuses on our own branded products and select third-party products.

Managing medicine

Scriptpharm manages chronic, oncology and HIV medicine through arrangements with specific schemes, whereby Scriptpharm incentivises efficiency, cost control and preventative care. In the previous year, we embarked on a project of establishing an Independent Retail Pharmacy Network for the Group to create an organised, well-coordinated and managed pharmacy network. This project is progressing well, with the first groups contracted.

We have also embarked on an initiative to drive dispensing to our partner brands and to lower costs via a performance-based remuneration model for network pharmacies. This model is now fully developed; it is being implemented at all dispensers for POLMED and will be rolled out to other medical aid dispensers during the final quarter of 2022.

Outlook

The outlook for the cluster remains optimistic for the new financial year. We remain confident that we will continue to generate strong commercial returns while creating positive, long-term value within the pharmaceutical sector. Over the short to medium term, the cluster's strategic growth initiatives will focus on realising additional value through special projects with Group collaboration and enhancing Group synergies. These projects include, but are not limited to:

- » Increasing adherence to chronic medicine
- » Growing sales volumes in oncology medicine
- » Managing the strategic procurement of medicine and devices with Medscheme to bring the full value of the value chain to schemes
- » Optimising value through the on-selling of medicine to other courier pharmacies
- » Driving cost efficiencies to improve profitability and productivity through the automation project
- » Increased focus on revenue diversification by creating new revenue streams

Cluster performance *continued*

CORPORATE SOLUTIONS

We seek to support the overall aim of offering uniquely integrated, employee-focused health and wellness solutions to corporate and institutional clients, reducing healthcare costs while increasing productivity and delivering tangible savings.

Developed and rolled out a **WIDE RANGE OF HEALTHCARE AND CORPORATE WELLNESS OFFERINGS** tailor-made and white labelled for Sanlam clients

VACCINATED APPROXIMATELY 200 000 CITIZENS, comprising medical scheme members, the uninsured public and our staff, were vaccinated at our various centres around the country

THE INVESTMENT AND PARTICIPATION in the nationwide vaccination programme **AFFECTED THE PROFITABILITY OF THE SEGMENT**

Increase/highlight  No change  Decrease/challenge 

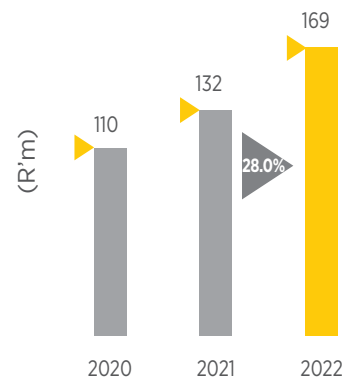
Overview

AfroCentric corporate solutions offer health and wellness solutions and healthcare cover products for corporate employees, medical scheme members and individuals under the broad pillars of wellness, employee assistance programmes, occupational health, primary healthcare, health insurance and gap cover.

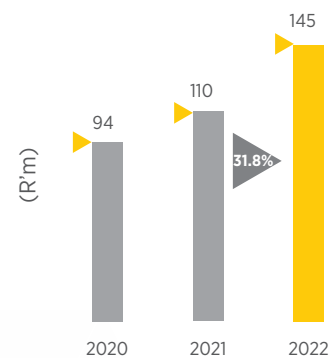
In particular, we recognise the importance of providing optimal care to employees while supporting employers' business objectives by offering:

- » Flexible, tailor-made solutions for businesses of all sizes
- » Proactive and preventative interventions
- » Occupational health regulatory and legal compliance assurance
- » High-quality, cost-effective and fully integrated care
- » Beneficial pricing structures through the reduction of duplication and waste
- » Optimised productivity due to improved employee health and wellbeing

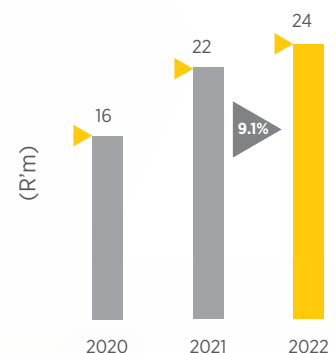
Revenue



Operating costs



Operating profit



Our value proposition for corporates



Our performance

The cluster continues to enjoy significant growth, producing improved results with the desired integration and operational efforts being realised.

A key highlight was the conclusion of negotiations with Sanlam Health Solutions Proprietary Limited to acquire a Gap Cover business that is supplementary to its current medical scheme offerings. The iMed system gives the cluster a competitive edge, as some of the smaller medical aid schemes contract to use it to administer these schemes.

The cluster did, however, experience some financial setbacks as a result of the vaccination drive, in which AfroCentric Wellness played a significant role on behalf of the AfroCentric Group. Following the vaccination drive, the business focused mainly on consolidating its operations to ensure that the crucial wellness clients – that is, medical schemes – received optimal service.

AfroCentric Primary Health Insurance (EssentialMED) grew its insurance book size by more than 20% year-on-year. The claims ratio showed signs of an uptick; however, this remained below pre-COVID levels, while AfroCentric Employee Health Solutions experienced challenges securing new projects.

Outlook

Corporate Solutions remains one of the most exciting business clusters within the AfroCentric Group. Having focused much of the current period on consolidating, rebuilding and repositioning our service lines, our efforts in the new year will be focused on digitisation, integration, rolling out of innovative solutions and optimising our distribution channel strategies.

Our social performance

Implementation of the One Company – One Mindset initiative

First culture survey launched with an overwhelming **77% RESPONSE** rate and **83% POSITIVE SENTIMENT**, showing a high level of engagement

158 UNEMPLOYED youth participated in learnership programmes (2021: 129 unemployed youth)

2 992 employees completed the 2022 Voice of the Employee survey with an overall score of **85.3%** – **THE HIGHEST SCORE OVER THE LAST 10 YEARS**

2 588 employees participated in online courses (2021: 3 816 employees)

R4.8 million invested towards developing **DIFFERENTLY-ABLED PEOPLE** (2021: R3.6 million invested)

Increase/highlight  No change  Decrease/challenge 

Human capital

Our people philosophy

The core of our AfroCentric value proposition is our passion for people. Our human-centric practices and policies have consistently enabled our organisation to attract, develop and retain a skilled and talented workforce, facilitating a high-performance culture that supports the achievement of our strategic objectives. Founded on the core philosophy of transformation and empowerment, we strive to build a diverse workforce supported by an inclusive culture.

We strongly encourage all our employees and leaders to be grounded and take accountability for their actions. We take great pride in our AfroCentric values, which are central to who we are and how we show up every day. We work tirelessly to create an environment fully supportive of all employees – nurturing mental, emotional, physical and spiritual wellbeing.

Diversity and inclusion

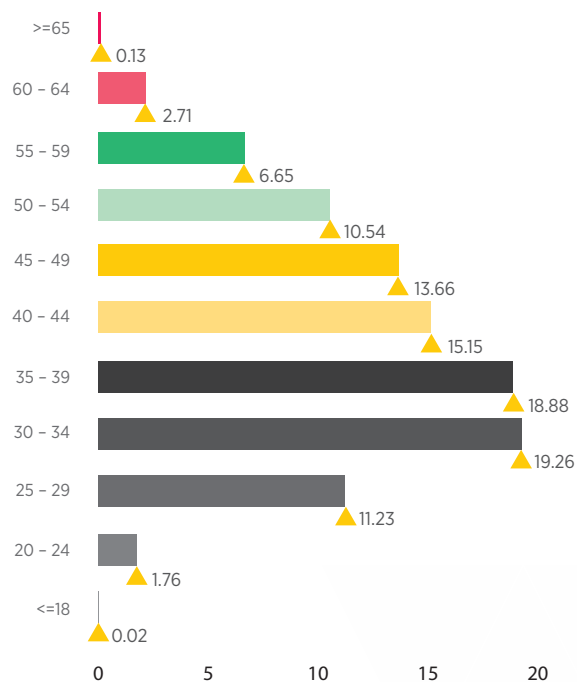
Transformation remains a critical strategic enabler for AfroCentric to achieve its vision of creating sustainable healthcare, thus creating a solid basis to drive sustainability for all its stakeholders. In addition, transformation is viewed as an opportunity to enable business growth while positively contributing to the economy.

Based on 4 601 active permanent employees across entities, **71%** are female and **29%** are male.

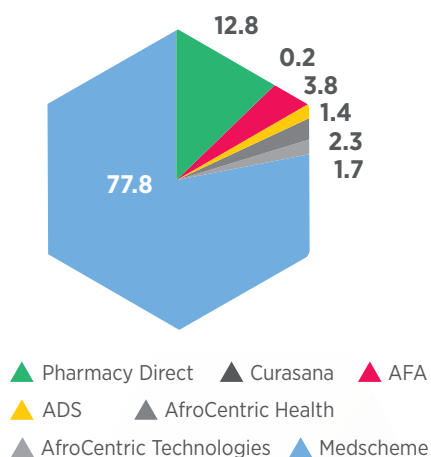
The ethnic representation of these individuals is as follows:

- » 50% African, 2 307 actual headcount
- » 17% White, 776 actual headcount
- » 22% Coloured, 1 021 actual headcount
- » 8% Indian/Asian, 375 actual headcount
- » 3% foreign nationals, 122 actual headcount

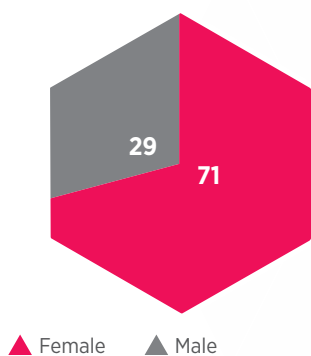
Age range (%)



Union Members (%)



Gender (%)



Our social performance *continued*

Staff movement

In the past year, AfroCentric has seen an increase in women directors and senior management, but progress has been slow, and more needs to be done to improve women's representation.

During the year, we recruited 591 permanent employees, of which 42 employees resigned within the first year across entities. Females accounted for 69% of those who resigned, and males for 31%. The ethnic representation of these individuals is as follows: 46.4% Africans, 14.2% Whites, 31.9% Coloured, 4.7% Indian and 2.7% foreign nationals. First year voluntary attrition rate is 7%.

During the year, 422 employees terminated their employment with the Group. Out of total terminations, females contributed 67% and males contributed 33% of the terminations:

Occupational Level	African		Indian/Asian		Coloured		White		Total
	Female	Male	Female	Male	Female	Male	Female	Male	
Top management	2	1	0	0	0	0	0	0	3
Senior management	0	4	0	0	0	0	0	1	5
Profession qualified	18	7	6	0	4	3	10	2	50
Skilled	138	80	13	8	57	26	26	6	354
Semi-skilled	5	1	1	0	1	0	2	0	10
	163	93	20	8	62	29	38	9	422
Total	38%	22%	5%	2%	15%	7%	9%	2%	100%

Employee culture journey

Our culture journey has spanned three years; however, over the years, the culture of our business has consistently been one of our most vital success factors. Supported by committed leadership and grounded by a robust set of organisational values, we have sustained a workforce of engaged, productive and happy employees.

The AfroCentric Group has grown considerably. Some of these changes have included taking on large schemes, merging schemes, partnering with new subsidiaries and diversifying our offering to distribution services, among other changes. The growth across the Group led us to review the current culture; therefore, the culture survey was launched.

Our people purpose of One Company – One Mindset was formulated from the Leaders Enablement People and Alignment Forum held during the year. Moreover, the process of embedding our values has rejuvenated the mindset of our employees. This initiative seeks to re-engage and connect leaders and employees to our desired culture.

IMPLEMENTATION OF THE CULTURE SURVEY

- » A total of 18 questions linked to culture themes, namely strategic direction and intent, performance goals and objectives, core values leadership, customer satisfaction, team orientation and Group alignment, change orientation, learning organisation, information and communication and ethical leadership.
- » Cultural results per theme were highest for customer satisfaction and performance goals and objectives.
- » Lower scoring culture themes included change management, which refers to our levels of adaptability. Information and communication across the Group were also noted as areas for improvement.

83%
POSITIVE SENTIMENT
ACROSS THE GROUP WITH A
77%
RESPONSE RATE

Employee engagement

A key driver in building a strong culture is maintaining high levels of employee engagement. Therefore, we utilise surveys to understand matters that are top of mind for our employees.

The culture, Voice of the Employee and monthly pulse surveys provide engagement platforms that empower leaders with insight into our employees' perceptions and evolving needs. In addition, our approach to employee action plans, which involve co-creation and ongoing measurement, supports continuous engagement.

VOICE OF THE EMPLOYEE SURVEY

The Voice of the Employee survey is a Group-wide initiative, including subsidiaries and entities, that:

- » Measures employees' perception against key engagement drivers
- » Identifies key positive drivers, including strengths in:
 - › Supporting our leaders in managing hybrid teams and a high-performance culture
 - › Driving a values-based culture
 - › Building levels of employee engagement

2 992

**EMPLOYEES COMPLETED
THE SURVEY WITH AN
OVERALL SCORE OF**

85.27%

**(2021: 3 038 EMPLOYEES
WITH AN OVERALL SCORE
OF 82.5%)**

CEO'S UPDATES

We sought to enhance authentic leadership engagements through more frequent and less curated communication from our leaders

PULSE SURVEYS

We administered a pulse survey in the Medscheme business unit that entailed:

- » Monthly measure of what employees are thinking or feeling (levels of engagement)
- » High levels of interest and response rates
- » Excellence recognised by using our Single Service Measure Awards

Our social performance continued

Skills development

We are committed to developing our people to create a high-performance culture that achieves our strategic objectives. The Group provides comprehensive learning and development opportunities, an employee wellness programme and other upliftment opportunities.

ONLINE LEARNING

The AfroCentric Online Academy offers online training. Employees have constant virtual access to legislative courses, Company policies and functional training courses.

500

ONLINE COURSES WERE UNDERTAKEN BY

2 588

EMPLOYEES (2021: 247 COURSES UNDERTAKEN BY 3 816 EMPLOYEES)

SKILLS DEVELOPMENT

During the past financial year, both Sector Education and Training Authority and industry-funded learnership initiatives were implemented and prioritised across the Group.

AfroCentric Health worked with two groups of unemployed learners with disabilities through Business Beyond Boundaries, hosting 148 learners offsite.

AfroCentric Health hosted an additional 10 learners in our environment.

R4.8 million

INVESTED TOWARDS DEVELOPING DIFFERENTLY-ABLED PEOPLE (2021: R3.6 MILLION INVESTED)

LEARNERSHIPS AND BURSARIES

The programmes help candidates earn qualifications and gain valuable work experience.

102 employees AND

158 unemployed

YOUTH PARTICIPATED IN LEARNERSHIP PROGRAMMES (2021: 124 EMPLOYEES AND 129 UNEMPLOYED YOUTH)

LEADERSHIP DEVELOPMENT

Leadership development remains a key priority within the Group as part of our cultural transformation journey that started in 2019. The AfroCentric Leadership Competency Model, encompassing our five leadership competencies of ownership, credibility, influence, collaboration and entrepreneurship, drive our leadership behaviours across the Group. Leadership Competency Enablement workshops, Grow Coaching workshops and Lessons in Leadership sessions took place for all leaders across the Group to continue to educate our leaders on those competencies required of an AfroCentric leader.

Through our accredited Learning and Performance Academy, we promote a learning culture and provide opportunities for leaders to participate in one of our two Team Leader curriculum or one Line Manager curriculum intakes throughout the year.

44 Team Leaders and Operational managers attended the internal leadership development curriculums.

16 Senior Managers completed the Senior Manager Leadership Development Programme in cooperation with Enterprises of Pretoria University.

22 out of 28

EMPLOYEES WHO STUDIED TOWARDS A FURTHER EDUCATION AND TRAINING CERTIFICATE: GENERIC MANAGEMENT NQF4 LEARNERSHIP (2021: 31) OBTAINED THEIR QUALIFICATIONS AS WELL AS

seven out of nine

EMPLOYEES WHO STUDIED TOWARDS A NATIONAL CERTIFICATE: GENERIC MANAGEMENT NQF5 LEARNERSHIP (2021: 13)

Employee wellbeing

We recognise that employees feel more competent and valued when their holistic needs are catered for, including physical, mental, and financial.

COVID-19 MANAGEMENT AND COMMUNICATION

The health and safety of our employees remain a top priority. Unfortunately, two employees were diagnosed with COVID Long Haul and are on temporary disability. Regrettably, we lost 19 employees who succumbed to COVID-19-related complications since the onset of the pandemic.

On 23 June 2022, the health minister gazetted that masks were no longer compulsory when indoors, and the organisation followed suit, with employees no longer needing to wear masks in the office.

1 311
**EMPLOYEES TESTED
ACROSS THE GROUP
(2021: 1 021)**

COVID-19 SUPPORT

AfroCentric continued to offer emotional and medical support through the monthly COVID-19 support groups facilitated by professional therapists and medical practitioners. The last support group session took place in January 2022. This session highlighted the importance of the COVID-19 vaccine and covered a variety of employee concerns. This also formed part of the mandatory vaccination drive initiated in October 2021.

VACCINATION STATISTICS

As at the end of June 2022, **68%** of employees were fully vaccinated against the COVID-19 virus. In the June edition of the CEO update, employees were advised to still get vaccinated for their health and safety.

