

Life Healthcare



Integrated annual report **2022**

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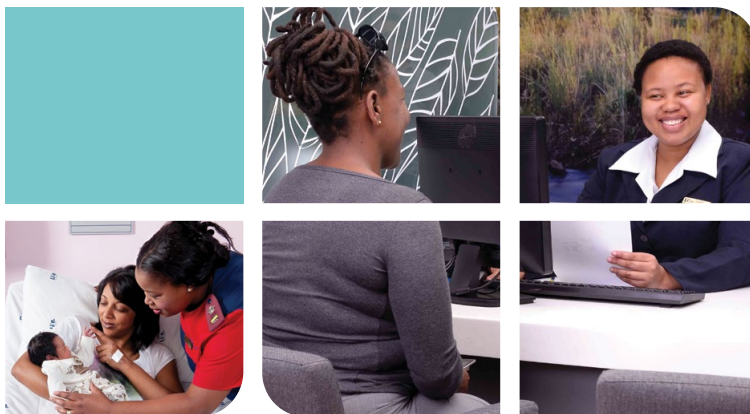
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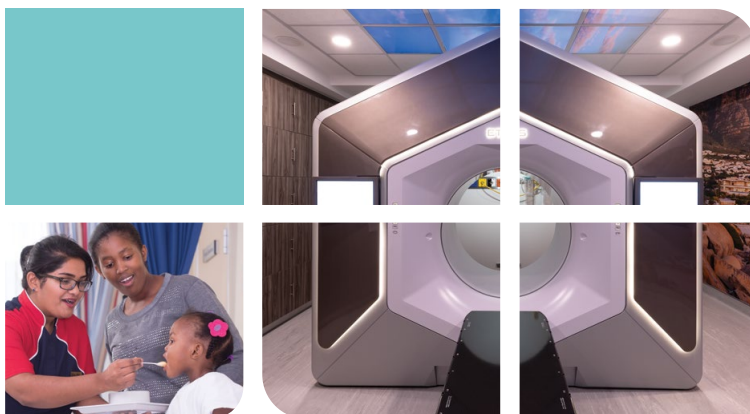
Leading patient experience 128



Delivering operational excellence 90



Driving continued growth 134



NAVIGATION

For easy navigation and cross referencing, we use the following icons throughout this report:

Stakeholders		Material matters	
Patients		1	Attract and retain employees and specialists
Doctors and specialists		2	Deliver care which is high-quality, cost-effective and people-centred
Healthcare funders		3	Adapt and grow our diversified business in a sustainable manner
Industry regulatory bodies		4	Be a trusted partner for all of our stakeholders
Shareholders, investors and financiers		5	
Government		6	
Employees		7	
Suppliers		8	
Society		9	

Movements in our key performance indicators (KPIs)

- Indicates a decrease or increase that is positive
- Indicates a decrease or increase that is not positive
- Indicates the KPI remained the same

A non-financial indicator that was assured by Deloitte.

This icon indicates that further information is available online.

This icon indicates that further information can be found elsewhere in this report.



Life Healthcare's corporate head office in Johannesburg

FORWARD-LOOKING STATEMENTS

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the Group's expectations as at 29 November 2022. The actual results may differ materially from our expectations if known or unknown risks or uncertainties affect the business, or if estimates or assumptions prove inaccurate. The Group cannot guarantee that any forward-looking statement will materialise. Readers are cautioned not to place undue reliance on these forward-looking statements, and the Group disclaims any intention and assumes no obligation to update or revise any forward-looking statement.

FEEDBACK

At Life Healthcare, we value your feedback as we endeavour to provide accurate, transparent and balanced information to our stakeholders. We invite you to contact the Group Company Secretary, **Joshila Ranchhod** on +27 11 219 9000 or joshilar@life.co.za or our Head of Investor Relations, **Mark Wadley** on investor.relations@lifehealthcare.co.za should you have any questions.



About our report

Dear Stakeholders

We are pleased to present our 2022 integrated annual report, which is our primary report prepared for all our stakeholders. We have structured the report in order to comprehensively, but concisely, disclose who we are as a company, why and how we conduct our business, and the value we create for all our shareholders.

We appreciate that the report includes significant detail about our Company and that it will take time to read. We have tried to make this easier by designing it as an interactive report so that, by using the various navigation tools within the report, you can quickly and easily move between sections that interest you.

Integrated thinking is embodied in our core purpose of **Making life better**. This integrated annual report details how we created, preserved or eroded value for our shareholders, providers of financial capital and other stakeholder groups during the year.

The performance section follows the six capital model format so that the reader can see how these capital resources were used and how they performed.

REPORTING SCOPE AND BOUNDARY

Our report provides a comprehensive view of Life Healthcare Group Holdings Limited (Life Healthcare, the Group or the Company) and covers the period 1 October 2021 to 30 September 2022 as well as all relevant information and material events after our year-end up to 29 November 2022.

We provide an overview of our business model, governance structures, strategy and progress against our strategic objectives, and how these are influenced by the material matters, risks and opportunities, stakeholder concerns and the external environment that we face and how these could have a direct or indirect impact on our ability to create, preserve or erode value for the Group and our stakeholders over the short (less than one year), medium (between one and two years) and long term (three or more years). In addition, this report includes financial and non-financial information relating to our two major geographical segments (southern Africa and International) and their underlying business components.

PROCESS DISCLOSURES

The Group Executive Management Committee (ExCo) is responsible for the compilation and presentation of the report, while the Board and its Committees are involved in reviewing and approving the reporting suite.

The following steps were taken leading up to the publication of our integrated report and related material:

- An executive management workshop was held in early July 2022 to determine areas for improvement in our disclosure and set out responsibilities for compiling the report.
- Our material matters (page 16) were determined by analysing various Board and ExCo papers related to the Group's strategy, operating environment and key risks facing the business. Our material matters were then grouped into key themes, including mapping showing how these relate to the Group's risks and stakeholders. They were then reviewed by ExCo and subsequently submitted to the Audit Committee in July 2022. Amendments were

Our integrated annual reporting boundary covers risks, opportunities and outcomes arising from:

Our strategy

page 19

Our operating environment

page 10

Our material matters

page 16

Our business model

page 8

Our performance

page 84

Our governance

page 38

Our stakeholders



page 14

Our financial reporting boundary

(determined by control and significant influence*)

Life Healthcare Group Holdings Limited

Subsidiaries

Joint ventures

Associates

Our financial reporting information can be found in the following places:

Group CFO's review

page 86

Seven-year performance review

page 111

Annual financial statements

website

* information relating to our major subsidiaries, joint ventures and associates, including an organogram, can be found within our Annual Financial Statements which can be accessed via our [website](#).

made to both the risk register and the mapping of the material matters.

- Our disclosure related to Environmental, Social and Governance (ESG) matters (see pages 121 to 125) have become a prominent topic at both ExCo and Board level. We created a Sustainable Development Committee during 2021 and this Committee has driven the increased reporting of our ESG metrics and is responsible for drawing up our Group-wide ESG targets and the roadmap for achieving these targets. Our ESG-related Sustainability Complementary Data report and long-term environmental commitments were compiled by this Committee, reviewed by ExCo and approved by the Social, Ethics and Transformation Committee in November 2022. Our environmental targets will be finalised and published during 2023.

REPORTING SUITE AND FRAMEWORKS

Integrated annual report

This is our primary report to stakeholders

The integrated annual report provides material information on who we are as a company, why and how we conduct our business, and the value we create for all of our shareholders.

Reporting frameworks applied:

- ↪ International Integrated Reporting Council's (IIRC) International <IR> Framework (updated January 2021)
- ↪ Johannesburg Stock Exchange Limited (JSE) Listings Requirements and JSE Debt Listings Requirements
- ↪ South African Companies Act, No. 71 of 2008, as amended (Companies Act)
- ↪ International Financial Reporting Standards (IFRS)
- ↪ King Report on Corporate Governance for South Africa, 2016 (King IV™)

Where to find it:

- ↪ in print
- ↪ download via our [website](#)

Annual financial statements

This report sets out the Group's audited annual financial statements, including the independent auditor's report.

Reporting frameworks applied:

- ↪ JSE Listings Requirements and JSE Debt Listings Requirements
- ↪ Companies Act
- ↪ International Financial Reporting Standards (IFRS)
- ↪ King IV™

Where to find it:

- ↪ Download via our [website](#)

Summarised information contained in:

- ↪ Group CFO review page 86
- ↪ Seven-year financial summary page 111

Sustainability development complementary data report

This report details our environmental and social impacts as well as our governance practices that determine how we run our organisation to create value for all our stakeholders. It provides numerous data points that may be of interest to shareholders, analysts and help ESG ratings agencies with their evaluation of our Group.

Reporting frameworks applied:

- ↪ King IV™
- ↪ Global Reporting Initiative (GRI) Standards

Information included will be useful for ESG ratings for various agencies and scoring methodologies:

- ↪ Sustainalytics and MSCI ESG scores
- ↪ FTSE/JSE Responsible Investment Index score
- ↪ Task Force on Climate-related Financial Disclosures

Where to find it:

- ↪ Download via our [website](#)

Summarised information contained in:

- ↪ Natural capital page 121 (of this report)
- ↪ SET report page 50

Remuneration and implementation report

This report provides detail on our remuneration philosophy and how we have implemented this in both the current year and prior years.

Reporting frameworks applied:

- ↪ JSE Listings Requirements and JSE Debt Listings Requirements
- ↪ Companies Act
- ↪ King IV™

Where to find it:

- ↪ Download a standalone version via our [website](#)
- ↪ Remuneration report page 64 (of this report)

Additional Information

- ↪ Results presentations
- ↪ Notice of our Annual General meeting and proxy voting form
- ↪ King IV™ application register
- ↪ Our Broad-Based black economic empowerment (B-BBEE) certification
- ↪ Quality metrics for each Life Healthcare hospital

Where to find it:

- ↪ Access and download via our [website](#)

BOARD RESPONSIBILITY AND APPROVAL

Life Healthcare's Board is ultimately responsible for the integrity and completeness of this integrated annual report, and is assisted by its Committees and the ExCo throughout the reporting process. Based on the completeness of the information collected and the assurance thereof, the Board concluded that this integrated report aligns with the International <IR> Framework (January 2021) and provides a true, complete and material account of the Group's performance and strategic direction.

This integrated annual report was approved by the Board on 5 December 2022 and has been signed on its behalf by:

Victor Litlhakanyane
Chairman

Peter Wharton-Hood
Group Chief Executive
(GCE)

COMBINED ASSURANCE

We followed a combined assurance process during the preparation of this integrated annual report, with the Board, its Committees and management responsible for finalising the disclosures contained herein. The Group's annual financial statements were independently audited by our external auditors, Deloitte. The summarised financial information included in this report was extracted from the Group's audited annual financial statements. However, this report in its entirety has not been independently assured. Non-financial indicators that have been assured are denoted by an icon



A number of non-financial indicators were assured by Deloitte. For more information regarding these indicators and the independent assurance report, refer to page 140.



What we do

We are an international healthcare provider. We provide care that is valued by our patients and stakeholders by focusing on our employees, clinicians, clinical excellence, using analytics and technology to positively impact the care we deliver. We are committed to being a good corporate citizen and conducting our business ethically and sustainably. Our geographic footprint spans across southern Africa, the United Kingdom and Europe.

Our core purpose is



Making life better



International healthcare provider

Offering an integrated healthcare model and diagnostic imaging capability

Diversified offering

With a growing share of revenue and earnings from non-acute sources



Clinical excellence, analytics and technology

Focus on our employees, clinicians, clinical excellence and using analytics and technology to positively impact patient care

Our vision

Our **vision** is to be an international healthcare provider delivering **measurable clinical quality** through a **diversified** offering and **people-centred** approach.

Our mission

We **improve** the lives of people through the **delivery** of **high-quality, cost-effective care**.

Geographic footprint

We provide high quality, people-centred care throughout our diverse range of healthcare services across two major segments.



