



LIFE HEALTHCARE GROUP HOLDINGS LIMITED
(“The Company” or “LHC”)

BOARD CHARTER
(“THE CHARTER”)

1. INTRODUCTION & PURPOSE OF THE CHARTER

The Board acknowledges the need for a Charter, which documents its role, responsibilities, membership requirements and procedural conduct as recommended in the King IV Report on Corporate Governance for South Africa, 2016 (“King IV”).

This Charter is subject to the provisions of the Companies Act 71 of 2008, as amended (“the Companies Act”), the Company's Memorandum of Incorporation (“MOI”), the JSE Listings Requirements (“JSE LRs”) and any other applicable law or regulatory provision.

This Charter is supplemented and supported by the Group Governance Framework and the Group Delegation of Authority (“DoA”).

2. COMPOSITION OF THE BOARD

The Company has a unitary Board, which comprises a balance of executive and non-executive directors. A majority of the non-executive directors are classified as independent, as defined in the Companies Act and in compliance with the JSE LRs. In terms of the MOI, the Board consists of a minimum of four (4) directors and a maximum of fifteen (15) directors *(as per Article 28.1 of the Mol)*.

The Board is structured in a manner that always ensures an appropriate mix and balance of knowledge, skills, experience, diversity and independence, appropriate to the needs and strategic direction of the Group. The Group Chief Executive Officer (“Group CEO”) and the Group Chief Financial Officer (“Group CFO”) are ex-officio members of the Board.

3. APPOINTMENT OF DIRECTORS – PROCESS AND POLICY

3.1 Process

Directors must be appointed through a formal and transparent process, taking cognisance of the Group's Board Diversity Policy. The Nominations and Governance Committee (“NomGov Committee”) is mandated with the responsibility of developing a formal Board succession strategy and identifying suitable candidates for consideration by the Board and the Company's shareholders, based upon this strategy. A formal letter of appointment must be issued to new directors, setting out their role and responsibilities.

3.2 Period of office & Tenure

Directors appointed by the Board after the last Annual General Meeting (“AGM”) shall retire by rotation and are eligible for re-election by shareholders. At least one-third of all directors are subject to retirement by rotation at each AGM and are eligible for re-election.

- Non-executive directors are eligible to serve for longer than twelve years, subject to an annual independence assessment by the Board and annual re-election by shareholders, with a narrative in the Annual Integrated Report on reasons for their classification as independent.
- Non-executive directors, after reaching the age of 70 (seventy) years, shall retire annually, but may stand for re-election upon recommendation by the NomGov Committee; *[as per Clause 28.7.4 of Mol]*
- The termination of an employment contract of an executive director will result *ipso facto* in the termination of his or her membership of the Board.

3.3 Remuneration

Non-executive directors of the Board shall be paid such remuneration in respect of their appointment as recommended by the Human Resources and Remuneration Committee (“Remcom”) and approved by shareholders, annually. The Board shall report on directors’ remuneration in the Annual Integrated Report in terms of the requirements of the Companies Act, the JSE LRs and King IV.

Executive directors sitting on the Board will not receive fees for their services as directors as they are paid as employees in accordance with their employment contracts.

3.4 Induction of new directors

An induction programme shall be established for new directors to facilitate their understanding of the Group and the environment in which it operates. The induction programme should focus on (but not be limited to), the following key imperatives:

- the Group’s main operating activities in the healthcare space, across all geographies and visits to some of these sites;
- the Group’s vision and mission;
- the Group’s approved medium to long term strategy;
- the Group’s governing processes including its MOI, applicable laws and regulations, the Governance Framework, Board Charter and Committee’s Terms of Reference; and
- the directors’ roles, fiduciary duties, responsibilities and obligations in terms of the Companies Act, JSE LRs and King IV recommendations.

3.5 Directors duties and responsibilities

Directors appointed to the Board should conduct themselves according to the highest standards of personal and professional integrity, and participate fully, frankly and constructively in meeting discussions. In addition, directors should:

- exercise due care and skill in the best interests of the Company and not for any self-interest, in accordance with sections 76 and 77 of the Companies Act and King IV recommendations;
- assume responsibility for the continual development of their competence to continue to be effective;
- regularly attend meetings of the Board and devote sufficient time to the affairs of the Board to ensure the exercising of well-considered judgement; and
- maintain the utmost confidentiality over all matters relating to the activities of the Board and remain responsible for the confidential safe-keeping of all related documents.

3.6 Conflicts of Interest

Directors must avoid any conflicts of interests in accordance with section 75 of the Companies Act. Any conflict of interest in respect of matters on the agenda, should be disclosed at the beginning of each meeting, and such conflicts should be proactively managed.