68%
**OF OUR EMPLOYEES HAVE
BEEN VACCINATED
(2021: 46% OF EMPLOYEES)**

WORK FROM HOME

Our business model innovations are aligned to help us deliver services using automated platforms, virtual interfaces and digital services. In addition, automation of business processes is assisting in moving our employees to areas where they can add more value.

Medscheme implemented a work-from-home pilot project to assess the viability of a permanent work-from-home model in 2021. A total of 1280 employees applied to work from home permanently during the pilot of this project.

Furthermore, the organisation is committed to recognising the changes occurring within all work spheres, and we are introducing a flexible working arrangement policy. This will allow employees to map out their ideal work day/week. Employees will need to apply for this and will only be approved if they qualify based on set criteria.

In working towards being an employer of choice, we understand that employees need flexibility for reasons such as parenting, medical circumstances and work-life balance, to name a few. Various working arrangements will be permitted, like flexible working time and reduced office days.

1 218
**EMPLOYEES ARE
WORKING FROM HOME
(2021: 1 179)**

Our social performance continued

MENTAL HEALTH CAMPAIGN

In the current context, both physical and mental health have become critical areas of focus across the business. As a result, enhancements in support, communication and education have been pursued. In addition, mental health services have been made available to our employees and their families.

MENTAL HEALTH CAMPAIGN THEMED

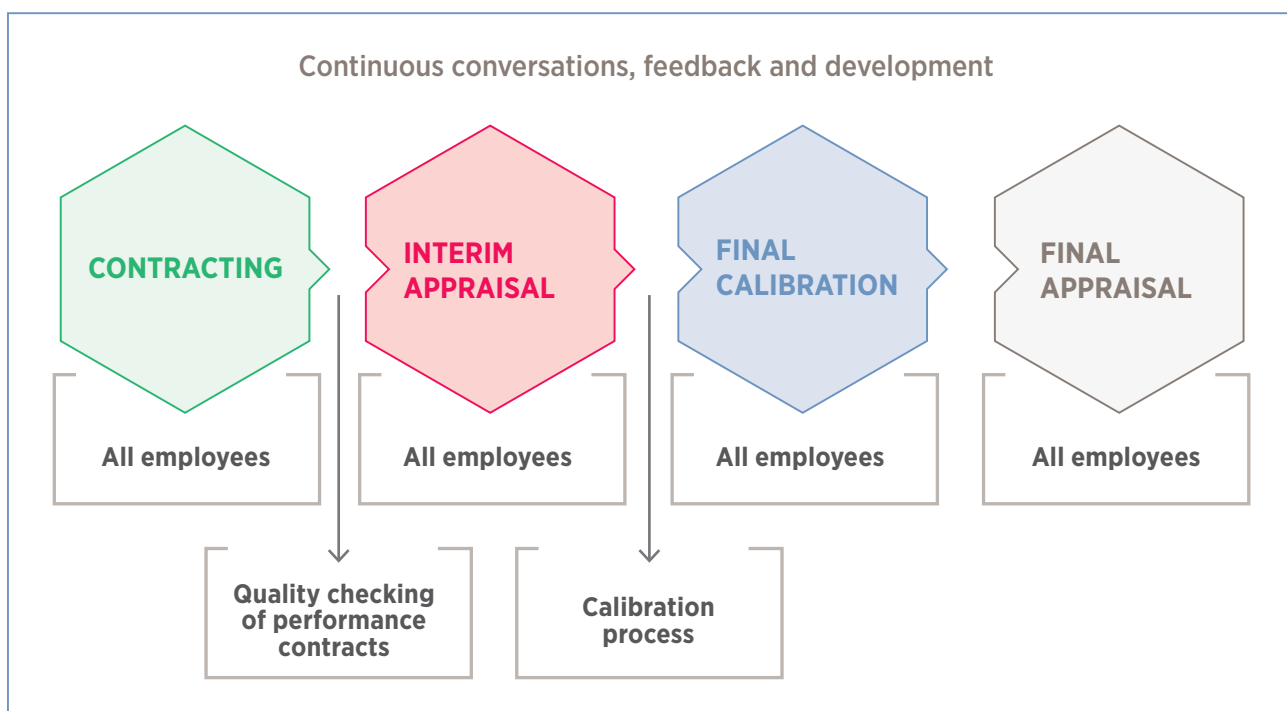
"You are not alone"

CONTINUED TO ENCOURAGE AND SUPPORT EMPLOYEES DURING THE PANDEMIC

Performance management

AfroCentric uses a balanced scorecard approach for performance management. The balanced scorecard provides the tools for management to drive competitive success. It translates the 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 mutually beneficial environment where managers and employees share clear expectations and objectives from the outset. Employees participate in all phases of the performance management process and share ownership of the outcomes with the organisation.



Managing performance is not an annual event but a continual process of feedback and collaboration. Performance discussions are therefore expected to cover more than simply performance ratings. Instead, leaders should have regular, meaningful conversations to close performance gaps and enable individuals to understand how their performance and behaviour link to the organisational strategy and how their contributions drive business growth.

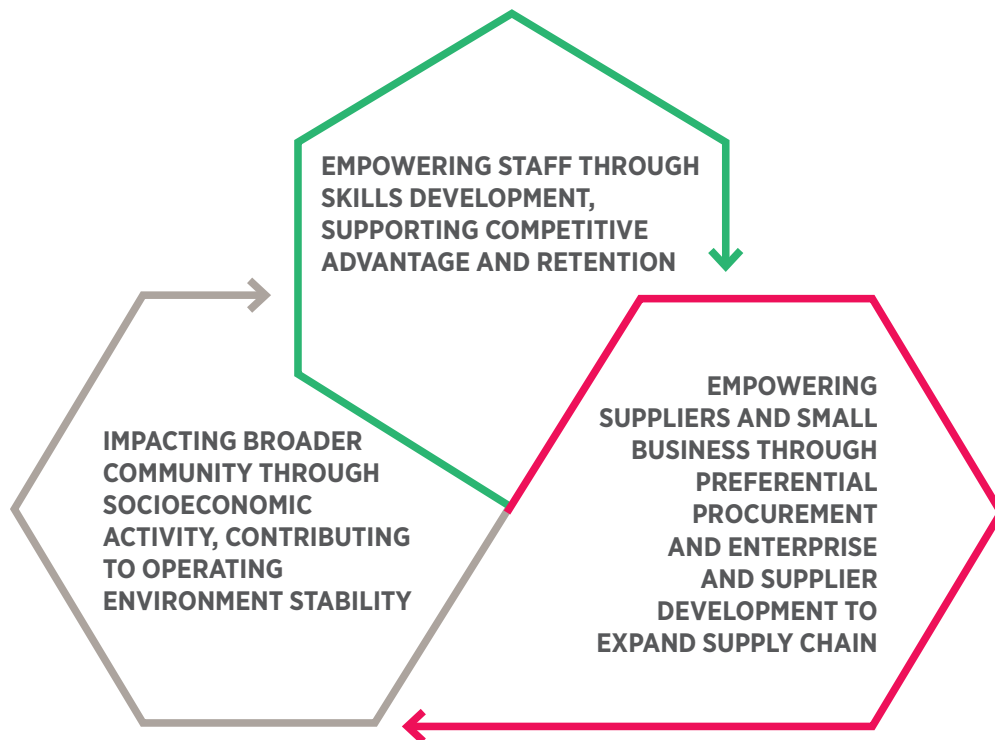
Our performance management system aims to enable:

- » A streamlined performance management process to direct line managers' time from administrative activities to that of ongoing performance conversations
- » High-quality performance discussions, giving employees more frequent feedback and addressing performance gaps in real time
- » The creation of a high-performance culture within the organisation
- » Employee lead performance management
- » Difficult conversations that drive positive change

Transformation and B-BBEE

As a black-owned company and the most transformed health-related business listed in South Africa, we are committed to corporate citizenship, driving transformation and upholding our social licence to operate. The Group invests in healthcare-related companies, and our contribution to healthcare extends beyond our products and services. Our social impact starts within the Group and extends to the suppliers and communities we directly impact and the broader society affected by our health management initiatives. We value diversity, equity and inclusion at AfroCentric and aim to create an environment where differences are not only valued, but accepted and included, as demonstrated by our diverse workforce and supply chain.

B-BBEE creates opportunity while mitigating operating environment risk



**The Group has a
Level 2 B-BBEE contributor status**

AfroCentric's transformation framework supports national strategic priorities and our purpose of creating sustainable healthcare solutions to enhance our stakeholders' quality of life.

The degree of the Group's alignment of B-BBEE policies and practices to the requirements of the different transformation-related legislation in support of the South African Government's overall economic transformation includes, but is not limited to:

- » The National Development Plan 2030
- » The National Strategy for Broad-Based Black Economic Empowerment
- » The Revised Broad-Based Black Economic Empowerment Act 53 and related amendments
- » The Amended Codes of Good Practice on Broad-Based Black Economic Empowerment of 2013
- » The Employment Equity Amendment Act of 2014 and associated regulations
- » Skills Development Act and related Skills Development Levies Act
- » The Preferential Procurement Act

Our social performance continued

Element	Weighting	2022	2021	2020
Equity ownership	25.00	25.00	25.00	25.00
Management control	19.00	14.01	12.39	12.69
Skills development	25.00	14.47	14.97	20.10
Enterprise and supplier development	44.00	40.59	43.69	39.28
SED	5.00	5.00	5.00	5.00
Total	118.00	99.07	101.05	102.07
B-BBEE level		Level 2	Level 1	Level 1

ACT ownership profile (July 2021)

	2022	2021	2020
Black exercisable voting rights	50.28	51.17	45.72
Black exercisable voting rights by black females	16.45	15.07	11.05
Black entitlement to economic interest	50.18	51.17	45.72
Entitlement to economic interest by black women	16.39	15.07	11.05
Economic interest that flows through to black designated groups	11.63	5.13	4.97
Involvement of ownership of the enterprise of black new entrants	2.24	2.58	2.14

The 2021 B-BBEE certificate issued on 17 December 2021 is valid until 16 December 2022

Supporting our communities

We recognise that the sustainability of AfroCentric is closely linked to the socioeconomic environments in which our businesses exist. Accordingly, our role as a socially responsible enterprise includes a strong focus on supporting broader communities, and we are dedicated to improving community life and access to economic opportunities.

Bursaries

We continued investment in bursaries for four African female medical students, as well as an additional two African females pursuing their Bachelor's in Pharmaceuticals.

South African Business Coalition on Health and Aids (SABCOHA)

SABCOHA is a coalition of privately-owned companies and organisations committed to investing their resources to harness employee health and create healthier workplaces to impact workforces and host communities to promote sustained economic growth and wellbeing. We invested R2 million towards their mission during the year.

Eluthandweni Maternity Health Services

Eluthandweni started as a birthing clinic. Now it offers various services such as prenatal care, family planning and child immunisation. During the year, the Group supported the clinic's Annual Breast Cancer Awareness Day. The awareness day is hosted in partnership with the Ekurhuleni Municipality, Department of Health, Pink Drive and CANSA. These organisations brought a variety of services like screening for Breast Cancer, health education on self-breast cancer examination, Pap smear tests, TB screenings and HIV testing among others.

CORPORATE GOVERNANCE REPORT



CORPORATE GOVERNANCE REVIEW

The AfroCentric Board embraces its responsibility for ensuring the fundamental principles of sound corporate governance enshrined in the prescripts are observed and institutionalised throughout the Group. Primary among these are the Companies Act, the JSE Listings Requirements, Protection of Personal Information Act (POPIA), Group Memorandum of Incorporation (MOI) and the King IV Code of Corporate Governance. The King IV principles are entrenched in our policies, procedures and internal control mechanisms. These enable the Group to be managed ethically and operate within acceptable risk parameters complemented by its charters and policies. Our governance philosophy is grounded in our value system, purpose and vision.

Overview of critical corporate governance practices

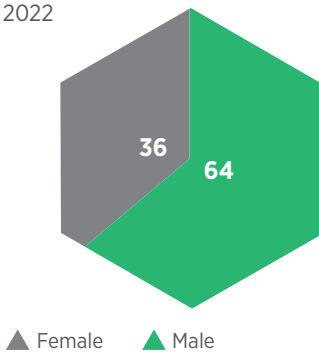
At least one third of Non-executive Directors offer themselves for re-election at each AGM	Proactive stakeholder engagement programme
Risk appetite set and monitored	Risk management through an enterprise risk management framework
Annual review of Board leadership structure	Succession planning and rotation
Combined assurance approach	Strong Lead Independent Director
Annual Board and committee evaluations	'Overboarding' (directors' external commitments) policy and provisions
Board-approved policy on independent professional advice	No voting rights ceilings
MOI includes provisions for the protection of shareholder rights and the equitable treatment of shareholders	Shareholders' right to call special meetings
Safeguards are in place to monitor transactions between the Company and our significant shareholders	Related-party transactions monitored and transparently disclosed
Approved malus and clawback policy in place	No supermajority provisions in governing documents

Board diversity

To ensure AfroCentric's Board reflects South Africa's demographics and practices of 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.

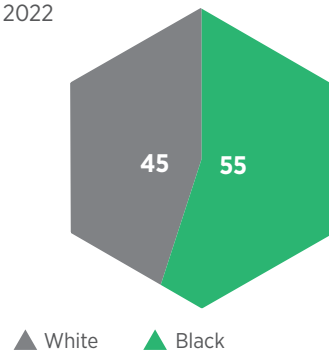
Gender (%)

2022



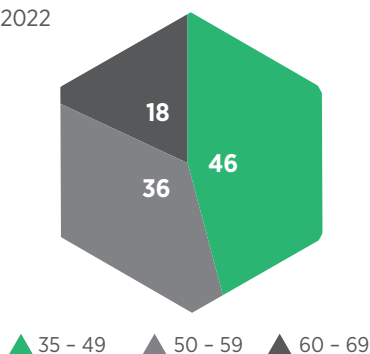
Diversity (%)

2022



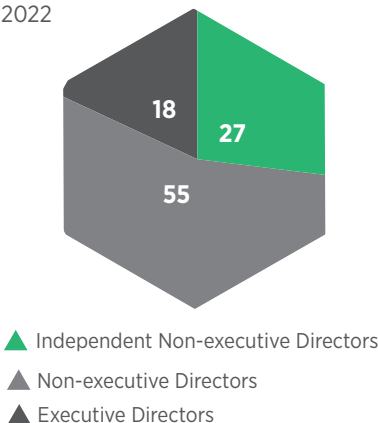
Age (%)

2022



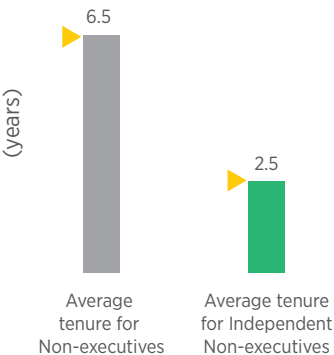
Independence (%)

2022



The Nomination Committee oversees the assessment of directors' independence. The assessment process includes self-assessment by each director and consideration of each director's circumstances by the Board. In 2022, the Board concluded that all Non-executive Directors continued to be independent in character, demonstrated behaviour, contribution to Board deliberations, and judgement.

Tenure



Corporate governance review continued

Board of Directors

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

Non-executive Directors



DR ANNA MOKGOKONG (65)

Chairman

Qualifications: BSC, MBCHB, DCom (HC)

Appointed: 10 June 2010

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



JOE MADUNGANDABA (64)

Deputy Chairman

Qualifications: CPA(SA), MDP

Appointed: 10 June 2010

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



GARY ALLEN (58)

Qualifications: BCom (Hons), BBus (Hons)

Appointed: 12 September 2019

Expertise: Business development and finance



DR NKATEKO MUNISI (56)

Qualifications: MBCHB

Appointed: 7 December 2015

Expertise: Business development and health and safety management



WILLEM BRITZ (58)

Qualifications: BCom, BProc

Appointed: 1 August 2015

Expertise: Business development, governance and compliance, legal and project management



KANYISA MKHIZE (38)

Qualifications: MBA, Honours Degree in Business Science

Appointed: 20 June 2022

Expertise: Business leadership and strategy



NC Nomination Committee RC Remuneration Committee IC Investment Committee SEC Social and Ethics Committee

ARC Audit and Risk Committee ICT Information and Communication Technology Steering Committee

Independent Non-executive Directors

**BRUNO FERNANDES (54)****Lead Independent Director**

Qualifications: BCom, BAcc, BCom (Hons) (InvM), CA(SA)

Appointed: 23 November 2018

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

**MMABOSHADI CHAUKE (43)**

Qualifications: BCom, Bachelor of Accountancy (CTA), CA(SA)

Appointed: 1 June 2020

Expertise: Accounting, risk management, governance, finance and auditing

**ALICE LE ROUX (48)**

Qualifications: BComp (Hons), Bachelors (Accounting), CA(SA)

Appointed: 25 May 2020

Expertise: Accounting, risk management, governance, finance and auditing



Executive Directors

**AHMED BANDERKER (46)****Group CEO**

Qualification: CA(SA)

Appointed: 15 December 2015

Expertise: Strategy, mergers and acquisitions and leadership

Committees: Ex-officio on all committees

**HANNES BOONZAAIER (48)****Group CFO**

Qualification: CA(SA)

Appointed: 1 August 2015

Expertise: Finance and investment banking

Committees: Invitee to committees

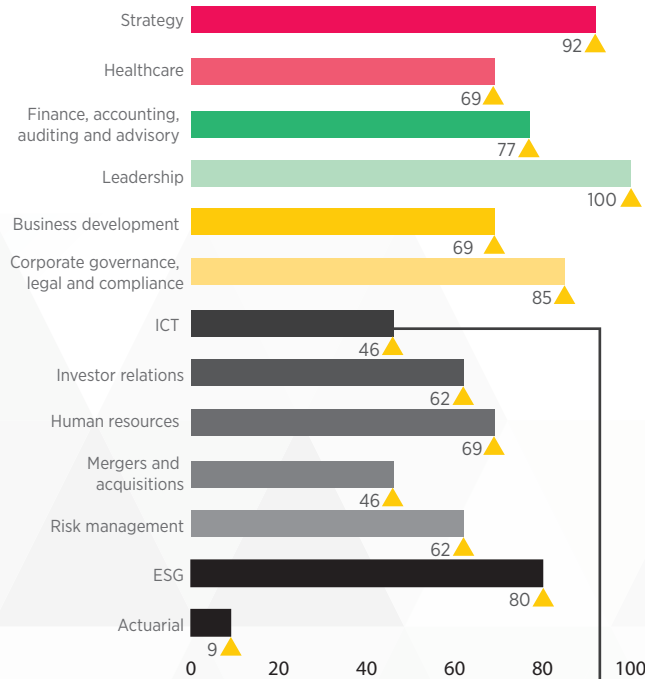


Corporate governance review *continued*

Combined Board skill set

Our Board has a unique skill set that enables our Group and its business model to be agile in a volatile economic environment. In terms of skills and expertise, members must have the highest level of integrity, a deep understanding of governance, appropriate technical, financial and non-financial knowledge, and strong interpersonal skills.

