

**CORPORATE POLICY**  
**TERMS OF REFERENCE OF THE**  
**INVESTMENT COMMITTEE OF MEDICLINIC**  
**INTERNATIONAL PLC**

Reference to the “**Committee**” shall mean the Investment Committee.

Reference to the “**Board**” shall mean the Board of Directors.

Reference to the “**Company**” shall mean Mediclinic International plc.

Reference to the “**Group**” shall mean the Company, as the ultimate holding company of Mediclinic Southern Africa (“**MCSA**”), Hirslanden (“**Hirslanden**”) and Mediclinic Middle East (“**MCME**”) (collectively referred to as the “**Divisions**” and any one as “**Division**”, as the context may indicate), and any subsidiary companies (which means owned and controlled by the Company), internationally (“**Mediclinic Group**” or the “**Group**”).

## **1 CONSTITUTION**

The Committee is constituted as a committee of the Board of Mediclinic International plc (the “**Company**”).

## **2 MEMBERSHIP AND ATTENDEES**

- 2.1 Members of the Committee shall be appointed by the Board, upon recommendation of the Board’s Nomination Committee and in consultation with the Chair of the Committee (the “**Committee Chair**”). The Committee shall comprise of not less than three (3) directors, the majority of which shall be non-executive directors. In terms of the relationship agreement entered into between the Company and Remgro Limited on 14 October 2015 (“**Relationship Agreement**”), the Principal Shareholder (as defined in the Relationship Agreement) is entitled to appoint a member to the Committee.
- 2.2 Only members of the Committee may vote at Committee meetings. Any member of the Board (and any Shareholder Observer that may be appointed in terms of the Relationship Agreement) may attend, but not vote at, Committee meetings. Other individuals may be invited to attend for all or part of any meeting as and when appropriate and necessary.
- 2.3 Subject to the annual periodic re-election of directors, appointments to the Committee shall be for a period of one (1) year, which may be extended for further one (1) year periods, provided the relevant director continues to meet the criteria for membership of the Committee.
- 2.4 The Board shall appoint the Committee Chair, who shall be a non-executive member of the Committee.
- 2.5 The Committee members must keep up-to-date with developments affecting the required skill-set to ensure that the Committee as a whole has sufficient insight, qualifications and experience to fulfil its duties.

## **3 AUTHORITY**

- 3.1 The Committee acts in accordance with the delegated authority of the Board as recorded in these terms of reference. The Committee is authorised by the Board to investigate any Investments within the scope of its mandate.
- 3.2 The Committee, in the fulfilment of its duties, may call up on any director or other Board committees, company officers or assurance providers to provide it with information.
- 3.3 The Committee, in the fulfilment of its duties, shall have reasonable access to the Group’s records, information, facilities and any other resources necessary to perform its duties.
- 3.4 The Committee may form and delegate authority to sub-committees and may delegate authority to one or more designated members of the Committee.
- 3.5 The Committee has the right to seek external or any other independent professional advice and to ensure the participation of external parties with the relevant experience and expertise if necessary, at the Company’s cost.

## 4 ROLES AND RESPONSIBILITIES

4.1 The Committee is responsible to:

- (a) Provide strategic input and direction on capital allocation and growth into new geographies (please refer to Annexure I);
- (b) review and approve proposed investments, expansion projects, disposals, capital expenditures and committing to lease liabilities of the Group (“**Investments**”) that exceed the authority level of the Company’s Executive Committee of GBP10 million up to the Committee’s authority level of GBP20 million, as set out in the Authority Levels and Reserved Matters for the Board, applicable to the Company and its Divisions; or
- (c) review and make recommendations to the Board regarding Investments that exceed the Committee’s authority level of GBP20 million;
- (d) review and recommend to the Board, loan, finance and bank facilities, both new facilities that exceed GBP20 million, as well as the maturity and renewal of existing facilities, which exceed GBP100 million, to be entered into by the Company and, where appropriate, its subsidiaries.

4.2 It is not a requirement that all Investments be referred to the Committee for review and recommendation to the Board. In certain instances, whether due to the complexity or in the interest of time, or for any other reason that the Group Executive Committee may deem appropriate, the Group Executive Committee may refer certain Investments directly to the Board for approval.

4.3 Approved Investments shall be reviewed by the Committee at least twice subsequent to the approval thereof:

- (a) the first review within one year of launch to review the actual spend against the budgeted spend; and
- (b) the second review within three years of launch to review the actual operating performance against the projected operating performance.

## 5 MEETINGS

### Frequency of meetings

5.1 The Committee shall meet at least once per annum and on an ad hoc basis, as may be required, and as frequently as the Committee Chair deems necessary.

5.2 Meetings may be held at the request of any member of the Committee, other members of senior management or at the instance of the Board.

### Agenda and minutes

5.3 A detailed agenda, with supporting documentation, confirming the venue, time and date of the meeting and containing the points for discussion must be timeously circulated to each member of the Committee and other invitees, prior to each Committee meeting.

5.4 Generally, the agendas must be circulated with sufficient time to allow Committee members to prepare for Committee meetings and provide appropriate and constructive input on matters for discussion. However, meetings may also be scheduled on short notice if circumstances make it necessary.

