Remuneration Report 2024

Contents

Our 2024 reporting suite and frameworks

The 2024 reporting suite (and the frameworks and legislation to which it adheres and complies) consists of the following elements and is available on our website.

Integrated Annual Report	Annual Financial Statements	Sustainability Report	**Remuneration Report**
			
Our primary report to stakeholders, provides material information on who we are as a company, why and how we conduct our business, and the value we create for our stakeholders.	Sets out the Group's audited annual financial statements, including the independent auditor's report.	Describes our environmental and social impacts and governance practices, which determine how we run our Company to create value for stakeholders. Provides numerous data points of interest to shareholders, analysts and ESG rating agencies.	Explains our remuneration philosophy and how we implemented this in the current year and prior years.

Remuneration Report

Remuneration governance

Effective remuneration governance is essential not only for attracting and retaining top talent but also for fostering a culture of accountability and trust within an organisation. When remuneration is aligned with strategic objectives and anchored in fairness and transparency, it drives performance, inspires commitment and reinforces the values of the company.

The Board is responsible for the remuneration policy and has delegated responsibility to the Remuneration and Human Resources Committee (Remuneration Committee) for the Company's remuneration practices and associated human resources philosophy. The Committee comprises:

A Mothupi

Chairman of Remuneration and Human Resources Committee

TP Moeketsi

Independent non-executive director

M Sello

Independent non-executive director

F Tonelli

Independent non-executive director

In attendance:

J Ranchhod	Company Secretary

By invitation:

Dr VL Litlhakanyane	Chairman/non-executive director
P Wharton-Hood	Chief Executive
A Parboosing	Chief People Officer

The Committee convenes at least four times annually and is chaired by an independent non-executive director. The constitution of the Committee comprises only independent non-executive directors. In addition to the Committee members, the chief executive and chief people officer of Life Healthcare are permanent invitees. When the need arises, the chief financial officer is invited. Executive management is recused from discussions pertaining to their individual remuneration. Independent external advisers and other internal subject matter experts are invited to attend meetings as needed and when required.

The role and mandate of the Committee

The Remuneration Committee is tasked with the essential responsibility of ensuring that the Company's remuneration practices are fair, responsible and transparent. This remuneration framework is designed to support the achievement of our strategic objectives and foster positive outcomes over the short, medium and long-term.

In assisting the Board, the Committee ensures that the Company's remuneration policies and practices align with its value creation objectives. To maintain fairness and competitiveness in attracting and retaining key talent and critical skills necessary for achieving business results, the Committee benchmarks its practices against the healthcare industry.

To fulfil these responsibilities, the Committee establishes and oversees the implementation of an appropriate remuneration policy that aligns with the principles of good corporate governance. This policy complies with all legislative and regulatory requirements while addressing the specific needs of the Company. It encompasses remuneration across all levels of the Company, including that of executive, non-executive directors and prescribed officers.

Non-binding advisory note

If either the remuneration policy or the implementation report receives a dissenting vote of 25% or more from shareholders during the non-binding advisory vote, the Board will assign representatives to engage constructively with the dissenting shareholders. The purpose of this engagement will be to understand and document their substantive objections and concerns. Subsequently, the Board will evaluate and, where appropriate, amend the policy and/or report. The feedback and proposals received will be considered and any adjustments are subject to Board approval.

Remuneration Report

Chapter 1: Committee Chairman's review

"We recognise that our people are our most valuable asset in delivering high-quality healthcare services and achieving our strategic objectives. Our remuneration philosophy is designed to attract, motivate and retain top talent, ensuring that we have the right skills, values and expertise to meet the evolving needs of our patients and other stakeholders."

In my capacity as the Chair of the Remuneration Committee, it is my pleasure to present the remuneration report for the financial year 2024. This report offers an opportunity to reflect on our significant achievements for the year under review and confirm how we have addressed the challenges we have encountered over the last few years.

The Committee's role has been essential in achieving the delicate balance between attracting, motivating and retaining talent in a challenging healthcare market, while simultaneously aligning remuneration outcomes with operational performance and shareholder interests. Finding this equilibrium is complex, and we endeavour to demonstrate to our shareholders how we have exercised careful judgement in applying our remuneration policies to ensure fair and reasonable outcomes.

In this report, we will focus on our unique value proposition for all levels of employees and outline our approach to reward, which aligns with our business strategy and is closely tied to performance outcomes. We strive to create a remuneration framework that recognises the contributions of employees across the Company, promotes ethical behaviour, encourages collaboration and reinforces our commitment to patient safety, clinical excellence and high-quality cost-effective care.

Over the past two years, we have made significant investments in capturing and communicating our unique value proposition to our employees. This initiative has been delivered through a multi-faceted approach, including launch events and personal contact sessions. This process has provided us with valuable opportunities to engage on a personal level with our employees, particularly during the past year when uncertainties arising from the two-pot retirement system posed risks for unnecessary turnover of critical clinical and other skills. It is this type of personal engagement across the board that not only resonates with all our employees but also inspires them to be their best and live our purpose of ***Making life better***.

Key elements of our remuneration strategy include:

- Performance-based compensation: We believe in linking compensation to individual and organisational performance, thereby aligning the interests of our employees with those of our patients and stakeholders.
- Equity and fairness: Our pay structures are designed to ensure equitable remuneration across all levels of the Company, reflecting our dedication to inclusivity and diversity.
- Regulatory compliance: We adhere to all relevant regulations and best practices in compensation governance, ensuring that our policies are not only compliant but also set a standard for ethical remuneration within the healthcare sector, and as a listed entity.

This report will detail our remuneration framework, highlight the key components of our compensation packages and provide insights into how our remuneration practices support our overall objectives as a healthcare provider. We invite our stakeholders to review this report to gain a deeper understanding of how we value and reward our talented workforce, ultimately driving our mission to deliver high quality, cost-effective care.

Our commitment to fostering an inclusive and diverse workplace remains steadfast. We systematically monitor our progress in alignment with our three-year employment equity plan. I am pleased to report advancements in our employment equity objectives in South Africa and our broader diversity strategy.

Furthermore, I am delighted to announce the successful introduction of our new single incentive plan (SIP), which replaces our previous long-term and short-term incentive plans for senior management. The benefits of this plan include:

- **Alignment of** variable pay principles with **shareholder and management interests**
- Providing a **highly competitive value proposition** for loyal high-performing employees and building significant wealth for them over the longer term.
- **Simplification and consistency** across the Company to enhance understanding, administration and adaptability of our remuneration philosophy.
- **Performance criteria agile** and customised to drive the required business outcomes and performance on an annual review basis.

We successfully bedded down the SIP targets for FY2024 and as detailed in the implementation report, the first allocation of the scheme has delivered pleasing outcomes to participants. The valuable feedback received during consultations with our management team is appreciated, and we remain committed to continuously refining our approach to meet employee needs while driving the company forward. The pleasing results that led to the SIP outcomes also contributed to significant value unlock for our shareholders.

I provide more detail further on in my review, but I am pleased to confirm, at this juncture, that following extensive engagement with shareholders, the Board has amended the SIP hurdles for FY2025, in line with Shareholder guidance and expectations. Specifically, the financial metrics will now be measured against prior year, as opposed to budget.

As previously indicated, the SIP includes a capital efficiency measure of CFROI with a significant weighting (20% for the LHC Executive). The capital efficiency performance measurement will now be averaged over a two-to-three-year period. It is therefore the intention to measure the average two year CFROI in year two and the average three year CFROI in year three against the WACC. This revision is in direct response to shareholders' preference that any capital efficiency metric be measured over a longer period of time.

Further, the Board has approved the introduction of an Exceptional Personal Contribution multiplier within the SIP, to recognise outstanding individual contributions during extraordinary events.

This multiplier allows for an additional individual performance modifier of up to 200%, weighted by the 20% individual assessment weighting. To qualify, an employee must make a significant contribution to the successful execution of the exceptional event, which must in turn generate a shareholder value increase of 10% or more relative to the Company's prevailing market capitalisation, to receive the full 200% additional modifier. The overall SIP performance multiplier will remain subject to the overall Policy cap of 200%. Consequently, this structure enables the potential for an additional award of up to 40% of the target SIP percentage for employees whose contributions are deemed exceptional, provided that the overall SIP multiplier does not exceed the maximum 200% in accordance with the policy.

Despite our successes, we had to deliver on some difficult decisions, notably the section 189 restructuring process implemented at our head office. This process aimed to enhance operational efficiencies and align our organisational structure with our strategic objectives. We believe these necessary adjustments will better position the Company to adapt to the evolving market landscape and drive sustainable growth.

Additionally, I would like to highlight the important decision to dispose of Alliance Medical Group (AMG), finalised at the end of January 2024. This strategic disposal resulted in a special distribution of R6 per share to our shareholders, demonstrating our commitment to delivering value to our investors. I am pleased to confirm that AMG management exited all Life Healthcare (LHC) incentive schemes with "good leaver" status, which facilitated a seamless transition.

In light of the AMG sale, the Board approved an adjustment to the active Long-Term Incentive Plan (LTIP), guided by independent external advice. This adjustment addresses the implications of the AMG disposal on underlying scheme units, ensuring the continued integrity of our remuneration framework and placing participants in the same economic position they held prior to the disposal.

During the year under review, we also announced the successful acquisition of Fresenius Medical Care's (FMC) southern African operations. This strategic move not only enhances our presence in the renal care sector but also strengthens our talent pool. The integration process has proceeded smoothly, with the new renal teams contributing to our enhanced capabilities while driving growth.

Another significant development was the introduction of the two-pot retirement system in South Africa, effective 1 September 2024. This reform aims to encourage the preservation of retirement fund investments while allowing access to a portion of accumulated savings during employees' working years. Recognising the major implications for our employees, the Company collaborated with the retirement fund and its service providers to embark on an extensive communication initiative, informing our employees about these changes. We believe that clear communication is crucial in empowering our employees to make informed decisions regarding their retirement planning, and initial feedback indicates an increase in understanding.

Fair and responsible pay

The Remuneration Committee is committed to establishing a balanced approach that effectively attracts, motivates, and retains key talent while simultaneously delivering a fair return to our shareholders. It is imperative that the remuneration provided to our employees is deemed appropriate, equitable, and responsible. Our reward programmes are meticulously designed to appeal, engage, and retain a diverse, high-performing team, thereby fostering a culture of sustained excellence across the Company.

We continually assess our remuneration structures to identify and rectify any pay disparities, ensuring that our compensation practices remain consistent with our overarching reward philosophy. Please refer to page 9 for more details.

