18. STATED CAPITAL continued

	Number of shares		Value of shares	
	2020 '000	2019 '000	**2020 R'm**	2019 R'm
Treasury shares				
Balance at 1 October	**12 856**	11 782	**(365)**	(370)
Granted	**2 536**	3 284	**(44)**	(72)
Forfeited	**(112)**	(17)	**3**	1
Transferred	**112**	–	**(3)**	–
Exercised	**–**	(14)	**–**	1
Vested	**(1 779)**	(2 179)	**60**	75
Balance at 30 September	**13 613**	12 856	**(349)**	(365)

Treasury shares are shares in Life Healthcare Group Holdings Limited that are held for the purpose of the staff benefit schemes (Life Healthcare employee share trust and long-term incentive schemes). Refer note 19.

19. OTHER RESERVES

	2020 R'm	2019 R'm
Life Healthcare employee share trust	**137**	130
Long-term incentive schemes	**79**	54
Transactions with non-controlling interest reserve	**(959)**	(851)
Other[1]	**(44)**	(31)
	(787)	(698)

[1] *Comprise distributable reserves and retirement benefit asset and post-employment medical aid reserves.*

NOTES TO CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2020

19. OTHER RESERVES continued

Terms and conditions

	Life Healthcare employee share trust	Long-term incentive scheme – CEO
Type	An equity-settled scheme	An equity-settled scheme
Background	In terms of the scheme, the employer acquired Life Healthcare shares in the market at the ruling market price. The number of shares acquired for the scheme is limited to the value as approved by the Group's remuneration and human resources committee.	The board wanted the CEO to own unencumbered shares in the Company. In terms of this arrangement the Company matched a maximum investment of R5 million by the CEO (previous CEO: R3 million) in Life Healthcare with a share purchase to a maximum value of R15 million (previous CEO: R9 million) in the market at the ruling market price. The Company matched shares are purchased upfront. The qualifying employee has six months to complete their purchase.
Qualifying employees	All permanent employees employed by the employer in South Africa for a continuous period of at least one year as at the date of the allocation and who (i) is a member of an employer supported retirement scheme and who (ii) does not participate in the long-term incentive scheme are beneficiaries of the trust and participate in the scheme. Voting rights and dividends vest with the qualifying employees.	Available to CEO
Vesting requirements	Qualifying employees will need to be in service on the fifth (25%), sixth (25%) and seventh (50%) anniversaries when the shares are delivered.	The shares will vest in equal tranches on 31 December 2023, 31 December 2024 and 31 December 2025 respectively and are subject to the following conditions: ■ Growth on total shareholder return (TSR) over predetermined thresholds relative to the TSR of listed comparator groups — In the case of unusual market conditions, the vesting will be subject to board discretion ■ The employee will be required to retain a level of investment in Company shares of at least the initial investment over the vesting period Previous CEO ■ The vesting of the shares was subject to continued employment, vesting in equal tranches on 1 February 2019, 1 February 2020 and 1 February 2021 respectively.
Method of settlement	Shares	Shares
Leavers	Employees who leave, other than good leavers, forfeit their beneficial interest in the trust and their rights will be distributed equally among the remaining employees.	If the employee leaves, other than as a good leaver, he will be entitled to all his co-investment shares but will forfeit the entire Company matched shares that have not vested.
2019 granted shares	3 000 462 shares at R21.55	–
2020 granted shares	1 166 917 shares at R17.14	862 706 at R17.39 (existing CEO)
Forfeited (number of shares)	n/a	112 365 (previous CEO)
Exercised (number of shares)	n/a	n/a
Vested (number of shares)	1 666 859[1]	112 365 (previous CEO)
Contribution	An annual contribution is made by each employer company in the Group for its qualifying employees. The charge and contribution reflected is for the Company's proportionate share only.	

[1] *Relates to shares vested and shares transferred to good leavers.*

	Long-term incentive scheme – CFO	Long-term incentive scheme – southern Africa CEO and international CEO
	An equity-settled scheme	An equity-settled scheme
	The board wanted the CFO to own unencumbered shares in the Company. In terms of this arrangement the Company matched a maximum investment of R2 million by the CFO in Life Healthcare with a share purchase to a maximum value of R6 million in the market at the ruling market price. The Company matched shares are purchased upfront. The qualifying employee has six months to complete their purchase.	The board wanted the SA and international CEOs to own unencumbered shares in the Company. In terms of this arrangement the Company bought shares to the value of R1.5 million for the SA CEO and shares to the value of GBP165 000 for the international CEO. The number of shares acquired for the scheme is limited to the value as approved by the Group's remuneration and human resources committee.
	Available to CFO	Available to southern Africa and international CEOs
	The shares will vest in equal tranches on 31 December 2023, 31 December 2024 and 31 December 2025 respectively and are subject to the following conditions: ■ Growth on TSR over predetermined thresholds relative to the TSR of listed comparator groups — In the case of unusual market conditions, the vesting will be subject to board discretion ■ The employee will be required to retain a level of investment in Company shares of at least the initial investment over the vesting period	SA CEO ■ The vesting of these shares is subject to continued employment and will vest on 31 March 2021. International CFO ■ These shares will vest on 30 September 2021 and are conditional on achievement of performance conditions; such as to achieve key strategic objectives in growing the international business.
	Shares	Shares
	If the employee leaves, other than as a good leaver, he will be entitled to all his co-investment shares but will forfeit the entire Company matched shares that have not vested.	If the employees leave, other than as a good leaver, the shares will be forfeited.
	–	–
	350 000 at R17.11	268 377 at R21.97
	n/a	n/a
	n/a	n/a
	n/a	n/a
	An annual contribution is made by each employer company in the Group for its qualifying employees. The charge and contribution reflected is for the Company's proportionate share only.	