Our directors' experience (%)



A competitive advantage for the Board

We see our current Board skill set as a competitive advantage with coverage in multiple sectors. We also believe our skilled management team complements the Board's proficiency.

Most members of our Board are well versed with the requisite responsibilities and exposure to **ESG** and sustainability governance, to the extent that ESG formed a critical performance area in the Group Scorecard, upon which management would be appraised. The Board delegated oversight of ESG to the Audit and Risk Committee and the Social and Ethics Committee. During the year under review, there were joint engagements by the two committees and management on matters detailing ESG/sustainability governance. As of the 2023 financial year, the Board's evaluation will be formalised to include assessing Board-level ESG skills and recommendations on requisite skills to continue enhancing its capability within a dynamic context.

Board enhancement for 2022

In line with our evolving business model, a decision was made during the year to approach Sanlam's chief information officer (CIO) to chair our ICT Steercom to strengthen the Board's capacity on the required ICT skills and experience.

Executive Committee

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

The Executive Committee is responsible for making recommendations to the Board regarding the Group's policies and strategies, as well as monitoring their implementation according to the Board's directives. From time to time, Executive Directors are invited to Board sub-committee meetings regarding matters relevant to their areas of responsibility.

Other critical responsibilities for the Executive Committee include developing the annual budget and business plans for approval by the Board and providing overall leadership to the executive senior management and staff of the Group.

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



AHMED BANDERKER (46)

CA(SA)

Group CEO



HANNES BOONZAAIER (48)

CA(SA)

Group CFO





**TOBIE DU PREEZ
(54)**

NHDip Marketing

**CEO – AfroCentric
Distribution Services**



**SANDILE MBELE
(46)**

*MBA, BTech and
Postgraduate Diploma in
Business Management*

**Executive: Corporate
Solutions**



**GAWIE ERASMUS
(49)**

CA(SA)

**CEO: AfroCentric Pharma
Cluster**



**AKLAAQ
MAHMOOD (57)**

BCompt, MBA

**Director: Group
Diversified and Africa**



**AVSHARN
BACHOO (46)**

*PhD, M.Comm, BSc (Hons),
B.Comm*

Group CIO



**JOHAN VAN
ROOYEN (59)**

BA LLB HDip Co

**Chief Operating Officer:
Medscheme Holdings**



**TEBOGO MAKOE
(51)**

MA, EMBA

**Group Executive:
Human Capital and
Transformation**



**FEZEKA
NOMPUMZA (48)**

BSocSci, GDEP

**Managing Executive
– Clinical Risk and
Advisory**



**DR MIKE
MARSHALL (57)**

MBCHB

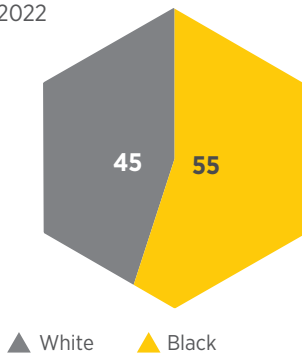
**Executive Manager:
Research and Product
Development**

Executive Committee *continued*

Executive Committee diversity

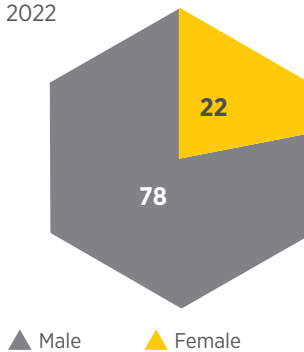
Diversity (%)

2022



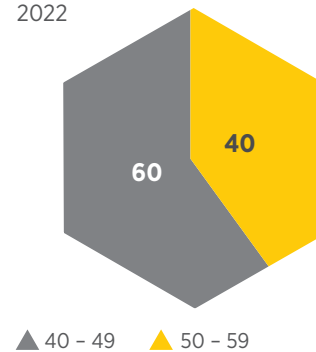
Gender (%)

2022



Age (%)

2022



Board deliberations 2022

The Board serves as the custodian of corporate governance and ensures that sound corporate governance principles are strictly observed and entrenched. These principles are linked to our organisational values and are therefore based on transparency, accountability, ethical management and fairness. For the year under review, the Board deliberated the following matters aligned with the Group's adopted strategy:

BOARD SUCCESSION AND STRUCTURE

A Board effectiveness evaluation was conducted and discussed at the Nomination Committee. As a result, in terms of the skill analysis linked to the assessment and the growth of the pharmaceutical business of the Group, a dedicated Audit and Risk Committee and a board of directors for the pharma cluster were established. In addition, a further decision was taken regarding a suitable Independent Non-executive Director with the required ICT skills and experience to be appointed in due course. In the interim, the Sanlam CIO is chairing the Group's ICT Steercom to guide and preside over IT matters.

Related strategic levers



CORPORATE TRANSACTIONS

Determining the best opportunities/growth initiatives to create a value chain of healthcare enterprises that maximises the purchasing power of citizens' healthcare spend. During the period, the following was discussed and approved:

- » AfroCentric Health acquired the Sanlam Gap Cover business, effective 1 September 2021
- » AfroCentric Distribution Services acquired the remaining 49% of the shares in Tendahealth, effective 1 April 2022
- » AfroCentric Health acquired the remaining 49% of the shares in AfroCentric Distribution Services, effective 1 July 2022
- » Medscheme was awarded the full managed healthcare tender for SAMWUMED, effective 1 January 2022

Related strategic levers



RISK AND STRATEGIC REVIEW

- » Risk review and adjustment to ratings and tolerance levels
- » Strategic review and related projects within the current context
- » Considered operating and financial updates
- » Linked our risks to materiality factors to ensure assessment of those factors that would affect the organisation's ability to create value. The organisation will continue to assess the materiality issues at least annually

Related strategic levers



TRANSFORMATION

- » Monitored initiatives to ensure that we achieve a Level 1 B-BBEE status, along with a continual focus on enhancing organisational transformation at every level of the business

Related strategic levers



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

- » Considered the growing prominence of ESG factors in investor decision-making and how the Group can enhance practices to meet current and future stakeholder needs while preparing for possible changes in compliance obligations in line with this trend
- » Approved material matters and Group-wide ESG framework

Related strategic levers



ANNUAL FINANCIAL STATEMENTS AND INTEGRATED REPORTING

- » Ensured that the appropriate financial procedures were in place
- » Approved the interim and final dividends, having considered the solvency and liquidity status of the Company, as required by the Companies Act 71 of 2008 and the JSE Limited Listing Requirements
- » Approved the Integrated Report 2022

Related strategic levers



LEGAL COMPLIANCE

- » Approved the compliance framework to ensure that appropriate processes were in place concerning legal compliance
- » Ensured POPIA compliance for the Group and clients

Related strategic levers



SOCIOECONOMIC/CORPORATE SOCIAL INVESTMENT

Considered the Group's contribution to society through ESD and corporate social investment initiatives, including its bursary programme and contributions to organisations such as Eluthandweni Maternity Health Services, and SABCOHA (see page 82 for more information).

Related strategic levers



Our strategic levers



Optimal structure



Service model



Our people



Technology



Exploring disruptive models



Primary care, primary health insurance and occupational health



Pharma cluster



Client Experience and membership growth

Board deliberations 2022 *continued*

AfroCentric aspires to become a leading diversified global healthcare investment company and ensure our clients and other stakeholders benefit from our growth. AfroCentric's Board adopts an integrated approach to managing the Group to ensure the governance structure actively identifies, responds to and communicates material issues impacting 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 of King IV is establishing a unitary board, which reflects a balance of power, with no individuals yielding unfettered power on the Board. AfroCentric responded by appointing a Lead Independent Director and two Independent Non-executive Directors. We conclude that corporate governance is integral to our efficiency, growth and investor relations.

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

The Board's application of King IV can be viewed at <https://afrocentric-online.co.za/reports/afrocentric-ar2022/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 at 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 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
- » Effectively identifying, understanding and managing stakeholders and their expectations to improve our ability to reduce risks

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 at <https://www.afrocentriconline.co.za/reports/afrocentric-ar2020/pdf/board-charter.pdf>

The Board's leadership and judgement direct the Group to sustainable growth and act 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 long-term value. In providing overall strategic direction, the Board ensures 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. In addition to annual declarations and the schedule 13 declarations to the JSE on new appointments, declarations of interest against the agenda items or contracts are confirmed at each Board and committee meeting and are recorded in the minutes.

Board and committee meetings

During the year, the Board held four scheduled meetings in addition to the AGM and Board strategy session. Before 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.

Board and sub-committees

BOARD

Chairman: Dr Anna Mokgokong

The Board is the highest governing authority of the Group and is responsible for corporate governance and setting strategic 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. The roles of the Chairperson and the CEO are not held by the same person and are separate. A Non-executive Chairperson leads the Board. In addition, an Independent Lead Non-executive Director has been appointed to ensure independence. The operational management of the Group is the responsibility of the CEO.

AUDIT AND RISK COMMITTEE

Chairperson: Bruno Fernandes

- » Responsible for governance and compliance with applicable laws and regulations
- » Monitors and ensures the combined assurance model is applied and incorporates various assurance services
- » Assesses suitability for appointment of the audit firm and partner
- » Oversees the auditing process
- » Ensures the integrity, accuracy and adequacy of accounting records
- » Evaluates risk strategy, including the outcome of assessments and ensures the application of effective risk management policies and practices
- » Reviews the business continuity planning within the Group
- » Reviews and ensures the quality of the Integrated Report
- » Oversight of ICT

INVESTMENT COMMITTEE

Chairperson: 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

SOCIAL AND ETHICS COMMITTEE

Chairperson: 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 that may contravene the Code of Ethics
- » Monitors and assesses management implementation of the ESG Framework and all related disclosures around the Group's compliance with environmental and sustainability governance

REMUNERATION COMMITTEE

Chairperson: 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

NOMINATION COMMITTEE

Chairperson: 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 examine the skills and characteristics required of Board candidates. As of the 2023 financial year, the evaluation will also include assessing Board-level ESG skills and recommendations on requisite skills

The Board of Directors *continued*

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	ICT Steering	Investment	Social and Ethics	Remuneration	Nomination
Dr Anna Mokgokong <i>Chairman and Non-executive Director</i>	4/4						3/3*
Joe Madungandaba <i>Deputy Chairman and Non-executive Director</i>	4/4			5/5*		5/5*	3/3
Dr Nkateko Munisi <i>Non-executive Director</i>	4/4			5/5	4/4*		
Ahmed Banderker <i>Group CEO and Executive Director</i>	4/4	4/5	4/4	5/5	4/4	5/5	3/3
Hannes Boonzaaier <i>Group CFO and Executive Director</i>	4/4	5/5	4/4	5/5	4/4		
Willem Britz <i>Non-executive Director</i>	3/4						
Bruno Fernandes <i>Lead Independent Non-executive Director</i>	4/4	5/5*		5/5			
Sello Mmakau <i>Group CIO and Executive Director (resigned 31/01/2022)</i>	2/2		2/2				
Alice le Roux <i>Independent Non-executive Director</i>	4/4	5/5					
Mmaboshadi Chauke <i>Independent Non-executive Director</i>	4/4	5/5					
Dr Shirley Zinn <i>Independent Non-executive Director (retired 18/11/2021)</i>	2/2				2/2	2/2	
Jurie Strydom <i>Non-executive Director (resigned 20/06/2022)</i>	3/3						
Gary Allen <i>Non-executive Director</i>	4/4	5/5		5/5		5/5	
Kanyisa Mkhize <i>Non-executive Director Appointed 20 June 2022</i>	1/1						

* Committee Chairperson.

The Board's agenda centred mainly on the following key matters for the execution of its oversight role:

- » Approving the Group strategy
- » Overseeing the relationship with key stakeholders of the Group
- » Approval of capital management, financial results, dividend policy, human resource development and application of corporate governance throughout the Group

The Board comprises the following committees:

- » Nomination
- » Audit and Risk
- » Remuneration
- » Social and Ethics
- » Investment

Board composition

AfroCentric has a unitary Board structure with two Executive Directors, six Non-executive Directors and three Independent Non-executive Directors. The Board's members have appropriate industry knowledge, 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. Therefore, to strengthen good corporate governance as recommended by King IV, Bruno Fernandes is the appointed Lead Independent Director. The roles and responsibilities of the Chairman and the CEO are separate.

Appointment and retirement of directors

In line with the Group's MOI, one third of directors are required to retire by rotation at the AGM and may offer themselves for re-election. Being eligible for re-election, directors offer themselves for reappointment. Directors appointed during the year must have their appointments ratified at the following AGM.

Board effectiveness

Board evaluations are critical structural processes for assessing the effectiveness of the Board and its committees. In line with King IV, the Board and sub-committees' performance was evaluated and reported to the Nomination Committee as part of its adjudication process on effective performance of individual Board members. In consultation with the Chairman, the Group Company Secretary 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.

The Remuneration Committee determines Executive Directors' remuneration 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 88 of the Group AFS (supplementary information).

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.

All directors have access to the Group Company Secretary. He continues to support the Board and its sub-committees on all governance, risk, compliance and legal matters. Along with the Chairperson, 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.

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 particular responsibilities to committees to assist the boards of AfroCentric Investment Corporation Limited and the major subsidiary, AfroCentric Health (RF) (Pty) Ltd, in meeting their oversight responsibilities. However, the delegation of authority does not absolve the Board or its directors of their fiduciary duties. The directors confirm that the committees have functioned within their charters during the financial year. The Board and committee charters embrace the principles of King IV.

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 perform as intended and update 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.

The Board of Directors *continued*

Audit and Risk Committee

“Effective controls support value creation and protect against value erosion.”

This committee is chaired by and comprises only Independent Non-executive Directors.

THE ROLE OF THE COMMITTEE

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
- » The integrity of the AFS and, to the extent delegated by the Board, other external reports issued by the organisation
- » Assurance coverage of the internal and external audit function across the Group
- » Confirming the independence of the external audit firm and the designated auditor

Composition

Member	Number of meetings	Meeting attendance (%)
Bruno Fernandes Lead Independent Non-executive Director (Chairperson)	5/5	100%
Alice le Roux Independent Non-executive Director	5/5	100%
Mmaboshadi Chauke Independent Non-executive Director	5/5	100%
Other invitees		
Hannes Boonzaaier Group CFO and Executive Director	5/5	100%
Ahmed Banderker* Group CEO and Executive Director	4/5	80%
Gary Allen Non-executive Director	5/5	100%

* Ahmed Banderker attends the committee in his ex-officio capacity and permanent invitee as the Group CEO.

100%

INDEPENDENCE OF COMMITTEE

KEY MATTERS OF FOCUS

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

Investment Committee

“A focus on resilience and business sustainability remains critical to ensure we achieve our highest ambitions today and in the future.”

THE ROLE OF THE COMMITTEE

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 Non-executive Director (Chairperson)	5/5	100%
Dr Nkateko Munisi Non-executive Director	5/5	100%
Bruno Fernandes Lead Independent Non-executive Director	5/5	100%
Ahmed Banderker Group CEO and Executive Director	5/5	100%
Gary Allen Non-executive Director	5/5	100%
Other invitees		
Hannes Boonzaaier Group CFO and Executive Director	5/5	100%

KEY MATTERS OF FOCUS

- » Considered the acquisitions or disposals and first-time investments in the Group
- » Considered the viability of capital projects and/or acquisitions and/or disposals and their potential effect on the Group's cash flow and 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

The Board of Directors *continued*

ICT Steering Committee

“Technology must be leveraged to achieve our ultimate aim of making quality healthcare accessible for all.”