5.5 The Committee Secretary must complete the minutes of all Committee meetings as soon as possible after the meeting and circulate it to the Committee Chair for review thereof. The minutes must be presented for approval by the Board at its next scheduled meeting.

### Attendance and quorum

5.6 Committee members must attend all scheduled meetings of the Committee, unless prior apology with reasons, has been submitted to the Committee Chair or Committee Secretary.

5.7 If the nominated Committee Chair is absent from a meeting, the members present must elect one of the other non-executive members present to act as Chair.

- 5.8 A quorum shall be represented by a minimum of two (2) members present and entitled to vote, provided that at least the majority of the members of the Committee are represented and that at least one Shareholder Director, as defined in the Relationship Agreement, is present (to the extent that the Principal Shareholder has appointed a Shareholder Director and the Principal Shareholder has not specifically waived the requirement in relation to a particular meeting). Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings and may not vote.

## **6 SECRETARY**

- 6.1 The Company Secretary or its nominee shall act as the secretary of the Committee (the “**Committee Secretary**”) and shall attend all its meetings and shall prepare and circulate to members (and invitees, as appropriate) all information and papers in a timely manner to enable them to give full and proper consideration to the issues to be considered at the relevant meeting.

## **7 REPORTING RESPONSIBILITIES**

- 7.1 The minutes of all Committee meetings shall be included in the agenda of the Board meeting following each Committee meeting for approval by the Board.
- 7.2 The Committee Chair will provide feedback directly to the Board at the Board meeting following each Committee meeting.

## **8 OTHER MATTERS**

- 8.1 The Committee shall:
- 8.1.1 give due consideration to relevant laws and regulations, including the general duties of directors set out in the Companies Act 2006, the provisions of the UK Corporate Governance Code and the requirements of the Financial Conduct Authority’s Listing, Prospectus, Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate; and
  - 8.1.2 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## ANNEXURE I

### INTRODUCTION

The Investment Committee of the Board of Mediclinic International plc has a strategic role to fulfil in guiding the organisation's growth and capital allocation. This document sets out the framework for this strategic discussion which will take place annually in line with and at the same time as the Group strategy and annual financial planning discussions at the Board.

### FINANCIAL PLAN

From latest budget and 5-year plan (*GBP'm*).

Year	-2	-1	0	1	2	3	4	5
<b>Revenue</b>	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
<b>EBITDA</b>	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
<i>Margin</i>	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Less: Tax	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Less: Working Capital	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Less: Maintenance Capex	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Less: Expansion Capex	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Less: Innovation / Digital / CVC	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Less: M&A	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
<b>Free Cash Flow to Firm</b>	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Less: Interest	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Less: Scheduled Debt Amort	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
Less: Other Debt Repaid	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
<b>Free Cash Flow to Equity</b>	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
<b>Less: Dividends</b>	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
<b>Less: Share buybacks</b>	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
<b>Net Cash Flow</b>	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]
<b>Cash / (Shortfall)</b>	[...]	[...]	[...]	[...]	[...]	[...]	[...]	[...]

Valuation (*GBP'm*): Based on 5-year plan discounted cash flow (DCF).

	MCCH	MCME	MCSA	Other	Total
WACC( local currency)	[...]	[...]	[...]	[...]	[...]
Enterprise value	[...]	[...]	[...]	[...]	[...]
Net debt	[...]	[...]	[...]	[...]	[...]
Equity value	[...]	[...]	[...]	[...]	[...]
Equity value per share	[...]	[...]	[...]	[...]	[...]
Current market price	[...]	[...]	[...]	[...]	[...]
DCF Implied EV/EBITDA	[...]	[...]	[...]	[...]	[...]
Broker consensus EV/EBITDA	[...]	[...]	[...]	[...]	[...]

## GROWTH INTO NEW GEOGRAPHIES

*[Drafting note: Each discussion item below will have further data / breakdown of spend and context, where required, to inform it. The format below are the headings and discussion section envisaged.]*

1. New geographies:
  - a. Determination of new geographies and opportunities targeted
  - b. Organic vs. inorganic
2. Quantification of growth strategy

## CAPITAL ALLOCATION

*[Drafting note: Each discussion item below will have further data / breakdown of spend and context, where required, to inform it. The format below are the headings and discussion section envisaged.]*

1. Expansion capital expenditure
  - a. Existing business vs. continuum of care vs. innovation
  - b. Organic vs. inorganic
2. Maintenance capital expenditure
  - a. Major projects
3. Debt funding:
  - a. Interest payments
  - b. Scheduled repayments
  - c. Refinancing
  - d. Voluntary debt repayments
4. Equity:
  - a. Dividends
  - b. Share buybacks (if applicable)
5. Uses of excess cash or funding of shortfall
  - a. Uses of excess cash
    - i. Further invest in growth and / or assets
    - ii. Dividends
    - iii. Share buyback
  - b. Funding of shortfall
    - i. Debt
    - ii. Hybrid
    - iii. Equity
    - iv. Asset sales
    - v. Other