SOUTHERN AFRICA

Total registered beds	9 203
Acute hospitals	49
Complementary services facilities	
Mental health facilities	9
Acute rehabilitation facilities	8
Renal dialysis stations	445
Oncology units	5
Hospital-based imaging practices	5
Life Health Solutions (LHS)	
Occupational health clinics	250
Employee wellness clinics	83
Public Private Partnerships (PPPs)	
Life Nkanyisa beds	3 181
Nursing Education	
Learning centres across SA	7



UNITED KINGDOM AND EUROPE

Operating sites/Mobiles	236
Cyclotron sites	11
No of scanners MRI/CT/PET-CT	264



LIFE MOLECULAR IMAGING (LMI)

Third-party manufacturing sites – rest of the world (RoW)	38
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SOUTHERN AFRICA

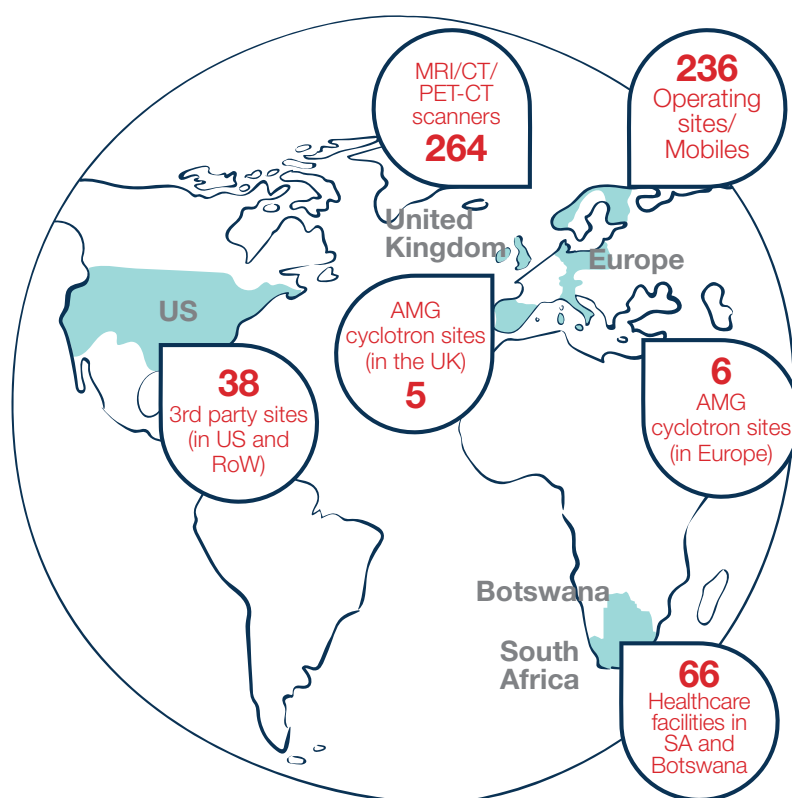
In southern Africa, we strive to improve the lives of people through high-quality, cost-effective care offered through our hospital and healthcare services divisions.

Our **hospital division** includes acute hospitals in South Africa (SA) and Botswana, as well as complementary services comprising oncology, acute rehabilitation, renal dialysis, mental health and diagnostic imaging.

Our **healthcare services division** provides specialised care offered by Life Nkanyisa (formerly Life Esidimeni) and integrated health risk management, occupational health, wellness, primary care and emergency medical services offered by Life Health Solutions.



For more on our southern African segment, refer to page 90.



INTERNATIONAL

Our international segment includes **Alliance Medical Group (AMG)** and **LMI**.

AMG is one of the largest independent diagnostic and molecular imaging providers in the United Kingdom (UK) and Europe. AMG also owns 5 cyclotrons in the UK and 6 cyclotrons across Europe.

LMI is a fully integrated research and development pharmaceutical company dedicated to developing and globally commercialising innovative molecular imaging agents for use in PET-CT diagnostics.



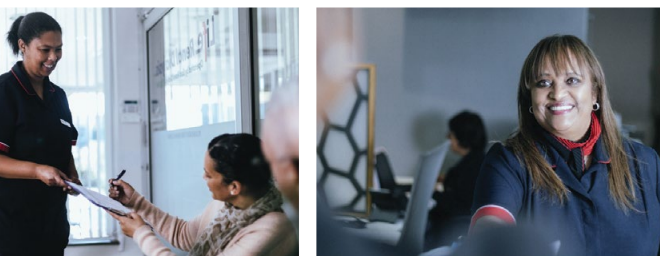
For more on our International segment, refer to page 100.



How we create value

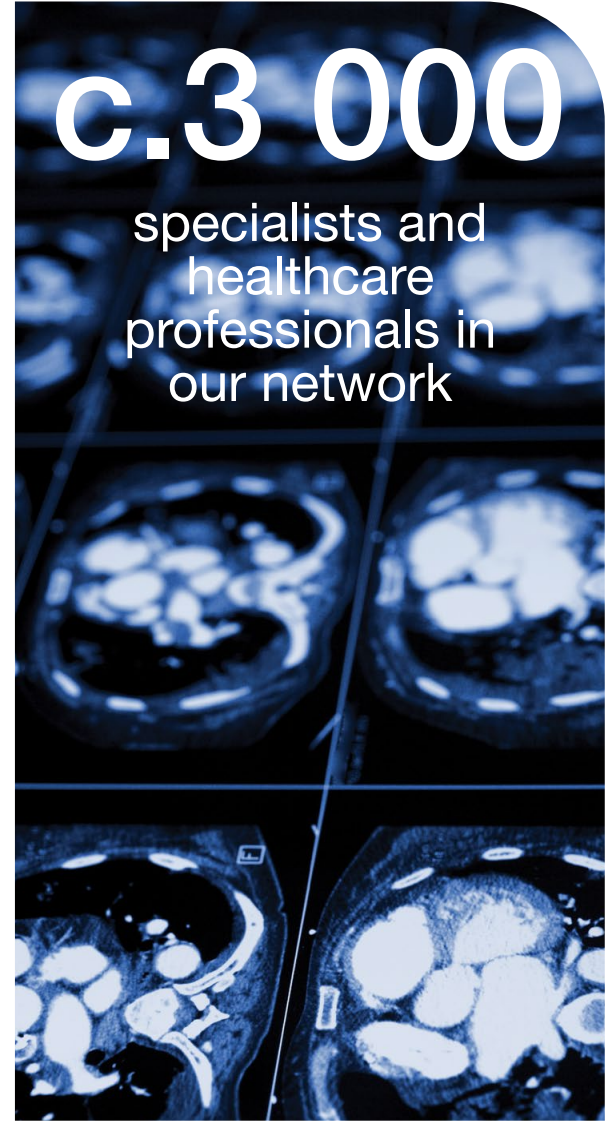
In this section

- 8 | Our business model
- 10 | Our operating environment
- 14 | Our stakeholders
- 16 | Our material matters
- 19 | Our strategy



20 256
employees







Our business model

Our Inputs

Financial capital Pg 84	Human capital Pg 116	Manufactured capital Pg 120	Natural capital Pg 122	Social capital Pg 126	Intellectual capital Pg 134
The pool of funds entrusted to us by our shareholders and other investors. Funds include equity capital, short and long-term loans, as well as profits generated from our business activities and investments.	We depend on the skills, knowledge and experience of our employees and consulting healthcare professionals to implement our strategy. By delivering our products and services, our employees attend to our patients' needs, thereby creating sustainable value for our stakeholders.	Our clinical excellence is supported by our technologically advanced and multi-disciplinary facilities, optimal infrastructure, data and analytics capabilities, and world-class medical equipment and consumables.	We make use of both renewable and non-renewable natural resources in the delivery of services to our patients. While our business has an unavoidable impact on the environment, we endeavour to reduce negative impacts by measuring and managing our activities.	Creating and nurturing long-term relationships with our key stakeholders – including patients, employees, doctors and other healthcare professionals, suppliers, business partners, governments and labour unions – is how we build our reputation and brand, which is essential to our success.	We differentiate ourselves through excellent service offerings, responsible corporate governance and adherence to quality standards – the intangibles of our business that contribute to our competitive advantage.

Our inputs take into account all of these factors:

Our operating environment

Pg 10

- Global Pg 10
- Southern Africa Pg 95
- International Pg 101

Our 2026 strategy

Pg 19

Quality

Deliver clinical excellence and a leading patient experience



Growth

Drive continued growth while diversifying revenue and earnings



Sustainability

Ensure the long-term viability and sustainability of our business



Efficiency

Deliver operational excellence



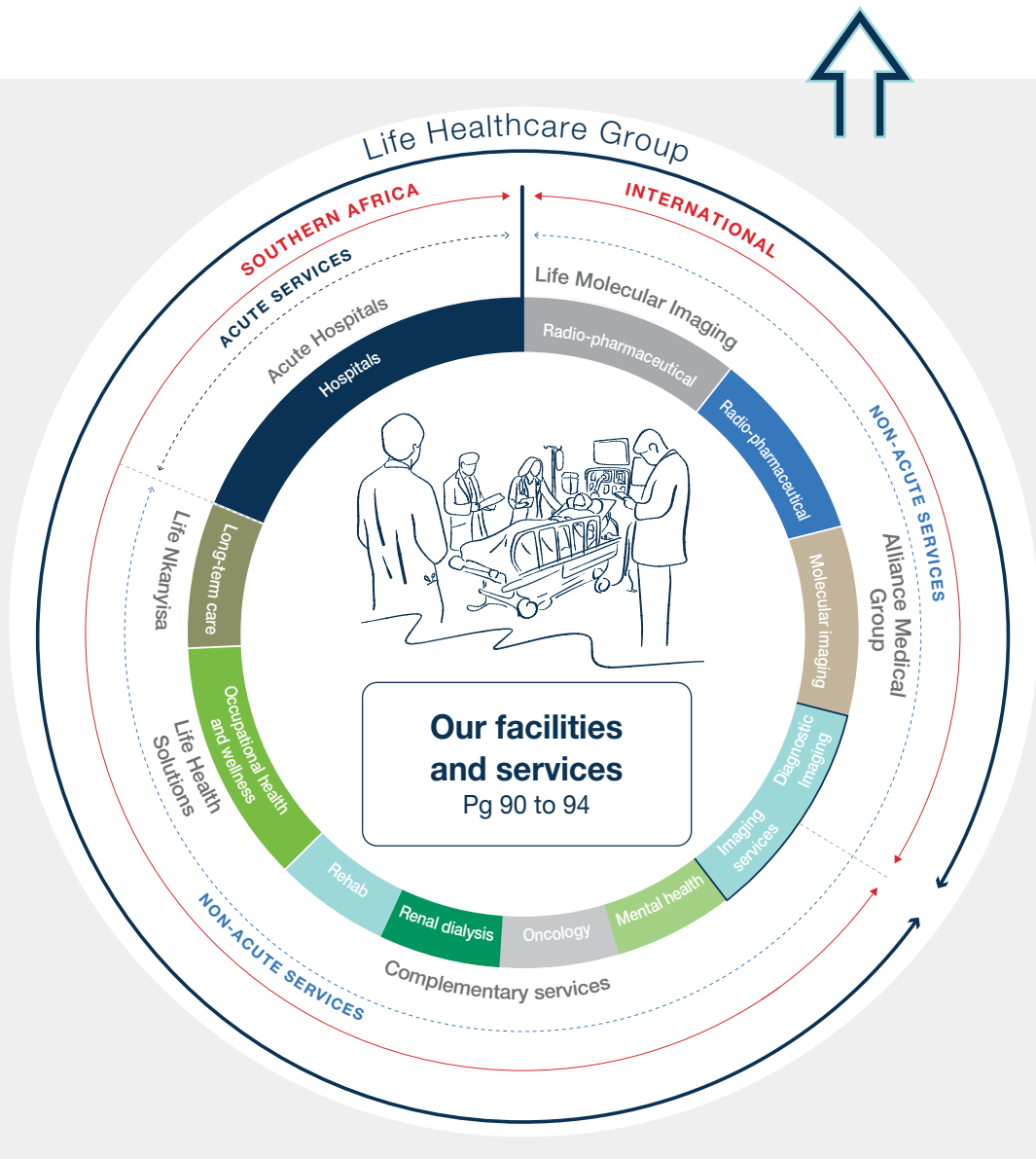
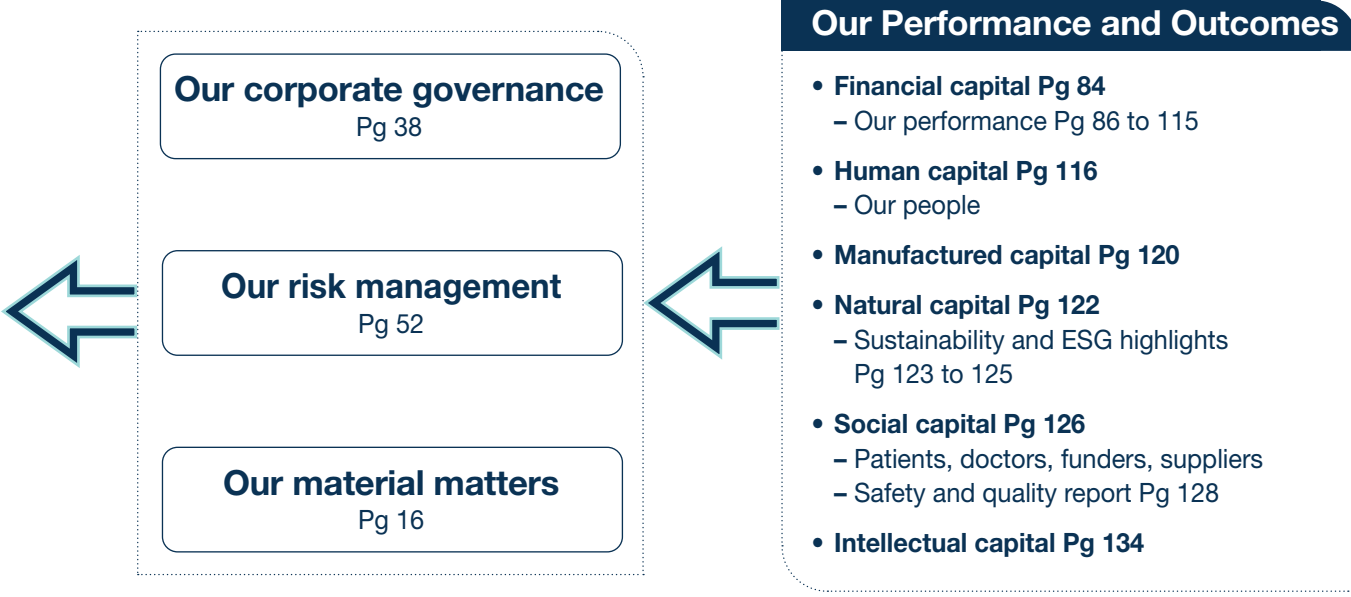
Our stakeholders

Pg 14



Our strategic initiatives span short, medium and long-term horizons







Our operating environment

As we progress towards our vision of being an international, people-centred, diversified healthcare organisation we have to traverse a complex and changing healthcare landscape. This landscape is impacted by global macro-economic events and trends which can impact on our operations and ability to create value. This external operating context impacts our profitability, business continuity, risk management and also informs the strategic decisions we make.