THE ROLE OF THE COMMITTEE

The ICT Steering Committee oversees 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 (resigned 31/01/2022)	2/2	100%
Ahmed Banderker Group CEO and Executive Director	4/4	100%
Hannes Boonzaaier Group CFO and Executive Director	4/4	100%
Theo Mabaso ICT Steering Committee External Chairperson (appointed 1 April 2022)	1/1	100%
Avsharn Bachoo Group CIO (appointed 1 May 2022)	1/1	100%

The ICT Steering Committee is an internal management committee.

KEY MATTERS OF FOCUS

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

Nomination Committee

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

THE ROLE OF THE COMMITTEE

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

Composition

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

KEY MATTERS OF FOCUS

- » Formulated and adopted a clear, transparent process for the selection, nomination and appointment of directors to the Board
- » Provided 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
- » Ensured succession plans are in place, particularly for the Chairperson and Group CEO positions
- » Liaised with the Board in the preparation of the committee's report to shareholders, as required
- » Assessed and deliberated the outcome of the Independent Board Assessment report

The Board of Directors *continued*

Remuneration Committee

“Remuneration that supports the strategic aims of the business and considers all six capitals remains critical for success.”

THE ROLE OF THE COMMITTEE

The Remuneration Committee's mandate is to ensure remuneration supports the business's strategic aims 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 (%)
Dr Shirley Zinn Independent Non-executive Director (retired 18/11/2021)	2/2	100%
Joe Madungandaba Non-executive Director	5/5	100%
Ahmed Banderker Group CEO and Executive Director	5/5	100%
Gary Allen Non-executive Director	5/5	100%
Ronnie Wa-Mundalamo Independent External Member	5/5	100%

KEY MATTERS OF FOCUS

- » Agreed and developed 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
- » Approved the remuneration report for purposes of disclosure as per King IV
- » Determined the specific remuneration packages for Executive Directors of the Company
- » Identified the criteria necessary to measure the performance of Executive Directors in discharging their functions and responsibilities
- » Reviewed the terms and conditions of Executive Directors' service agreements, taking into consideration information from comparable companies, where relevant

Social and Ethics Committee

“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.”

THE ROLE OF THE COMMITTEE

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

Composition

Member	Number of meetings	Meeting attendance (%)
Dr Nkateko Munisi Non-executive Director (Chairperson)	4/4	100%
Ahmed Banderker Group CEO and Executive Director	4/4	100%
Tebogo Makoe (appointed 1 January 2022)	2/2	100%
Dr Shirley Zinn (Independent Non-executive Director (retired 18/11/2021))	2/2	100%
Other invitees		
Hannes Boonzaaier Group CFO and Executive Director	4/4	100%

KEY MATTERS OF FOCUS

- » Ensured Group compliance with the B-BBEE Act
- » Reviewed the Company's environmental, health and public safety performance, including the impact of the Group's activities, products and services
- » Ensuring the Group works toward ESG objectives
- » Reviewed results of the Employee Climate Survey that reviewed the Company's standing in terms of the International Labour Organization's Protocol on decent work and working conditions, its employment relationships (such as treatment of unions and labour disputes), skills development, the promotion of equality, and prevention of unfair discrimination (including policies and interventions)
- » Oversees stakeholder engagement
- » Monitored ethical standards within the Company. The committee confirms that no material breaches occurred
- » Led initiatives to combat corruption, including fraud, waste and abuse, internally and for our client schemes

The Board of Directors *continued*

Governance policies, procedures and processes

Compliance

During the year, we focused on the following **material regulatory developments impacting our business**:

- » Group compliance universe: The legislative compliance universe was reviewed, monitored and reported. A critical 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.
- » POPIA: We complied with legislative requirements and the General Data Protection Regulation. The AfroCentric Group adopted a three-step approach to track progress and manage this project effectively. Firstly, discover as much information as possible; secondly, conduct workshops or interviews to assess the AfroCentric Group's compliance with POPIA; and thirdly, document findings by drafting and delivering responses on the gap analysis report, including actions required to ensure compliance.
- » There were no significant environmental, social and/or governance-related incidents during the year, including incidents of legal non-compliance (whether under investigation, pending finalisation, or finalised) and directives, compliance notices, warnings or investigations, and any public controversies.
- » Likewise, the Group incurred no fines, settlements and penalties paid relating to ESG incidents or breaches.

Ethical behaviour

The Social and Ethics Committee remains the oversight committee for matters of ethics. AfroCentric is fully committed to the application of, and compliance with, the highest ethical standards, and has a zero-tolerance policy on any issues relating to unethical conduct.

Internal mechanisms for seeking advice regarding ethical and lawful behaviour and organisational integrity, and for reporting concerns about unethical or unlawful behaviour and lack of organisational integrity include the Declaration of Conflicts of Interest and acceptance of the Code of Conduct – manually and digitally recorded. Our forensic department is also a source or mechanism for advice on such matters.

Whistleblower is the independent fraud and ethics hotline service provider to AfroCentric. Directors, employees, suppliers and other parties can report any instances of fraud, corruption, misconduct, illegal activities, or unethical behaviour, without fear of reprisal or victimisation. There were no whistleblowing reports in 2022.

We recognise our responsibility to increase awareness around anti-bribery and anti-corruption principles throughout the value chain. 852 employees and 3 business partners received training on our anti-corruption policies and procedures during the year.

There were zero incidents of corruption confirmed related to this year and previous years.

We incurred no monetary losses due to legal proceedings (including fines) associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.

Conflicts of interest

Declaration of interest

The Group has policies in place 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 conducted 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 the advantage of third parties.

Dealings in shares

Directors and officers are prohibited from dealing directly or indirectly in AfroCentric's ordinary shares based on 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 specific 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.

No compliance concerns were raised during the year regarding directors' dealings. An information and share dealings policy exists, and other controls are in place. The Board was inducted on the JSE rules regarding share dealings. Regular updates are provided to the Board via the Group Company Secretary.

Business continuity planning

Throughout the COVID-19 pandemic, increased focus has been placed on business risk concerning business continuity management to ensure essential services continued. We invoked business continuity plans (BCPs) at the start of the pandemic and enabled remote working across the Group as we continued to deliver these essential services. Additionally, we focused on ensuring that our IT systems were stable and available. We undertook stress-testing scenarios and modelling potential economic outcomes to determine strategic direction and whether changes to the BCPs were necessary.

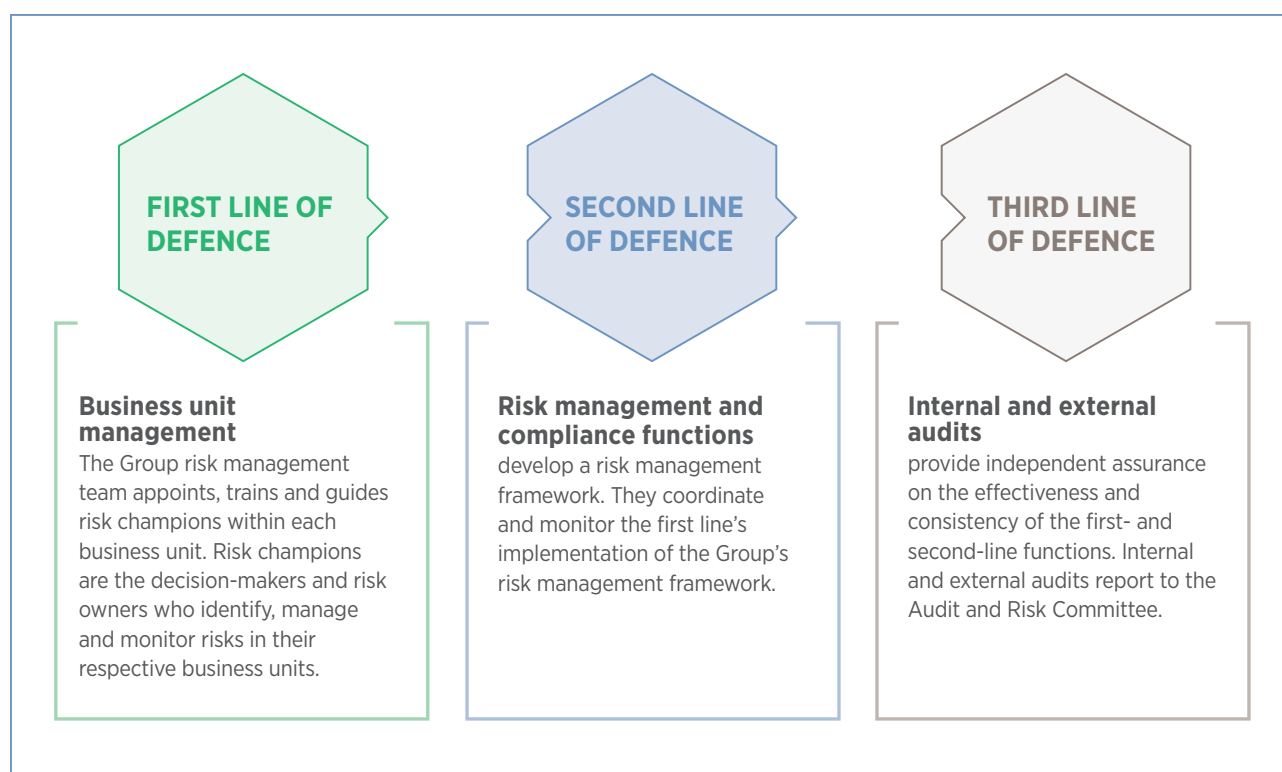
Cybersecurity and customer privacy

Cybersecurity and information security remain top risks. To understand how we address this risk, please see our risks on page 34 and our material matters on page 38. During the year, two penetration tests were conducted by external providers to inform our processes and mitigate the risks identified. We experienced zero breaches concerning consumer privacy data. Furthermore, the Group has appointed an information officer according to the Information Regulation Guidelines to comply with the requirements and ensure consumer data protection.

Combined assurance

Our combined assurance framework is supported by the 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 for implementing combined assurance across the Group and continues to evolve as this process is embedded and matures.



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. An internal audit charter governs the internal audit function. The charter is reviewed and approved by the Audit and Risk Committee annually.

The Board of Directors continued

Internal audit

Internal audit is an independent, objective assurance and consulting function designed to add value and improve the organisation's operations.

The vision of the internal audit department is to add value on a proactive and independent basis to assist in the achievement of the Group's strategy and objectives while upholding AfroCentric's core values at all times.

The approved internal audit charter directs and informs the internal audit activities, which include the application of the core principles as listed below to ensure the function is operating effectively:

- » Demonstrates integrity
- » Demonstrates competence and due professional care
- » Is objective and free from undue influence
- » Aligns with the strategies, objectives and risks of the Group and Medical Schemes
- » Is appropriately positioned and adequate
- » Demonstrates quality and continuous improvement
- » Communicates effectively
- » Provides risk-based assurance
- » Is insightful, proactive and future-focused
- » Promotes improvements

The Chief Audit Executive reports at each Audit and Risk Committee meeting and has a direct reporting line to the Chairperson. Internal Audit operates independently of executive management and is not authorised to perform any operational duties within the Group. For administrative purposes, the Chief Audit Executive reports to the Group CFO.

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. When required, specialist skills and additional resources are obtained from third parties.

All audit engagements are performed following the Standards for Professional Practice of Internal Auditing (Standards) and Code of Ethics, as contained in the International Professional Practices Framework. The audits are conducted by using and integrating skills available within the team, along with an effective risk-based planning approach and audit tools that facilitate the delivery of the Annual Internal Audit Plan.

Internal Audit provides assurance to the Audit and Risk Committee regarding management's assertions concerning achievements of objectives, effectiveness and efficiency of operations, reliability of financial information and compliance with laws and regulations.

The Standards recommend that every audit function has an independent review performed every five years. Internal Audit abides by this, and as such, an independent Quality Assurance Review (QAR) is performed at least once every five years. The objective of a QAR is to determine whether an Internal Audit function complies with the International Standards of Internal Auditing promulgated by the Institute of Internal Auditors and whether the Internal Audit function is effectively meeting management's needs.

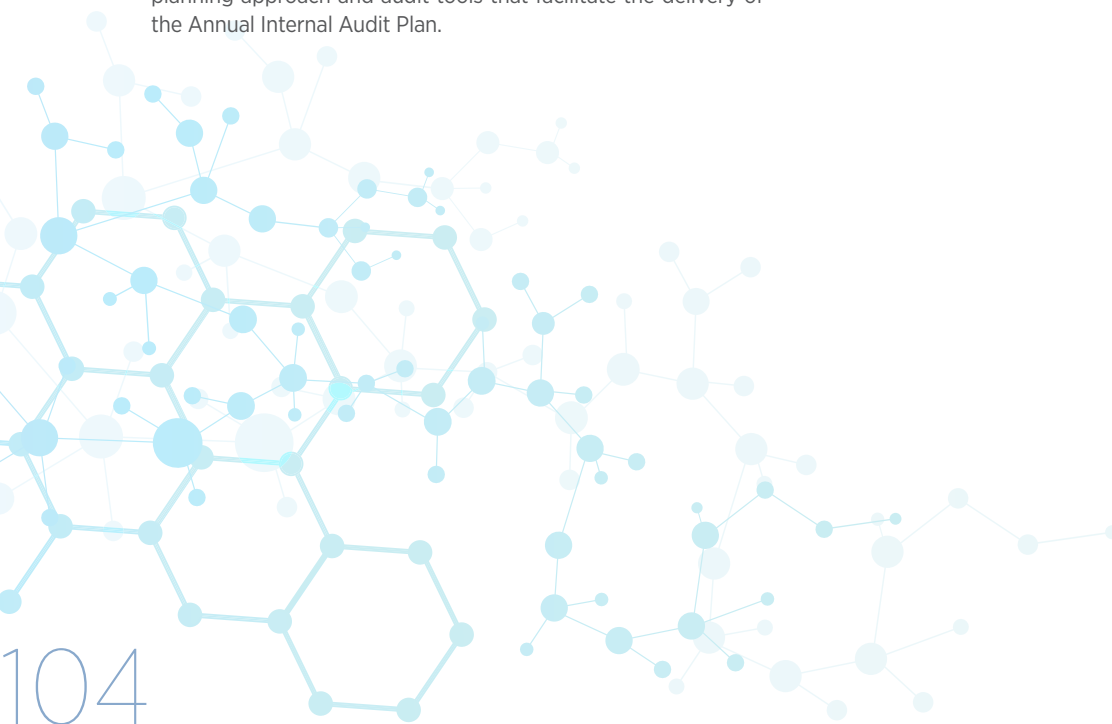
AfroCentric's internal audit was rated as "Generally Conforms" by the three previously completed QAR reviews performed by the Institute of Internal Auditors. This was the best possible rating based on the rating convention in place at the time of the reviews. The evaluator concluded that the relevant structures, policies and procedures of the activity, and the processes by which they are applied, comply with the requirements of the individual standard or element of the Code of Ethics in all material respects.

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 informs and aligns decision-making for IT planning, policy and operations to meet business objectives and manage risks 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 and formalise the governance requirements stipulated in King IV.

In addition to applying appropriate governance across our IT areas, external auditors conducted an extensive review of our ICT controls (ISAE3402) within our governance framework. The report was shared with clients as further assurance.



REMUNERATION REPORT



Background statement

Remuneration Committee Chairperson's report

On behalf of the Remuneration Committee (the committee), I am pleased to present AfroCentric's remuneration report for the year ended June 2022. This report supplements the information provided in the corporate governance report on pages 84 to 104. In addition, this report highlights the committee's focus areas for the year, outlines policies and practices, and addresses the Group's performance and corresponding remuneration outcomes.

In 2022, the committee focused on designing a new long-term incentive (LTI) plan for the Group in the form of a forfeitable share plan. The previous AfroCentric Group management LTI plan came to an end effective 30 June 2022. The previous LTI plan was approved by the Board and shareholders of the Company in 2017, with the first share awards under the plan granted to participating employees in November 2017. Share awards in terms of the plan were approved over five years.

The committee approved the implementation of the new forfeitable share plan at the May 2022 meeting, and the key differences from the previous plan include:

- » Vesting of shares is subject to meeting performance conditions, whereas in the previous plan, there were no performance conditions linked to vesting
- » The participants are entitled to receive dividends during the vesting period, whereas under the previous plan, there were no dividend rights prior to vesting
- » All shares will start vesting on its third anniversary from the date of first grant, whereas the shares vested in equal tranches in years three, four and five

The new plan will further strengthen the alignment of management and shareholder interests by driving sustainable capital growth and a potential high dividend yield.

Operating context and performance highlights

The Group set an aggressive target of achieving an EBIT deliverable of R871 million for the 2022 financial year after recording an R830 million EBIT in 2021. On the back of a tumultuous year characterised by volatile global markets, the Group fell 5.4% short of achieving the EBIT target for the year. However, it is encouraging that the R824 million EBIT achievement came 0.7% lower than the prior year's EBIT, given that market conditions were unpredictable over the period. Despite the challenging operating environment, the Group fared well with the other balanced scorecard (BSC) components, where the transformation, governance, and strategic impact key performance areas were met and partially exceeded in some instances. To that end, the Group was able to declare bonuses and settle the bonus payments under the strategic and management incentive schemes. The total management performance bonus pool approved for distribution by the committee was R57.7 million.

