





King IV™ application register

This document demonstrates Life Healthcare’s application of the King Code of Governance Principles for South Africa 2016™, (King IV™), during the year ending 30 September 2022.

PRINCIPLE	APPLICATION OF THE PRINCIPLE
Leadership, ethics and corporate citizenship	
Principle 1	Leadership
<p>The board should lead ethically and effectively.</p>	<p>A Board evaluation is conducted annually and in the recent survey the assessment included a review of Board dynamics. It was found that Board members display high levels of integrity and make decisions in the best interest of the Company.</p> <p>Board members are required to timeously disclose any conflicts of interests and declarations to this effect which are concluded annually. New Board members are provided with a comprehensive induction programme which enables them to understand the business, the jurisdictions it operates in and the nature of the business.</p> <p>The Social, Ethics and Transformation Committee is provided with reports on the ethics related initiatives carried out through the Company, provides guidance and ensures that ethics related matters are appropriately considered. Reports on tip-offs are tabled at both the Audit and Social, Ethics and Transformation Committees.</p>
Principle 2	Organisational values and ethics
<p>The board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</p>	<p>The Board sets the tone at the top for an ethical culture in the Group, based on Life Healthcare’s five core values which are: Passion for people, Quality to the Power of e, Performance pride, Personal care and Lifetime partnerships.</p> <p>In terms of the Board Charter, the Board discharges its role and responsibilities with due regard to the values that support the central tenets of Life Healthcare’s name and brand. In providing the required leadership in terms of establishing and maintaining an ethical culture within the organisation, and to ensure that ethics is managed effectively, the Board applies the governance principles contained in King IV™ and continues to entrench the recommended practices through the Group’s governance processes and procedures.</p> <p>There is a Code of Conduct (“the Code”) in place which is applicable to all employees and contractors across the Group. Adherence to the Code is also incorporated as part of the contractual arrangements with parties in the supply chain. Part of the Group’s core values, quality to the power of e (Q^e), encompasses ethics to ensure that all business endeavours are conducted within the framework of legal and ethical standards.</p> <p>The Board, with the assistance of the Social, Ethics and Transformation Committee oversees the management of ethics and monitors the Company’s activities to ensure they are in line with the Code.</p>
Principle 3	Responsible corporate citizenship
<p>The board should ensure that the organisation is and is seen to be a responsible corporate citizen.</p>	<p>The Board has delegated to the Social, Ethics and Transformation Committee the responsibility for monitoring and reporting of social, ethical, transformational and sustainability practices that are consistent with good corporate citizenship.</p> <p>Life Healthcare acknowledges the need to add value in the societies in which it operates. The Social, Ethics and Transformation Committee monitors the activities that demonstrates the Group’s commitment to being a good corporate citizen. Health, community and education are the foundational pillars for CSI initiatives that are carried out across the Group.</p> <p>The Social, Ethics and Transformation Committee receives regular reports from management in respect of CSI initiatives carried out across the Group and, in addition, for the year under review, the focus has been on ESG. The Social, Ethics and Transformation Committee has reviewed the Group’s plans to set targets as well as the focus areas in ESG. A separate report on Sustainability can be found at https://www.lifehealthcare.co.za/investor-relations/results-and-reports/.</p>

PRINCIPLE**APPLICATION OF THE PRINCIPLE****Strategy, performance and reporting****Principle 4****Strategy, implementation and performance**

The board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

The Board approves and monitors the implementation of the strategy and business plans for each of the jurisdictions that the Company operates in. The Board, assisted by the Risk, Compliance and IT Governance Committee, reviews key risks and opportunities impacting on the achievement of its strategic objectives.

A comprehensive Risk Management framework is in place and risks are closely managed and monitored by the Group Risk function and reported on at the quarterly Risk, Compliance and IT Governance Committee meetings.

The Board, in determining strategy, considers the six capitals in directing the Company's inputs and activities towards sustainable and positive outputs and outcomes. The value-creation process is set out in the Integrated Annual Report as well as the Company's performance against its strategic objectives. Information on material matters and risks and opportunities can be found in the Integrated Annual Report.