CONTEXT

GLOBAL ECONOMY

In 2022, the global economy appeared to begin on a relatively strong footing as COVID-19 restrictions ended and work from the office and travel resumed. However, the Russian invasion of Ukraine and subsequent energy market disruption, along with inflation in many countries rising to highs not seen for a generation, have disrupted the global economic post-COVID-19 recovery.

Rising interest rates, in response to inflationary pressures, have added to the cost of living increases experienced in many countries, and may well push numerous countries into recessions.

China's economy has slowed down, in part due to the zero COVID-19 policies and restrictive lockdowns. The lower demand and restrictions may well lead to reduced demand, and prices, for commodities, while also exacerbating supply chain disruptions that started during COVID-19 lockdowns.

Affected material matters and strategic pillars



THE COVID-19 PANDEMIC

The worst of the COVID-19 pandemic effect on the world appears to be waning. Many countries have now reduced COVID-19-related restrictions on travel and social interactions. Despite the consequent return to some form of normality in many countries, COVID-19 deaths have declined, decoupling from the number of new infections which have seen large spikes.

This may be due to the combination of herd immunity, a global vaccination drive and mutations in the SARS-COV-2 virus which may have led to less severe infections.

Affected material matters and strategic pillars





OUR RESPONSE

During 2022 we have seen inflationary pressures on costs (salary and energy costs particularly), which have impacted our business. In our southern African business, and in some parts of our International businesses, we have an ability to increase prices by CPI-related increments, at least annually. In our private markets in Ireland and Italy, we can adjust prices more quickly.

Looking ahead:

As central banks around the world try to tame inflation with higher interest rates, there is increasing risk of recessions in many economies, as well as continued volatility in equity markets.

Given that inflation in South Africa has been lower than inflation in the US (or UK) only three times before in the last 40 years, and hasn't historically remained lower for long, there is a risk that inflation rises higher than current forecasts expect, with the consequent risk of higher interest rates.

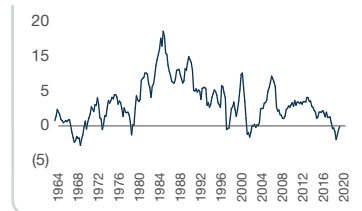
While much of our revenue is driven by tariffs that typically rise in-line with inflation, there is a risk that inflationary pressures rise ahead of our ability to change our prices, thus negatively impacting our margins.

CHARTS

SA vs UK inflation* (%)



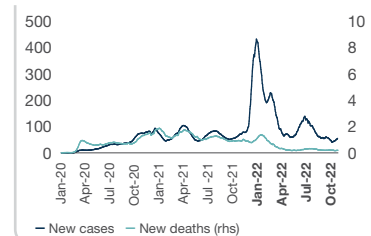
SA vs US inflation* (%)



* These charts show the inflation differentials between the countries and are calculated by subtracting the UK (or US) inflation figure from the SA inflation figure.

Source: Bloomberg

Global COVID-19 new cases and deaths (per million people)



Source: Our World in Data

Our response to the COVID-19 pandemic has changed and adapted depending on the evolution of the pandemic and where outbreaks have occurred. Our decentralised approach to managing our facilities has led to nimble decision-making in facilities.

Looking ahead:

The outbreak is likely to be declared endemic in the near future and, combined with new versions of the vaccines which target new viral mutations, the world's population will learn to live with the virus, much like we do with influenza viruses, experiencing milder winter flu outbreaks.



Our operating environment continued

CONTEXT

EXCHANGE RATES

Our major currency exposures from a reporting perspective are the GBP and EUR. While AMG reports in GBP, c.50% of AMG's revenue is generated in EUR. AMG's results are consolidated into Rand for our Group results. A weaker Rand enhances returns from our International division, although a strong GBP versus the EUR reduces AMG's returns.

During 2022 the Rand has again strengthened slightly against the GBP and EUR. This has to do with the unusually lower inflation experienced in South Africa than in the UK and Europe, and the risk that these two regions enter into a recession during 2023 due to the combination of rising interest rates and the ongoing energy crisis (with rapidly rising energy prices).

Affected material matters and strategic pillars



REGULATIONS

Healthcare is a heavily regulated industry. Regulations govern the quality of care we deliver, the drugs and consumables we use, the standard of buildings we occupy, etc.

Changes to regulatory requirements could impact many parts of Life Healthcare's business, individually or collectively.

Affected material matters and strategic pillars



INNOVATION

Digital innovation has been accelerated by COVID-19, lockdowns and work-from-home demands.

Patients and healthcare providers had previously been slow to adopt platforms that provided online consultations while regulators restricted services like electronic prescriptions.

The Internet of Things (IoT) has enhanced the collection and data analytics from an increasing array of remote monitoring devices and wearables, further accelerating the digital healthcare offering.

Affected material matters and strategic pillars



CLIMATE CHANGE

Climate change is an increasingly important topic for many of our stakeholders, and disclosure on this topic, whether through ESG or Sustainability impact reporting is widely expected. In addition, evidence of how companies plan to reach their targets needs to be articulated, as opposed to generic statements promising to meet various climate-related proposals and targets.

Affected material matters and strategic pillars



OUR RESPONSE

The outlook for the Rand in particular, depends on inflation expectations globally and how central banks respond to this. During 2022 the USD strengthened in the face of steep interest rate moves.

It is possible that we see further Rand weakness given the relatively weaker growth trajectory that South Africa is forecast to have. Recessions in the US, UK or Europe could see the Rand strengthen initially, but are likely to have a knock-on effect in SA too, particularly in terms of demand for commodities and other export products. We mitigate these risks by hedging a portion of our foreign exchange exposures and interest rates.

CHARTS

ZAR and EUR versus GBP
(100 = 10 October 2019)



Source: Bloomberg

We continue to protect our reputation and licence to operate by complying with all applicable regulations and we adapt our business as regulations are updated or changed.

Looking ahead:

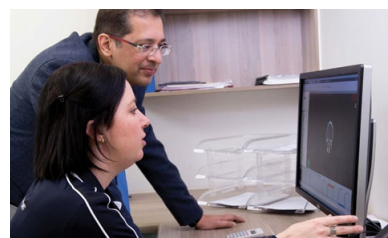
The National Health Insurance (NHI) Bill is likely to be signed into law in 2023. The immediate impact on our business is likely to be small, but there is uncertainty with regards to various parts of the legislation, including how NHI will be financed and administered. Opportunities may arise for us to treat patients covered by NHI who would not previously have been able to access private healthcare, or for us to develop new public-private partnership models financed through NHI.



We are investing in our IT infrastructure to enhance data security (including the protection of personal information), data storage, the analytical capabilities of the data we capture, and to enable future digitisation of processes of the data we capture. We are piloting digital patient monitoring systems for both in-hospital and at home use, and anticipate that these may enhance efficiency and affordability of our services.

Looking ahead:

We will complete the infrastructure upgrades to our hospital network during 2023, and will continue to invest in digital innovation (see [page 21](#)).



We have made strong progress in enhancing ESG disclosures in this reporting period with the support of a dedicated Sustainability Working Group (see [pages 123 to 125](#) for a summary of these activities). We have updated and expanded our Sustainability Complementary Data report (available on our [website](#)).

Looking ahead:

We are working towards setting Group-wide environmental targets that are achievable. We will announce these during 2023.





Our operating environment continued

Our stakeholders

When assessing our business model we must be cognisant of the operating environment we choose to be part of, the risks and opportunities inherent in the market, while also weighing up our relative strengths and capabilities to compete in the target market. Several key stakeholders (depicted below) shape our operating environment and contribute to our ability to deliver services across our business.

The **patients** we treat are our **primary stakeholders and are at the centre of everything we strive to achieve.**

Making life better for them is key to what we do.

Doctors and specialists are critical to our healthcare services delivery. In many countries we operate in we either do not, or are not allowed to, employ doctors and specialists. They act as consulting partners with access to our facilities and have rights to carry out procedures and admit patients within our facilities.

See  page 126



Healthcare funders are important stakeholders as we receive much of our remuneration directly from them. In southern Africa our services are mostly funded through private medical insurance coverage and occasionally through direct out-of-pocket payments or publicly funded schemes. In the United Kingdom and Europe most of our services are funded by national healthcare services and a small component from private sector funding.

See  page 127



The growth and sustainability of our Group depends on how efficiently we manage the funds entrusted to us by our **shareholders and other investors.**

See  page 84



Patients

The **patients** we treat are our primary stakeholders and **are at the centre of everything we strive to achieve.**

Making life better for them is key to what we do.

See  page 126





Governments, and their regulations, are essentially a reflection of the values, beliefs and aspirations of **society**. Society plays a role in holding governments and businesses accountable for their actions.

See page 131



Our employees are critical to the delivery of our services. Our ability to employ and retain talented and passionate employees is a key component of delivering consistent high-quality care.

See page 116



Our **suppliers** deliver the consumables, drugs, equipment and food we utilise during the provision of our services. We also rely on utilities to supply us with water, electricity and other municipal services. Reliability of our supply chain and utilities is crucial to the sustainability of our services.

See page 130



Healthcare is a heavily regulated sector world-wide. These regulations, from national **governments or from professional or other regulatory bodies**, define what we can and can't do from a healthcare provision perspective.

See pages 120 and 127



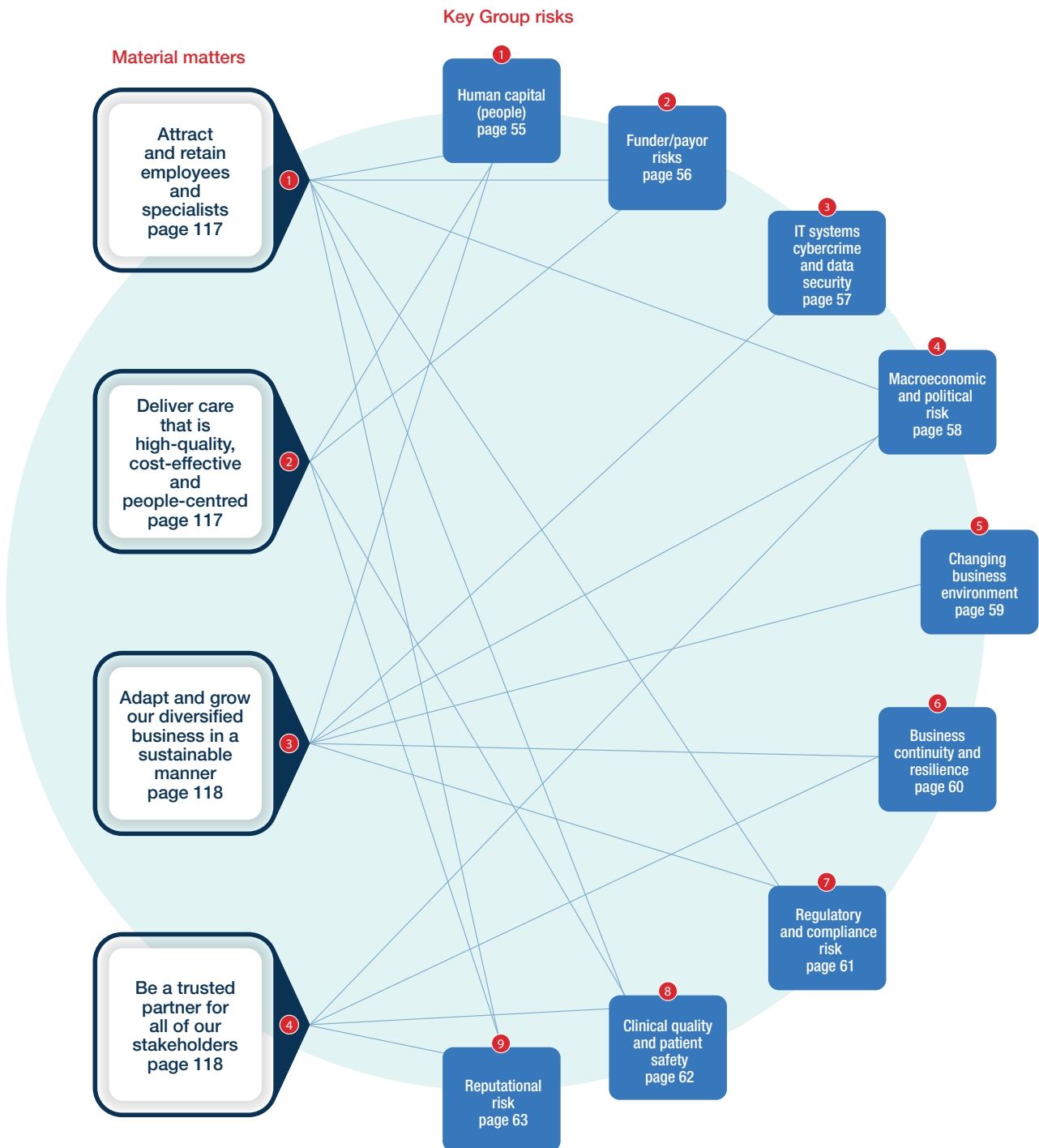


Our material matters

The material matters that we have identified are presented as groupings of risks and other factors that could affect our ability to deliver care. Our material matters may also impact the economic, environmental and social value we create for our stakeholders.