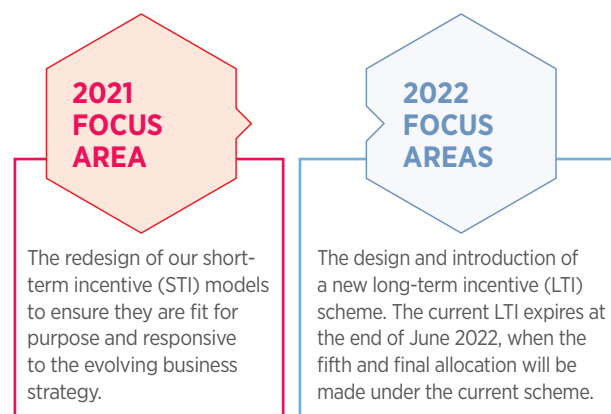
Further detail on the Group's overall performance is provided in our CFO's review.

Changes to the remuneration and related policies for the 2022 financial year

In keeping with our philosophy of ensuring fair and responsible remuneration, the committee continuously reviews the Group's remuneration policies and practices to ensure they remain relevant and responsive to organisational imperatives. No material changes were made to the Group's remuneration policy for the year under review.

Focus areas

The committee envisages the following focus areas in advancing the organisation's value proposition:



Shareholder engagement and voting

Shareholder voting results

Resolution	November 2021	November 2020
Ordinary resolution on non-binding advisory vote on the remuneration policy	93.09%	93.90%
Ordinary resolution on non-binding advisory vote on the implementation report	99.20%	99.33%
Special resolution of Non-executive Directors' fees	99.98%	99.34%
Special resolution of general authority to repurchase shares	99.22%	99.75%

The remuneration policy and implementation report were presented for shareholder voting at the AGM held on 11 November 2021. 93% of shareholders endorsed the policy, and the implementation report received a favourable vote of 99%.

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 (page 120).

If either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the shareholders, the Board will engage with shareholders to understand the concerns raised. This engagement may be done via virtual meeting 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.

Appreciation

I thank my fellow committee members for their contribution and support. The committee believes that the remuneration policy achieved its stated objective of attracting and retaining high-calibre talent within the organisation. I am satisfied that the committee responsibly and professionally discharged its obligations.

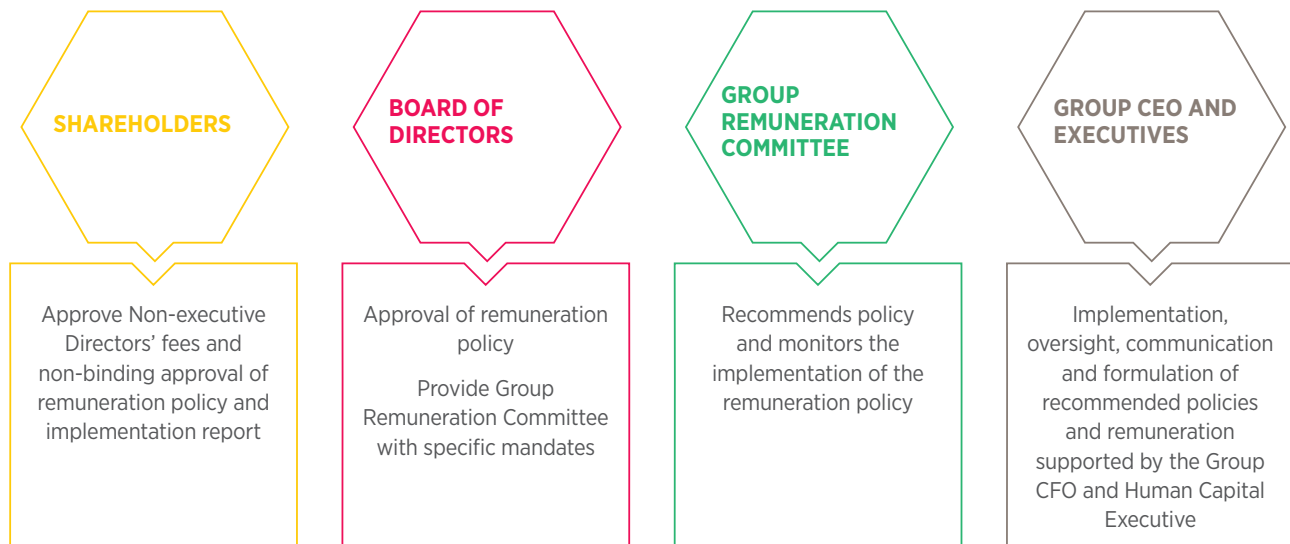
Thank you to our shareholders for your support and engagement in 2022. We look forward to further interaction on AfroCentric's remuneration policy.

Joe Madungandaba
Remuneration Committee Chairperson
8 September 2022

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 and operating models of various entities 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 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 oversight and policies *continued*

Remuneration principles

Employees are at the core of our business since we require highly skilled, competent and experienced employees to drive our business growth. Accordingly, AfroCentric's remuneration policy is designed to reward employees for their performance and contribution towards value 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 is achieved, balanced internal equity is ensured, and pay adjustments are affordable for 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 all 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 the level of accountability, complexity and nature of the role, which is sized relative to the organisation's turnover, the number of employees (including wage bill), market cap, assets and net after-tax profitability benchmarked to the external market. In line with market trends, AfroCentric intends to incorporate ESG attributes into performance metrics from the 2023 financial year onwards.

The table below shows the relationship between the Group's strategy, its pay-for-performance philosophy and the 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 support the delivery of our strategic objectives	
Strategic impact <ul style="list-style-type: none"> » Enhancing our operating model » Stabilising IT systems and enhancing the infrastructure » Launching and implementing primary care products to create a unique value proposition for the Group » Delivering a successful medicine capitation model with full value chain optimisation » Developing a remuneration policy aimed at the Board and senior executives, whereby their remuneration is tied to the achievement of ESG objectives connected to the Company's purpose, strategy, and long-term value creation 	FINANCIAL (40% weighting) GOVERNANCE (15% weighting) TRANSFORMATION (10% weighting) STRATEGIC IMPACT (35% weighting)

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 is aligned with the business unit and individual performance objectives.

Remuneration arrangements for other employees

Recognising the need to remunerate executive management fairly and responsibly in the context of the overall remuneration, we awarded higher increases to bargaining unit employees compared to executive levels (5.5%). Increases in respect of the bargaining unit are negotiated annually with National Education, Health and Allied Workers' Union (**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 pay limits, as a percentage of guaranteed pay, apply for roles below the executive level, driven by market benchmarks and the relative impact of the role.

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

General staff is eligible to participate in a performance-based bonus scheme.

Pay parity

To meet the requirements of our newly developed ESG framework, AfroCentric intends to disclose the following information from the 2023 financial year onwards:

- » The ratio of the CEO's total annual compensation to the median total annual compensation of all employees (excluding the CEO)
- » The ratio of the basic salary and remuneration for each employee category by significant location of operation for the priority areas of race, gender, and other relevant equality areas
- » Ratios of standard entry-level wage by race and gender compared to the local minimum for the sector
- » The mean pay gap of basic salary and remuneration of full-time relevant employees based on gender (women to men) and indicators of race at a Company level by significant location of operation

Remuneration oversight and policies *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 critical 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, Nedbank workplace banking 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 according to expected market movements, affordability and forecast inflation » Increases granted to bargaining and non-bargaining unit employees are linked to individual performance 	Maximum opportunity <ul style="list-style-type: none"> » In addition to the standard basket of benefits, employees can buy additional benefits at Group rates, e.g. extended family funeral cover

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

Variable pay

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

STI scheme	LTI scheme
Performance-based Group annual incentive schemes <ul style="list-style-type: none"> » Management strategic incentive scheme » Management performance bonus scheme » Performance-based bonus for all general staff » Actuarial incentive scheme » Other sales incentive schemes (self-funding) 	Share scheme designed to incentivise the delivery of long-term strategic goals aligned with shareholder expectations
Purpose <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, business unit and individual performance » To recognise, motivate, attract and retain 	Purpose <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 that aligns their interests with those of the Group's shareholders</p>
Mechanics <ul style="list-style-type: none"> » Executive Committee members, general management², senior management³ and management⁴ at corporate and business unit level, as well as general staff » 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 the 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, a sliding scale is applicable at the Remuneration Committee's discretion upon achieving all other key performance area targets » The committee approves any payments in respect of performance-based STIs » Other STIs such as general staff performance bonuses or commissions are paid quarterly or monthly as per the respective set of rules 	Mechanics <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 » Three-year staggered vesting as follows: Year 3 – 1/3, year 4 – 1/3 and year 5 – 1/3 » 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 and long-term individual performance and potential » Share value is determined by volume weighted average price measured 30 days prior to the award date » Group performance targets include financial (40%), governance (15%), transformation (10%) and strategic impact (35%)
Maximum opportunity <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 	Maximum opportunity <ul style="list-style-type: none"> » The employee's job grade determines the maximum allocation
Number of participants <ul style="list-style-type: none"> » 487 for management; 3 250 for general staff 	Number of participants <ul style="list-style-type: none"> » 78

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.

Remuneration oversight and policies *continued*

STI schemes

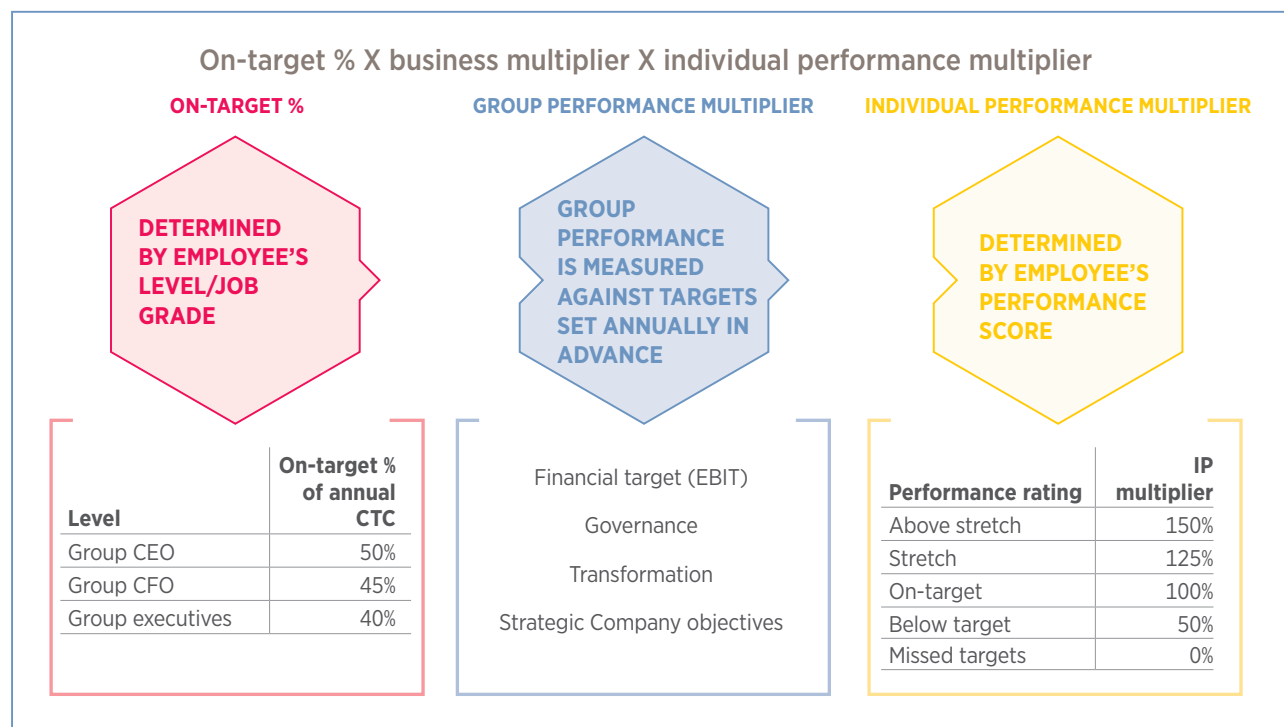
The Group relies on various bonus schemes designed to achieve its strategic objectives.

Individual performance below the 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 focuses on the executive team and tier two managers, who report directly to the executives and employees selected for value contribution, and scarce and critical skills. This applies to employees whose roles directly impact the Group's strategic imperatives.

Strategic incentives are calculated as shown below; however, any payment is subject to the achievement of the Group performance scorecard on a sliding scale basis.



Group performance

The Group achieved EBIT of R824 million. The performance conditions for the STI bonus were evaluated to determine if the minimum incentive trigger had been achieved.

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 the guaranteed monthly package and additional bonus payments as given in the rules.

Bargaining unit performance-based bonus

The performance-based bonus scheme was introduced in 2019 with the Remuneration Committee's support. This scheme is aimed at non-management level employees and ensures an all-inclusive performance-based total reward strategy for the Group across all levels.

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 Remuneration Committee approves the allocations for all participants.

Malus and clawback

Where defined trigger events occur, provision is made for redress against remuneration through either malus (pre-vesting forfeiture) or clawback (post-vesting forfeiture). The Group Malus and Clawback policy governs Malus and clawback provisions and the application thereof to trigger events.

Vesting share scheme

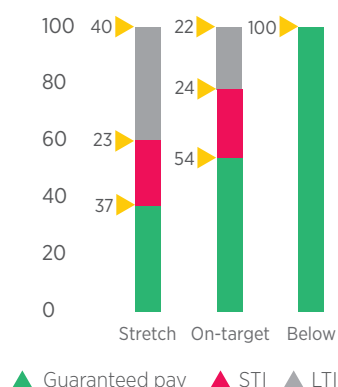
Award mechanism	Linked to job grade and allocated by the committee. The committee has discretion within a range per job grade with a maximum number of shares set per grade.
Bonus shares	Discretionary allocation by the committee, considering scarce skills, personal performance ratings, leadership and potential.
Vesting	Five-year vesting based on the 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 with the strategic objectives of the Group, and consideration is given to: <ul style="list-style-type: none"> » Individual long-term performance (over three years) » Scarce and critical skills, particularly at other levels » Strategic importance of the role » 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 toward 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 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' remuneration

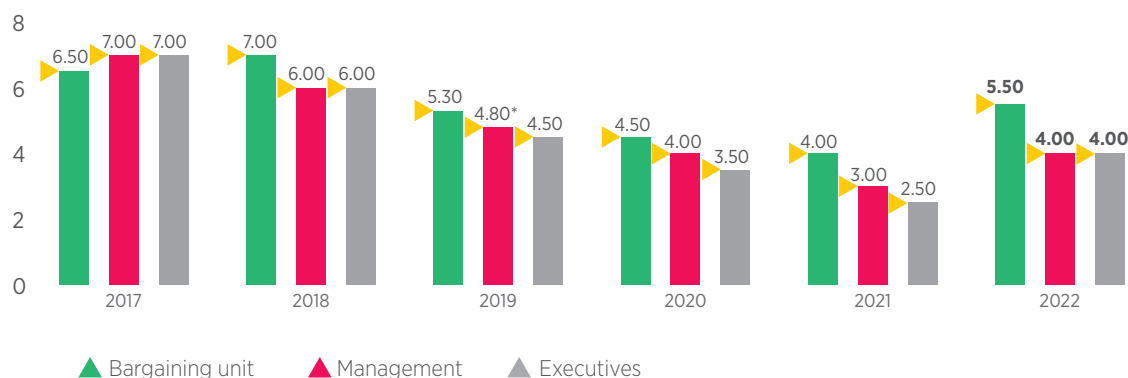
The table below sets out the remuneration principles applied by the Group for the 2022 financial year for Non-executive Directors. These policies are also applicable for the 2022 financial year and form the underlying basis for the fees tabled for approval at the AGM held on 11 November 2021.

	Chairperson	Deputy Chairperson	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 chairpersons receive an additional amount	
Fee principles	» 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 and 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.

Guaranteed pay – base pay increase (%)



* Middle management was awarded a 3.55% increase, senior managers 4%, and general management was awarded a 4% increase.

Total remuneration outcomes

Single figure remuneration

	Guaranteed pay				Variable pay				Total remuneration	
	Base pay		Benefits and allowances		STI		LTI		Total remuneration	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Executive Directors										
A Banderker	5 086 864	4 948 450	470 525	452 187	1 780 345	4 000 000	–	–	7 337 734	9 401 267
W Britz	3 212 006	4 142 382	268 866	380 481	–	Waived fee	–	–	3 480 872	4 522 862
H Boonzaaier	3 491 927	3 404 936	326 122	341 452	1 208 153	2 083 405	2 200 000	1 460 000	7 226 202	7 262 792
S Mmakau	2 072 609	3 464 020	202 572	337 507	–	1 449 711	–	1 095 000	2 275 181	6 346 239
TOTAL	13 863 406	15 959 788	1 268 085	1 485 257	2 988 498	7 533 116	2 200 000	2 555 000	20 319 989	27 533 160

STI performance outcomes

Financial performance indicators are measured against the audited annual financial results and are net of STI accruals. Non-financial performance KPIs are based on a 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 the threshold attracts no STI payments, where the threshold for financial targets is 100% of the 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.