Principle 5**Reports and disclosure**

The board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.

The Board is assisted by the Audit Committee in reviewing and approving the Integrated Annual Report. The report is prepared in line with recognised local and international guidelines including International Financial Reporting Standards (IFRS), the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework, the reporting principles contained in King IV™ and the JSE Limited Listings Requirements.

The Integrated Annual Report, when read with the annual financial statements, provides stakeholders with a balanced and holistic view of the Group's financial, social, environmental and economic impact so that they can better understand the Group's short-, medium- and long-term prospects.

Governing structures and delegation**Principle 6****Role of the board**

The board should serve as the focal point and custodian of corporate governance in the organisation.

The Board has an approved charter which it reviews annually. The Board's role and responsibilities are articulated in the Board Charter. The Board is the focal point and custodian of corporate governance, both in terms of how its role and responsibilities are documented and the way it executes its duties and responsibilities.

The Nominations and Governance Committee supports the Board in ensuring that new legislation and changes to legislation is timeously brought to the Board's attention. This Committee reviews the Governance Framework, Board Charter and Delegation of Authority before it is brought to the Board for approval.

Principle 7**Composition of the board**

The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

The Nominations and Governance Committee considers, on an annual basis, the composition of the Board in terms of the balance of skills, experience, diversity, independence and knowledge needed to discharge the Board's role and responsibility. The Board is satisfied that the current composition of the Board is appropriate, considering the size of the Group. A Board Diversity Policy has been adopted to encourage diversity.

The Board conducted a self assessment to consider the skill and expertise of members, and also considered member skill in expertise in the context of each of the Board Committees. The Board found that members, and indeed the members that sat on the various Committees, had the necessary skill and expertise to fulfil their duties.

Further details regarding the composition of the Board, assessment of the independence of the Non-Executive Directors, induction and the Board's Diversity Policy is contained in the governance section of the Integrated Annual Report.



King IV™ application register continued

PRINCIPLE

APPLICATION OF THE PRINCIPLE

Governing structures and delegation continued

Principle 8

Committees of the board

The board should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

The Board has seven committees that assist it in discharging its duties and responsibilities:

- Audit Committee
- Risk, Compliance and IT Governance Committee
- Human Resources and Remuneration Committee
- Investment Committee
- Nominations and Governance Committee
- Social, Ethics and Transformation Committee
- Clinical Committee

The Committees operate in accordance with written Terms of Reference which are reviewed and approved by the Board annually. In addition, Committees have work plans to ensure that the necessary topics are all canvassed through the course of the year. The Board is assisted by the Nominations and Governance Committee in reviewing the composition of the Committees to ensure that the Committees have the necessary skill sets required to contribute to the effectiveness of the Committees and the distribution of the balance of power to avoid a situation where individual(s) dominate decision making. Independence of Board members is reviewed annually.

Each of the Committees' Chairman provide feedback to the Board on the deliberations of the Committee meetings. Additional information on the Board Committees are to be found in the governance section of the Integrated Annual Report.

Principle 9

Evaluations of the performance of the board

The board should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

Formal assessments of the effectiveness of the Board, Committees, Chairman, directors and Group Company Secretary are conducted annually under the auspices of the Nominations and Governance Committee. In-house assessments are conducted and external formal assessments take place every three years.

The next external assessment will be conducted in 2023.

Principle 10

Appointment and delegation to management

The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

While retaining overall accountability, and subject to matters reserved to itself, the Board has delegated authority to the Group Chief Executive to run the day-to-day affairs of the Company, subject to a Delegation of Authority framework. The Delegation of Authority framework sets out authority thresholds and governs sub-delegation. The framework also prescribes authority levels for each of the jurisdictions that the Group operates in and is reviewed annually.

The Board ensures that key management functions are led by competent and appropriately authorised individuals and are adequately resourced.