In 2022 we have altered our material matters determination process. We have assessed a number of inputs including Board and ExCo reports and strategy documents and also took into consideration the risks and opportunities the Group faces.

We then identified key themes across the Group risks and categorised them into four Material Matter groups which make these factors easier to understand, prioritise and manage across the business. These Material Matters were then presented to the ExCo and then submitted to the Audit Committee for approval (a process that happens annually). The mapping of how the Material Matters are derived from, and linked to, the Group's key risks are shown below:



Material matters



Attract and retain employees and specialists

How we address this material matter:

- Remain an attractive and supportive environment for our employees to work in with competitive remuneration
- Maintain good relationships with specialists and provide an environment in which they want to work
- Provide training for employees, including nurse training and professional development training across all spheres of employees
- Help with professional registration of healthcare workers and medical liability insurance coverage
- Maintain Group-wide regulatory compliance with all relevant legislation and the requirements of health authorities and professional healthcare bodies across public and private sectors

Looking forward:

- Continue to work with healthcare authorities to increase the number of nurses trained in South Africa and to increase the scope of this training
- Improve communication of our enhanced Employee Value Proposition (EVP) to employees
- We have established relationships with 25 universities across the UK to assist with the training of radiographers

Stakeholders impacted



Link to Group risks



Link to Strategic pillars



Further information:

- Our strategy page 19
- Chief People Officer report including our EVP page 116
- Safety and quality performance page 128
- Infrastructure expenditure page 120



Deliver care which is high-quality, cost-effective and people-centred

How we address this material matter:

- Ensure highest quality standards across all facilities within the Group
- Make available our measurable clinical outcomes and patient survey results
- Deliver modern and safe workspaces for all staff and patients
- Apply standardised operational pathways and use data and technology to drive efficiencies while reducing wasted and duplicated services to continue offering our patients and funders cost-efficient services without compromising on patient safety or clinical quality outcomes

Looking forward:

- Develop new integrated patient pathways that deliver quantifiable valued-based care (VBC) outcomes benefitting patients, healthcare providers and funders
- Continue to develop alternative care models which are attractive for funders while ensuring patient safety and satisfaction
- Expand on CDC model in the UK bringing diagnostic services closer to the patients' homes, reducing waiting times and enabling early diagnosis

Stakeholders impacted



Link to Group risks



Link to Strategic pillars



Further information:

- Our strategy page 19
- Safety and quality performance page 128
- Infrastructure expenditure page 120
- IT and technology page 21



Our material matters continued



Adapt and grow our diversified business in a sustainable manner

How we address this material matter:

- Business continuity and resilience delivered by a responsive de-centralised management team who have a proven ability to adapt and respond to challenges including:
- COVID-19 waves, which resulted in facilities treating severely ill patients in high care and ICU while managing reduced demand for elective surgery and less severe medical admissions
- A fire at Life Chatsmed Garden Hospital that closed parts of the hospital for a week and required moving patients to a nearby facility and rapidly fixing and reinstating the operational capability
- Manage electricity and water outages in SA, which continue to present operational issues due the intermittent nature of the outages. We have responded by increasing our off-grid electricity generation and storage of both water and electricity
- Protect against cyber security threats
- Drive growth across existing and new business lines to increase diversification of revenue and earnings

Looking forward:

- Continue to increase off-grid electricity and water solutions, which will reduce reliance on state utility companies and deliver on our environmental sustainability targets
- Expand current services where growth opportunities arise
- Work closely with our public sector partners in the UK and Europe to deliver exceptional care and ensure we are well positioned for both new tenders and the renewal of existing tenders
- Develop value-based care clinical products
- Continue investment in IT security, infrastructure, cloud migration along with employee training to ensure our systems and data remain safe and operational
- Enhance data analytics capability to drive improved clinical quality, further cost-efficiencies, and more integrated healthcare delivery

Stakeholders impacted



Link to Group risks



Link to Strategic pillars



Further information:

- Our strategy page 18
- Our IT and technology information on page 21
- Our sustainability and ESG highlights on page 123 / website www.lifehealthcare.co.za



Be a trusted partner for all of our stakeholders

How we address this material matter:

- Maintain good relations with key stakeholders and avoid reputational damage
- Deliver an exceptional patient experience
- Governments and public health authorities – deliver on contractual terms, quality metrics along with constructive engagements on how to offer/tender for new projects
- Build on private payer relationships through the delivery of high quality cost-effective care
- Providers of capital – provide attractive return on investment metrics and capital allocation strategies so as to repay lenders and reward equity partners

Looking forward:

- Return existing businesses to pre-COVID-19 levels
- Look for growth opportunities that provide acceptable returns whether they arise in SA, the UK, Europe, or elsewhere

Stakeholders impacted



Link to Group risks



Link to Strategic pillars



Further information:

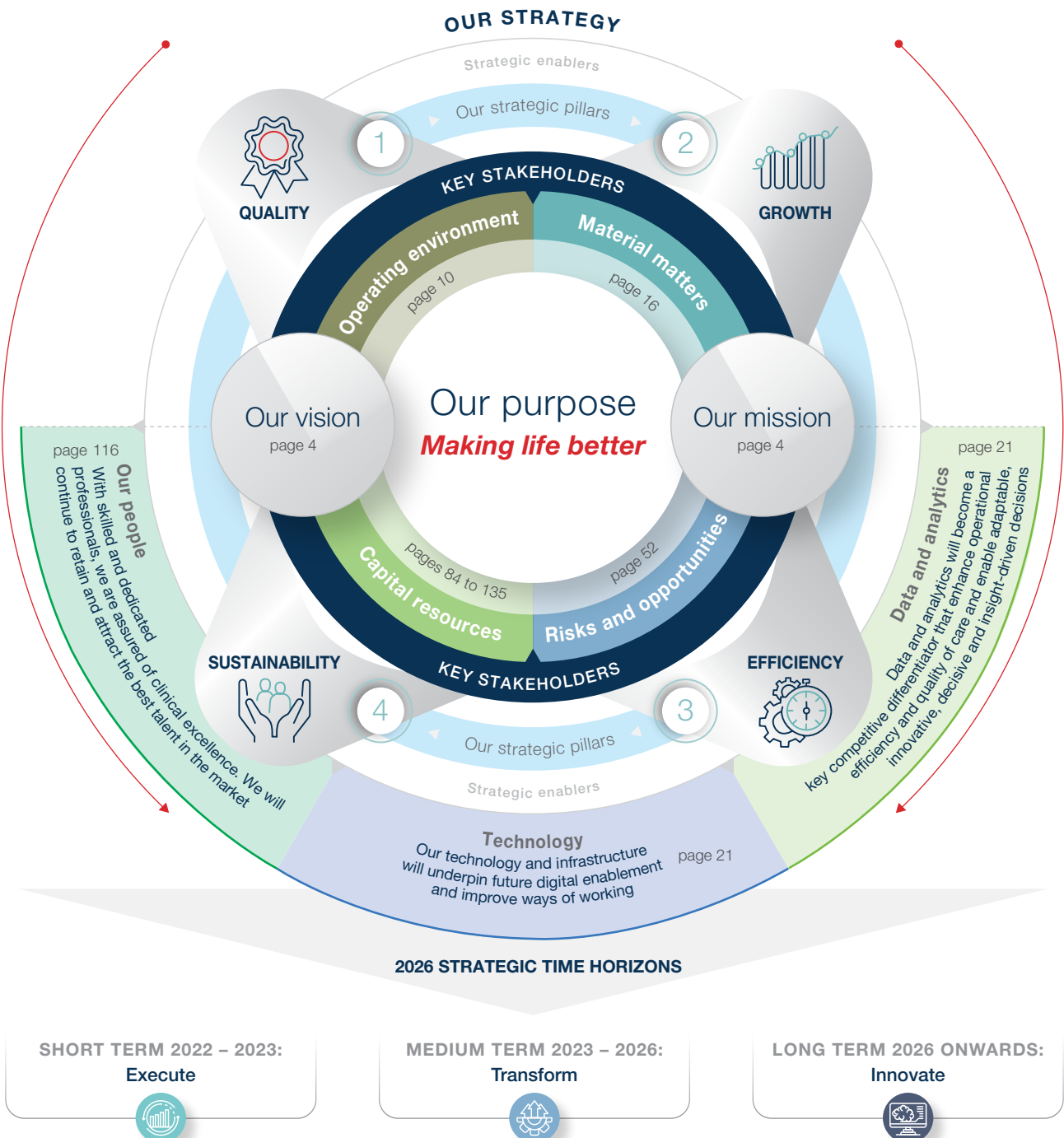
- Our strategy page 19
- Group CFO review on page 86
- Growth initiative commentary on pages 108 and 134
- Our sustainability and ESG highlights on page 123 / [website](http://www.lifehealthcare.co.za)

Our strategy

Our purpose of **Making life better** can only be successfully fulfilled by utilising a coherent strategy which is understood and implemented across the whole Group.

Our 2026 strategy includes an ambitious set of objectives, along with numerous initiatives that we will be undertaking to deliver the strategy. We outline our key priorities within this section, along with our short, medium and long-term time horizons. Our strategy is informed by various external and internal factors, including our operating environment, material matters, risks and opportunities and the availability of capital resources. Proactive engagement with our key stakeholders in relation to these internal and external factors continues to shape our strategy.

Our strategy has **four key pillars** which form the foundation for much of what we set out to do. Whether we embark on a restructuring programme, or implement a new business line, the impact must be measurable in terms of either **Quality, Growth, Efficiency** or **Sustainability** for the Group. While many functions across our Group are involved in delivering our strategy, the key enablers are our **people, technology and data and analytics**. In the table below we highlight our key strategic priorities and objectives. We show the major initiatives that we will deliver to meet these objectives, along with an indicative time horizon for when we expect to complete them.





Our strategy continued

Overview of our 2026 Strategy priorities, objectives and initiatives



Strategic pillars



QUALITY

Deliver clinical excellence and a leading patient experience

- Deliver patient-centric care aligned with clinical best practice
- Reduce variation in clinical care
- Drive quality through centres of excellence



GROWTH

Drive continued growth while diversifying revenue and earnings

- Deliver growth in existing lines of business
- Leverage existing assets and capabilities to grow new lines of business and diversify revenue



EFFICIENCY

Deliver operational excellence

- Stabilise operating margins in SA
- Deliver operational leverage internationally

STRATEGIC OBJECTIVES

STRATEGIC TIME HORIZONS

SHORT TERM
2022 – 2023

Execute



- Enhance quality of renal care and improve patient experience through the national roll-out of the renal integrated care product
- Embed statistical process control methodology
- Improve emergency unit patient experience
- Digital transformation to improve patient care and engagement

- Expand renal dialysis footprint in SA
- Deliver imaging services pipeline opportunities in SA
- Roll-out Community Diagnostic Centres (CDCs) in the UK

- Implement improved workforce planning solution across the UK
- Improve bed and theatre occupancy levels in SA
- Implement stock optimisation algorithm in SA
- Digital transformation underway to drive operational efficiencies

MEDIUM TERM
2023 – 2026

Transform



TO DELIVER OUR 2026 STRATEGY

- Expand the portfolio of integrated care products using evidence-based, standardised care pathways
- Oncology hub and spoke model
- Roll-out of patient advisory boards in SA
- Digital transformation to improve patient care and engagement

- Increase portfolio of value-base integrated care products
- Develop radiopharmacy and molecular imaging capability in SA
- Prepare for UK PET-CT contract renewal
- Secure NeuraCeq® global production capacity in anticipation of Alzheimer's disease modifying drug approval

- Leverage scale to improve procurement and contracting
- Reduce clinical staff administrative burden
- Continue roll-out of IT integration with the UK National Health Service (NHS)

LONG TERM
2026
ONWARDS

Innovate



- Increase access to molecular imaging in SA
- Development of theranostics treatment pathways

- Continue to explore business models for Public-Private Partnership (PPP) in SA

- Use technology, data and advanced analytics to optimise operational performance