R57.7 million was paid out on the management performance bonus scheme aligned to individual performance scores.

Management strategic incentive scheme

Business multiplier		Outcome		Comments
Weighting – 40%	Financial (EBIT)	1.5 out of 5	Target met	EBIT of R824 million was achieved relative to the target of R871 million (Target not met)
Weighting – 15%	Governance	4 out of 5	Target partially exceeded	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	3 out of 5	Target partially exceeded	AHL maintains its level 1 BBBEE rating. Pharmacy Direct maintains a Level 1 BBBEE rating, and other subsidiary entities improve ratings from the prior year
Weighting – 35%	Strategic impact	3 out of 5	Target met	While the Group achieved some of the key strategic targets on improving and implementing a more efficient Medscheme Operational model, targets set in respect of improved IT systems were partially met, with the overall weighted outcome falling within the target
	» Enhancing our operating model, specifically in the administration and managed care business			
	» Stabilising IT systems and enhancing the infrastructure			
	» Launching and implementing primary care products to create a unique value proposition for the Group			
	» Delivering a successful medicine capitation model with full value chain optimisation			

LTI performance outcomes

The Remuneration Committee reviewed participation in the scheme to ensure alignment with the strategic objectives of the Group, and consideration was given to individual long-term performance (measured over three years), scarce and critical skills required, the 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 regarding the registered rules. The vesting period is three years, with the second third of shares awarded in 2017 vesting in 2021. The Remuneration Committee awarded an additional 5 520 000 shares to participants in the 2021/2022 financial year.

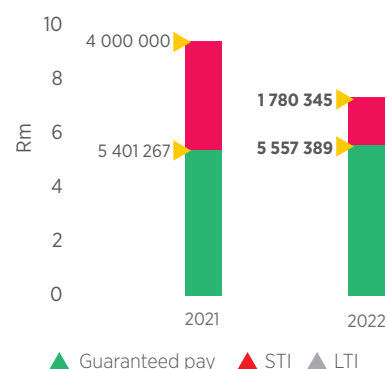
	Date awarded	Number of shares awarded	Grant value (R)	Vesting criteria		
				Tranche 1 33.33%	Tranche 2 33.33%	Tranche 3 33.33%
Hannes Boonzaaier	November 2018	200 000	1 000 000	335 333	335 333	335 333
	November 2019	500 000	1 750 000	583 333	583 333	583 333
	November 2020	400 000	1 460 000	486 666	486 666	486 666
	November 2021	400 000	2 200 000	733 333	733 333	733 333
Ahmed Banderker	April 2019	500 000	2 400 000	800 000	800 000	800 000
	November 2019	500 000	1 750 000	583 333	583 333	583 333

Implementation report *continued*

Individual remuneration outcomes

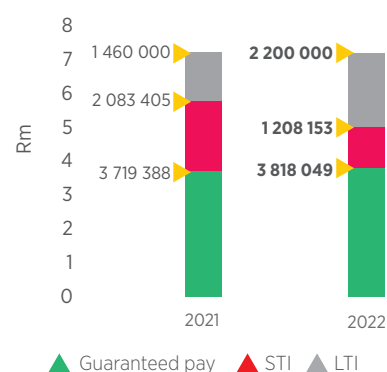
Ahmed Banderker (Group CEO)

	2022 (R)	2021 (R)
Salary	5 086 864	4 948 450
Medical aid	49 796	47 852
Retirement benefits	336 471	325 093
Other employee benefits	84 258	79 872
Total guaranteed pay	5 557 389	5 401 267
Increase in guaranteed pay	2.9%	3.52%
STI	1 780 345	4 000 000
Number of shares awarded	-	-
Value of awarded shares	-	-
Total variable pay	1 780 345	4 000 000
TOTAL REMUNERATION	7 337 734	9 401 267

Ahmed Banderker
(Group CEO)

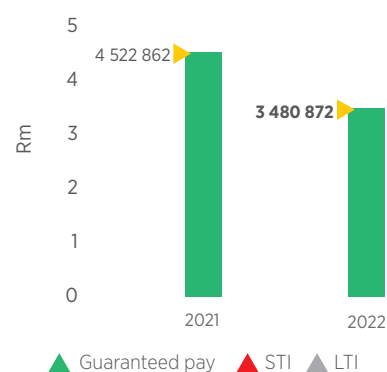
Hannes Boonzaaier (Group CFO)

	2022 (R)	2021 (R)
Salary	3 491 926	3 404 936
Medical aid	55 024	52 872
Retirement benefits	216 807	209 988
Other employee benefits	54 292	51 592
Total guaranteed pay	3 818 049	3 719 388
Increase in guaranteed pay	2.7%	11.4%
STI	1 208 153	2 083 405
Number of shares awarded	400 000	400 000
Value of awarded shares	2 200 000	1 460 000
Total variable pay	3 408 153	3 543 405
TOTAL REMUNERATION	7 226 202	7 262 792

Hannes Boonzaaier
(Group CFO)

Willem Britz (prescribed officer)**

	2022 (R)	2021 (R)
Salary	3 212 007	4 142 382
Medical aid	55 803	104 892
Retirement benefits	171 080	221 234
Other employee benefits	41 982	54 355
Total guaranteed pay	3 480 872	4 522 862
Increase in guaranteed pay	(23.0%)	3.5%
STI	-	-
Number of Shares Awarded	-	-
Value of Awarded Shares**	-	-
Total variable pay	-	-
TOTAL REMUNERATION	3 480 872	4 522 862

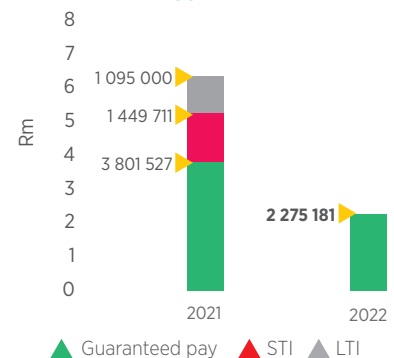
Willem Britz
(Prescribed Officer)

** Resigned in March 2022, and is now NED

Sello Mmakau (Director: Group Chief Technology)***

	2022 (R)	2021 (R)
Salary	2 072 609	3 464 020
Medical aid	35 687	59 540
Retirement benefits	134 002	223 143
Other employee benefits	32 883	54 824
Total guaranteed pay	2 275 181	3 801 527
Increase in guaranteed pay	(40.2%)	3.5%
STI	-	1 449 711
Number of shares awarded	-	300 000
Value of awarded shares	-	1 095 000
Total variable pay	-	2 544 711
TOTAL REMUNERATION	2 275 181	6 346 239

*** Resigned in February 2022

Sello Mmakau
(Director: Group Chief Technology)

Non-executive Directors' 2022 remuneration

The following table sets out the fees for the period 1 January 2022 to 31 December 2022, approved by means of a majority vote during the AGM and the proposed fees for the period 1 January 2023 to 31 December 2023, to be approved at the AGM:

	Current 2022 (R)	Proposed 2023 (R)	Recommended increase (%)
Main Board (annualised retainer fee)			
Chairman	1 445 849	1 503 683	4
Deputy Chairman	1 317 844	1 370 558	4
Lead Independent Director	667 627	694 332	4
Member	305 955	318 193	4
Subsidiary board (per meeting)			
Chairman	23 946	24 904	4
Member	17 626	18 331	4
Audit and Risk Committee (per annum)			
Chairperson	255 903	266 139	4
Member	131 662	136 928	4
Remuneration Committee (per annum)			
Chairperson	132 997	138 317	4
Member	72 370	75 265	4
Nomination Committee (per annum)			
Chairperson	132 997	138 317	4
Member	72 370	75 265	4
Social and Ethics Committee (per annum)			
Chairperson	123 372	128 307	4
Member	71 668	74 535	4
Investment Committee (per annum)			
Chairperson	192 277	199 968	4
Member	105 769	110 000	4
ICT Steering Committee (per annum)			
Chairperson*	-	-	-
Member	70 513	73 334	4

* The Chairperson was an Executive Director, and did not earn fees. He resigned on 31 January 2022. During the current year, the Sanlam CIO was approached to chair the Committee – no fees were paid.

Meetings are scheduled quarterly in an annual cycle. Adhoc meetings are called where necessary.

Implementation report *continued*

Payments made to Non-executive Directors

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

Name of director	Directors fees	Nomination Committee	Audit and Risk Committee	Investment Committee	Remuneration Committee	Social and Ethics Committee	Pharma Cluster Audit Committee	ADS Board Meeting	Medscheme Board Meeting	Pharma Cluster Board Meeting	Total current year 2021-2022	Total previous year 2020-2021
Dr ATM Mokgokong	1 615 710	65 103	-	-	-	-	-	-	-	-	1 680 813	1 608 201
MJ Madungandaba	1 324 192	40 562	-	191 830	195 070	-	-	67 584	27 538	53 733	1 900 509	1 553 494
JB Fernandes	295 344	-	188 572	227 743	-	-	94 616	-	-	-	806 275	595 057
FG Allen	324 436	-	179 928	150 932	121 021	-	-	-	-	-	776 317	356 333
JJ Strydom	309 517	-	-	-	-	-	-	-	-	-	309 517	192 775
Dr SA Zinn	129 240	-	-	-	107 465	39 553	-	-	-	-	276 258	588 082
Dr ND Munisi	279 243	-	-	113 721	-	105 104	-	-	-	-	498 068	408 480
AM le Roux	323 627	-	219 032	-	-	-	-	-	-	-	542 659	456 667
M Chauke	281 412	-	190 463	-	-	-	-	-	-	-	471 875	387 000
K Mkhize	25 496	-	-	-	-	-	-	-	-	-	25 496	-
	4 908 217	105 665	777 995	684 226	423 556	144 657	94 616	67 584	27 538	53 733	7 287 787	6 146 089

Termination of office payments

No termination of payments was made for ACT directors during the year under review.

Statement regarding compliance with the remuneration policy

The committee 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 2022 AGM. Accordingly, shareholders are requested to cast an advisory vote on the remuneration policy's implementation for 2022.

Approval of the remuneration report by the Board

The Board approved the remuneration report on 8 September 2022.

SHAREHOLDER INFORMATION



Notice of Annual General Meeting (AGM)

Notice of the 16th Annual General Meeting of shareholders to be held on Thursday, 10 November 2022, at 10h00

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

All terms defined in the 2022 Annual Financial Statements (AFS), to which this Notice of AGM is attached, shall bear the same meanings when used in this Notice of Annual General Meeting.

Notice is hereby given that the 16th AGM of shareholders for the year ended 30 June 2022 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, 10 November 2022 at 10h00 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).

Covid-19 pandemic developments

One of AfroCentric's top priorities is to protect the health and safety of all our stakeholders. With this in mind, we will continue to closely monitor developments around COVID-19.

Although the intention is to hold the AGM as scheduled on Thursday, 10 November 2022, at the set venue, **AfroCentric strongly encourages its shareholders not to attend in person but to exercise their voting rights by way of electronic or written proxy** and to submit their questions relating to the 2022 AGM Agenda in advance by email to the Group Company Secretary at billym@afrocentrichealth.com.

Shareholders will also be able to follow the AGM remotely via a live audio webcast to be provided on website, <https://www.corpcam.com/AfroCentricAGM2022>.

AfroCentric reserves the right to make further changes, such as limiting the number of attendees to enable social distancing, changing the venue, providing live voting facilities, or even prohibiting physical attendance, if required.

Shareholders should regularly check the release of SENS announcements on the JSE's Stock Exchange News Service platform and the AfroCentric website for further updates.

If you are in any doubt as to any action you should take, please immediately consult your Banker, Stockbroker, Legal Adviser, Accountant, or other professional Adviser.

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 AGM of the Company on Thursday, 10 November 2022, at 10h00 are requested to ensure registration of attendance upon arrival.

*Kindly note that in terms of section 63(1) of the Companies Act 71 of 2008, as amended (**the Act**), from time to time, 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, driver's licences and passports.*

3. The date for shareholders to receive notice of the AGM being the notice record date as Friday, 30 September 2022.
4. The record date of the AGM for shareholders to participate in and vote at the AGM is Friday, 4 November 2022 (**the voting record date**).
5. The last date to trade in order to be eligible to participate in and vote at the AGM is Tuesday, 1 November 2022.

Salient dates:

Please take note of the following important dates:

	2022
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, 30 September
Integrated report and notice of AGM to be posted	Wednesday, 12 October
The last date to trade in order to be eligible to participate in and vote at the AGM	Tuesday, 1 November
Record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM (the voting record date)	Friday, 4 November
Last day for lodging forms of proxy by 10h00	Tuesday, 8 November
Date of the AGM at 10h00	Thursday, 10 November
Results of the AGM published on SENS	Thursday, 10 November

Note:

For administrative purposes, it would be appreciated if forms of proxy are lodged with the transfer secretary by 10h00 on Tuesday, 8 November 2022; however, if forms of proxy are not delivered to the transfer secretary by this time, they may be submitted electronically/by hand to the Chairman of the AGM at any time prior to the commencement of the AGM.

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 needs not be a member of the Company. A form of proxy is distributed with this notice of AGM for convenience.

Proxy forms should be delivered to the Company's transfer secretaries **by no later than 10h00 on Tuesday, 8 November 2022** by hand at the following address:

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)

15 Biermann Avenue
Rosebank, 2196

Or by:

Email: proxy@computershare.co.za

Agenda:

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

Presentation of audited AFS

The audited consolidated AFS 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 2022, will be presented to shareholders as required in terms of section 30(3)(d) of the Act. The complete set of audited consolidated AFS, together with the report of the directors and the independent auditors' report, are set out on pages 13 to 18 of the 2022 AFS. The Audit and Risk Committee report is set out on page 3 to 4 of the 2022 AFS. The Integrated Report is also available on the Company's website: www.afrocentric.za.com.

Changes to the Board of directors

Shareholders were informed that Mr SE Mmakau and Mr JJ Strydom resigned from the Board effective 31 January 2022 and 20 June 2022, respectively. On behalf of the Board, the Chairman thanked the two members for their invaluable contribution to the Group and wished them well in their future endeavours. Ms K Mkhize was appointed as a non-executive director to the Board effective 20 June 2022. The Board welcomed Ms Mkhize and looked forward to her contributions.

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, Ms K Mkhize and Mr WH Britz were appointed by the Board during the year under review and shareholders are hereby requested to confirm this appointment.

Accordingly, shareholders are requested to consider and, if deemed fit, elect the directors named above by passing the separate ordinary resolution numbers 1.1 to 1.2. set out below as required under section 68(2) of the Act.

Notice of Annual General Meeting (AGM) continued

Ordinary resolution number 1.1

Election of Mr WH Britz as a Non-executive Director

“RESOLVED that Mr WH Britz being an existing Executive Director of the Board, be and is hereby elected as a Non-executive Director of the Company.”

Mr Britz had been an Executive Director of the Board until 10 March 2022. Commencing 10 March 2022, he was appointed a Non-executive Director to the Board. Mr Britz continues to contribute to the Group with his expertise as an Attorney, Governance expert and astute business man.

Ordinary resolution number 1.2

Election of Ms K Mkhize as a Non-executive Director

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

Ms Mkhize is the CEO of Sanlam Corporate. She is a strategic leader with more than 15 years’ experience in life insurance, management and business planning. Ms Mkhize is a qualified Actuary and received her qualification from the Actuarial Society of South Africa in 2010. She is an MBA graduate from Columbia Business School and holds an Honours Degree in Business Science from the University of Cape Town.

For the above resolutions 1.1 to 1.2 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 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. Accordingly, the following directors retire by rotation at the AGM. The Board has assessed the performance of the directors standing for re-election and has found them suitable for reappointment.

Ms AM le Roux

Ms M Chauke

and

Dr ATM Mokgokong

Ordinary resolution number 2.1

Re-election of Ms AM le Roux as an Independent Non-executive Director

“RESOLVED that Ms AM le Roux, 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 2.2

Re-election of Ms M Chauke as an Independent Non-executive Director

“RESOLVED that Ms M Chauke, 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 Dr ATM Mokgokong as a Non-executive Director

“RESOLVED that Dr ATM Mokgokong, 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 a Non-executive Director of the Company.”

Brief résumés for these directors can be viewed on <http://www.afrocentric.za.com/au-board.php>.

For resolutions 2.1 to 2.3 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 are 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 IV Code on Governance for South Africa.

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 can be viewed on <http://www.afrocentric.za.com/au-board.php>.

Ordinary resolution number 3.1

“RESOLVED that Mr JB Fernandes is elected as a member and Chairperson of the Audit and Risk Committee.”

Ordinary resolution number 3.2

“RESOLVED that, subject to the passing of ordinary resolution number 2.1, Ms AM le Roux 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 2.2, Ms M Chauke is elected as a member of the Audit and Risk Committee.”

For resolutions 3.1.to 3.3 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 the independent auditor and designated audit partner**

The Group Audit and Risk Committee has assessed PricewaterhouseCoopers Inc's performance, independence and suitability and has nominated them for reappointment as independent auditor of the Group, to hold office until the next AGM. In terms of Section 92 of The Act, Shareholders should note that the 2023 financial year would be the last year for current external auditors as the Group auditors. The Group will undertake a procurement process on audit rotation from January 2023 and the successful auditor will be confirmed at the next AGM.

