

# Environmental Management System

## compliance, certification, reporting

### ENVIRONMENTAL SUSTAINABILITY AS A BUSINESS FOCUS

**An effective environmental management system translates into a service which does not only care for the needs of its customers but also cares for the greater environment within which the organisation functions.**

Life Healthcare embarked on implementation of an Environmental Management System (EMS) during 2012 to align our processes and reporting with the focus from investors. As a listed company greater focus is placed on Environmental Sustainability and active participation in reduction of the impact organisations have on use of natural resources and pollution of air, ground and water.

A requirement for EMS is the active involvement of top management in environmental processes and driving reduction of impacts in line with international guidelines. To this effect LHC established the Environment and Climate Change Forum as a high level structure to drive Environmental Sustainability. The purpose of the committee is to give direction to the Quality and Engineering Departments, and to report on environmental matters to the Board of directors, through the Social, Ethics Committee. Though the system requirements were implemented throughout the group, LHC decided to follow a phased approach and only focused on certification for the 12 Large High Tech hospitals. All the EMS system requirements were available to all hospitals and criteria for evaluation of compliance, included in the Quality audit tool.

The initial focus of EMS was to identify the business aspects that impacts on the environment. Individual assessments were performed in every hospital but in 2017 it was decided to focus on the material risks and opportunities for sustainability projects as decided by the group.

Major Aspects were mitigated by group engineering with group projects, starting with a group wide heat pump project to supply hot water to the hospitals.

This project was implemented over a period of three years, followed by a major investment in the first PV installation in Klerksdorp. This installation went on line during 2015.

Other group projects that followed were more efficient air conditioning systems, Heat recovery from air conditioning plants or autoclave water as secondary processes to reduce the load on the heat pumps even further, new technology autoclaves, LED lighting and a second PV system at our Life Fourways Hospital.

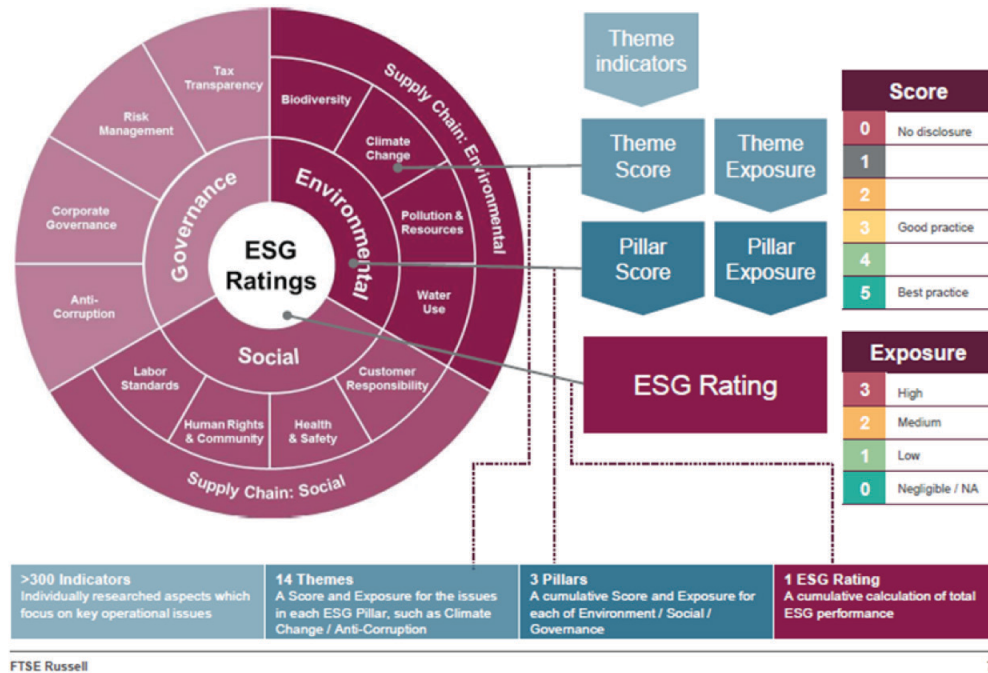
International focus on Environmental Sustainability Internationally more emphases are placed on environmental governance. Environmental performance has also become an important competitive measure. It is one of the three focus areas on the FTSE/JSE Report where it refers to the ESG (Environment, Social and Governance) Ratings. Life Healthcare has achieved a sufficient ESG Rating in the 2016 FTSE/JSE Responsible Investment Index and achieved the Top 30 Responsible Investment Index award.