If any matter is to be discussed at a meeting of the Board which would involve one or more directors having a conflict of interest, those conflicted directors:

- shall be afforded an opportunity to provide their input on the subject matter in question;
- shall thereafter be recused;
- shall not receive the relevant papers; and
- shall not participate in any decision on the matter.

A declaration of interests of directors and their related parties must be tabled at each Board meeting and duly confirmed and signed by each director at least annually. The Group Company Secretary shall ensure that the process detailed above is implemented.

4. ROLE AND RESPONSIBILITIES OF THE BOARD

The main role and responsibility of the Board is to Act as the focal point for, and custodian of, sound corporate governance by managing its relationship with management, shareholders and other stakeholders of the Group along sound and ethical corporate governance principles.

The Board shall discharge its role and responsibilities with due regard to the values that support the central tenets of the Company's name and brand. The Board shall always remain cognisant of the following, when executing its duties:

The Company's Vision: To be a global healthcare provider delivering measurable clinical excellence through a diversified offering and people centred approach.

The Company's Mission: To improve the lives of people through the delivery of high-quality, cost-effective care.

The Company's Purpose: Making life better.

4.1 The following are the key responsibilities of the Board as per King IV:

Leadership, ethics and corporate citizenship

- The Board should lead ethically and effectively.
- The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.
- The Board should ensure that the organisation is and is seen to be a responsible corporate citizen.

Strategy, performance and reporting

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

Governing structures and delegation

- The Board should serve as the focal point and custodian of corporate governance in the organisation.
- 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 Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.
- 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.
- The Board should ensure that the appointment of, and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities.

Governance functional areas (including Risk, Compliance and IT)

- The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.
- The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.
- The Board should govern compliance with applicable laws and adopt, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.
- 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 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.

Stakeholder relationships

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.

In respect of strategy, the Board must specifically:

- review and approve the Company's strategy, upon recommendation by management;
- monitor implementation and execution of the strategy by management;
- satisfy itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
- ensure that the approved strategy will result in sustainable outcomes; and
- consider sustainability as a business opportunity that guides strategy formulation.

In general, the Board must specifically:

- approve the Group financial objectives including, capital expenditure, treasury, capital and funding proposals;
- be responsible for the governance of risk by regularly reviewing and evaluating the enterprise-wide risk management and compliance processes and identifying key performance and risk areas;
- overseeing the Company's performance against agreed targets and objectives, in line with the approved strategy;
- monitor the Company's compliance with applicable laws and consider adherence to non-binding rules, codes and standards;
- review and oversee the integrity of the Company's Annual Integrated Report and the relevant disclosures in terms of King IV reporting;
- approve the Group's Governance Framework that articulates and gives effect to its direction on relationships and the exercise of authority across the Group; and
- approve the Group's DoA.

5. BOARD LEADERSHIP

The responsibilities for the running of the Board and the Company are distinct tasks. The roles of Chairman and Group CEO shall be separate with a clear division of responsibilities.

5.1 Role of the Chairman

The Board shall elect a Chairman who can provide the direction necessary for an effective Board. The primary role of the Chairman is to provide leadership to the Board, set the tone for its performance and undertake the management thereof.

The Chairman shall be responsible for, *inter alia*:

- setting the ethical tone for the Board and the Group;
- providing overall leadership to the Board without limiting the principle of collective responsibility for Board decisions, while at the same time being aware of the individual duties of directors;
- formulating (with the Group CEO and Group Company Secretary) the annual work plan for the Board against agreed objectives, and playing an active part in setting the agenda for Board meetings;
- presiding over Board meetings and ensuring that time in meetings is used productively. The Chairman should encourage collegiality among directors without inhibiting candid debate and creative tension among directors;
- acting as the link between the Board and management and particularly between the Board and the Group CEO;
- ensuring that directors play a full and constructive role in the affairs of the Group and taking a lead role in the process for removing non-performing or unsuitable directors from the Board;

- monitoring how the Board works together and how individual directors perform and interact at meetings. The Chairman should meet with individual directors once a year about evaluating their performance. The Chairman should know directors' strengths and weaknesses;
- mentoring to develop skill and enhance directors' confidence (especially those new to the role) and encouraging them to speak up and make an active contribution at meetings. The mentoring role is encouraged to maximise the potential of the Board;
- ensuring that good relations are maintained with the Company's major shareholders and other material stakeholders, and presiding over shareholders' meetings; and
- ensuring that decisions by the Board are executed.