Remuneration Report

Measuring performance applying discretion and updating performance conditions

When the executive Matched Share Arrangements (MSA) were put in place, the Company had two listed direct competitors and the Total Shareholder Return (TSR) of the Company was to be measured against the average of the two competitors. In respect of the December 2023 (tranche 1) vesting, the original conditions were applied against a single competitor as one direct competitor delisted during the review period. The performance conditions were not met and the tranche was forfeited by participants.

However, the Board decided, after much time and deliberation, that the scheme conditions had to be revisited in respect of tranches 2 and 3. This was in response to the concentration risk of inappropriate or unfair outcomes for performance, based on a single comparator especially since this was deemed to be too volatile with unpredictable outcomes, based on minor performance variances. To this end the service of an independent adviser, Bowmans, were retained to advise the Board on an appropriate and fair alternative approach. Based on this advice, the Board has amended the scheme conditions as follows in respect of the remaining tranches:

- TSR will be retained as a measure.
- Netcare will be retained as a single comparator.
- The principle of threshold performance and on-target performance has been introduced where performance threshold is at 75% of the Netcare TSR and on-target performance is at 100% of the Netcare TSR.
- At threshold, 30% vesting will occur with 100% vesting at on-target performance. Linear vesting occurs between threshold and on-target performance.
- In all instances where the TSR of NTC cannot be calculated due to abnormal market conditions, then the TSR percentage of LHC against NTC will be calculated using the share price based on the 30-day VWAP (trading days) of LHC and NTC, with the end date of the 30-day VWAP being the last day before the abnormal market condition became evident or is announced to the market.

Labour efficacy

Our people strategy is thoughtfully aligned with the Company's overarching objectives, with the aim of effectively supporting its strategic goals. Remuneration constitutes a key pillar of our comprehensive employee value proposition. In addition, we are committed to enhancing our offering through various initiatives, including relevant employee benefits, recognition programmes, opportunities for learning and development, and pathways for career advancement.

Wage agreements

The wage agreements that are in place at a number of hospitals are designed not only to align with inflation rates, ensuring that our employees' salaries keep pace with the cost of living, but also to provide fair and competitive remuneration. These arrangements offer the Company a level of stability that is crucial as we navigate the pivotal years ahead. By securing predictable labour costs and enhancing employee satisfaction, we are better positioned to concentrate on our strategic initiatives and realise our long-term business objectives. The Company also successfully concluded salary negotiations with recognised trade unions timeously.

Shareholder engagement

As our remuneration report fell short of the 75% threshold, we proactively undertook robust engagements with our shareholders to understand their concerns, in line with our regulatory obligations, this commitment not only fosters transparency but also ensures that we address reservations and enhance our policies in a manner that aligns with the expectations of our valued investors. Through these engagements, we strive to build stronger relationships and cultivate a mutual understanding that benefits all parties involved.

While the voting outcomes for our remuneration and implementation reports still fall short of the required percentage to meet shareholder support, I am pleased to note an improvement in the level of endorsement compared to 2023. This positive trend underscores our commitment to enhancing our reporting disclosures, as well as our reward framework to better align with shareholder expectations.

Votes in favour of reports:

Report	2021	2022	2023	**2024**
Remuneration report	89.71%	62.06%	26.1%	**47.45%**
Implementation report	63.97%	46.97%	24.9%	**49.56%**

During our engagements with shareholders, we received positive feedback regarding:

- our consistent and open engagement, on both remuneration and human resources matters
- the improved level of disclosure in the Reports, year on year;
- more detailed information about prior years' remuneration arrangements; and
- the linking of performance pay to Company strategy.

Remuneration element	Shareholder concerns and Company's response
Single incentive plan	• While the scheme design generally received support, several shareholders would prefer disclosed targets, in advance, instead of using a non-disclosed budgeted figure. • **The Company has responded positively by amending the actual performance metrics to be measured against "prior year" as opposed to a non-disclosed budget. More details can be found on page 15 of this report.**
Long-term incentivisation	• Shareholders were concerned that the outcome of the LTIP 2021 allocation was too generous and felt the targets should have adjusted for COVID-19's impact. • **The Company explained that no adjustments were made for LTIP 2019 and LTIP 2020, hence penalising participants for LTIP 2021 would have been unfair.**
ESG not included in incentive schemes	• ESG is not included in incentive schemes. • **We are pleased to report that our SIP hurdles now include ESG measures. This ESG assessment includes performance against environmental and social targets. Further details are included on page 15 of this report.**
Weighting for financial metrics in incentives	• Financial measures should have a higher weighting in incentive schemes. • **Financial measures for the Group Executive, as defined on 1 October 2024, now carry a 65% weighting in the SIP, compared to 60% in the LTIP and 50% in the VCP (STI).**
Link between financial performance and remuneration	• Shareholders expressed concern over how the Company deploys capital and the linkage between financial performance and remuneration. • **The SIP now includes a capital efficiency measure of CFROI with a significant weighting (20% for the LHC Executive). The capital efficiency performance measurement is averaged over a two-to-three-year period. It is therefore the intention to measure the average two year CFROI in year two and the average three year CFROI in year three against the WACC. This revision is in direct response to shareholders' preference that any capital efficiency metric be measured over a longer period of time.**
Minimum shareholder requirements (MSR)	• Some shareholders raised concerns about the absence of formal MSRs. • **While no formal policy has been set, this matter has been addressed by extending the vesting period of the SIP for the Group Executive to five years. Further, Prescribed Officers' Shareholding, as detailed on page 25 ranges from 153% to 183% of guaranteed package.**

Activities and achievements in 2024

Executive structure

Following the disposal of AMG, Life Healthcare focused its operations on southern Africa while maintaining our investment in Life Molecular Imaging (LMI). We have merged the Group Executive Committee and the South African Executive Committee into a single Life Healthcare Executive Committee (ExCo) to enhance oversight and strategic growth.

In 2024, representation of black individuals at the Executive Committee level stands at 43%. This illustrates our continuous dedication to achieving optimal inclusion and diversity within our business, fostering a more engaged and productive workforce that contributes to our long-term success.

Salary adjustments 2024

The Board approved the salary mandate with a higher increase for clinical employees in comparison to non-clinical and management, including the executive. Economic factors, company performance, negotiations with funders and competitive pressures were taken into consideration in approving the mandate. The mandate also specifically addresses socio-economic matters such as the Company's minimum wage.

Minimum wage

In line with our commitment to social equity and responsibility, I would like to highlight that the South African mandate specifically addresses important socio-economic matters, including the Company's minimum wage. I am pleased to report that the Company's minimum wage substantially exceeds the South African minimum wage requirements. The increase in the Company's minimum wage was higher than the general salary mandate, and we enforce full compliance across our operations.
This commitment reflects our dedication to ensuring fair compensation for all employees, acknowledging the vital role they play in our success and sustainability.

Remuneration Report

The 5/5 Pay Ratio

On-target remuneration is made up of total annual guaranteed package, on-target short- and long-term incentives, whilst actual remuneration includes guaranteed package, short- and long-term incentive awards and any variable pay including overtime paid during the period under review.

Actual earnings in FY2024 reveal a higher differential due to the vesting of LTIP 2021 allocation at 154.75% versus the LTIP 2020 allocation vesting in 2023 at 20% for the executive and 40% for the balance of the top 5% earners.

In early and voluntary compliance with the recent amendments to the Companies Act, the total remuneration of the highest and lowest paid employees, the average and median total remuneration of all employees and the remuneration gap between the top 5% highest paid and lowest paid employees is disclosed below.

A. On-target remuneration

Lowest 5% earners versus top 5% earners

For every R1 earned by lowest 5%

Top 5% earns R15.67 (FY23: R14.52)

B. Actual remuneration

Lowest 5% earners versus top 5% earners

For every R1 earned by lowest 5%

Top 5% earns R15.97 (FY23: R14.20)

Actual annual remuneration	ZAR
Lowest earner	**90 275**
Median	**339 379**
Average	**499 187**
Highest earner	**34 535 467**[1]

[1] Reported on the basis of payroll remuneration as at the end of September 2024, which differs from the total single figure of remuneration in the implementation report, due to timing differences based on accrual of variable pay compared to cash through payroll.

Non-executive directors' remuneration

An independent benchmarking survey of non-executive directors' fees in South Africa was conducted by Remchannel. This study informed the fee adjustments, resulting in an average increase of 6% across committees, except for the lead independent director, who received a 10% increase. This was approved at the annual general meeting in January 2024.

The increases in non-executive director fees for the international business were ratified during a special general meeting on 5 July 2022, with the understanding that these fees would only be subject to review in the 2024 financial year. The Board approved an average inflationary increase of 4.5% (German) as detailed in the implementation report.

The non-executive director (NED) fees for 2025 will be cognisant of the changes to the Board Committee, effective May 2024, whereby the Risk, Compliance and IT Governance Committee and oversight of the various areas of risk will be delegated to the various existing subcommittees. The Audit Committee will now oversee risk management. Consequently, the Board has merged the Risk, Compliance, and IT Governance Committee into the newly named Audit and Risk Committee.

Employee share plan

The Committee approved a further purchase of LHC shares to the value of R67.5 million in July 2024 for the benefit of permanent employees (below senior management). This resulted in 4 705 440 LHC shares being purchased, which are held in the Life Healthcare Employee Share Trust, with vesting occurring in years five, six and seven. Circa 11 000 employees participate in this Employee Share Plan, and also enjoy any dividend flow, year on year.

Long-term incentive plan

The LTIP 2022 allocation will vest at the end of December 2024. The final LTIP 2023 allocation vests at the end of December 2025. This scheme ends at this point and has been replaced by the SIP.

Diversity and inclusion

The Company implements a range of programmes focused on developing critical skills while concurrently advancing our diversity agenda. Promoting diversity and inclusion remains a key priority, particularly at the senior leadership level. Our commitment to transformation, diversity, and inclusion has yielded encouraging results and is thoroughly integrated into our management practices, encompassing recruitment and reward strategies.

We are pleased to report that female representation in senior leadership roles in South Africa has increased by 5% to 52.5%. Additionally, in LMI, female representation has risen from 30% in FY2020 to 40.9%. The southern Africa business has shown progress with its African, Coloured and Indian representation increasing from 48.1% to 49.4%. These advancements underscore our dedication to fostering a diverse and inclusive leadership environment.

Independent advisers

Throughout the year, we received independent advice from Bowmans, Remchannel, Khokhela and Deloitte. The Committee is confident that their guidance has been both independent and objective.