“RESOLVED that PricewaterhouseCoopers Inc., with the designated audit partner being Mr Lumko Sihya, be appointed as the independent auditor of the Group for the ensuing year.”

For resolution number 4 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 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 that 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% 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 per cent) 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 a 30-business day period.
8. After the Company has issued shares for cash which represent, on a cumulative basis within a financial year, 5% (five per cent) 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) regarding the intended use of the funds. This information 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.”

Notice of Annual General Meeting (AGM) 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 that might arise in the future.

For resolution number 5 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 105 to 113 of the 2022 Integrated Report, be and is hereby endorsed."

Reason for and effect

The King IV Code on Governance for South Africa recommends that 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 remuneration policies adopted. Ordinary Resolution 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 consider the outcome of the vote when determining amendments to the Company's remuneration policy.

For resolution number 6 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 report

"RESOLVED that by a non-binding advisory vote, the Company's remuneration implementation report as set out on pages 114 to 118 of the 2022 Integrated Report be and is hereby endorsed."

Reason for and effect

The King IV Code on Governance for South Africa 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 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 consider the outcome of the vote when considering amendments to the Company's remuneration policy.

For resolution number 7 to be passed, votes in favour must represent at least 50% +1 of all votes cast and/or exercised at the meeting.

The remuneration policy and implementation report set out above are proposed to shareholders in separate non-binding advisory votes in terms of the notice of AGM. In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised at the AGM, the Board of Directors will engage with such shareholders in order to clarify the nature of and evaluate the validity of such objections, and will, where possible and prudent, given the objectives of the remuneration policy, consider those objections when formulating any amendments to the Company's remuneration policy and implementation report in the following financial year.

Ordinary resolution number 8

Authorise directors and/or 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 resolution number 8 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 9

Adoption of the AfroCentric Incentive Plan

"RESOLVED as an ordinary resolution, that the adoption by the Company of the AfroCentric Group Long-Term Incentive Plan (2022) (**Plan**) having been tabled at this meeting and initialled by the chairman for identification purposes, be and is hereby approved (including any issue of shares under and in terms of the Plan)."

In terms of the JSE Listings Requirements ordinary resolution number 9 must be approved by 75% of the votes cast by shareholders present in person or represented by proxy at this Annual General Meeting.

The Plan has been approved by the JSE in terms of Schedule 14 and the salient features thereof are set out in Annexure A of this Integrated Annual Report (**Salient Features**).

Copies of the Plan are available for inspection from the date of this notice of annual general meeting until the conclusion of the annual general meeting convened in terms thereof at the registered office of the Company. As the Salient Features of the Plan are not an exhaustive summary of the provisions of the Plan, shareholders should refer to the full text thereof for a full appreciation thereof.

The directors, whose names are given on page 86 of this Report collectively and individually accept full responsibility for the accuracy of the information given in this resolution and the Salient Features 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 had been made and that the above mentioned resolution contains all information required by law and the JSE Listings Requirements.

Reason for and effect

The reason and effect of this ordinary resolution number 9 will be to adopt the Plan in order to provide eligible employees of the Company or any of its subsidiaries with the opportunity to acquire equity in the Company, thereby providing such employees with a further incentive to advance the Company's interests and promoting an identity of interests between such employees and the shareholders of the Company. The summary is included as Annexure A in this Integrated Report.

For resolution number 9 to be passed, votes in favour must represent at least 75% +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 the King Code on Governance for South Africa 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 01 January 2023 until 31 December 2023 be and is hereby approved as follows:

	Position	Current (2022)	Proposed (2023)	Recommended increase (%)
Main Board (Annualised fee)	Chairman	1 445 849	1 503 683	4
	Deputy	1 317 844	1 370 558	4
	Lead Independent Director	667 627	694 332	4
	Member	305 955	318 193	4
Subsidiary Board/Committee (Per meeting fee)	Chairperson	23 946	24 904	4
	Member	17 626	18 331	4
Audit and Risk Committee (Per annum fee)	Chairperson	255 903	266 139	4
	Member	131 662	136 928	4
Remuneration Committee (Per annum fee)	Chairperson	132 997	138 317	4
	Member	72 370	75 265	4
Nomination Committee (Per annum fee)	Chairperson	132 997	138 317	4
	Member	72 370	75 265	4
Social and Ethics Committee (Per annum fee)	Chairperson	123 372	128 307	4
	Member	71 668	74 535	4
Investment Committee (Per annum fee)	Chairperson	192 277	199 968	4
	Member	105 769	110 000	4
ICT Steering Committee (Per annum fee)	Chairperson	-	-	-
	Member	70 513	73 334	4

Meetings are scheduled quarterly in an annual cycle. Adhoc meetings are called where necessary.

Notice of Annual General Meeting (AGM) continued

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 2023 to 31 December 2023.

For special resolution number 1 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** as a special resolution that 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, the Company may appoint only one agent to effect any repurchases on its behalf.
- 3 The number of shares that may be repurchased pursuant to this authority in any financial year may not in the aggregate exceed 5% (five per cent) of the Company's issued share capital as at the date of passing of this general resolution or 10% (ten per cent) 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 per cent) 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 that constitute, on a cumulative basis, 3% (three per cent) 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 the repurchase.
- 7 The Board have passed a resolution authorising the repurchase, and the Company has passed the solvency and liquidity test contained in section 4 of the Act, and since the test was done, there have been no material changes to the Company's financial position.”

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 special resolution number 2 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 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 the Group will be able to pay their debts in the ordinary course of business
- » The consolidated assets of the Company and the 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 AFS
- » The share capital and reserves of the Company and of the Group are adequate for ordinary purposes
- » 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 2022 AFS

Company's share capital – page 79 of the 2022 AFS

Directors' responsibility statement

The directors, whose names are given on page 1 of the 2022 AFS, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolution number 2 and certify that to the best of their knowledge and belief, there are no facts that have been omitted that 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 in the 2022 AFS, 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 Annual 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 special resolution number 3 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 that 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 the same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

For special resolution number 4 to be passed, votes in favour of the resolution must represent at least 75% of all votes cast and/or exercised at the meeting.

Notice of Annual General Meeting (AGM) continued

Impact of special resolutions 3 and 4

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 resolution 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 12 months
- » The terms under which any financial assistance is proposed to be provided will be fair and reasonable to the Company
- » 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. 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, driver's 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 taken into account 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.

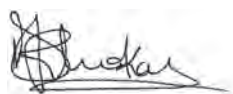
Forms of proxy and/or letters of representation may be presented at any time prior to the AGM and also at the AGM, but to enable the Company to ensure prior to the AGM that a quorum will be present at the AGM, it would be helpful if proxy forms and/or letters of representation could be delivered to the Company or the Company's transfer secretaries at 10h00 on Tuesday, 8 November 2022, being 48 hours prior to the AGM.

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 proxy forms 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
12 October 2022

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

Form of proxy

Certificated shareholders

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 (AGM) to be held at 10h00 at the AfroCentric Distribution Services Offices, The Greens Office Park, Building L, 26 Charles De Gaulle Crescent, Highveld Ext 12, Centurion, on Thursday, 10 November 2022 or any postponement or adjournment thereof.

Although the intention is to hold the AGM as scheduled on Thursday, 10 November 2022, at the set venue, **AfroCentric strongly encourages its shareholders not to attend in person but to exercise their voting rights by way of electronic or written proxy** and to submit their questions relating to the 2022 AGM Agenda in advance by email to the Company Secretary at billym@afrocentrichealth.com.

Note:

Forms of proxy to be lodged with the transfer secretary by 10h00 on 8 November 2022; however, a form of proxy not delivered to the transfer secretary by this time may be submitted electronically/by hand to the chairman of the AGM at any time prior to the commencement of the AGM.

Dematerialised shareholders

Dematerialised shareholders who have not selected own-name registration must not complete this form of proxy.

They must inform their broker or CSDP timeously of their intention to attend and vote at the AGM 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 AGM in order for the broker or CSDP to vote in accordance with their instructions at the AGM.

I/We (FULL NAMES IN BLOCK LETTERS PLEASE)

of (address) (BLOCK LETTERS PLEASE)

Telephone no: (WORK) (area code)

Cell phone no:

Telephone no: (HOME) (area code)

Email address:

being the holder/s of _____ shares hereby appoint

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairman of the AGM

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

	For	Against	Abstain
Ordinary resolutions			
1. Election of directors			
1.1 Mr WH Britz			
1.2 Ms K Mkhize			
2 Re-election of directors			
2.1 Ms AM le Roux			
2.2 Ms M Chauke			
2.3 Dr ATM Mokgokong			
3. Appointment of Chairperson and members to the Audit and Risk Committee			
3.1 Mr JB Fernandes (Chairperson)			
3.2 Ms AM le Roux			
3.3 Ms M Chauke			
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 report			
8. Authority of directors and/or Company Secretary			
9. Adoption of the AfroCentric Group Long-Term Incentive Plan (FSP)			
Special resolutions			
1. Approval of Non-executive Directors' fees			
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.

Notes to form of proxy

Please read the following notes and instructions carefully

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 AGM 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 AGM 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 AGM 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.
 - (ii) Delivering a copy of the revocation instrument to the proxy and 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 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 AGM may reject or accept any form of proxy that 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 AGM.
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 AGM.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/signatories.
9. Where there are joint holders of shares:
 - (i) Any one holder may sign this form of proxy.
 - (ii) The vote of the senior (for that purpose, seniority will be determined by the order in which the names of shareholders appear on 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 AGM, 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.

Annexure A – Salient Features of the AfroCentric Incentive Plan (2022)

1 Introduction

The board of directors of AfroCentric Investment Corporation Limited (**Board**) (**Company**) is recommending to shareholders a new share-based incentive plan for the eligible employees of the Company and/or any subsidiary of the Company (**Group**) (**Plan**). The purpose of the Plan is to attract, retain, motivate and reward eligible employees of the Company, or any of its subsidiaries, which aligns their interests with those of the Group's and the shareholders of the Company.

Under the Plan, benefits will be conferred on employees of the Group by way of issued shares in the capital of the Company (**Forfeitable Shares**), which may be subject to applicable performance conditions (**Performance Conditions**).

The Plan has been prepared in accordance with Schedule 14 of the JSE Listings Requirements. The key features and salient terms of the Plan are set out below.

2 Eligibility 14.1(a)

Only employees of the Company or any member of the Group, including an executive director (**Employee**) may participate in the Plan. The Company may, but is not obliged to, establish a share trust for the purposes of administering the Plan. If a share trust is established the trustees of the share trust may not participate in the Plan.

The remuneration committee of the Board (**Remco**) will be responsible for selecting the Employees which will from time to time participate in the Plan as well as the extent of their participation. In making a decision, Remco will have regard to the Employee's seniority, job function and role. **14.1(f)**

3 Overall and individual limits 14.1(b) and 14.1(c)

The aggregate number of ordinary shares of the Company (**Shares**) which may be utilised for the Plan at any time shall not exceed 57 000 000 Shares, being approximately 10% of the Company's current issued shares. The maximum number of shares that may be acquired under the Plan by a single Employee may not exceed 11 400 000 shares, being approximately 2% of the Company's current issued shares. No adjustments shall be made to the foregoing limits as a result of an issue of shares in consideration for an acquisition, an issue of shares for cash or a vendor consideration placing. **14.3(c)** However, shares purchased on the JSE for the purposes of the Plan shall not be counted towards the foregoing limits.

Awards to Employees under the Plan (**Awards**) may be satisfied out of a new issue of shares, shares transferred out of treasury and/or shares purchased on the JSE. Employees will not be required to pay any amount in respect of an Award of Forfeitable Shares. **14.1(d)**

4 Method of participation

Forfeitable Shares that are Awarded to an Employee will be transferred or otherwise delivered to such Employee. Such Employee will become the owner thereof but shall not be entitled to dispose of, or encumber, those Forfeitable Shares prior to the date set for vesting of an Award by Remco (**Vesting Date**). Save for the restriction on disposals and encumbrances, Forfeitable Shares will in all other respects enjoy the same rights as other issued shares. Accordingly –

- 4.1 employees holding Forfeitable Shares shall, even prior to the Vesting Date, be entitled to exercise the voting rights attached to Forfeitable Shares and to distributions paid on Forfeitable Shares, though such distributions may be retained by the Group to settle liabilities; and **14.1(c)**
- 4.2 no special adjustments are required for sub-divisions, consolidations or capitalisation issues. **14.3(a), (b) (d) and (e)**

5 Performance conditions

Awards of Forfeitable Shares will be made subject to the satisfaction of performance conditions (**Performance Conditions**) unless Remco otherwise determines as a result of exceptional circumstances prevailing. The Performance Conditions to be attached to Awards will be described in the Company's remuneration policy and an assessment thereof will be reported on in the implementation report in the year of vesting and whether it intends to apply same and the likely nature thereof. With Remco's consent, Performance Conditions attached to an Award may be waived or amended.

Annexure A – Salient Features of the AfroCentric Incentive Plan (2022) continued

6 Vesting of awards

Remco will determine applicable testing points to assess the extent to which Performance Conditions have been satisfied. To the extent that it is determined that Performance Conditions have been satisfied Awards will vest. In the exceptional circumstances that Awards are not subject to Performance Conditions, they vest on the Vesting Date.

On an Award vesting, the Forfeitable Shares will cease to be subject to restrictions and may be disposed of or encumbered by Employees.

7 Malus and clawback

In accordance with the Group's malus and clawback policy, malus and clawback will apply in the event of, inter alia, the following circumstances:

- » a material misstatement resulting in adjustment to the audited consolidated accounts of the Group;
- » if information used to determine the quantum of an Award was based on an error or was otherwise inaccurate or misleading;
- » any conduct by the Employee which amounts to a serious misconduct, dishonesty and/or fraud that detrimentally impacts on the reputation of the Group;
- » behaviour by an Employee that leads to censure of the Group by regulatory authority.

In the foregoing events, the Board acting on a recommendation by Remco, is entitled to cancel or reduce the quantum of any Award in respect of which the Vesting Date has not yet arrived (malus), or to recover the value of the shares delivered to, or payments made to, Employees on the Vesting Date (clawback). Clawback is only possible for a period of two years after the vesting of an Award.

8 Termination of employment 14.1(h)

If the employment of an Employee terminates by reason of -

- 8.1 disability;
- 8.2 the Company by which he is employed being disposed of by the Group;
- 8.3 retirement at normal retirement age in accordance with the Group's retirement policy; or
- 8.4 death;
- 8.5 any other exceptional circumstance determined by Remco,

then he or she shall be entitled, within 45 days, to a decision by Remco as to what portion (if any) of his or her Award is to vest and the portion that does not vest or lapse. Awards will be vested on a pro rata basis to reflect the number of completed months' service between the date of grant of an Award and the date earmarked for vesting, but subject to an assessment by Remco in its discretion as to the satisfaction of any Performance Condition (if any).

If the employment of an Employee terminates for reasons other than those contemplated above, an Award will lapse to the extent not already vested on the date of termination of employment.

9 Invested forfeitable shares

Forfeitable Shares that do not vest as a result of an Award lapsing or otherwise will be repurchased or purchased by the Company, a subsidiary of the Company or a share trust (if one is established). **14.3(f)**

10 Restructuring events

On the occurrence of an event which varies the capital structure of the Company an Employee will have the same rights as any other shareholder of the Company. An Employee will likewise, in respect of a holding of Forfeitable Shares, enjoy the same rights as other shareholders of the Company to participate in rights offers.

In the event of a takeover, Awards will be vested on a pro rata basis to reflect the number of completed months' service between the date of grant of an Award and the date earmarked for vesting, provided that Remco's discretion to determine that a Performance Condition ought to be regarded as having been satisfied. As an exception, Remco may by agreement determine that Awards are to be exchanged for similar rights issued by any acquiring party or that there is to be no adjustment whatsoever in the event that the takeover occurs without the delisting of the Company. **14.1(g)**

11 Pre-emptive right

The Company has a pre-emptive right to acquire Forfeitable Shares that are sold by Employees after vesting.

12 Amendment and termination 14.2

Remco shall be entitled to amend the provisions of the Plan provided that no amendment (i) will adversely affect the rights of any Employee without the consent of such Employee, and (ii) may be made to the Plan without the prior approval, as required in terms of the JSE Listings Requirements, of an ordinary resolution of shareholders (requiring a 75% majority of the votes). These elements (all of which are dealt with above) are -

- 12.1 eligibility to participate (see paragraph 2);
- 12.2 overall and individual limits (see paragraph 3);
- 12.3 the amount (if any) payable by the Employee on acceptance of the Award (see paragraph 4);
- 12.4 the voting dividend, transfer and other rights attaching to shares (see paragraph 4);
- 12.5 the basis upon which Awards are made (see paragraph 5);
- 12.6 the treatment of Employees in instances of takeovers (see paragraph 10);
- 12.7 the rights of Employees on termination of employment (see paragraph 8);
- 12.8 the provisions of this paragraph 12 itself.