The Chairman's ability to add value to the Group, and the Chairman's actual performance against criteria developed from his formalised role and functions, should form part of a yearly evaluation by the Board. The Chairman should meet with the Group CEO or the Group CFO or the Group Company Secretary or all three before a Board meeting to discuss important issues and agree on the agenda.

With regard to serving on other Committees:

- the Chairman should not chair the Audit Committee but may be a member;
- the Chairman should not chair the Remcom, Risk, Compliance and IT Governance and Social, Ethics and Transformation Committees, but may be a member; and
- the Chairman should be a member of the NomGov Committee and should also be its Chairman, if categorised as independent.

The Board, with the support of the NomGov Committee must ensure proper succession planning for the position of the Chairman, and keep the collective Board apprised of this planning.

5.2 Role of the Lead Independent Director ("LID")

A LID should be appointed, in line with best practice, irrespective of whether the Chairman is independent or not. The function of the LID is to provide leadership and advice to the Board, without detracting from the authority of the Chairman, when the Chairman has a conflict of interest and/ or when a Board member wishes to discuss matters pertaining to the Chair.

The LID should at all times be aware that the role is that of support to the Chairman and Board and not in any way to undermine the authority of the Chairman. His/her role fulfils the following functions:

- to lead in the absence of the Chairman;
- to serve as a sounding Board for the Chairman;
- to act as an intermediary between the Chairman and other members of the Board if necessary;
- to deal with shareholders concerns where contact through the normal channels has failed to resolve concerns, or where such contact is inappropriate;
- to strengthen the independence of the Board where the Chairman is not independent; and
- to chair discussions and decision-making by the Board on matters where the Chairman has a conflict of interest.

The LID should also chair the Board meetings which deal with the succession of the Chairman and the Chairman's performance appraisal.

5.3 Role of the Group Chief Executive Officer

The Board should appoint the Group CEO, who shall be accountable and report to the Board. The Group CEO duties and responsibilities, as delegated to him/her in the Delegation of Authority and Group Governance Framework, include but is not limited to, the following:

- developing the Group's strategy for consideration and approval by the Board;

- serving as the chief link between management and the Board by leading the implementation and execution of approved strategy, policy and operational planning;
- setting the tone in providing ethical leadership and creating an ethical environment;
- recommending or appointing the executive team and ensuring proper succession planning and performance appraisals;
- developing and recommending to the Board annual business plans and budgets that support the Group's long-term strategy;
- being accountable and reporting to the Board on the performance of the Group and its conformance with compliance imperatives;
- establishing an organisational structure for the Group which is necessary to enable execution of its strategic planning;
- ensuring that the assets of the Group are adequately maintained and protected;
- ensuring that the Group complies with all relevant laws and corporate governance principles; and
- ensuring that the Group applies all recommended best practices and, if not, that the failure to do so is justifiably explained.

5.4 Role of the Group Company Secretary

The role of the Group Company Secretary is important for providing guidance on corporate governance and legal responsibilities and coordinating the functions of the Board, its Committees and other companies within the Group. The Board, via the NomGov Committee, is responsible for the appointment and removal of the Group Company Secretary and should empower him/her to properly fulfil his/her duties. The performance and independence of the Group Company Secretary should be evaluated annually by the Board via the NomGov Committee.

The Board should ensure that the Group Company Secretary has the necessary competence, gravitas and objectivity to fulfil their responsibilities at the highest level of decision-making within the Group.

6. BOARD COMMITTEES

The Board is authorised to form Committees to facilitate efficient decision-making, promote independent judgement and assist with the balance of power and the execution of its duties. Committees are constituted with due regard to members' skills, qualifications and experience to effectively fulfil their duties.

The Board currently has the following seven standing Committees:

- the Audit Committee (statutory committee in terms of the Companies Act)
- the Social, Ethics and Transformation Committee (statutory committee in terms of the Companies Act)
- the Nominations and Governance Committee
- the Human Resources and Remuneration Committee
- the Clinical Committee
- the Risk, Compliance, and IT Governance Committee
- the Investment Committee

Board Committees should:

- observe the same rules of conduct and procedure as the Board;
- report back to the Board after each committee meeting;
- act on behalf of the Board when specifically, so authorised; and
- ensure transparency and full disclosure when reporting to the Board, except where the Committee has been mandated otherwise.

Formal Terms of Reference are established and approved by the Board for each Committee and reviewed annually. The NomGov Committee, on behalf of the Board, oversees the effective collaboration among

Committees through cross-membership, where appropriate. The Board may delegate specific functions to the Committees on an 'as needs" basis.