Governance of functional areas

Principle 11

Risk governance

The board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

The Board, supported by the Risk, Compliance and IT Governance Committee, is ultimately responsible for the governance of risk. The role of the Risk, Compliance and IT Governance Committee is to ensure that the Company has implemented an effective policy and plan for risk management which enhances the Company's ability to achieve its strategic objectives.

The Risk, Compliance and IT Governance Committee, oversees the development and annual review of a policy and plan for risk management and recommends these for approval and notification to the Board. Management is accountable and responsible for ensuring that the risk management processes and methodology are consistently applied and that risks that may impact their business areas are actively managed through the implementation of an appropriate control environment. Mitigating actions are formulated to further address the risks when required, and the Board is kept up-to-date on progress on the risk mitigation plan.

The Chairman of the Audit Committee also serves on the Risk, Compliance and IT Governance Committee ensuring there is coordination in respect of the evaluation and reporting of risks.

PRINCIPLE**APPLICATION OF THE PRINCIPLE****Governance of functional areas** *continued***Principle 12****Technology and information governance**

The board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

The Board is cognisant of the importance of technology and information as it is interrelated to the strategy, performance and sustainability of the Company.

The Risk, Compliance and IT Governance Committee, is responsible for information and technology governance in accordance with King IV™. The Committee oversees the implementation of IT governance mechanisms, IT frameworks, policies, procedures and standards to ensure the effectiveness and efficiency of the Group's information systems. In addition, the Committee monitors material IT projects as well as the management of IT risk, across the Group.

Principle 13**Compliance governance**

The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

The Board is responsible for the Group's compliance with applicable laws. The Board has delegated the responsibility for implementing compliance to management. The Board is assisted by the Risk, Compliance and IT Governance Committee in monitoring compliance.

The Group Compliance Manager has set up a Compliance framework that identifies applicable legislation across the Group and considers compliance with such legislation via a bi-annual certification process. In addition, the Company has a Group Privacy Officer to ensure that privacy, across stakeholder groups, is adequately protected.

The Social, Ethics and Transformation Committee assists the Board with ensuring responsible business practices within the Group and monitors the Group's activities in line with section 72 of the Companies Act, No 71 of 2008 (as amended).

There were no material penalties, sanctions, fines or contraventions of or non-compliance with regulations during the period under review.

Principle 14**Remuneration governance**

The board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

The Group's remuneration strategy objective is to attract and retain key talent and to motivate and reward employees appropriately to ensure they achieve key organisational objectives.

The remuneration policy and the implementation report set out in the 2022 Integrated Annual Report have been designed to give effect to the Group's strategic objectives.

Principle 15**Assurance**

The board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external reports.

The Group has implemented a combined risk assurance model which is coordinated and managed by the Group Risk function. Combined assurance at Group and subsidiary levels are overseen by the Audit Committee and the Risk, Compliance and IT Governance Committee.

The Board has delegated to the Risk, Compliance and IT Governance Committee oversight of, inter alia, effectiveness of the Company's assurance services with focus on combined assurance including external audit, internal audit, and the finance function as well as the integrity of the Integrated Annual Report and the annual financial statements.

Stakeholder relationships**Principle 16****Stakeholders**

In the execution of its governance role and responsibilities, the board should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

Establishing and maintaining effective stakeholder relationships are not only essential to sustain the growth of the Company but also an essential component of sound governance.

Details of stakeholder relationships and stakeholder engagements are included in the Integrated Annual Report.

The Board is the custodian of corporate governance across the Group. The Delegation of Authority framework is approved by the Board and reviewed annually. The approved framework and authority levels are implemented throughout the Group. Policies are developed and implemented at Group and subsidiary levels. In cases where policies are required to address specific needs of business, these are developed and applied at business unit level with appropriate Group oversight by the Group executive.

Relationship within a group of companies.



Head Office

Building 2, Oxford Parks,
203 Oxford Road,
Cnr Eastwood & Oxford Roads,
Dunkeld, 2196

Tel: 011 219 9000

www.lifehealthcare.co.za