Governance and compliance

We remain committed to maintaining high standards of corporate governance and complying with all applicable regulations, ensuring alignment between our remuneration practices and legislative requirements.

Looking forward to 2025

The focus areas for FY2025 are strategically designed to ensure that the Committee remains informed of the latest remuneration trends and market best practices, while fulfilling its responsibilities to both employees and shareholders.

Key areas of emphasis will include:

- A continuous review of our reward strategy and remuneration policy to ensure relevance to the Company's current operating environment and to foster retention and a high-performance culture.
- Benchmarking the total reward packages of both non-executive and executive directors, as well as senior management, against a carefully selected comparator group of JSE-listed companies.
- A continued commitment to developing the framework and model for achieving gender and racial pay equity, in accordance with our dedication to fair and responsible compensation.
- Enhancement of the performance management process to ensure alignment with strategic objectives.
- Proactive succession planning for key roles to ensure leadership continuity and sustainability.

These focus areas will strengthen our commitment to equitable remuneration practices and support our strategic objectives moving forward.

Conclusion

In conclusion, I extend my heartfelt appreciation to our management team and all employees for their unwavering commitment during this transformative period. Together, we have built a resilient, well-equipped Company able to seize future opportunities and adeptly navigate challenges.

The Committee has closely monitored the implementation of our remuneration policy and confirms that there were no deviations to report. We are satisfied that we have fulfilled our responsibilities during the reporting period in compliance with our terms of reference, relevant legislation, regulations, and established governance standards.

We remain committed to actively listening to our shareholders and adapting our policies and actions as necessary. This commitment was exemplified in the constructive engagements we held with shareholders for the year under review the enhanced disclosures contained in our remuneration and implementation reports. Moving forward, the Committee will continue to assess and refine the Company's remuneration policies thoughtfully and responsibly, ensuring that we consider the needs of all stakeholders in our decision-making processes.

In consideration of our shareholders' perspectives on remuneration, I invite all shareholders to maintain an open line of communication with myself and the Board regarding remuneration and other strategic issues. Engaging in these discussions will ensure that shareholder concerns are appropriately addressed and adequately reflected in the decisions we make.

We remain committed to a balanced approach to fair and equitable remuneration that aligns with the Company's performance, whilst also ensuring the attraction and retention of top talent. I look forward to another productive year ahead.

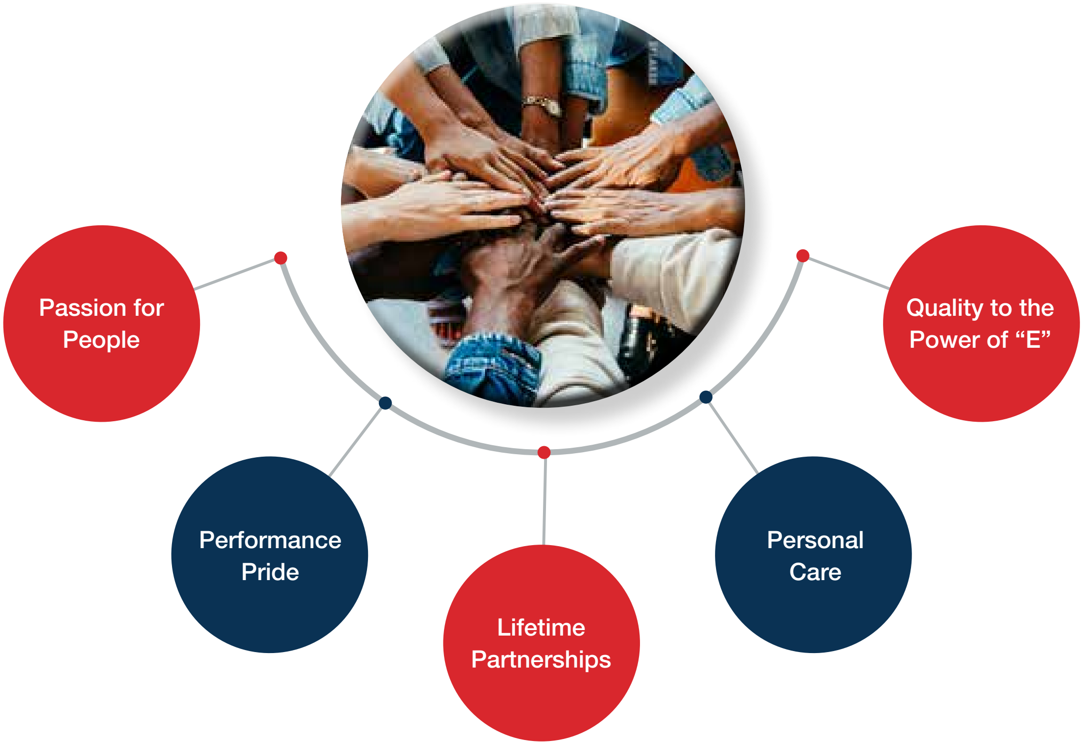
Audrey Mothupi
Chair: Remuneration and Human Resources Committee

Remuneration Report

Chapter 2: Remuneration policy

"This report focuses on remuneration with specific detail on our prescribed officers and general philosophy in respect of our other employees. Disclosure methodology follows the requirements of South African legislation including the JSE Listing requirements and King IV. To provide a more comprehensive view, policies relevant to different levels of employee are included where applicable."

At Life Healthcare, our people are essential to our success, and we foster engagement with our core values:



- Our remuneration philosophy aims to enhance employees' lives, attract and retain high-calibre talent by ensuring fair and sustainable rewards that align with strategic objectives. This is especially vital as we grow into new markets and business areas.

- We champion diversity and inclusion in our remuneration framework, fostering motivation and a sense of purpose focused on "***Making Life Better***." Our pay structures ensure equitable compensation for similar roles, benchmarked against the market's 50th percentile, with potential adjustments for top performers and critical skills.

- Employees progress along the reward curve based on performance and competence, promoting growth in a supportive environment with open communication. Our total rewards programmes emphasise business outcomes, individual contributions, and accountability.

- We uphold the principle of "equal pay for work of equal economic value" while acknowledging factors such as seniority, qualifications, performance and regional pay differentials that may influence remuneration.

- In summary, Life Healthcare is committed to rewarding our workforce fairly, ethically, and in alignment with our core values, ensuring that we support both our employees and the communities we serve.

Remuneration and reward objectives

Remuneration and reward policies and practices aim to be:

Remuneration and reward principles

Our remuneration and reward policies and practices are based on the following principles:

- Motivate and reinforce superior performance;
- Encourage the development of organisational, team and individual performance;
- Develop competencies for future business needs;
- Promote and share the success of the Company;
- Balance the remuneration mix to ensure Life Healthcare achieves its strategic objectives; and
- Be fair and non-discriminatory.

Life Healthcare's commitment to fair and equitable pay

Life Healthcare is dedicated to ensuring fair and equitable pay through several key practices aligned with our evolving context and workforce needs.

- **Adherence to wage standards:** We uphold minimum wage laws and strive to transition towards living wage standards where feasible.
- **Competitive salary mandates:** Our salary structures prioritise rewarding our lowest earners while offering market-related pay increases.
- **Independent benchmarking:** We utilise reputable external reward benchmarking tools and advisors to maintain transparency and consistency in our compensation decisions.
- **Job grading:** All jobs are evaluated using the global Hay Grading System to ensure internal equity.
- **Equal pay analysis:** We conduct assessments to mitigate unfair pay discrimination, ensuring fair compensation for work of equal value across demographics.
- **Geographic pay adjustments:** Pay structures are adjusted based on local market conditions to ensure competitiveness regionally.
- **Share ownership opportunities:** We promote share ownership through long-term incentive plans for senior management and an employee share plan for eligible employees.
- **High performance recognition:** We invest in high performers, allowing opportunities for base salaries above market rates.
- To continually assess our remuneration practices, we consult market survey providers and external remuneration experts, considering factors such as industry trends, financial performance, and legislative requirements.
- Our total compensation package is designed to be flexible, catering to a diverse business environment while linking rewards to individual, Company, and organisational performance. Our ultimate objective is to balance the need to attract and retain top talent with financial sustainability.

Remuneration Report

Elements of reward

Life Healthcare follows a holistic, balanced approach across the following remuneration elements.

Current Life Healthcare remuneration landscape

Reward description	Duration	Employees	Middle management	Senior management	Executives
Guaranteed remuneration	Ongoing	Yes	Yes	Yes	Yes
Short-term Incentive – VCP	Annual	No	Yes	No	No
Employee share plan	Annual	Yes	Yes	No	No
LTIP 2022 allocation	Vesting 31 Dec 2024	No	No	Yes	Yes
LTIP 2023 allocation	Vesting 31 Dec 2025	No	No	Yes	Yes
SIP (short and long term)	1 Oct 2023 onwards	No	No	Yes	Yes
Matched share arrangements	Final vesting for prescribed officers 31 Dec 2025	No	No	No	Selected executives as disclosed
Co-investment policy (CIP)	Vesting 1 Dec 2025	No	No	Selected top talent as disclosed	Selected top talent as disclosed

Elements of reward		Additional detail
Guaranteed pay	Guaranteed pay is influenced by the scope of the role and the knowledge, skills and experience required for a position. The packages are benchmarked against the market median which is determined through external market research. Higher benchmarks, up to the 75th percentile, may apply for critical and core skills and key talent.	See page 12
Short-term incentives (STI)	Short-term incentives, via our Variable Compensation Plan (VCP), with performance metrics which are as per the SIP. This scheme is aimed at middle management and is cash settled.	See page 18
Long-term incentives (LTI)	**Historical long-term incentive plans (LTIP)** • Our LTIPs, aimed at executives and senior managers, are designed to motivate long-term sustainable performance, retain business-critical and talented employees, whilst also aligning management and shareholder interests. • The 2022 and 2023 LTIP allocations are still active and vest at the end of 2024 and 2025 respectively. • This scheme has been replaced by the SIP.	See page 19
Single incentive plan (SIP)	The SIP combines both short- and long-term incentives and reward is based on the performance outcomes for each financial year using a balanced scorecard, with both financial and non-financial objectives including individual performance targets. This is aimed at senior management and the executive and is settled in cash and deferred shares.	See page 13
Other share schemes	• Unvested company matched shares (MSA) – retention initiative for select participants, to encourage shareholding. • Co-investment policy (CIP) – once-off retention scheme for selected individuals. • Employee share plan – retention scheme for employees under senior management, i.e. who do not participate in the SIP.	See pages 18, 21, 22
Total reward	Providing competitive and attractive total compensation with a portion paid over the medium to long term.	