NOTES TO CONSOLIDATED ANNUAL FINANCIAL STATEMENTS CONTINUED

for the year ended 30 September 2020

19. OTHER RESERVES continued

Terms and conditions continued

Long term incentive scheme effective from 2015

Type	An equity-settled performance share scheme
Background	The value of awards will be tier-based and linked to individual performance. Each award will be converted into notional performance shares. In terms of the scheme the value of the awards and the performance conditions for vesting will be approved by the Group's remuneration and human resources committee. The value of the notional performance shares will be determined by the price of the Life Healthcare shares on the JSE Limited using the 30-day volume weighted average traded price (VWAP).
Qualifying employees	Available to all executives and senior managers in southern Africa.
Vesting requirements	Vesting in terms of this scheme takes place in three years from allocation. The vesting of the awards is subject to the Group meeting two performance conditions: ■ **50% weighting**: **CEO and CFO:** HEPS compared to CPI plus a percentage with a hurdle rate of minimum growth of CPI + 1% in HEPS for the award vested; **Other executives and senior managers:** Growth on earnings before interest and tax (EBIT) compared to CPI plus a percentage with a hurdle rate of minimum growth of CPI + 1% in EBIT for the award vested; and ■ **50% weighting:** Growth on TSR over predetermined thresholds relative to the TSR of a comparator group of listed companies.
Method of settlement	Shares
Leavers	If a participant ceases to be employed by the Group prior to the vesting of the grant date, the following will apply: ■ Good leavers with a date of termination of employment: — that is more than one year before the vesting date of the grant, will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration; or — that is one year or less before the vesting date of the grant, will retain all notional performance shares and he/she shall continue to be treated as a participant as if his/her employment had not been terminated ■ Bad leavers with a date of termination of employment prior to vesting date, will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration
2019 granted shares	n/a
2020 granted shares	n/a
Forfeited (number of shares)	n/a
Exercised (number of shares)	n/a
Vested (number of shares)	Life Healthcare shares are purchased and distributed on vesting date
Contribution	An annual contribution is made by each employer company in the Group for its qualifying employees. The charge and contribution reflected is for the Company's proportionate share only.

Long term incentive scheme effective from 2019

An equity-settled performance share scheme

The value of awards will be tier-based and linked to individual performance. Each award will be converted into notional performance shares. In terms of the scheme the value of the awards and the performance conditions for vesting will be approved by the Group's remuneration and human resources committee. The value of the notional performance shares will be determined by the price of the Life Healthcare shares on the JSE Limited using the 30-day VWAP. Life Healthcare shares will be purchased on vesting date.

A modifier of between 1 and 2 can be applied to the allocation for key talent retention, this is applicable to all participants at the discretion of the CEO. The employees are not entitled to any dividends declared on the shares underlying the awards over the period from the grant date to the vesting date.

Available to all executives and senior managers in southern Africa.

Vesting in terms of this scheme takes place in three years from allocation. The vesting of the awards is subject to the following performance conditions:

Group executives:
- Capital efficiency (40% weighting)
- Normalised Group HEPS (40% weighting)
- Life core purposes outcome (20% weighting)

Country executives and Group senior managers:
- Capital efficiency (2020: 35% weighting, 2019: 30% weighting)
- Normalised country EBIT (2020: 35% weighting, 2019: 30% weighting)
- Life core purposes outcome (2020: 30% weighting, 2019: 40% weighting)

Other senior managers:
- Capital efficiency (2020: 20% weighting, 2019: 15% weighting)
- Normalised country EBIT (2020: 40% weighting, 2019: 35% weighting)
- Life core purposes outcome (2020: 40% weighting, 2019: 50% weighting)

Capital efficiency is measured as return on capital employed compared to WACC.
Normalised Group HEPS is based on growth of HEPS in excess of CPI.
Normalised country EBIT is based on growth of EBIT in excess of CPI.
Life core purpose outcomes is based on country-specific non-financial measures that drive long-term sustainability of the Group.

Shares

If a participant ceases to be employed by the Group prior to the vesting of the grant, the following will apply:
- Good leavers with a date of termination of employment:
  - that is more than one year before the vesting date of the grant:
    - 2019 scheme: will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration;
    - 2020 scheme: the participant shall retain a pro rata number of notional performance shares based on number of months completed service relative to the vesting period of 36 months, the balance of notional performance shares shall be forfeited and cancelled for no consideration; or
  - that is one year or less before the vesting date of the grant, will retain all notional performance shares and he/she shall continue to be treated as a participant as if his/her employment had not been terminated (2019 and 2020 schemes).
- Bad leavers with a date of termination of employment prior to vesting date, will result in all notional performance shares held by the participant being forfeited and cancelled for no consideration. (2019 and 2020 schemes)

Life Healthcare shares will be purchased on vesting date

Life Healthcare shares will be purchased on vesting date

n/a

n/a

n/a

An annual contribution is made by each employer company in the Group for its qualifying employees. The charge and contribution reflected is for the Company's proportionate share only.