Strategic enablers



SUSTAINABILITY

Ensure the long-term viability and sustainability of our business

- Responsible environmental, social and governance practices
- Link material ESG imperatives directly to our strategic priorities

- Agree ESG strategy and targets and link to executive performance
- Continue measurement, monitoring and management of water, waste and electricity

- Improve security of supply of clinical skills (nursing and radiography, hospital managers, pharmacists and IT, data and analytics employees)

- Complete milestones required to achieve zero waste to landfill by 2030 and net zero carbon emissions by 2050

People

Become an international employer of choice

- Embed a culture of transformation, diversity and inclusion
- Attract, motivate, reward and retain our talented people

- Implement group-wide employee value proposition plan
- Deliver on diversity, equity and inclusion targets

- Deliver on diversity, equity and inclusion targets
- Implement new HR system internationally and core HR system enhancements in SA

- Continue to drive and deliver processes that enhance the retention of critical and scarce skills
- Deliver on diversity, equity and inclusion targets

Technology, Data and Analytics

Modernise our IT environment and create value through the use of data and analytics

- Deliver and maintain a secure, modern IT environment
- Deliver network modernisation and cloud migration projects
- Embed data-driven decision making within the organisation

- Decommission legacy systems
- Migrate IT systems and data to cloud
- Define and implement an international shared services operating model
- Digital transformation to improve patient care, engagement and operational efficiencies

- Implement one IT domain for the Group across both SA and International geographies
- Implement an analytics platform to facilitate the development and operationalisation of advanced analytical models
- Digital transformation to improve patient care, engagement and operational efficiencies


- Drive digitisation and automation
































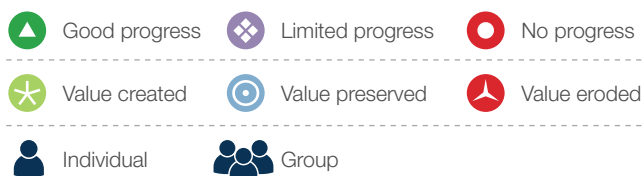
Our strategy continued

The Group's strategic priorities and objectives are incorporated under four strategic pillars that are approved by the Board annually and updated where relevant. Life Healthcare's ExCo is responsible for embedding these pillars Group-wide and monitoring progress.

Strategic goals

 See our four strategic pillars page 20.

STRATEGIC PILLAR	Key measures	Progress in 2022	Value created preserved or eroded
 Quality	Clinical governance	Developed and implemented an integrated clinical governance framework	 
	Patient experience	Piloted patient advisory boards	 
	Quality measurement	Implemented statistical process control methodology	 
	Clinical skills shortage	Enhanced relationships with universities to support increase in radiographer training	 
 Growth	Increase activity levels	5.8% increase in paid patient days (PPDs) in SA and 12.0% increase in scan volumes internationally	 
	SA imaging services	Two imaging services business acquired and entered into a joint venture to build two cyclotrons in SA	 
	Expand complementary services	Renal integrated care product pilot completed	 
	Oncology centre of excellence	Installed Varian Ethos™ radiotherapy machine at Life Vincent Pallotti Hospital	 
 Efficiency	Stabilise SA operating margins	SA normalised EBITDA margin (excluding corporate costs) increased to 16.9% from 15.4% in the prior year	 
	Improved margins in AMG	International normalised EBITDA margin decreased to 20.8% from 24.2% in 2021, although 2021 did include COVID-19-related contracts which did not recur in 2022	 
 Sustainability	ESG Strategy	Board approved ESG strategy	 
	Employee value proposition	Board approved employee value proposition	 
	B-BBEE Level	Level 3 obtained in 2021. The 2022 certification process will be completed after publication of this report	



OUR STRATEGIC ENABLERS ARE KEY TO THE IMPLEMENTATION OF THE GROUP'S STRATEGY. REGULAR STRATEGIC PROGRESS IS COMMUNICATED TO THE BOARD.

See our strategic enablers page 21.

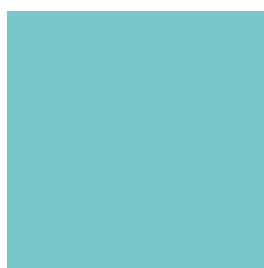
Looking ahead to 2023	Link to KPI	Reference to further information
Ensure consistency of clinical governance and management across the Group		Safety and quality report, see page 128
National roll-out of patient advisory boards		Safety and quality report, see page 128
Provide accurate and consistent analysis of quality data		Safety and quality report, see page 128
Continue to lobby the South African Nursing Council (SANC) to increase the number of nurses allowed to be trained in SA (by the public and private sector)		GCE report, see page 32
Increase funder preferred provider network participation in SA and continue to look for opportunities to partner with public health services in the UK, Europe and SA		How we performed, see pages 84 to 115
Acquire additional imaging practices and begin construction of the two cyclotrons in SA		How we performed – SA operations, see page 90
Roll-out renal value-based product to funders and enhance renal geographic footprint		How we performed, – SA operations, see page 90
Build out hub and spoke oncology model		How we performed – SA operations, see page 90
Drive further efficiencies through combination of volume growth, cost control and new business lines enabled by technology and data analytics		How we performed – SA operations, see page 90
Improve operational leverage through delivering higher volumes with strict cost management		How we performed – International operations, see page 100
Set ESG baseline and define short, medium and long-term ESG targets		Social, Ethics and Transformation Committee review, see page 50
Group-wide communication of the employee value proposition		Our People report, see page 116
Maintain a Level 3 B-BBEE rating		Social, Ethics and Transformation Committee review, see page 50

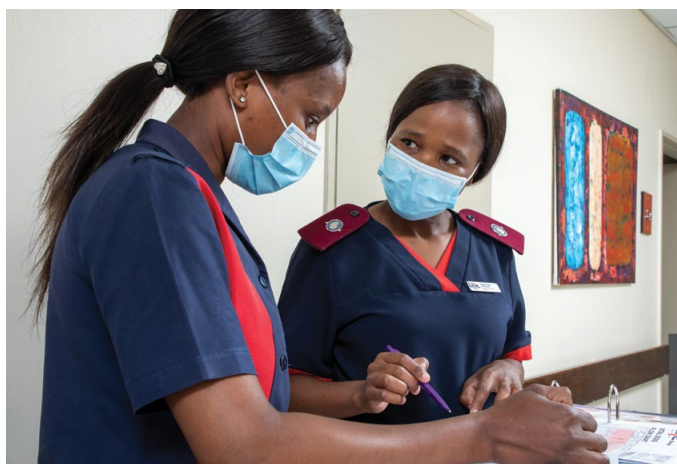


How we run our business

In this section

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264
scanners and
11
cyclotron sites in our
International operations





Chairman's review



Dr Victor Litlhakanyane
Chairman

To all of our stakeholders, it gives me great pleasure to present you with our integrated annual report for 2022.

Our southern African operations continued to reflect a strong recovery in activities as we move to lower levels of COVID-19 admissions and a more normalised environment. Our International operations performed well given the high 2021 base. We are now well positioned for growth in 2023.

GROUP REVENUE of
R28.2 BILLION

Normalised **EBITDA** of
R5.0 BILLION

REFLECTING ON 2022

As we look back at the past year, the disruptions from the COVID-19 pandemic appear to be firmly behind us, at least in the geographies in which we operate. Multiple waves of new outbreaks and infections, coupled with an unprecedented vaccination effort across the globe, in which we too have played a major role, have helped to deliver the welcome news that the severity of the pandemic has now waned. Economies across the globe have opened up, and with that demand for travelling, sports events and other social interactions returned. Children have returned to physical schooling and many workers have returned to their offices.

We have also seen a resumption in demand for healthcare services, which has fed into strong operational results delivered in the year and which we detail within this report.

In our southern African operations, reduced COVID-19 cases have led to

the resumption of a more normalised case mix along with higher occupancies across our acute hospitals and complementary services, in our second half. We have expanded some of our existing complementary services with additional mental health and renal dialysis capability and bolstered our oncology offering at Life Vincent Pallotti hospital. We acquired the non-clinical operations of two imaging services businesses during the year, delivering on the start of our imaging services ambitions whilst also increasing the contribution from non-acute services. Healthcare services through Life Nkanyisa (previously Life Esidimeni) continued to deliver high occupancies and a stable performance. Life Health Solutions performance was soft after the ending of several COVID-19-related services and commercial contracts. These factors combined led to southern African revenue growth in 2022 of 5.0% while normalised EBITDA grew by 7.2% (see [📄](#) page 96 for more detail).

In our International operations, we saw volume growth across all modalities and regions in the UK and Europe, notwithstanding the ending of COVID-19-related contracts which flattered the 2021 results. The roll-out of Community Diagnostic Centres (CDCs) gained momentum during the year. International revenue in 2022 increased by 2.8% while normalised EBITDA declined by 11.9% (see [📄](#) page 102 for more detail).

MACRO-ECONOMIC OVERVIEW

The global economy faces some significant risks in 2023. The Russian invasion of Ukraine in early 2022 has led to energy shortages across Europe and triggered significant spikes in energy prices across the globe. These price increases have caused additional strain to a global economy still reeling from COVID-19 production and supply chain disruptions. These factors, coupled with a scarcity of skilled labour in many countries, have unleashed inflationary pressures not seen in developed economies for a generation.

We continue to demonstrate progress in executing on our **long-term strategy** of diversifying our share of revenue and earnings from non-acute sources.

29.2% of revenue generated by our International operations (2019: 24.1%)

38.8% of revenue generated by our non-acute operations (2019: 28.0%)

In response to rapidly rising inflation, central banks, led by the US, have belatedly started to increase interest rates. These interventions may well lead to reduced demand and quite possibly recessions in some developed economies during 2023. We anticipate these conditions will possibly lead to further weakening of emerging market currencies and economies during the year. Our international positioning is therefore strategically sound and important.

During 2022 the South African economy experienced its own set of difficulties including the socio-economic challenges of high unemployment, elevated debt levels heightened by the impact of the pandemic, a stagnant economy and energy and transport infrastructure challenges. Overall, sentiment was dampened by ongoing concerns around corruption and the poor administration of state-owned enterprises together with public healthcare services challenges.

Despite the macro-economic challenges being experienced across multiple jurisdictions, the resilience of our business in a time that has arguably been amongst the most challenging in the history of our business, speaks volumes to the strength of our strategy and of our exceptional management and operational teams.

We have the necessary skills to navigate through the coming storm. Our management teams are experienced in dealing with inflationary environments and the corresponding pressures that accompany these. For our southern African operations we are likely to see inflation-related tariff increases. Within our International operations, many of our services are delivered for public sector partners where a cost of living crisis has triggered numerous governments to offer support packages. Some of our contracts are protected through inflation adjustment mechanisms, while in private services inflationary linked increases in prices may offset cost growth.

As we detail in the Group CFO's report (📄 page 86), our balance sheet remains strong, with net debt to normalised EBITDA of 1.89x and, having recently refinanced some UK debt, most of our debt maturity has moved out to 2025 and beyond. We have interest rate hedging in place for some of our South African and international debt.

NATIONAL HEALTH INSURANCE IN SA

We support the concept of universal healthcare access but we believe private providers should play a bigger role in the delivery of services as is the case in the other markets we operate in.

South Africa has enormous healthcare challenges to overcome. Addressing the accessibility and affordability gaps and poorly resourced public healthcare services in the country are significant undertakings. These issues can only be overcome by addressing the chronic shortage of nurses, doctors and capable hospital managers. We have therefore recommended a building block and



Chairman's review continued

Our people are key in delivering our services and business sustainability. Transformation, diversity and inclusion (TDI) continues to take precedence during Board discussions as we embrace a culture of equality, diversity and inclusivity.

partnership approach. We believe that partnering with government is the most efficient, tried and tested way to overcome these problems and improve healthcare delivery.

The experience from our international operations, where government-led healthcare systems and public-private partnerships are the norm, would be invaluable in navigating the problems facing South Africa. Locally, we have also learned that effective healthcare delivery, quality patient care and efficient operations depend on strong partnerships as evidenced by our long-standing partnership through Life Nkanyisa.

Addressing the fundamental challenges within South Africa requires co-operation and will not be achieved in isolation through legislation nor debates on funding or a single payor system.

We look forward to ongoing engagement and stand ready to assist and partner with government to provide better healthcare for all South Africans.

PEOPLE AND SUSTAINABILITY

A scarcity of healthcare workers continues to be experienced both domestically and internationally, to problems with both higher wage inflation and retention of employees.

To mitigate these issues, we launched a refreshed global EVP to position ourselves as an employer of choice, and to attract and retain critical skills. Our EVP (see [page 116](#) for more detail) highlights enhancements to pay, benefits, health and wellness, structured training, recognition, mentorship, and career path opportunities that exist within our Group. Our EVP makes us globally competitive. Our *Women in Life* programme, established in 2021, gained momentum in all geographies

where we operate, and strong progress continued to be made in our employee TDI. 79% of our southern African employees are African, Coloured, or Indian (ACI) and 43% of our Board members are ACI (see Our People section on [page 116](#)).