Guaranteed package (GP)	
Context	**South Africa** In South Africa, guaranteed pay refers to the fixed compensation, which remains constant irrespective of individual performance or the Company's financial success. Total guaranteed pay includes basic salary and permanent benefits for most roles, while certain senior management and executives receive remuneration on a cost-to-company basis. For permanent employees below senior management, benefits may include subsidisation for compulsory medical aid, company contributions to retirement funds (covering death and disability), a guaranteed 13th cheque, and travel or cellphone allowances where applicable, as well as specialist and market retention allowances for key skills. We offer a comprehensive benefits programme that supports employees and their families in health, retirement, income protection, and paid time off. The specifics of guaranteed pay are outlined in an employee's employment contract and comply with South African labour laws. **Europe** In Europe, guaranteed pay generally refers to the fixed remuneration an employee is entitled to receive, irrespective of the individual performance or the Company's financial success. This encompasses base salary as well as certain fixed benefits such as pension and health insurance contributions, holiday pay, and bonuses that are contractually guaranteed. The specifics may vary by country due to differing labour laws and regulations regarding minimum wage, employment contracts, and bonus structures, but the fundamental aspect remains that guaranteed pay is assured within the terms of employment. **USA** In the United States, guaranteed pay generally refers to the base salary or wage that an employee is assured of receiving as part of their employment agreement, typically unaffected by performance metrics or the Company's financial results. It encompasses the regular compensation paid to an employee, which can include hourly wages or an annual salary, and may also feature fixed bonuses or other benefits that are expressly defined in the employment contract. However, it is important to note that certain roles, particularly those involving commission or performance-based incentives, may have a variable component that is not classified as guaranteed pay. **Each of these definitions underscores the concept of fixed compensation that employees can rely on, providing a fundamental aspect of their overall remuneration package.** **Guaranteed pay is influenced by the scope of the role and the knowledge, skills and experience required for the position and benchmarked against internal and external peer groups.**
Type	Fixed
Participants	All employees in the Company.
Desired outcome	To offer competitive market-related salaries to attract, retain and motivate talented and high-performing employees to support Company strategy.
Consequences	No increases awarded to employees who do not meet individual performance outputs.

Single incentive plan (SIP)

Context	The SIP applies a balanced scorecard approach, focused on rewarding the achievement of short and long-term strategic, financial and non-financial objectives in the one-year business plan aligned to the strategic focus areas.
Type	Variable
Participants	This incentive is aimed at executive and senior managers who have a more strategic focus.
Composition of pay	The targeted percentage for the prescribed officers is as follows:

Allocation	Targeted % of guaranteed package	Targeted % of guaranteed package during transition period[1]
CE	160	180
CFO	145	161
Chief Strategy and Growth Officer[2] (CSGO)	127.5	141.5

[1] Please refer to page 17 under the SIP definitions.
[2] The CE SA moved into this role effective 1 April 2024, following the executive restructure.

Performance measures

The following performance measures and respective weightings for the ExCo members[2] are shown below:

	Financial measures			Non-financial measures		
Allocation	**Capital efficiency (CFROI)**	**Normalised Group HEPS**	**EBITA**	**Life core purpose**	**ESG**	**Individual performance**
2024	20%	15%	30%	10%	5%	20%
		65%			35%	

[2] All executives as appointed into the new structure, are measured on 65% financial, 35% non-financial, however the distribution of weightings between performance measures differ for the Group Executive (prior to the restructure).

Award tables

FY24 versus FY25

Financial metrics: The financial measures are set against stretch targets. These are assigned ratings from 0 to 9, with a maximum weighted award of 200%.

The performance multiplier for the EBITA and HEPS performance measures has been reduced from 50% to 10% for the LHC Exco. This reflects that the threshold requirements for these measures are set to rebased prior year performance, without any growth factor applied. The performance multipliers for all other performance measures remain at 50% for threshold performance.

	FY2024		(Revised) FY2025		
% Plan achieved (stretch target)	**Rating**	% Payment	% Plan achieved (stretch target)*	**Rating***	% Payment*
<90	2.00	0.0	<90	2.00	0.0
90.0	3.00	50.0	94.6	3.00	10.0
93.3	4.00	66.7	96.4	4.00	40.0
96.7	5.00	83.3	98.2	5.00	70.0
100.0	6.00	100.0	100.0	6.00	100.0
103.3	7.00	133.3	101.2	7.00	133.3
106.7	8.00	166.7	102.4	8.00	166.7
110.0	9.00	200.0	103.6	9.00	200.0

* Linear vesting will apply between the intervals, as detailed above.

Remuneration Report

Single incentive plan (SIP)

Award tables FY2024

Non-financial metrics: ESG metrics are incorporated into the incentive scheme to ensure the Company's commitment to environmental, social and governance responsibilities. This is specific to the FY2024 metric of a reduction in carbon emissions.

% Plan achieved (stretch target)	Rating	% Payment
>0	2.00	0.0
0.0	3.00	50.0
-1.00	4.00	66.7
-2.00	5.00	83.3
-3.00	6.00	100.0
-3.33	7.00	133.3
-3.66	8.00	166.6
-4.00	9.00	200.0

Personal performance ratings: These are assigned after annual performance meetings at which individuals' performances are assessed against their objectives for the year. The awards for the LHC Executive (as of 1 October 2023) are as follows:

Performance rating	Rating	% Payment
Excellent	7	200
Exceeds standard requirements in most cases	6	167
Exceeds standard requirements in some cases	5	133
Meets standard requirements	4	100
Fulfils most key job requirements	3	50
Does not satisfy many job requirements	2	0
Performance is completely inadequate	1	0

Single incentive plan (SIP)

Award tables FY2024

2024 SIP Performance Conditions

Performance measure		Threshold (50%)	Target (100%)	Stretch (200%)
Financial measures	EBITA achievement against budget	**90%**	**100%**	**110%**
	Normalised Group HEPS against budget	**90%**	**100%**	**110%**
	Capital efficiency (CFROI)	**Prior year**	**WACC + 1%**	**WACC + 2%**
Non-financial measures	Life core purpose • Core bundle compliance • Patient satisfaction index	**90% achievement of targets results in capped 100% payment**		
	ESG assessment A decrease in total carbon emissions using 2023 figures as baseline	**0%**	**-3%**	**-4%**
	Group executive performance rating	**3**	**4**	**7**

Award tables FY2025

Revised 2025 SIP Performance Conditions for the Exco

Performance measure		Threshold (10%)	Target (100%)	Stretch (200%)
Financial measures*	EBITA achievement against rebased prior year	**Rebased PY**	**Rebased PY + CPI + 2%**	**Rebased PY + CPI + 5%**
	Normalised Group HEPS against rebased prior year	**Rebased PY**	**Rebased PY + CPI + 2%**	**Rebased PY + CPI + 5%**

Performance measure		Threshold (50%)	Target (100%)	Stretch (200%)
Financial measures	Capital efficiency (CFROI)**	**WACC**	**WACC + 1%**	**WACC + 2%**
	Working capital management: against a target of cash generated from operations	**90%**	**100%**	**110%**
Non-financial measures	Life core purpose • Core bundle compliance • Patient satisfaction index	**90% achievement of targets results in capped 100% payment**		
	ESG assessment *Weighted performance against agreed targets* • Environment: *Solar roll-out* • *Social: people Investment in nurse training and development* • Social: people *Diversity in employment* • Social: doctors *Diversity in recruitment* • Social: community *B-BBEE procurement spend* • Social: health and community *CSI spend*	**90%**	**100%**	**110%**
	LHC Executive performance rating***	**3**	**4**	**7**

* The Board approved a rebasing of prior year to ensure that profit in FY2024 and FY2025 are comparable.
** The capital efficiency performance measurement will now be averaged over a two-to-three-year period. It is therefore the Company's intention to measure the average two-year CFROI in year two, and the average three-year CFROI in year three, against WACC. This revision is in direct response to shareholders' preference that any capital efficiency metric be measured over a longer period of time.
*** A potential Special Event adjustment may be made to the individual score as more fully disclosed in the Committee Chairman's letter on page 3.

Remuneration Report

Single incentive plan (SIP)	
Delivery of pay	Award is delivered as follows: 50% Cash 50% Deferred (LHC shares are purchased in the open market and held in a trust until vesting). Dividends flow from date of purchase of deferred shares and vesting occurs based on continued service. • The deferral during the transition period for the Group Executive (members as defined at inception of the SIP, i.e. 1 October 2023) is 55% for the first five years. Deferral will revert to 50% thereafter.
Desired outcome	The objectives are to motivate long-term sustainable performance and retain business-critical and top talented employees.
Consequences	Malus and clawback clauses are included.

Definitions of SIP performance metrics	
EBITA*	Earnings before tax, interest and amortisation expense. Depreciation is included to capture the impact of poor investment decisions.
Normalised Headline Earnings per Share (NHEPS)*	This measure is the Company's reported NHEPS and is the same as the normalised EPS (NEPS) measure that is reported in the financial results. It will be adjusted for acquisitions and disposal as approved by the Board. Per Group audited annual financial statements, adjusted for acquisitions and disposals, with any exceptions to be approved by the Board Remuneration Committee.
Cash flow return on investment (CFROI)	This is a valuation metric that measures operating cash (free cash) relative to invested capital. The measurement will be calculated after adjusting for capital expenditure of a strategic nature, where it is expected that several years will elapse before the project yields a cash flow return above the Company's weighted average cost of capital (WACC). The CFROI and WACC calculation will be agreed annually at the Board Remuneration Committee and Board Investment Committee respectively and a policy to address adjustments will be developed and tabled at the Board Investment Committee to ensure standard application of the principles.
Working capital management	Cash generated from operations measured against budget for the financial year. Cash generated from operations is calculated as gross cash flow from operating activities, adjusted for movements in working capital (inventories, accounts receivable, accounts payable and provisions)

* EBITA and NHEPS will be measured against rebased prior year for FY2025, as opposed to budget.

Definitions of SIP performance metrics

Environmental, social and governance (ESG) factors for FY2024

Focus on our environmental and social impact, including health and safety, the environment (electricity and water efficiencies) and people. Caring for patients, development of employees and supporting diversity and inclusion across all levels in the Company remains a key priority. Targets will be objective, assured and credible to business objectives.

For FY2024, this metric will be calculated by dividing the total carbon emissions by a blended activity level for the SA business.

Targets will be set against the prior year's outcomes.