7. BOARD MEETING PROCEDURES

7.1 Frequency & Quorum

The Board must hold sufficient scheduled meetings to discharge all its duties as set out in this Charter but subject to a minimum of four meetings per year. The meetings will be held at such times and at such venues as the Board deems appropriate. Meetings in addition to those scheduled may be held at the request of any director and upon approval of this request by the Chairman.

A representative quorum for meetings is as provided for in the Company's MOI (i.e. a majority of directors for the time being in office).

Board and Committee meeting dates must be set up sufficiently in advance and these are tabled at Board meetings for the Board's notice and approval. Short notice periods for meetings may be given for special ad hoc meetings.

Additionally, a separate strategy session shall be held annually to review the Company's strategy to achieve the Company's goals. The strategy session shall, ideally, be held prior to the start of the business planning cycle.

7.2 Attendance

Members of senior management, assurance providers and professional advisors may be in attendance at meetings, but by invitation only, upon recommendation by the Group CEO and with the permission of the Chairman. These attendees may not vote on any issues discussed at the meeting. The following are matters of emphasis:

- Directors must attend all scheduled meetings of the Board and relevant Committees, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Group Company Secretary.
- The Chairman may at his/her discretion authorise the use of audio or video conferencing facilities to facilitate participation in a Board meeting, or at his/her discretion, request that the meeting be held in person.
- If the Chairman of the Board is absent from a meeting, the members present must elect one of the members present to act as Chairman. In the event that there is a LID and the LID is present, he/she will act as Chairman.
- A director who is absent from Board meetings for three consecutive meetings without leave of the Board and without notifying the Group Company Secretary or Chairman, may be required to vacate his/her office should the Board so resolve.
- Should a Director attend one third of a Board meeting, and is thereafter recused/excused, that director shall be marked present in the attendance register.

7.3 Agenda, Board Papers & Minutes

The Group Company Secretary and the Chairman shall develop an annual Board work-plan for each year, for adoption by the Board so that all relevant matters are covered by the agendas of the meetings planned for the year.

- The annual plan must ensure proper coverage of the matters laid out in this Charter.
- The more critical matters will need to be attended to each year while other matters may be dealt with on a rotational basis.
- The number, timing and length of meetings, and the agendas are to be determined in accordance with the annual work-plan.

A detailed agenda, together with Board papers, must be circulated to the Board and other invitees at least one week prior to each meeting. All matters to be discussed and/or voted on at Board meetings must be included on the agenda for that Board meeting. Any director may request, through the Group Company Secretary and Chairman, that any matter requiring Board deliberation be added to the agenda.

Directors shall be entitled to have access to all relevant information to assist them in the discharge of their duties and responsibilities; and to enable them to make informed decisions. Directors agree that the maintenance of the confidentiality of Board proceedings is of paramount importance.

The draft minutes must be completed within four weeks after the meeting and circulated to the Chairman for review thereof. A record of attendance, together with all resolutions adopted at the meeting, must be contained in the minutes. The minutes must be formally approved by the Board at its next scheduled meeting.

8. INDEMNIFICATION AND DIRECTORS AND OFFICERS (“D&O”) INSURANCE

The Company will annually ensure that sufficient D&O insurance cover is in place in the event that members are exposed to liability and/or litigation in the course of discharging their fiduciary duties, within the necessary authority, provided that such Directors and Officers acted with due care and without malice & gross negligence.

9. BOARD AND COMMITTEE’S PERFORMANCE EVALUATION

The performance evaluation of the Board, its Committees, Committee chairmen and retiring directors must be conducted internally every year, with an independent, detailed evaluation every three years. The Board in consultation with NomGov will consider its progress against the agreed outcomes of the prior evaluation process, if any. The evaluation of the Chairman will be managed by the LID, or an independent non-executive director, in the event of the LID’s absence.

10. INDEPENDENT PROFESSIONAL ADVICE

Any member of the Board, or the Board as a whole, is empowered to take independent professional advice or consult independent experts when necessary and within his/her duties as a Director of the Company. All requests for independent, professional advice should be directed in writing to the Chairman and/or the Group Company Secretary for prior approval. Costs incurred as a result of the independent advice will be borne by the Company, subject to approval by the Chairman. A proper and documented process must be followed in this regard.

11. COMPLIANCE WITH THE CHARTER

The Board shall be required on an annual basis, to confirm whether it has fulfilled its responsibilities in accordance with this Charter.

12. REVIEW OF THE CHARTER

The NomGov Committee shall review the Charter annually on behalf of the Board, to ensure that it remains consistent with the Board’s statutory duties, evolving legislation, best practice and the Board’s objectives and responsibilities. The Charter may be amended as required, subject to the approval of the Board.