Sustainability is a key strategic focus for the long-term viability of our business. Our initiatives spanning the ESG spectrum are aimed at being both good for our business, our people and our planet. While we have spent much effort during the year improving the monitoring of our environmental impact and trying to reduce it, there have been significant trade-offs during the year. Within the environmental pillar of ESG, South Africa faced significant electricity blackouts (see [page 95](#)) as well as increasingly frequent water supply disruptions during 2022. While it remains possible to operate hospitals with a mixture of generator and renewable electricity, water is critical to our operations and persistent disruptions to water supplies could shut down our facilities. While investment in renewable energy supplies is good for the continuity of our business operations and good for the planet, the significant increase in diesel back-up generator use has increased our scope 1 emissions (see [pages 122 to 125](#)).

Investments in back-up water storage and ground water supplies are critical to sustain our operations and we need to work harder to reduce absolute water consumption too.

During 2023 we will formally communicate achievable medium and long-term environmental targets for our southern Africa and International businesses. Environmental-related projects in 2023 in southern Africa include solar PV installations, water reduction initiatives and waste

TRANSFORMATION AND DIVERSITY

79% of our southern African employees are ACI (2021: 77%)

43% of our Board members are ACI (2021: 54%)

WOMEN IN LIFE

82% of our SA employees (2021: 81%),

and **68%** of our International employees (2021: 69%) are women

reduction projects. Internationally, CDCs in the United Kingdom (UK) and Ireland are designed and built in line with green energy design principles, and a significant proportion of our vehicle fleet in the UK has already switched to electric vehicles.

Within the social pillar of ESG, we identify opportunities to develop innovative healthcare and training initiatives which create value for Life Healthcare and the society which we serve. We have invested R107 million during 2022 in community upliftment projects, which include access to clean running water through solutions installed at 25 disadvantaged communities and schools. During the flooding in KZN, we saw our teams rally together to provide support to employees and other flood victims. Our longstanding relationship with the South African National Council for the Blind (SANCB) continued, with more than 20 000 cataract surgeries performed to date across the country, as well as surgical programmes for state indigent patients by supporting specialists who undertake *pro bono* surgery. More information on these initiatives can be found on [page 132](#) of this report and in our separate Sustainable Development Complementary Data report ([website](#)).

ESG IN ACTION:

Solar installations at
15 of our SA hospitals

16% of AMG's
vehicle fleet are electric

25 water storage
installations in rural SA

R107 million
spent on community projects
in 2022

LEADERSHIP AND GOVERNANCE

Our culture is one of honest, caring, ethical values and accountability. We acknowledge that robust governance across our Group is critical to enhancing stakeholders trust. Our already mature governance processes, frameworks and structures continue to be enhanced in line with our adopted Board strategy. We detail our governance processes and structures later in this report (see Corporate governance section, page 38).

Board diversity and experience is essential to support the delivery of our strategy and value creation. As we continue to build a strong multinational presence, we introduced additional Board members with both international corporate experience and healthcare-specific experience. With this in mind, I am delighted to announce that during the year under review, we strengthened our Board with the appointments of Lars Holmqvist and Dr Jeanne Bolger as

independent non-executive directors. Lars has over 30 years' experience in the sectors of health, pharmaceuticals, biotechnology and medical diagnostics. Jeanne is a pharmaceutical physician with 35 years' experience in leadership roles, spanning commercial strategy, medical and regulatory affairs, business development and venture investments. On the Board's behalf, I welcome Lars and Jeanne, look forward to their contribution and wish them well in their new roles.

BOARD FOCUS AREAS FOR 2023

Key focus areas from a Board perspective will be the Group's delivery against its key strategic objectives. These are:

- ↪ Clinical quality and patient experience in line with our objective of continuous improvement;
- ↪ Diversity, inclusion and the embedding of our EVP;
- ↪ Ongoing efforts to train more nurses in South Africa and radiographers internationally;
- ↪ Delivery of our South African imaging and nuclear medicine strategy;
- ↪ Monitoring roll-out and progress of our integrated value-based care products;
- ↪ Expand our footprint through selected imaging acquisitions in SA and through additional CDCs and bolt-on acquisitions in our International operations;
- ↪ Monitoring of ESG performance for executives; and
- ↪ Government engagement and our response to NHI.

APPRECIATION

I would like to extend my appreciation to my fellow Board members for their guidance throughout the year.

To our approximately 20 000 employees, nurses, support staff and doctors worldwide, thank you. I have personally witnessed the dedication, commitment and care shown by you to our patients, which makes me proud to be the Chairman of the Life Healthcare Group. It is only through your commitment and effort that we are able to provide industry-leading healthcare services.

To our doctors – thank you for choosing us as your partner and to our patients for choosing our facilities and services in ***Making life better.***

Dr Victor Litlhakanyane
Chairman



Board of Directors



Dr Victor Litlhakanyane⁴
Chairman – Independent non-executive
Qualifications
 MBChB, Masters in Medicine (Radiotherapy), Masters in Business Administration
Age 57
Appointed
 15 April 2020
 (appointed to Board)
 27 January 2021
 (appointed as Chairman)
Committee membership
 NG IC CC



Peter Goleeworthy¹
Lead Independent non-executive
Qualifications
 BA (Hons), Accountancy Studies, CA
Age 64
Appointed
 10 June 2010
Committee membership
 AC NG RCIT IC



Dr Malefetsane Ngatane⁴
Independent non-executive
Qualifications
 BSc, MBChB, FCOG
Age 68
Appointed
 10 June 2010
Committee membership
 NG CC SETCO



Garth Solomon⁴
Independent non-executive
Qualifications
 CA(SA)
Age 55
Appointed
 10 June 2010
Committee membership
 IC CC REMCO



Prof Marian Jacobs⁴
Independent non-executive
Qualifications
 MBChB, Diploma in Community Medicine, Fellow of the College of South Africa (Paediatrics)
Age 74
Appointed
 1 January 2014
Committee membership
 RCIT CC SETCO



Joel Netshitenzhe⁴
Independent non-executive
Qualifications
 Dip PolSci, PGDip (Economic Principles), MSc
Age 65
Appointed
 30 November 2010
Committee membership
 RCIT SETCO



Audrey Mothupi⁴
Independent non-executive
Qualifications
 BA (Hons) PolSci
Age 52
Appointed
 3 July 2017
Committee membership
 RCIT REMCO SETCO



Royden Vice⁴
Independent non-executive
Qualifications
 CA(SA)
Age 75
Appointed
 1 January 2014
Committee membership
 AC IC REMCO



Adv Mahlape Sello⁴
Independent non-executive
Qualifications
 LLB (Wits), Master of Arts and Law
Age 60
Appointed
 3 July 2017
Committee membership
 NG RCIT SETCO REMCO



Lars Holmqvist²
Independent non-executive
Qualifications
 BA Economics, Exec MBA
Age 63
Appointed
 1 August 2022
Committee membership
 AC IC



Dr Jeanne Bolger³
Independent non-executive
Qualifications
 MB BCh BAU, DCH Dip in Child Health, Cdiip Fin Acc (AACA)
Age 62
Appointed
 1 August 2022
Committee membership
 IC CC



Caroline Henry⁴
Independent non-executive
Qualifications
 CA(SA)
Age 55
Appointed
 1 September 2021
Committee membership
 A IC SETCO



Peter Wharton-Hood⁴
Executive – GCE
Qualifications
 CA(SA)
Age 57
Appointed
 1 September 2020
Committee membership
 RCIT IC CC SETCO

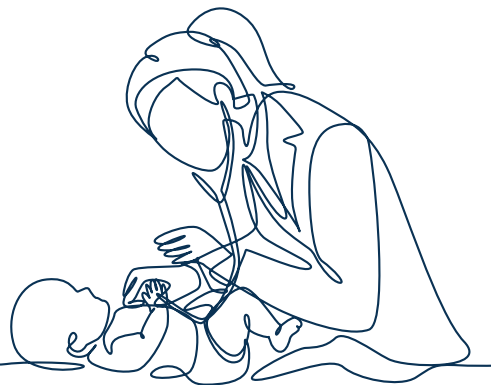


Pieter van der Westhuizen⁴
Executive – CFO
Qualifications
 CA(SA)
Age 51
Appointed
 1 June 2013
Committee membership
 RCIT IC

Board Committees

- Audit Committee (AC)
- Nominations and Governance Committee (NG)
- Clinical Committee (CC)
- Social, Ethics and Transformation Committee (SETCO)
- Risk, Compliance and IT Governance Committee (RCIT)
- Investment Committee (IC)
- Human Resources and Remuneration Committee (REMCO)
- Chairman

¹ British
² Swedish
³ Irish
⁴ South African



9 203
beds in our
southern African
operations





Group Chief Executive's review



Peter Wharton-Hood
Group Chief Executive (GCE)


The financial year under review has again tested the resilience of our business and demonstrated the benefits of our diversified model and the strength of our strategy.

Our strategy of diversifying into non-acute services progressed meaningfully in our SA and International geographies. In SA, our imaging services ambitions gained momentum as we successfully concluded our first two acquisitions in this sector.

We made excellent progress in the development of our VBC integrated care products, with our renal dialysis VBC product now ready to launch in 2023. Within our international segment we increased our footprint of CDCs in the UK and expanded our imaging services in Ireland.

OUR OPERATING AND FINANCIAL PERFORMANCE

Amid a turbulent global and local economic environment, the Group delivered robust operational and financial results for the year under review. This performance was underpinned by a strong recovery in southern Africa within the second half of the year, and a solid underlying performance in AMG with continued strong volume growth in key geographies and modalities.

We continued our focus on operational excellence and execution of key projects and strategic initiatives. A strong balance sheet at 1.89x net debt to normalised EBITDA is supported by sustained cashflow generation and prudent capital management. (See our Group CFO section on  page 86 for further

information.) We are ideally positioned for further growth.

The resilience of our teams continued to be tested through the year, with severe flooding in KZN in April 2022, as well as fourth and fifth COVID-19 waves in southern Africa and a major fire at Life Chatsmed Garden Hospital which led to the closure of the hospital for a week. Our international operations faced only minor COVID-19 disruptions in certain geographies, while the ending of some COVID-19-related service contracts during 2021 distorted the comparison of the 2022 performance with the performance in the prior year.

Southern Africa

Our southern African operations saw considerably increased activity levels during the second half of the year, contributing to a good financial

performance. Revenue increased by 5.0% and normalised EBITDA by 7.2%. The acute hospital business delivered robust results over the period, with consistently strong activity levels from March through to September 2022. We have seen a strong recovery in a broad range of surgical and medical activities in our hospitals which has resulted in PPDs growing 5.8% year-on-year.

Complementary services continued to reflect good revenue and normalised EBITDA growth across the different business lines with mental health and oncology performing particularly well. Mental health PPDs were 13.8% ahead of the prior year, which is a further indication of a return to more normalised demand given that this business was severely impacted by the COVID-19 pandemic. Renal dialysis and acute rehabilitation produced

Our ability to **provide world-class quality healthcare would not be possible without our people.**

Completed our first **two imaging acquisitions in SA**

Entered into a **joint venture to build two cyclotrons** in Gauteng

We **installed the first Varian Ethos™ radiology machine in SA** at Life Vincent Pallotti Hospital, part of our **strategy of moving oncology care forward**

Expanded our CDC footprint to **seven live sites** with **two additional sites being developed**

performances in line with our expectations.

Healthcare services saw a decline in revenue and normalised EBITDA which was attributable to the ending of a number of COVID-19-related services and commercial contracts in Life Health Solutions. Life Nkanyisa (previously Life Esidimeni) continues to perform well with high occupancies and stable margins. This partnership with Government continues to help serve the needs of the most vulnerable by providing high quality care with compassion, dignity and respect.

International

Our International business delivered to our expectations, with good volume growth in key modalities driven by supportive diagnostic imaging industry macro trends. Revenue increased 2.8% while normalised EBITDA decreased 11.9% against the prior year, largely as result of the ending of some short-term COVID-19-related contracts which contributed positively to the previous financial year.

In the UK, PET-CT and Radiopharmacy delivered strong performances, with volumes increasing slightly more than 11%. Diagnostic Imaging volumes grew by 2.0% year-on-year despite the ending of mobile CT contracts with the NHS on 30 September 2021.

In Italy, total imaging volumes were 7.5% higher year-on-year aided by additional public sector budget allocations during the period to help reduce patient waiting lists. Ireland volumes were 24.4% ahead of the prior year due to the installation of additional scanning capacity to help the public sector address waiting lists.

DRIVING OUR 2026 STRATEGY AND GROWING OUR BUSINESS

Our Group 2026 strategy (see  page 19 for additional information) is underpinned by an efficient and resilient acute hospital business in southern Africa that is highly cash generative, delivering high-quality healthcare through our remarkable complement of nurses, doctors and other healthcare professionals.