The carbon emissions for Life Healthcare and Life Nkanyisa comprise scopes 1, 2 and 3 which are water, waste and energy. The scope for FY2023 baseline figure as reported in the annual integrated report is outlined below:

Scope FY23	Includes	Weighting %	Tonnes CO_2e
1	Heavy fuel oil, diesel, petrol, liquid petroleum gas, refrigerant gases	**9.11**	**15 256**
2	Purchased electricity, municipal water withdrawal	**87.83**	**147 037**
3	Coal from central laundry, waste to landfill, borehole water withdrawal, third party water withdrawal	**3.06**	**5 359**
	Total carbon emissions	**100.00**	**167 650**

Environmental and social targets for FY2025

Pillar	Weighting	Measure	Target
1 **Environment**	50%	Solar PV roll-out	**9 MWh** installed in FY2025
2 **Social**	10%	Investment in nurse training and development	**R65 million**
People	10%	Diversity in employment	**3%** improvement in senior management ACI representation
Doctors	10%	Diversity in recruitment	**70%** ACI doctors recruited
Community	10%	B-BBEE procurement spend	**80%** of total measurable procurement spend on B-BBEE enterprises
	10%	CSI spend on health and community	**R115 million**

Life core purpose measures

(Remains the same as FY2024)

Considers the clinical and other patient centric outcomes which are of paramount importance and drive long-term sustainability. The specific performance measures and targets will be set annually per country.

South Africa

The following two sub-elements will have an equal weighting:

1. Care bundle compliance (50% weighting)

- Ventilator Associated Pneumonia (VAP) bundle compliance
- Catheter Associated Urinary Tract Infection (CAUTI) bundle compliance
- Central Line Associated Blood Stream Infection (CLABSI) bundle compliance
- Surgical Site Infection (SSI) bundle compliance

The target for FY2024 and FY2025 is **95%**.

2. Patient experience (50% weighting)

The target for FY2024 and FY2025 is **8.4**.

Transition arrangement

As a transition measure, a modest enhancement is applied for the first five years of the SIP for the Group Executive as it was constituted on 1 October 2023, to mitigate the cash flow impact due to the vesting period being extended from three to five years.

The deferral over this transition period will be 55% and the enhanced allocation as a percentage of guaranteed package is as follows:

CE	180%
CFO	161%
Other Group Executive	141.5% or 132.5% based on level

[1] Group Executive are eligible executive members as defined at inception of the SIP, i.e. 1 October 2023.

Remuneration Report

Short-term incentive (STI)	
Context	The VCP focuses on rewarding the achievement of short-term strategic, financial and non-financial objectives in the one-year business plan aligned to strategic focus areas.
Type	Variable
Participants	This is aimed at middle management only.
Composition of pay	The targeted award per level is based on base salary x 13. Performance measures include both financial and non-financial measures and are aligned to the same performance criteria and conditions as the SIP. The level of achievement determines the payment against each weighted Company performance measure.
Delivery of pay	VCP comprises a cash payment that is payable after finalisation of audited annual financial results, normally in November of each year.

Employee share plan (ESP)	
Context	Commencing in 2012, the Company has funded, via a trust, the purchase of shares on an annual basis for the benefit of employees.
Type	Variable
Participants	Permanent employees who belong to the Life Healthcare retirement funds and have one year or more unbroken service. Executive and senior management who participate in the SIP do not participate in the employee share plan.
Composition of pay	The LHC shares are held in a trust until years five, six and seven, where vesting will occur provided participants are still in the employ of the Company. Year 5: 25% of rights to shares Year 6: 25% of rights to shares Year 7: 50% of rights to shares Dividends flow to the participants from inception until vesting. The shares, or after-tax equivalent in cash, are transferred from the trust to the employee at vesting.
Desired outcome	The aim of the ESP is to retain employees in the long term, reward and recognise loyal and long serving employees financially and allow employees the opportunity to share in the success of the Company.
Consequences	No shares are awarded to employees who resign from the Company prior to vesting. Employees who leave due to no-fault termination still qualify for pro-rata right to shares at date of exit.

Historical unvested incentive schemes

Long-term incentive plan (LTIP)

Context	The notional performance share scheme is designed to align management and shareholder interests and grow shareholder value. The objectives are to motivate long-term sustainable performance and retain business-critical and top talented employees. This scheme was replaced by the SIP and only the 2022 and 2023 allocations are still active, with vesting occurring at the end of December 2024 and December 2025. The 2021 allocation vested at the end of December 2023. The scheme will no longer apply after the vesting of the 2023 allocation.
Type	Variable
Participants	This incentive is aimed at executive and senior managers who have a strategic focus.
Composition of pay	The LTIP is a notional performance share scheme with a three-year performance and vesting period. Settlement is in equity in South Africa and either cash or equity for International (depending on the allocation). The performance measures and weightings are reviewed annually to ensure appropriate alignment to the strategic goals of the company. The allocation value was influenced by earnings, tier, individual performance and the Life Healthcare share price on the JSE using a 30-day VWAP preceding date of allocation. The value of the award is set to realise a targeted percentage of guaranteed package at vesting, assuming the targeted performance levels are achieved. The targeted percentage reward for the Prescribed Officers is as follows:

Allocation	Targeted % of guaranteed package
CE	**80**
CFO	**80**
CSGO	**70**

Performance measures	The performance measures and respective weightings for the Group Executive[2] for the active allocations are as follows:

Allocation	Normalised Group HEPS	Retention shares	Life core purpose
2021[1]	60%	20%	20%
2022	60%		40%
2023	60%		40%

[1] Vesting of the LTIP 2021 scheme occurred at the end of December 2023. Please refer to the implementation report, page 31.
[2] Group Executive are eligible executive members as defined prior to the announcement of the new executive team.

Long-term incentive plan (LTIP)

Vesting outcomes

The vesting outcomes for the two active long-term allocations are as follows:

Normalised Group HEPS

For the LTIP 2021 and LTIP 2022 targets, growth of NHEPS should exceed average headline inflation (CPI), with linear vesting between criteria. The targets for the LTIP 2023 allocation are cognisant of the trading environment, and as a result, targets are set as absolute measures, based on targeted compound annual growth rates.

Targets per allocation are tabled below:

CPI plus %	2021 and 2022 allocation award vesting outcome	
<2	0.0%	No vesting
2	60.0%	Threshold
3	80.0%	
4	100.0%	On-target
5	105.0%	
6	112.5%	
7	125.0%	
8	140.0%	
9	165.0%	
10	200.0%	Outperformance

Actual CAGR %	2023 allocation award vesting outcome	
<1	0%	No vesting
1	50%	Threshold
2	100%	On-target
3	150%	
4	200%	Outperformance

LTIP 2021 and 2022 is measured on a three-year rolling average, while the 2023 allocation is measured on an end-to-end basis between date of offer and vesting.

Retention shares (LTIP 2021 allocation)

No performance conditions, however, subject to continued service.

Life core purpose measures (LCP)

Vesting is based on the average performance over three years from date of allocation.

The LCP measure reflects the extent to which the Company achieves clinical measures that drive long-term sustainability. Country-specific measures and targets are set, which are aggregated to form a Company score against which the CE and CFO are measured.

Full vesting takes place on achievement of 90% or higher against target applying a three-year rolling average between offer and vesting. If country has two or more measures, these will have equal weighting between the measures.

Country	LCP measure	Target
South Africa	Patient adverse event rate per 1000 admissions	**2.6**
	Patient experience (LTIP 2021 and 2022 allocations)	**8.4**
	Care bundle compliance (LTIP 2023 allocation)	**95%**
LMI	Dose reliability performance	**95%**

International employees were treated as good leavers following the disposal of AMG in January 2024, no performance conditions were applied and they have been settled.

Desired outcome

Motivate long-term sustainable growth and align management and shareholders' interests by promoting shareholding.

Consequences

Employees who do not meet individual performance outputs receive no allocation. No shares will vest if performance conditions are not met. Malus and clawback clauses are included.

Co-investment policy (CIP)

Context	A once-off allocation was made in 2021 and 2022 to promote retention and employee ownership through an invitation to invest in the Company and acquire shares by deferring a sizable portion of actual STI (70% of bonus).
Type	Variable
Participants	A select group of executives and senior managers who are critical to retain due to their ability to influence the long-term performance and sustainability of the Company.
Composition of pay	Additional restricted Company matched shares and performance/conditional shares were awarded to participants based on the individual's deferral of their FY2021 and FY2022 STI bonus respectively. The shares were purchased in the market and are held in a trust and vest in December 2025. Extended notice periods and restraints of trade are applied. The bonus and matched shares hold no performance conditions besides continued employment. The performance shares will however only vest if performance conditions are met.
Desired outcome	Promotes retention and employee ownership of key critical skills.
Consequences	Should participants resign prior to vesting, the matched and performance shares are forfeited. Bonus shares are retained.
Performance conditions on performance shares	For vesting of performance shares, the LHC TSR needs to be within 75% of the NTC TSR, measured over the vesting period.

<table>
<tr><th colspan="2">Matched share arrangement (MSA)</th></tr>
<tr><td>Context</td><td>In 2020, the Company offered a once-off opportunity of Company-matched shares based on personal investment.</td></tr>
<tr><td>Type</td><td>Variable</td></tr>
<tr><td>Participants</td><td>A select group of four executives</td></tr>
<tr><td>Composition of pay</td><td>The matched shares are restricted and held in a trust account with vesting occurring in equal tranches, after years three, four and five, provided certain performance conditions are met.
<table>
<tr><th>Executive</th><th>Performance conditions</th></tr>
<tr><td>CE, CFO and CSGO</td><td>

To remain in service for at least five years and to groom a successor.
To retain a level of investment in Company shares of at least the initial investment over the vesting period.
Total shareholder return (TSR) of the Company from date of engagement to vesting dates in relation to the TSR of NTC, should be as follows:

<table>
<tr><th>Performance level</th><th>Measurement outcome of LHC TSR against NTC TSR</th><th>Vesting outcome</th></tr>
<tr><td>Below threshold</td><td><75%</td><td>0%</td></tr>
<tr><td>Threshold</td><td>=75%</td><td>30%</td></tr>
<tr><td>On-target</td><td>100%</td><td>100%</td></tr>
</table>
In all instances where the TSR of NTC cannot be calculated due to abnormal market conditions, then the TSR percentage of Life Healthcare against NTC will be calculated using the share price based on the 30-day VWAP (trading days) of LHC and NTC, with the end date of the 30-day VWAP being the last day before the abnormal market condition became evident or is announced to the market.
</td></tr>
</table>
[2] The details of the exit of the CEO International are outlined in the implementation report.</td></tr>
<tr><td>Desired outcome</td><td>To retain the executives and encourage shareholding in the Company, thus aligning to shareholder interests.</td></tr>
<tr><td>Consequences</td><td>Should participants resign prior to vesting, the matched and performance shares are forfeited.</td></tr>
</table>