Remco is entitled to terminate the Plan at any time, and in the event that Remco does not exercise this right the Plan will terminate when there are Employees who hold rights in terms of the Plan and no more Awards may be granted at any time. No Awards may be made 10 years after the shareholders of the Company approved the Plan.









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.
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.”

ESG Reporting Index (JSE Sustainability Disclosure Guidance)

Core  Leadership 

Category	Topic	Sub-topic	C/L	Metric	Material and Relevant	Page number in the Report	Section Title
Governance	Board composition	Board diversity and competence		Composition of the board and its committees by race; gender, membership of under-represented social groups, and stakeholder groups competencies relating to the risks, opportunities, and management of economic, environmental, and social issues.	YES Unitary board	85, 88	Board diversity Combined Board skill set
		Board independence		Composition of the board in relation to executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments.	YES Unitary board	85	Board diversity – Independence and tenure
		Remuneration practices		How performance criteria in the remuneration policies relate to the highest governance body and senior executives' objectives for economic, environmental, and social topics, as connected to the company's stated purpose, strategy and long-term value.	YES Unitary board	105	Remuneration report
Ethical behaviour	Anti-corruption			Total percentage of governance body members, employees and business partners who have received training on the organisation's anti-corruption policies and procedures, broken down by region.	YES Tender business and public sector	102	Governance policies, procedures and processes – Ethical behaviour
				Total number and nature of incidents of corruption confirmed during the current year, related to this year and previous years.	YES Tender business and public sector	102	Governance policies, procedures and processes – Ethical behaviour
				Description of the organisation's provision for whistleblowing, and the number and nature of issues raised through the whistleblowing facility, and how these were resolved.	YES Tender business and public sector	102	Governance policies, procedures and processes – Ethical behaviour
				Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture to combat corruption.	YES Tender business and public sector	101	Social and Ethics Committee report
				A description of: i) The internal and external mechanisms for seeking advice about ethical and lawful behaviour and organisational integrity, and for reporting concerns about unethical or unlawful behaviour and lack of organisational integrity. ii) The extent to which these mechanisms have been used, and the outcomes of processes using these mechanisms.	YES Tender business and public sector	102	Governance policies, procedures and processes – Ethical behaviour

Core



Leadership



Category	Topic	Sub-topic	C/L	Metric	Material and Relevant	Page number in the Report	Section Title
Governance (continued)	Ethical behaviour	Lobbying and political contributions	C	Identify the significant issues that are the focus of the company's participation in public policy development and lobbying, including within any business association that the company is a member of; describe the company's strategy relevant to these areas of focus; and any differences between its lobbying positions and its purpose, stated policies, goals or other public positions.	YES Regulated sector	From page 27	Our stakeholders
			C	Total amount of political contributions made per political party	YES Regulated sector	From page 27	Our stakeholders
		Monetary loss from unethical behaviour	C	Total amount of monetary losses as a result of legal proceedings (including fines) associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice or violations of other related industry laws or regulations.	YES Regulated sector	102	Governance policies, procedures and processes – Ethical behaviour
	Compliance and risk management	Incidents	C	Number and nature of significant environmental, social and/or governance related incidents, including incidents of legal non-compliance (whether under investigation, pending finalisation, or finalised) and directives, compliance notices, warnings or investigations, and any public controversies.	YES Regulated sector	102	Governance policies, procedures and processes – Compliance
		Fines	C	Total number of fines, settlements and penalties paid in relation to ESG incidents or breaches, including individual and total cost of the fines, settlements and penalties paid in relation to ESG incidents or breaches	YES Regulated sector	102	Governance policies, procedures and processes – Compliance
	Tax transparency	Tax paid and estimated tax gap	C	The total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes and other taxes that constitute costs to the company, by category of taxes	YES Significant cost	20	Unpacking the value derived from our business model for our stakeholders
			C	Extent of exposure to countries and jurisdictions recognised for their corporate tax rate, tax transparency and tax haven status; estimated tax gap (gap between estimated effective tax rate and estimated statutory tax rate)	YES Multiple countries		*

Category	Topic	Sub-topic	C/L	Metric	Material and Relevant	Page number in the Report	Section Title
Social	Labour standards	Diversity and inclusion	C	Percentage of employees per employee category, by race, gender, age, and other indicators of diversity	YES >6 000 employees	74-75	Our employee profile
			C	Number of reports of discrimination and harassment incidents, investigation status of reported incidents, and actions taken and the total amount of monetary losses as a result of legal proceedings associated with i) law violations and ii) employment discrimination	YES >6 000 employees	101	Social and Ethics Committee report*
		Pay equality	C	Ratio of CEO's total annual compensation to median total annual compensation of all employees (excluding the CEO)	YES >6 000 employees	109	Pay parity*
			L	Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality, including by race, gender, and other relevant equality areas	YES >6 000 employees	109	Pay parity*
		Wage level	C	Ratios of standard entry-level wage by race and gender compared to local minimum wage for the sector	YES >6 000 employees	109	Pay parity*
			L	Mean pay gap of basic salary and remuneration of full-time relevant employees based on gender (women to men) and indicators of race at a company level or by significant location of operation	YES >6 000 employees	109	Pay parity*
		Living wage	L	Current wages against an identified 'living wage' for employees and contractors in states and localities where the company is operating	Not material		N/A
		Freedom of Association and Collective Bargaining	C	Percentage of active workforce covered under collective bargaining agreements	YES >6 000 employees		*
			L	An explanation of the assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk including measures taken by the organisation to address these risks.	Not material		N/A
		Temporary workers	C	Ratio of temporary workers to permanent workers (and absolute numbers of each), broken down by gender and racial group.	YES >6 000 employees		*
Human rights and community development	Human rights (see also supply chain below)		C	Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.	YES Nature of regulated operations		*
			C	Number and type of grievances reported with associated impacts related to a salient human right issue in the reporting period and an explanation of impacts.	YES Nature of regulated operations		*

Core



Leadership



Category	Topic	Sub-topic	C/L	Metric	Material and Relevant	Page number in the Report	Section Title
Social (continued)	Human rights and community development	Skills for the future	C	Average hours of training per person that the organisation's employees have undertaken during the reporting period, by gender and employee category (total number of trainings provided to employees divided by the number of employees)	YES >6 000 employees	78	Skills development*
			C	Average training and development expenditure per full time employee	YES >6 000 employees	78	Skills development*
		Employment and wealth creation	C	Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity and region	YES >6 000 employees		*
			C	Total number and rate of employee turnover during the reporting period, by age group, gender, other indicators of diversity and region	YES >6 000 employees	76	Staff movement
		Economic Contribution	C	Direct economic value generated and distributed (EVG&D) – on an accrual basis, covering the basic components for the organisation's global operations, ideally split out by: i) Revenue ii) Operating Costs iii) Employee wages and benefits iv) Payments to providers of capital v) Payments to government vi) Community investment (including charitable giving, impact investment and other forms of social investment)	YES Multiple stakeholders	20	Unpacking the value derived from our business model for our stakeholders*
			C	Description of significant identified indirect economic impacts of the organisation, including for example: number of jobs supported in supply or distribution chain; number of suppliers / enterprises supported from defined vulnerable groups; nature of economic development in areas of high poverty; availability of products and services for those on low incomes or previously disadvantaged; enhanced skills and knowledge in a professional community or geographic location	YES Multiple stakeholders	20	Unpacking the value derived from our business model for our stakeholders*
			C	Proportion of procurement spending on suppliers local to the organisation's operations and/or from defined vulnerable groups	YES Multiple stakeholders	81	Transformation and B-BBEE
			L	Qualitative disclosure describing the extent of significant infrastructure investment and services supported	No Low capital base		N/A
			L	Financial assistance received from the government - Total monetary value of financial assistance received by the organisation from any government during the reporting period	No Low capital base		N/A

Category	Topic	Sub-topic	C/L	Metric	Material and Relevant	Page number in the Report	Section Title
Social (continued)	Health & Safety	Workplace health and safety	C	Number and rate of fatalities during reporting period across the organisation. The disclosure should include both employees and workers who are not employees but whose work and/or workplace is controlled by the organisation.	YES >6 000 employees and COVID		*
			C	Number of recordable work-related injuries, and number of work-related illnesses or health conditions arising from exposure to hazards at work, during the reporting period. The disclosure should include both employees and workers who are not employees but whose work and/or workplace is controlled by the organisation.	YES >6 000 employees and COVID		*
			L	An explanation of how the organisation facilitates workers' access to non-occupational medical and healthcare services and the scope of access provided for employees and workers	YES >6 000 employees and COVID	79	Employee wellbeing
	Customer responsibility	High risk products and services	L	Description of products and services that present specific risks to individuals, communities or the environment; an outline of the nature of these risks, and the measures taken to mitigate these.	TO BE ASSESSED* Risk profile of products/ services		N/A
			C	Number and nature of any product recalls	YES Pharmaceutical cluster		None
		Product innovation	C	Total costs related to research and development aimed at enhancing social or environmental attributes of products and services	YES Healthcare innovation		*
			L	Percentage of revenue from products and services designed to deliver specific social or environmental benefits or to address specific sustainability challenges; if the company applies a taxonomy or benchmark to label their activities as sustainable, they should report on the benchmark used and how they meet the criteria of the benchmark	YES Healthcare impact		*
		Consumer data and privacy	C	A description of the mechanisms and steps taken to ensure privacy of consumer data	YES 3.8 million lives under management	39	Our material matters – Cybersecurity and information security
			C	Number and types of breaches reported in relation to consumer data privacy	YES 3.8 million lives under management	39	Our material matters – Cybersecurity and information security

Core



Leadership



Category	Topic	Sub-topic	C/L	Metric	Material and Relevant	Page number in the Report	Section Title
Social (continued)	Supply Chain	Supply Chain (Social)	C	Report wherever material across the value chain, mechanisms aimed at enhancing management of social issues (codes, policies, prevention, and treatment)	TO BE ASSESSED* Risk profile of supply chain		N/A
			C	An explanation of suppliers considered to have significant risk for incidents of child labour, forced or compulsory labour. Such risks could emerge in relation to type of operation (such as manufacturing plant) and type of supplier; or countries or geographic areas with operations and suppliers considered at risk.	TO BE ASSESSED* Risk profile of supply chain		N/A
			L	% Of products certified by external agencies, % of traceable origin	TO BE ASSESSED* Risk profile of supply chain		N/A
Environmental	Climate change	GHG Emissions	C	For all relevant greenhouse gases (e.g., carbon dioxide, methane, nitrous oxide, F-gases etc.), report in metric tonnes of carbon dioxide equivalent (tCO2e) GHG Protocol Scope 1 and Scope 2 emissions.	YES Number of employees and logistics		*
			L	Estimate and report material upstream and downstream (GHG Protocol Scope 3) emissions where appropriate.	YES Number of employees and logistics		*
		Energy mix	C	Total energy use and share of energy usage by generation type noting use of energy from renewable non-fossil sources, (namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas).	YES Number of employees and logistics		*
		Science-based targets	L	Define and report progress against time-bound short, medium, and long-term science-based GHG emissions targets (see also the Narrative Disclosure on Metrics, Targets and Performance) that are in line with the goals of the Paris Agreement and Glasgow Climate Pact. This includes reducing global carbon dioxide emissions by 45% by 2030 relative to the 2010 level, and to net zero around mid-century, based on the best available scientific knowledge and equity, considering common but differentiated responsibilities and respective capabilities, and in the context of sustainable development and efforts to eradicate poverty. Science-based emissions reduction targets should be informed by recognised scientific methodologies and verified through approved processes and should as a minimum be consistent with relevant host country/ies Nationally Determined Contribution.	No Not high impact		N/A

Category	Topic	Sub-topic	C/L	Metric	Material and Relevant	Page number in the Report	Section Title
Environmental (continued)	Climate change	Just transition	C	Existence and nature of a 'just transition plan' that commits to stakeholder engagement with workers and communities (see the JSE Climate Disclosure Guidance for further detail)	No Transition plans not high impact		N/A
			L	Number of engagements undertaken with affected parties by group and geography	No Transition plans not high impact		N/A
			L	Number of workers in the past year retrained, retrenched, and/or compensated due to implementation of the decarbonisation plan	No Transition plans not high impact		N/A
			L	Nature of climate-related lobbying activities, and those of relevant associations and membership groups, and their alignment with the objectives of the Paris Agreement and Glasgow Climate Pact	No Transition plans not high impact		N/A
			L	Nature of provision for delivery of the transition plan within executive remuneration	TO BE ASSESSED* to transition plan		N/A
			L	Nature of provision for impacts on workers and communities within climate scenario plans	No Transition plans not high impact		N/A
			L	Level of capital or expenditure deployed toward climate adaptation and climate mitigation projects	TO BE ASSESSED* to transition plan		*
	Water security	Water usage	C	Total amount of fresh water consumed	YES Number of employees and logistics		*
			C	Fresh water consumption intensity (water use / sales)	YES Number of employees and logistics		*
			L	Report for operations where material, mega litres of water withdrawn, mega litres of water consumed and the percentage of each in regions with high or extremely high baseline water stress according to WRI Aqueduct water risk atlas tool	No Not integral to operations		N/A
	Pollution and waste	Solid waste	C	Total solid waste generation (non-recycled)	YES Number of employees and logistics		*
			C	Total hazardous waste generation	No Hazardous waste not evident		N/A
			L	Total waste recycled	YES Number of employees and logistics		*
			C	Waste intensity (total waste / sales)	YES Number of employees and logistics		

Core



Leadership



Category	Topic	Sub-topic	C/L	Metric	Material and Relevant	Page number in the Report	Section Title
Environmental (continued)	Pollution and waste	Single use plastic	L	Report wherever material along the value chain: estimated metric tonnes of single-use plastic consumed and share (%) of single-use plastic weight of total plastic weight	TO BE ASSESSED* For courier/logistics		N/A
		Atmospheric pollution	C	Report wherever material along the value chain: nitrogen oxides (NOx), sulphur oxides (SOx), Volatile Organic Compounds, particulate matter and other significant air emissions	No Not evident from operations		N/A
			L	Wherever possible estimate the proportion of specified emissions that occur in or adjacent to urban/densely populated areas	No Not evident from operations		N/A
		Water pollution	L	Estimate and report wherever material along the value chain: metric tonnes of nitrogen, phosphorous and potassium in fertilizer consumed	No Not evident from operations		N/A
	Biodiversity and land use		C	Report the number and area (in hectares) of sites owned, leased or managed in or adjacent to protected areas and/or key biodiversity areas (KBA). Report for operations (if applicable) and full supply chain (if material)	No Not evident from operations		N/A
			C	Area of land used for the production of basic plant, animal, or mineral commodities (e.g., the area of land used for forestry, agriculture, or mining activities).	No Not evident from operations		N/A
			L	Percentage of land area in point 1 above covered by a sustainability certification standard or formalised sustainability management programme; Percentage of land area in point 2 above covered by a sustainability certification programme or formalized sustainability management system	No Not evident from operations		N/A
	Supply chain and materials	Supply chain (environmental)	L	Report wherever material across the value chain, mechanisms aimed at enhancing management of environmental issues (codes, policies, prevention, and treatment)	TO BE ASSESSED* Risk profile of supply chain		N/A
		Materials of concern	C	Process to identify and manage emerging materials and chemicals of concern in products (materials of concern could include conflict minerals or recognised high impact raw materials such as palm oil)	TO BE ASSESSED* Risk profile of supply chain		N/A
			L	Percentage of materials identified in point 1 above that are covered by a sustainability certification standard or formalised sustainability management programme	TO BE ASSESSED* Risk profile of supply chain		N/A

* In line with AfroCentric's objective to continuously improve our ESG disclosure, we will continue to expand the scope of our disclosures over the coming years as we integrate the necessary processes into the business to manage and measure the full range of matters identified.

Abbreviations and acronyms

ADS	AfroCentric Distribution Services
AFS	Annual Financial Statements
AGM	Annual General Meeting
ARVs	Antiretrovirals
BCPs	Business continuity plans
BSC	Balanced scorecard
CCMDD	Central Chronic Medicine Dispensing and Distribution
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIO	Chief information officer
CIPC	Companies and Intellectual Property Commission
CMS	Council for Medical Schemes
COSO	Committee of Sponsoring Organisations of the Treadway Commission
CSDP	Central Securities Depository Participant
DBC	Document-based care
DENIS	Dental Information Systems
DoH	Departments of Health
EBIT	Earnings before interest and taxes
ERM	Enterprise Risk Management
ESG	Environmental, social and governance
FWA	Fraud, waste and abuse
ICT	Information Communication Technology
IFRS	International Financial Reporting Standards
IR	Integrated Report
ISO	International Organization for Standardization
JSE	Johannesburg Stock Exchange
KPI	Key performance indicators
LTI	Long-term incentive
MOI	Memorandum of Incorporation
MVP	Most Valuable Product
NDoH	National Department of Health
NDP	National Development Plan
NEHAWU	National Education, Health and Allied Workers' Union
NHA	Neil Harvey and Associates
NHI	National Health Insurance
PHA	Private Healthcare Administrators
POLMED	South African Police Service Medical Aid
POPIA	Protection of Personal Information Act
QAR	Quality Assurance Review
SDG	Sustainable Development Goal
SENS	Stock Exchange News Service
SEP	Single-exit price
STI	Short-term incentive
VAT	Value-Added Tax

Notes

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