Growth in our non-acute business lines continues to be a combination of organic and acquisitive growth to diversify our service offering. The current year has been a significant year in building on our foundation and expanding our revenue mix:

Southern Africa

SA imaging and nuclear medicine

- We completed our second imaging transaction in South Africa with the purchase of the non-clinical operations of Eugene Marais Radiology. The first acquisition of East Coast Radiology was concluded in H1-2022. Five hospital-based imaging practices are now operated under the Life Healthcare brand.
- Our joint venture with the AXIM group to build two cyclotrons with radiopharmacies in Gauteng has been formalised and is aiming to be operational by 2025. This represents a significant advancement for patients in southern Africa, as the use of PET-CT imaging technology in



Group Chief Executive's review continued

In 2022 we rolled out an enhanced Employee Value Proposition which will be key to attracting and retaining talented people.



diagnostics enables clinicians to diagnose diseases earlier and more accurately. Following International guidelines PET-CT should be the preferred and recommended protocol in more than 40% of all cancer tumour cases. We are excited that we can bring our expertise in running cyclotron radiopharmacies to South Africa. This pioneering joint venture will support South Africa's nuclear medicine community and paves the way for providing PET-CT scanning services and other opportunities for our Group across the region in the near future.

Renal dialysis

- Our renal dialysis value-based care product has been finalised for launch in 2023.

Oncology

- Our oncology centre expansion at Life Vincent Pallotti Hospital in Cape Town has been completed, including the installation of the first Varian Ethos™ at Life Vincent Pallotti Hospital. This is the first adaptive radiotherapy unit and will deliver AI-assisted personalised radiotherapy for our oncology patients.

International

We continued delivering on our vision, strengthening our foundation and continued growing through establishing accessible and affordable services in the markets that we operate. AMG is the number one private provider in the UK, Italy and Ireland, as well as the number one operator in PET-CT and radiopharmacy in the UK. We are the leading provider of imaging services to governments in the UK, Italy and Ireland, with the largest vertically integrated PET-CT network in Europe.

Progression on our 2026 strategy includes:

- Adding diagnostic and molecular imaging capacity through a balanced approach of a portfolio of CDC's, independent hubs and on-site expansion, supported by a high-quality mobile fleet;
- Scaling our radiopharmaceutical business;
- Embedding our employee value proposition through investment in our staff, recruitment, training and retention;
- Increasing our capacity, resilience of supply and continuously driving efficiencies; and
- Supporting innovation, research and technology through relationships and partnerships including The Christie NHS Foundation Trust in the UK. The Christie is one of the largest cancer treatment centres of its type in Europe.

Further advances were made underpinning our existing base:

- Four CDCs in the United Kingdom and Ireland are in various stages of construction, bringing the total CDCs operated by AMG to seven.
- Our Italian business completed the acquisition of two stand-alone clinics in the year.
- Our LMI business is ready to deploy NeuraCeq® should approval and reimbursement of any drugs that treat (or reduce) Alzheimer's disease symptoms occur within the US and Europe. Eisai, a Japanese pharmaceutical company, announced on 28 September 2022 that all primary and secondary endpoints of its lecanemab phase 3 trials were met and full FDA approval will be sought after the trial data has been published on 29 November 2022 (see pages 108 and 134 for

additional details). We continue to monitor developments in this exciting field.

PEOPLE-CENTRED

Our ability to provide world-class quality healthcare would not be possible without our people. To achieve our vision of being a people-centred organisation, our focus is on the creation of an empowered inclusive workforce and environment. We believe the incremental improvements we will continue to deliver are a result of instilling a culture where our people at all levels embrace diversity and inclusion. During 2022, we rolled out a renewed Employee Value Proposition (EVP) that has been well received and is key to attracting and retaining talented people. The EVP highlights our commitment to our employees who are key to our continued performance and the long-term sustainability of our business. (See Our People report on page 116 for further details.)

The year has not been without challenges. During April 2022, the KZN province experienced significant flooding that severely impacted operations and employees. The speed with which operations were brought back to full operational capacity is testament to the unwavering commitment and courage of all our employees. Many of our employees experienced significant damage to their own homes, battled to obtain basic food and water supplies and could not travel safely to and from work. Our teams on the ground rallied to provide food parcels, drinking water, grocery vouchers and accommodation to employees in need. Ongoing support was provided through Life Health Solutions support services.

Our drive to train more nurses in South Africa continues unabated.

SATISFIED PATIENTS

Consistently high **Patient Experience Measures** with

70.9% of patients saying they would definitely recommend our SA facilities

97.0% of UK patients satisfied and very satisfied

97.8% of our patients in Italy would definitely recommend our facilities

SAFE HOSPITALS

0.47 healthcare associated infections (HAIs) per 1 000 PPDs (2021: 0.57)

3.36 employee adverse events per 200 000 labour hours (2021: 3.59)

(see page 128 for more details)

These additions increase access to state-of-the-art technology for our surgeons and patients and pave the way for the creation of centres of excellence in a number of surgical specialities.

OUTLOOK FOR 2023

2022 was a year of significant progress towards delivering on our 2026 strategy and the operational initiatives needed to fulfil this (see page 19). We expect to see continued volume growth within South Africa due to the normalisation of our activities and additional network arrangements with funders. We expect demand for our diagnostic imaging and radiopharmacy services to grow as the UK and Europe continue to promote healthcare policies that lead to earlier diagnosis of cancer and other diseases.

Our core focus remains execution of our 2026 strategic ambitions, providing high quality accessible and affordable healthcare.

APPRECIATION

I would like to thank our Board, management teams and employees for their dedication during the year.

I am constantly moved by the resilience and commitment of our employees and clinical partners. To our employees and the healthcare professionals with whom we work, thank you for your passion and dedication every day.

I am excited about driving the delivery of our ambitions for the year ahead, providing high-quality healthcare to our patients and creating sustainable value for all of our stakeholders.

Making life better.

Peter Wharton-Hood
Group Chief Executive

We have trained approximately 1 500 nurses in a three-year period across our seven nursing colleges. We requested approval from the SANC to double our training cohorts but to date no such approvals have been forthcoming from SANC. We will continue pressing this issue as a national imperative. Internationally, we have relationships with more than 25 universities throughout the UK and Europe in support of our drive to increase the training of radiographers.

Our doctor recruitment and retention strategy is vital to the sustainability of our business. The 2022 financial year saw significant improvement in the number of doctors recruited, with the majority being ACI.

MAKING LIFE BETTER

Quality is a key strategic pillar for Life Healthcare. Constantly improving the quality of care is fundamental to the way we work. We strive to consistently improve patient outcomes, enhance our patient experience, and work closely with our doctors and nurses to deliver patient-centric care aligned with clinical best practice. (See Group Chief Medical Officer's safety and quality review on page 128 for further details.)

During the year we completed the development of our integrated clinical governance structures and processes, defining roles and responsibilities for patient safety, quality improvement and clinical governance in southern Africa.

Significant advances were made in the development of our complex renal disease value-based care management programme, which will be rolled out in 2023. The programme includes a technology platform that manages the end-to-end patient journey, involving multi-disciplinary teams caring for the patient. The aim is to deliver better outcomes at lower overall costs of care.

Our aspiration to be a leading cancer care provider has taken a substantial step forward with the expansion at Life Vincent Pallotti Hospital in Cape Town which included the installation of the highly sophisticated Varian Ethos™ radiation machine. In addition, we introduced an additional bunker for radiation treatments, a chemotherapy unit and consulting rooms for our world-class doctors. Other significant additions in our hospitals were the installation of a second orthopaedic surgical robot as well as a second Da Vinci™ surgical robot for minimally invasive surgery.



Group Executive leadership team



Peter Wharton-Hood



Pieter van der Westhuizen

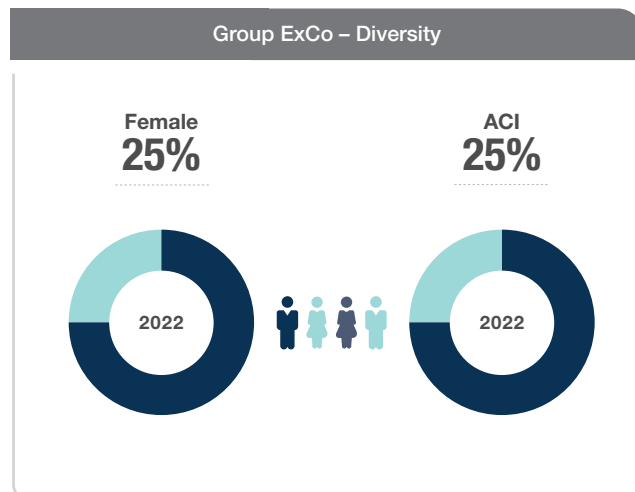
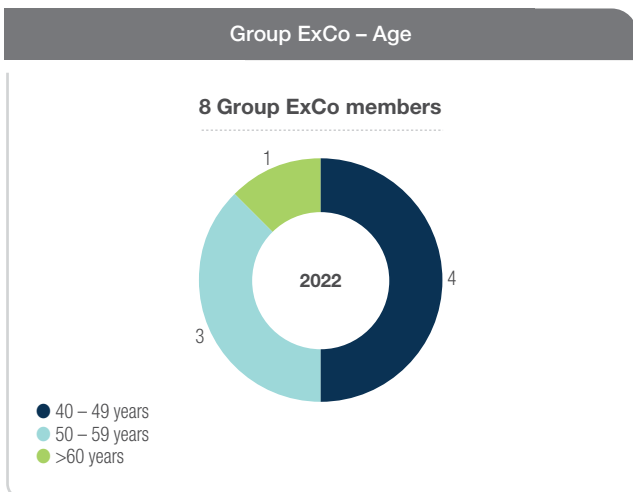


Adam Pyle



Mark Chapman

Peter Wharton-Hood	Pieter van der Westhuizen	Adam Pyle	Mark Chapman
Group Chief Executive (GCE)	Group Chief Financial Officer (CFO)	CEO – southern Africa	CEO – International
Qualifications CA(SA)	Qualifications CA(SA)	Qualifications BCom, LLB	Qualifications BSc (Hons) Applied Statistics and Econometrics





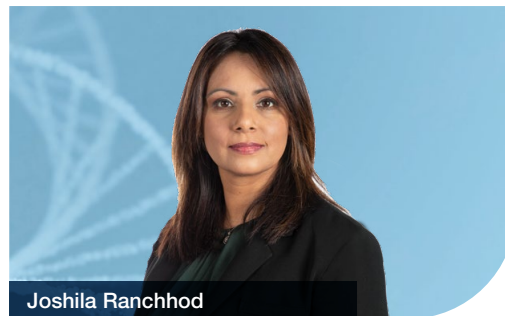
Dr Mark Ferreira



Brett Mill



Avanthi Parboosing



Joshila Ranchhod

Dr Mark Ferreira

**Group Chief Medical Officer
(International Medical Director)**

Qualifications

MBBCh, MFamMed,
MHealthEcon

Brett Mill

Chief Data and Risk Officer

Qualifications

BEconSC, FFA, FASSA
(Economics and actuarial
science)

Avanthi Parboosing

Chief People Officer

Qualifications

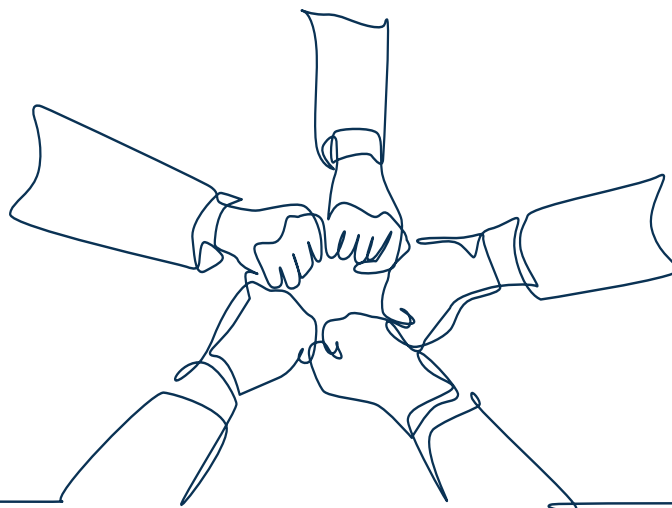
BA (Hons) and Masters (Political
Science and International
Relations)