ESG themes that relates to Environmental Sustainability are:

- Biodiversity
- Climate change
- Pollution and resources
- Supply Chain Environment
- Water use
- Health & Safety
- Risk Management

With reference to the figure below: Environment as one of the three pillars of the ESG Rating and consists of four themes: Biodiversity, Climate Change, Pollution and Resources and Water use. These themes extent into an outer layer called Supply Chain, indicating the responsibility of the organisation to use suppliers with an environmental sustainability focus and to influence suppliers to disclose their environmental strategy e.g. ISO certification.

## ESG - How do companies operate?



### Environmental Legal Compliance

There is an increased focus on statutory regulation of environmental issues and incidents. The main focus of environmental sustainability is to reduce the negative effect that manmade CO<sub>2</sub> has on the environment with resultant reduction of the effects of global warming. An international target was set to reach an overall reduction of 2% in global temperatures by 2025.

LHC registered a total capacity of 67.37 MWA in generators and boilers under the requirements of the recent Green House Gas Regulations that was published under the National Environmental Management Air Pollution Act. Going forward, emissions will be reported to the Department of Environmental Affairs (DEA) annually in order to compile a national emissions report.

The Carbon Tax Bill has not been implemented yet but will have a material impact on organisations going forward.

### Environmental Management Certification: ISO 14001:2015 (insert BSI Logo)

Life Healthcare embarked on ISO 14001 certification in 2013, and introduced environmental requirements as part of an integrated approach to quality management. The LHC EMS ensures that the following processes are aligned to the requirements of ISO 14001:

- Policy and Leadership commitment
- Identification of major aspects that impact on the environment e.g. Eskom energy use
- Planning to reduce the environmental impact of business operations e.g. safe chemicals, reduction of electricity and water, etc.
- Mitigation of environmental risks e.g. phasing out R22 refrigerant gas
- Compliance to legal requirements e.g. reporting of environmental incidents
- Setting of objectives and targets (long and short term targets)
- Development and management of data collection systems on InfoQuest
- Internal reporting on water and energy as well as HCRW on the Quality Score Card

- General waste management practices and recycling
- Staff competence and control measures e.g. Permit to work revised to reflect EMS requirements
- Communication, training and awareness e.g. annual EMS training in all regions and weekly topics in the Engage and Connect.

A phased approach was followed to certification and ISO 14001. These hospitals achieved certification in phase one in 2015. Phase two will add the fifteen medium hospitals to the list for 2017.

- Life Bay View Private Hospital
- Life Entabeni Hospital
- Life Eugene Marais Hospital
- Life Flora Hospital
- Life Fourways Hospital
- Life Rosepark Hospital
- Life St Dominic’s Hospital
- Life St George’s Hospital
- Life The Glynnwood
- Life Vincent Pallotti Hospital
- Life Westville Hospital
- Life Wilgers Hospital

**Environmental Sustainability Reporting**

1.3.1 External Reporting

LHC focused mainly on Climate Change reporting and has submitted CDP Climate Change reports since 2013. In 2017 LHC also completed the water disclosure questionnaire based on the 2016 FY figures. These reports are used by the JSE for evaluation of company performance based on The FTSE/JSE Responsible Investment Index Series together with other information such as the LHC Annual Integrated Report.

1.3.2 Internal Reporting

- Environmental Sustainability reporting started with major aspects, Electricity and Water. Long term targets were set to reduce usage by 10% for each aspect over 5 years. Life Healthcare group achieved and exceeded these targets year on year. New targets will be set from 2017 onwards and reviewed annually together with all other objectives and targets.
- Healthcare Risk Waste (HCRW) is also one of the major environmental aspects. Life Healthcare manages and controls HCRW in partnership with responsible Service Providers. Health Care Risk Waste has been monitored for an extensive period and the objective is to keep waste within a band of 1.25 and 1.47 kilogram per PPD. This flexibility is needed due to the profile of different hospitals as the waste increase in high tech hospitals.
- Carbon reporting was introduced in 2017 on an Environmental Sustainable Score Card. Results will be in the form of a group and hospital specific carbon footprint.

**Environmental Management Auditing**

EMS is included in the quality audit process using the Quality Audit Tool – with specific reference to the environmental section.