Additional benefits include:

Life Healthcare offers a range of additional benefits, which include:

Additional benefits	
Leave benefits	Annual leave, study leave, compassionate leave, sick leave and generous maternity and parental leave.
Professional registration fees	Support to professional staff to deliver our purpose, whereby the Company pays professional fees that are a requirement to practice in our business e.g., SANC registration fees.
Long service awards	Long service awards recognise and reward long-serving employees.
Uniforms	Stylish and functional uniforms are provided to front-line staff to enhance their professional image.
Career progression	The Company has an **employee bursary programme** in place to financially support employees who wish to upskill to better respond to our industry and patient needs. The Company has **partnered with tertiary institutions** to address skills shortages critical to business continuity and encourages employees to explore alternative career paths and career progression. These include in-house programmes such as management, nurse manager, theatre manager and corporate real estate & infrastructure development programmes. The **college** is a registered private higher education institute with the department of higher education and training. Our seven learning centres are situated in the major centres in South Africa. Our innovative theoretical and clinical training ensures that our students receive excellent education and training. The college supports clinical competency through the implementation of the clinical education framework for qualified nursing in LHC. Life Healthcare has a **management and leadership development framework** in place to support our dynamic learning environment across all our employee levels. In addition, we have a **dependant tertiary bursary** available to financially assist lower earning employees' children. **Professional career paths** allow employees to advance in their profession as opposed to general management.

Chapter 3: Implementation Report

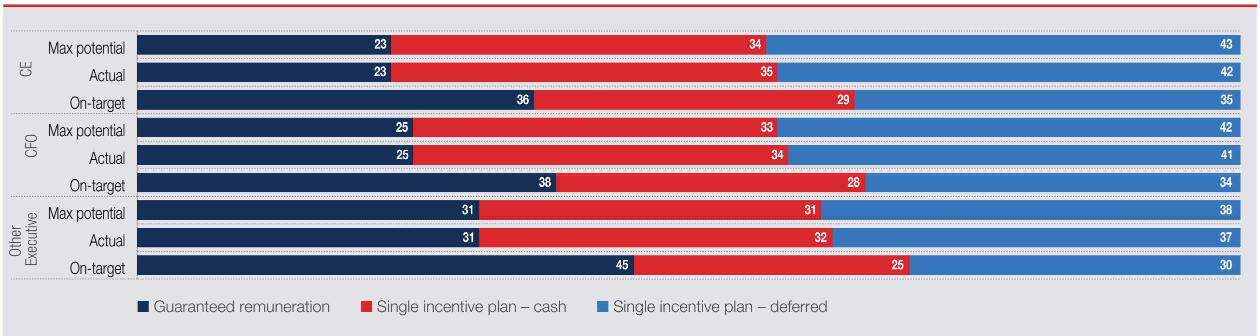
In this section we provide details of the various reward elements that occurred during the current year, broken down into discrete parts.

Part 1: Guaranteed remuneration

Pay mix

The total pay mix for the executives reporting to the CE under the SIP is depicted graphically below and includes the enhancement applicable during the transition period (effective FY2024 to FY2028).

Remuneration mix
(%)



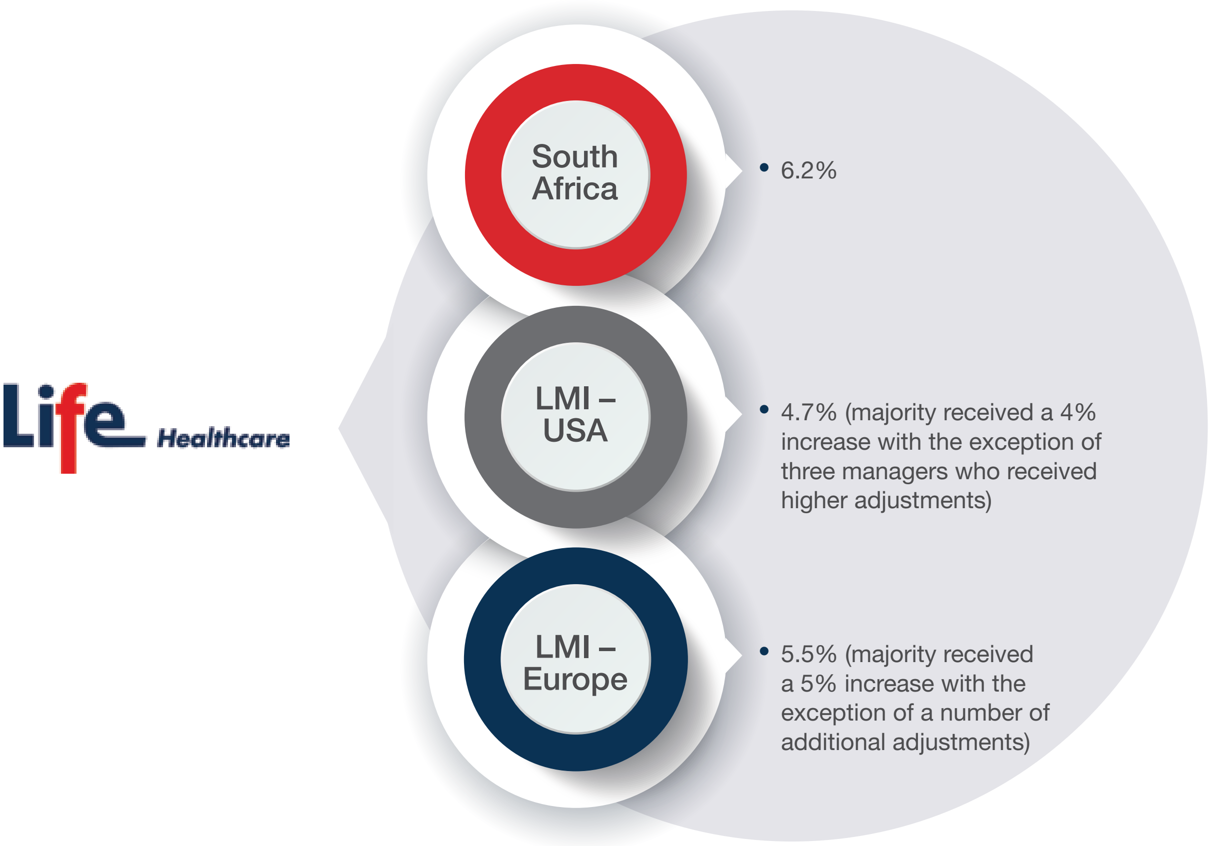
Employment contracts

Executive employment contracts are typically set as follows:

- A six-month notice period.
- A three-month global restraint of trade.
- A twelve-month undertaking to refrain from the recruitment of Life Healthcare employees.

Annual increases

The annual increases granted per country were as follows:



The year-on-year change in GP paid to directors is tabled below:

	% change	
Executive directors	**6.0**	Except for the company secretary, who received a 10% increase due to an expanded portfolio that includes legal
Non-executive directors	**6.0**	**SA** – except for the lead independent director, who received a 10% increase due to market lag
	4.5	**International** – across the board

Total prescribed officers shareholding

	Total direct shareholding	Value of shareholding as a percentage of guaranteed package[1]
P Wharton-Hood	**1 132 017**	**183%**
P van der Westhuizen	**767 924**	**175%**
A Pyle	**546 283**	**153%**

[1] Using a share price of R16.00 as of 30 September 2024.

Remuneration Report

Total single figure of remuneration – executive directors and prescribed officers

Payment to prescribed officers for the period 1 October 2023 to 30 September 2024, which includes annual salary adjustments in January 2024, for services rendered as set out in the table below. It should be noted that these payments reflect cash payments made to or earned by directors during the financial year and therefore all variable-pay components are reflective of performance measurements relating to previous periods.

Prescribed officer R'000	FY	Salaries	Benefits	**Guaranteed remuneration**	Long-service award	Performance retention shares	Dividends received[2]	Director fees[3]	VCP/SIP cash earned [4]	Vesting of long-term incentives[5]	Early vesting payments at exit	Matching share first vesting	**Total other**	**Single figure remuneration**	**SIP equity deferred[4]**
P Wharton-Hood	FY2023	8 782	551	**9 334**	–	–	1 152	56	9 892	–	–	–	**11 099**	**20 433**	**–**
	FY2024	9 327	507	**9 834**	–	–	10 631	176	14 694	14 752	–	–	**40 253**	**50 087**	**17 960**
P van der Westhuizen	FY2023	6 199	328	**6 527**	–	–	559	56	5 720	1 722	–	–	**8 057**	**14 585**	**–**
	FY2024	6 587	346	**6 933**	4	–	5 724	176	9 691	13 017	–	–	**28 612**	**35 545**	**11 845**
A Pyle	FY2023	5 037	226	**5 264**	1	153	358	–	4 098	1 009	–	–	**5 620**	**10 884**	**–**
	FY2024	5 375	242	**5 617**	–	–	3 906	–	6 412	9 546	–	–	**19 863**	**25 481**	**7 837**
M Chapman[1]	FY2023	7 316	1 011	**8 327**	–	–	566	–	5 450	1 275	–		**7 291**	**15 618**	**–**
	FY2024[1]	2 642	323	**2 965**	–	–	263	–	–	8 626	19 144	2 017	**30 049**	**33 014**	**–**

1 M Chapman's earnings for FY2024 are based on actual earnings from 1 October 2023 to 31 January 2024 (date of AMG exit). Four-month average exchange rate of £1:R23.438271 used to calculate M Chapman's remuneration.
2 Gross dividends that accrued and were paid to prescribed officers in respect of matching and co-investment shares.
3 Directors' fees paid to the chief executive and chief financial officer for attendance at three international Board meetings during the financial year @ £2 500 per meeting. Exchange rate of £1 = R23.52.
4 Details of the SIP outcomes are detailed in part 2.
5 Details of the LTIP vesting of the LTIP 2021 allocation at the end of December 2023 are included in part 3.

Performance objectives of the Executive

Quality

- To drive and maintain the highest standards of patient care, quality of treatment, and outcomes, as measured by clinical metrics such as patient satisfaction, clinical outcomes, and accreditation ratings
- Deliver clinical excellence and leading patient experience – ensuring patients receive positive and compassionate experience through their care journey, measured by patient satisfaction surveys and patient feedback metrics

Efficiency

- Deliver operational excellence
- Improved operational efficiencies to grow normalised EBITDA margin
- Continue to enhance the Company's technological capabilities, supporting strategic initiatives through effective IT delivery, focusing on timely execution, budget management, quality outcomes, innovation and risk mitigation

Growth

Continue to grow non-acute revenue through select acquisitions and organic growth opportunities, including:

- Completion of further imaging acquisitions
- Drive continued growth while diversifying revenue and earnings
- Focus on further growth in sales in the LMI business

Sustainability

- Ensure the long-term viability and sustainability of the Company
- Addressing shareholder concerns
- Prioritising people: drive organisational commitment to people development, increasing the representation of a diverse workforce enhancing diversity and inclusion, especially in leadership positions
- Enhance ESG targets in the SIP to hold management accountable for responsible environmental and social imperatives

Executive Scorecard for FY2024

Chief Executive performance against key metrics

Deliverable	Performance overview

During the year under review, the healthcare sector remained challenging, characterised by heightened increased competition in a stagnant insured market, the introduction of new regulations, and a rapidly evolving environment. In South Africa, public infrastructure shortcomings, such as water shortages and electricity provisioning issues, continue to impact the sector.

There is also a persistent challenge in training, recruiting, and retaining of healthcare professionals, especially nurses, leading to a shortage of skills.

Furthermore, the introduction of the two-pot retirement system later in the year, allowing employees to withdraw a portion of their pension funds early, has likely contributed to higher staff turnover, placing additional strain on our human resources and retention efforts.

Despite the external challenges, FY2024 has been transformational for the Group, with a pivotal advancement in the Company's strategic positioning. Throughout this period, we have remained committed to achieving our financial, strategic, and operational objectives. Further details regarding the achievements of our Chief Executive and the leadership team are outlined below.

Financial stability

Delivery on FY2024 budget	The Group has exceeded its budgeted financial targets for the year. The strong performance was as a result several factors. The significant ones are as follows: • Strong revenue growth in southern Africa because of the impact of the network deals concluded in 2023, the recruitment of additional specialists to practice at our facilities and conclusion of the acquisition of the renal business of Fresenius Medical Care and further imaging practices. • Conclusion of a sub-license agreement for one of LMI's products RM2 for an upfront fee of $36 million. • Impact of the AMG disposal on the net debt position, which has resulted in lower than expected interest cost.

Strategic delivery

Increasing non-acute revenue	Life Healthcare achieved a significant milestone with the acquisition of FMC SA's renal business, positioning the company as the second-largest renal dialysis provider in the market. Additionally, Life Healthcare has established itself as the second-largest private mental healthcare provider and is recognised as a leader in the oncology, imaging, nuclear medicine, and radio-pharmacy sectors. The company's growth in imaging and nuclear medicine within South Africa has been notably bolstered by the successful completion of further acquisitions. Looking ahead, commercial production in the radio-pharmacy space is set to commence in 2025, further enhancing Life Healthcare's capabilities and market presence.
Delivering the Life 2.0 management structure	The restructured Life 2.0 leadership features the most diverse executive committee in the organisation's history (43% ACI). This revised structure positions Life Healthcare to capitalise on the opportunities that have emerged over the past four years. It is thoughtfully designed to facilitate growth and nurture the next generation of leadership within the Company by providing challenging portfolios and fostering a collaborative environment. The newly appointed executive committee possesses the essential skills and expertise required to fulfill the Company's commitments and leverage available opportunities effectively.
Stakeholder management and public, private, partnerships	Life Healthcare has successfully secured a tender in Gauteng to provide radiation oncology services to the Gauteng Department of Health under a short-term contract lasting two years. Additionally, Life Healthcare continues to be the designated anchor service provider for medial aids across the three major administrators. Our efforts in enhancing transparency and communication have been recognised, as we improved our standing in the EY Excellence in Integrated Reporting Awards, achieving an excellent rating and ranking within the top 20 among JSE-listed companies.

Remuneration Report

Operational delivery	
Maintaining quality and clinical metrics	The Group remains at the forefront of delivering efficient clinical quality outcomes. We have made significant strides in advancing the development of our integrated care product pipeline, notably achieving exceptional performance with our renal product integrated care programme (ICP). Additionally, we have initiated pilot programmes for maternity care, private fixed fees, and peri-operative product ICPs, further enhancing our commitment to comprehensive and effective healthcare solutions.
Progressing diversity and inclusion	Life Healthcare have implemented strategic initiatives to attract, retain and promote individuals from diverse backgrounds. Life Healthcare's current employment equity plan runs from 1 April 2023 to 31 March 2026. As we entered the second year of the plan on 1 April 2024, we are pleased to report that the results from our year one have been outstanding. Notably, the junior management occupational level has exceeded its 2026 targets and significant progress was made in the middle management level in 2024. Our efforts to increase our diversity and inclusivity are complemented by robust talent management and succession planning initiatives, as well as career development programmes in partnership with top-tier institutions such as Gordon Institute of Business Science (GIBS) and the Henley Business School. These collaborations are designed to cultivate and expand our pipeline of future leaders.
IT and Cyber Security Delivery	During the year under review, Life Healthcare achieved solid delivery on its strategic IT initiatives, which included the successful completion of the IMEDS-off project, a smooth cloud migration and modernisation of the network to enhance stability. The Group also secured separate cyber security insurance to strengthen our defenses. Expenditure was effectively managed, resulting in a notable increase in our IT skills base while simultaneously achieving an overall reduction in IT risks through diligent tracking and risk assessment. Furthermore, we successfully closed a substantial number of audit items, reinforcing our commitment to operational excellence.
Delivering diversified doctor recruitment	Throughout the year, Life Healthcare maintained excellent engagement with doctors, fostering strong relationships and open lines of communication. This proactive approach also contributed to significant recruitment efforts, particularly focusing on African male and female doctors, which has enhanced the diversity and representation within our clinical teams. These initiatives not only support our commitment to inclusivity but also strengthen the overall quality of care provided to our patients.
Progressing ESG	Life Healthcare successfully achieved its environmental, social, and governance (ESG) stretch target, realising a 4.5% reduction in carbon emissions compared with FY2023. This accomplishment was complemented by improved ratings with Sustainalytics and S&P Global, reflecting our commitment to responsible practices. Additionally, we completed a biodiversity assessment and conducted a gap assessment on the IFRS ISSB standard 2 to enhance our ESG integrated reporting. In our efforts to further sustainability, we initiated a waste management pilot aimed at diverting general waste from landfills, and we have approved the rollout of solar photovoltaic systems to an additional 16 hospitals by 2025, reinforcing our dedication to environmental stewardship.

Disposal of AMG	
Disposal of AMG	The sale of AMG was successfully concluded at the end January 2024 with a transaction value exceeding R21 billion. After settling international debts and associated costs, net proceeds of R10.5 billion were repatriated to South Africa. The Chief Executive, together with the Chief Financial Officer led the negotiations, resulting in a highly successful outcome. A payment of the Alliance Medical disposal special dividend of R6 per share in April 2024 returned significant value to shareholders. Following completion of the transaction, Life Healthcare is now positioned as a leading, diversified, and integrated healthcare services provider in southern Africa with clear capital allocation priorities, a resilient and sustainable financial profile, and strong cash generation ability. The Company continues to have strong southern African growth potential through its integrated care model and international revenue growth potential through LMI's radiopharmaceutical portfolio.

LMI

Educate market on LMI value	Management have undertaken extensive engagement with analysts and shareholders to effectively communicate the value proposition of LMI. This effort culminated in a successful Capital Markets Day held in September 2024. Additionally, we finalised a sub-license agreement for one of LMI's products, RM2, which included an upfront fee of $36 million.

The Chief Executive received a personal performance rating of 6 for the year under review, reflecting the performance outcomes outlined previously. The performance rating table on page 14 of this report illustrates the Company's reward outcomes in relation to performance metrics. This rating of 6 indicates that the chief executive consistently exceeded standard requirements in most areas. Details regarding the chief executive's SIP award for FY2024, which is aligned with this performance evaluation, can be found on page 30.

Additionally, the chief financial officer and the Group strategy and growth executive received personal performance ratings of 7 and 5, respectively. It is noteworthy that these prescribed officers are also assessed significantly on the executive scorecard and have contributed meaningfully to the successful performance outcomes disclosed above.

Part 2: Single incentive plan

Performance outcomes of the SIP for FY2024

Measure	Weighting	Target	% achievement against target	Rating	Reward %	Weighted reward
FINANCIAL						
Company EBITA	30%	Budget	118.04	9	200	60%
Company normalised HEPS	15%	Budget	131.38	9	200	30%
Company CFROI	20%	14.9	Exceeds WACC +2%	9	200	40%
	65%					**130%**
NON-FINANCIAL						
Company Life core purpose						
– Core bundle compliance	5%	95%	97.3	6	100	5%
– Patient experience	5%	8.40	8.54	6	100	5%
	10%					**10%**
Company ESG						
– Reduction in carbon emissions	5%	167 650	(4.5)	9	200	10%
	5%					**10%**
PERSONAL						
Personal performance rating	20%					
	20%					
GRAND TOTAL	**100%**					

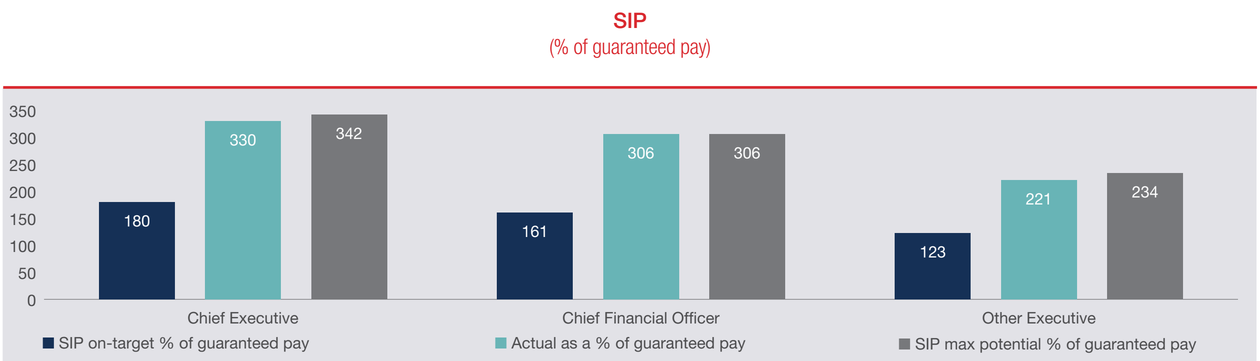
Performance outcomes per prescribed officer

Prescribed officer	Guaranteed package (R'000)	X	Targeted reward %	X	Group financial results % achieved	X	Life core purpose results % achieved	X	ESG % % achieved	X	Personal performance rating	X	Personal measure % achieved	=	SIP awarded (R'000)	SIP as % of guaranteed package
Weighting achieved					65		10		5				20		100	
P Wharton-Hood	9 892	X	180.0	X	200	X	100	X	200	X	6	X	167	=	32 654*	330
P van der Westhuizen	7 040	X	161.0	X	200	X	100	X	200	X	7	X	200	=	21 536	306
A Pyle	5 702	X	141.5	X	200	X	100	X	200	X	5	X	133	=	14 428	250

SIP outcomes in relation to targeted percentage of guaranteed pay

Prescribed officer	SIP cash R'000	SIP deferred R'000
Delivery	**45%**	**55%**
P Wharton-Hood	14 694	17 960
P van der Westhuizen	9 691	11 845
A Pyle	6 412	7 837

* SIP awarded differs from AFS (which shows accrued number as opposed to actual).



Part 3: Vesting of the long-term incentive – 2021 allocation

Performance outcomes

The vesting of the LTIP 2021 allocation occurred at the end of December 2023. Vesting is calculated based on performance from 1 October 2020 to 30 September 2023.

The achievement of the financial and clinical outcomes against the applicable hurdles were as follows:

a) Financial measures

The financial performance outcomes are summarised below:

Earnings growth	Measure	3-year CAGR	% Award
Normalised Group HEPS	Growth exceeding headline CPI	**15.72%**	**191.25**
Headline CPI		**6.11%**	

Normalised Group HEPS has exceeded inflation by 9.61%, which, rounded up, results in **191.25%** vesting for this measure.

b) Retention shares

The retention shares vested based on continued service.

c) Life core purpose measures

The Life core purpose targets have been met. Full vesting (100% award) occurs on the achievement of 90% or higher against target.

The performance measures, respective weightings and vesting outcomes for the Group executive are summarised below:

Division	Weighting	Achievement	% Award
Normalised Group HEPS against inflation	**60%**	**9.61%**	**191.25**
Retention shares (Group executive only)	**20%**	**Continued employment**	**100**
Life core purpose measures	**20%**	**Above 90% achieved**	**100**
Weighted outcome			**154.75**

Performance outcomes per prescribed officer

The value of the total number of performance units vesting was based on the LHC share price, utilising the average 30-day VWAP of the LHC share on the JSE on 31 December 2023 of **R17.9238**.

		Outcome						
Prescribed officer	**Performance units allocation**	**Normalised Group HEPS**	**Retention shares**	**Life core purpose weighted outcome**	**Number of performance shares vesting**	**Gross value vesting ZAR**	**After-tax value to purchase LHC shares ZAR**	**LHC shares purchased**
		60%	**20%**	**20%**				
P Wharton-Hood	**531 867**	**191.25%**	**100%**	**100%**	**823 064**	**14 752 438**	**8 113 841**	**432 017**
P van der Westhuizen	**469 294**	**191.25%**	**100%**	**100%**	**726 232**	**13 016 845**	**7 159 265**	**381 191**
A Pyle	**344 149**	**191.25%**	**100%**	**100%**	**532 571**	**9 545 689**	**5 250 129**	**279 540**
M Chapman	**312 863**	**191.25%**	**100%**	**100%**	**484 155**	**8 677 906**		**Cash delivery**
Total					**1 742 959**	**45 992 878**	**12 409 394**	**660 731**

Remuneration Report

Part 4: Historical unvested schemes

Long-term incentives (LTIP)

The Board approved an adjustment to the active long-term incentive plan (LTIP), based on independent external advice, to address the impact of the AMG disposal on the underlying scheme units. This adjustment was essential in ensuring the continued integrity of our remuneration framework, where participants were placed in the same economic position that they were in prior to the disposal.

The additional adjustments for the three prescribed officers are indicated in the table below:

LTI plan	Prescribed officer	Date of allocation	Offer price	Performance shares	Performance shares with adjustment	Vesting date	Allocation value R'000	Value based on 30 Sept 2024 share price R'000
2022 LTIP allocation	P Wharton-Hood	1-Jan-22	**23.23**	**421 205**	**655 412**	31-Dec-24	**9 786**	**10 487**
	P van der Westhuizen			**299 795**	**466 493**		**6 965**	**7 464**
	A Pyle			**208 163**	**323 910**		**4 836**	**5 183**
2023 LTIP allocation	P Wharton-Hood	1-Jan-23	**16.88**	**619 159**	**963 436**	31-Dec-25	**10 451**	**15 415**
	P van der Westhuizen			**440 689**	**685 730**		**7 439**	**10 972**
	A Pyle			**312 297**	**485 947**		**5 272**	**7 775**

Co-investment policy (CIP)

Prescribed officer	Date of allocation	Offer price	Total co-investment shares	Vesting date	Value based on 30 Sept 2024 share price R'000	Total gross CIP dividends[1]
P Wharton-Hood	Dec-21	**23.51**	**1 058 449**	1-Dec-25	**16 935**	**6 838**
P van der Westhuizen			**647 533**		**10 361**	**4 183**
A Pyle			**471 859**		**7 550**	**3 048**
M Chapman			**635 202**		**–**	**172**

[1] Dividends with respect to CIP flow to individuals as and when distributions occur. Dividend Withholding Tax (DWT) was deducted at source and the net proceeds were paid to the respective participants accordingly. The net impact was 27 cents per share in December 2023 and 19 cents per share in June 2024.

Due to the disposal of Alliance Medical Group to iCON Infrastructure Partners VI, L.P. on 31 January 2024, a portion of the net proceeds from the transaction was paid to shareholders by way of a special dividend of R6 per share in April 2024.

Matching share arrangement (MSA)

(Refer to revised performance conditions on pages 3 and 4 of the Chairman's review).

Below are the values of the restricted Company matched shares as at the end of the financial year.

All values are reflected in R'000.

Prescribed officer	Executive investment value at purchase	Date of allocation	Offer price	Company matched purchase value	Company matched shares	Vesting date	Company matched shares 30 Sept 2024	Value[3] based on 30 Sep 2024 share price R'000	Dividends paid to prescribed officer[2]
P Wharton-Hood	5 000	Aug-20	**17.23**	**14 869**	**287 568**	31-Dec-23	**Forfeited**	**9 202**	**3 793**
					287 568	31-Dec-24	**4 601**		
					287 570	31-Dec-25	**4 601**		
P van der Westhuizen	1 986	Dec-20	**16.96**	**5 947**	**116 866**	31-Dec-23	**Forfeited**	**3 740**	**1 541**
					116 866	31-Dec-24	**1 870**		
					116 868	31-Dec-25	**1 870**		
A Pyle	1 240	Jan-21	**18.98**	**3 707**	**65 073**	31-Dec-23	**Forfeited**	**2 082**	**858**
					65 073	31-Dec-24	**1 041**		
					65 075	31-Dec-25	**1 041**		
M Chapman[1]	2 052	Jan-21	**18.27**	**6 156**	**112 309**	31-Dec-23	**–**	**–**	**91**
					112 309	31-Dec-24	**–**	**–**	
					112 309	31-Dec-25	**–**	**–**	

[1] Personal investment of $100 000 was made by Mark Chapman. The allocation value is based on the exchange rate of R20.42 at the time. Due to the sale of Alliance Medical Group, early vesting of all shares occurred. The Board waived all performance conditions in relation to his shares. See total single figure of remuneration.

[2] Dividends in respect of MSA and CIP flow to individuals as and when distributions occur. Dividend Withholding Tax (DWT) was deducted at source and the net proceeds were paid to the respective participants accordingly. The net impact was 27 cents per share in December 2023, 19 cents per share in June 2024 and a special dividend of R6 per share in April 2024.

[3] The LHC share price of R16.00 per share as of 30 September 2024 was utilised to calculate the value.

Remuneration Report

Part 5: Vesting of the employee share plan

The vesting of 50% of the 2017 employee share grant and 25% of the 2018 and 2019 grants occurred at the end of June 2024. The total number of shares that vested was **2 038 291**. Most participants elected to sell their shares. The gross payment (after costs) for a full-time employee on all three grants was **R4 599**.

Part 6: Non-executive director (NED) fees

Financial year 2024

The following NED fees were recommended by the Remuneration Committee and approved by the Board, under the authority granted by shareholders at the AGM held on 22 February 2024.

South Africa – A **6.0%** increase across all Committees, except for the lead independent director, where a **10%** increase was approved as a process over time to address market lag.

International – A **4.5%** increase across all Committees.

Committee	Number of meetings 2024	Number of ad hoc meetings	Total number of meetings 2024
Main Board	4	4	8
Audit	3	4	7
Remuneration	5	5	10
Risk, Compliance and IT Governance	3	–	3
Investment	4	4	8
Clinical	4	–	4
Social, Ethics and Transformation	3	–	3
Nominations and Governance	3	–	3
Audit and Risk[1]	1	1	2

[1] Combined Audit and Risk, Compliance and IT Governance – May 2024.

The NED fees (SA and international) paid in FY2024 were as follows:

Non-executive directors	FY2024 R'000	FY2023 R'000
Dr JE Bolger[2]	2 501	2 737
PJ Golesworthy[3]	496	1 432
CM Henry	1 161	1 189
LE Holmqvist[2]	2 457	2 839
Prof ME Jacobs	879	896
Dr VL Litlhakanyane	2 049	2 103
TP Moeketsi	1 120	627
AM Mothupi	1 092	1 033
JK Netshitenzhe	833	852
Dr MP Ngatane[4]	–	327
Adv M Sello	1 188	1 104
GC Solomon[3]	389	1 035
F Tonelli	1 210	555
RT Vice[5]	–	327
Dr MF Abdullah[6]	41	–
Dr RA Campbell[6]	41	–
Total NED fees	**15 457**	17 056

[2] Exchange rate of Euro converted to rand at R19.22.
[3] PJ Golesworthy and GG Solomon retired February 2024.
[4] Dr MP Ngatane retired February 2023.
[5] RT Vice retired January 2023.
[6] Dr MF Abdullah and Dr RA Campbell were appointed August 2024.

Head Office
Oxford Parks
203 Oxford Road
Cnr Eastwood and Oxford Roads
Dunkeld
2196

www.lifehealthcare.co.za