Joshila Ranchhod

Company Secretary

Qualifications

BA, LLB
Admitted attorney





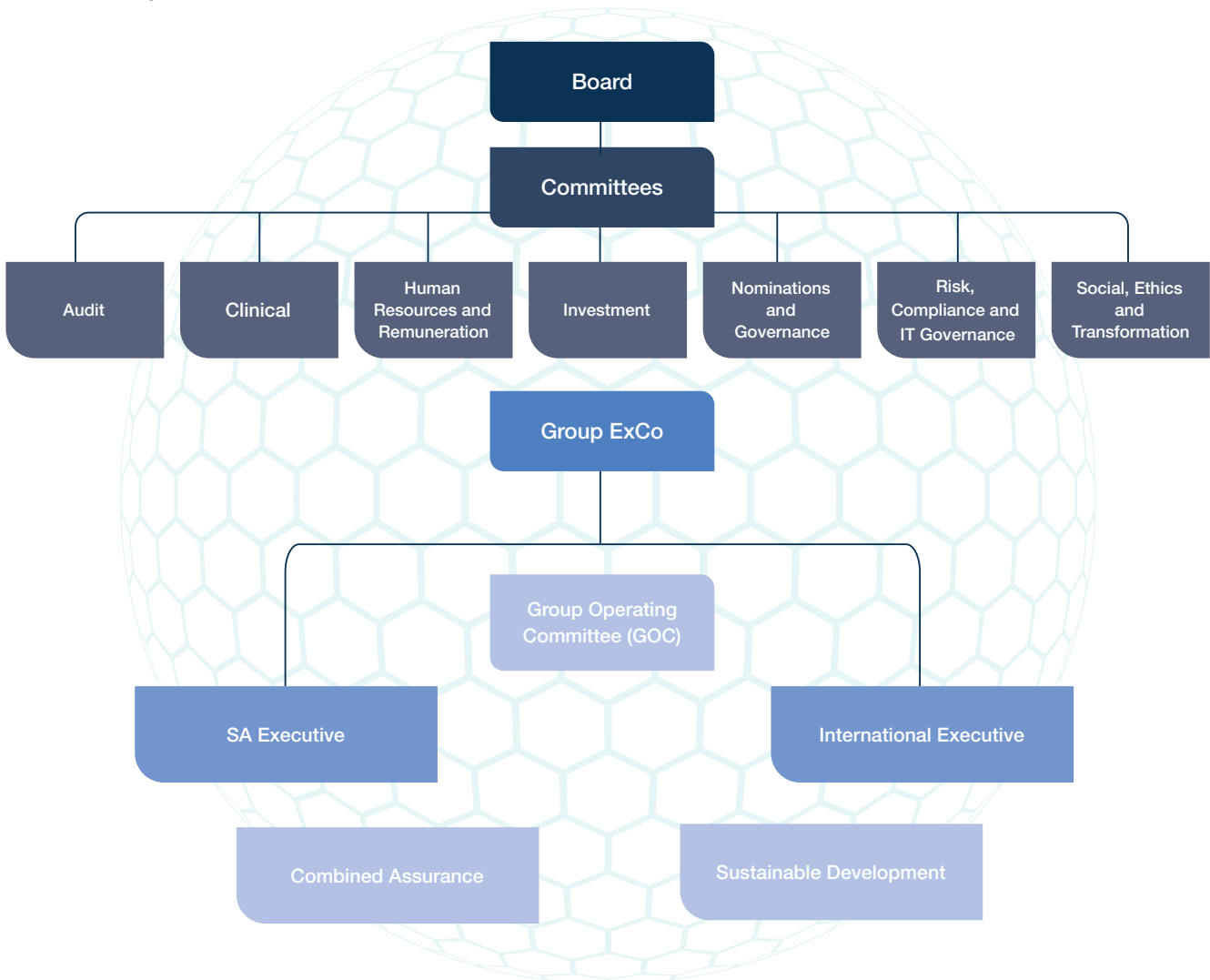
Corporate governance overview

Globally, there has been a renewed focus on governance and, in particular, there has been a focus on South African companies and how they are run. Life Healthcare has used the past year to delve into its own process and consider how governance can be simplified through the organisation allowing for not only an understanding of why the correct process is important, but providing greater clarity and communication on governance through the organisation. The governance philosophy is premised on principles steeped in corporate legislation and shaped by Common Law, which focuses the Company's attention on doing the right thing.

GOVERNANCE FRAMEWORK

The Group endorses and endeavours to adhere to the principles of King IV™. The King IV™ implementation report is available at [website](#). In ensuring effective governance, the Board considers processes adopted by the Company to ensure effective distribution of resources with due regard to stakeholders while simultaneously being a responsible corporate citizen. The Board is instrumental in guiding the strategy for the Company and, through its Committees, has more detailed oversight into specific areas of the business. The Committees delve into the detail of the business and material matters are then brought to the attention of the Board. The governance framework creates the parameters for the distribution of authority through the Group and the delegation of authority gives effect to the implementation of such authority.

The principles of governance are woven through the fabric of the Group and, through a focused and deliberate engagement with the business, governance has been made more visible. There are ongoing efforts to simplify governance processes to ensure effective delivery of business outcomes.



DELEGATION OF AUTHORITY

The delegation of authority sets the parameters for decision making and ensures that there is an appropriate level of oversight in relation to all decisions made by the Company. The Board delegates its authority to the executive, who in turn, delegates this authority to management subject to certain limits, as prescribed by the delegation of authority.

The delegation of authority is reviewed on an annual basis with the objective of making it not only simpler but more comprehensive. Simplicity allows for all employees to better understand their respective roles in relation to delegated authority and how the process of escalation operates as the more material matters are elevated to the ExCo and ultimately the Board.

The delegation of authority includes fundamental elements such as:

- An authority matrix for the Board, GCE and management through the geographies
- Corporate, finance, governance and HR matters reserved for the Board
- Policies that are to be approved by the Board
- A process for the amendment or approval of the Company's budget
- Acquisitions and disposals
- Stakeholder engagement

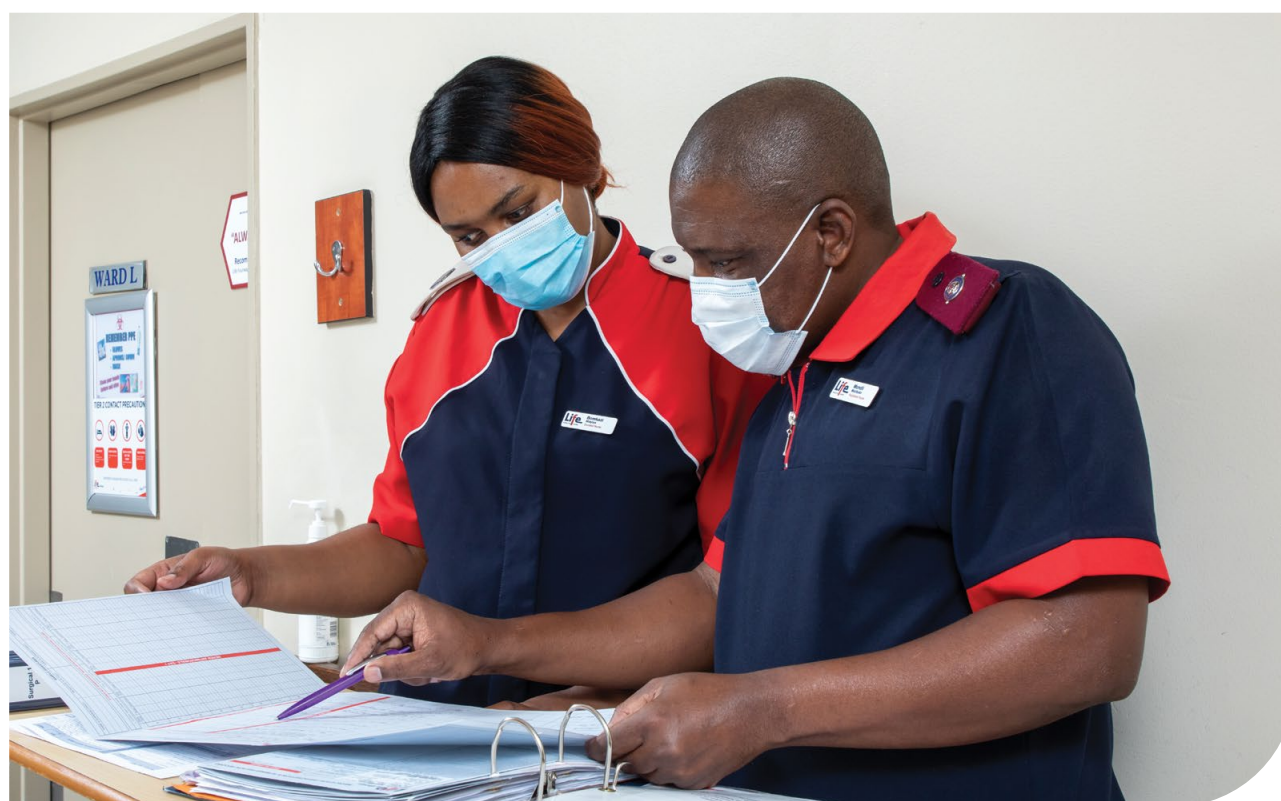
BOARD

Life Healthcare first listed on the JSE in 2010 intends to do a secondary listing on A2X markets on 1 December 2022. There has been continuous re-evaluation of the Board to ensure that the Board composition is balanced with the necessary skills and expertise.

The Board delegates its authority to the GCE who is supported by executive teams through the various geographies. Regular meetings are held through the year to ensure that the Board is kept apprised of all material developments. To ensure that there is the appropriate flow of information, senior members of the executive together with subject matter experts attend the Board and Committee meetings.

The Board Charter guides members in the discharge of their duties and honest, candid discussion is strongly encouraged. Through the year, there has been a healthy level of debate within the Board, especially when it came to topics like mandatory vaccines and cyber security. The Chairman facilitates discussion ensuring there is participation from all members and each voice is heard. This is especially important when material matters are tabled that require tough decision.

The Board sets the strategy for the Company having regard for all its stakeholders and its operating environment. The strategy is reviewed and agreed annually with the ExCo. Strategic direction is driven through focus on key areas, which include human capital management, investments and disposals, clinical excellence, financial controls and succession planning. It also has oversight in relation to material policies and frameworks.





Corporate governance overview continued

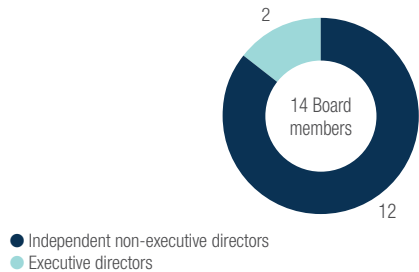
BOARD COMPOSITION

The Company's Memorandum of Incorporation allows for a total of 15 Board members. At this stage, the Board comprises of 14 members to facilitate succession plans. It is important that there is adequate transition from old to new Board members and, as consequence, the Board has almost achieved the maximum number. In accordance with Board succession plans, the longer standing Board members will be stepping down in a phased approach to ensure an adequate transfer of skills and a Board that remains adequately composed to deliver on the Company's strategic objectives.

INDEPENDENCE

The Nominations and Governance Committee is tasked with annually assessing the independence of directors. Independence is determined according to the Companies Act, JSE Listings Requirements and the recommendations in King IV™ based on, amongst other things, capacity, contribution and tenure. In accordance with King IV™, the Nominations and Governance Committee has conducted its assessment and concluded that a majority of the Board members are independent and, in accordance with statutory requirements, members of the Audit Committee are all independent.

Board independence



NEW APPOINTMENTS, BOARD CHANGES, AND SUCCESSION

In line with Board succession plans, two international Board members with healthcare industry expertise were appointed. Their combined experience in the global healthcare arena is welcomed and the Board is looking forward to their contributions. Cognisant of a few long-standing Board members, plans are underway to ensure that new Board members are recruited. The phased approach in the appointment of directors will ensure a steady transition and that current knowledge and expertise is not lost.

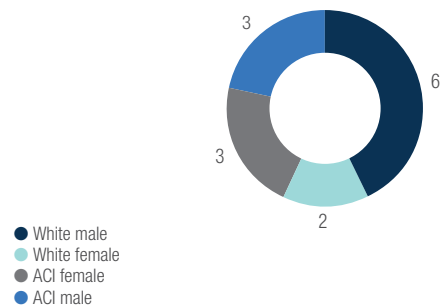
In this regard, Audrey Mothupi took over from Royden Vice as the Chairman of the Human Resources and Remuneration Committee and Royden remained on as a member of that Committee. A similar approach will be adopted in relation to all Committees where there are new appointments.

BOARD DIVERSITY

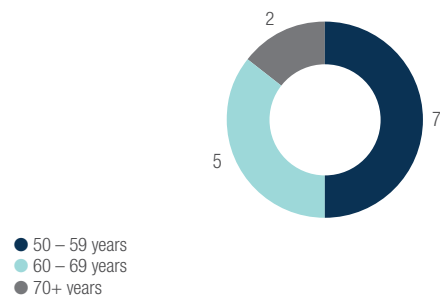
Board diversity continues to be a focus area for the Board. With operations in South Africa and abroad, the Board acknowledged that international expertise would add a different dimension to the discussions. The appointments of Lars Holmqvist and Jeanne Bolger have certainly enhanced discussion as different perspectives and experiences are brought to bear on the Board.

The principles of the Board's Diversity Policy are considered in the appointment of new directors as well as the Board's succession plans. The Board's Diversity Policy is reviewed on an annual basis and can be found at [website](#).

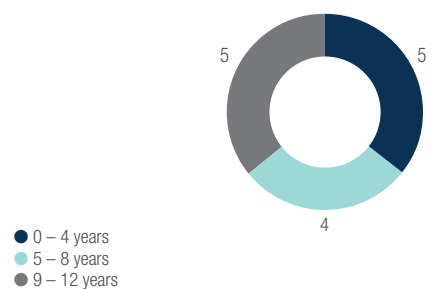
Board composition



Board age



Board tenure



ROTATION OF DIRECTORS

In accordance with the Company's Memorandum of Incorporation, one third of the Board members will retire from office at the AGM and will be eligible for re-election. The directors that are longest standing since their last election retire, and the directors who were appointed during the year, stand for election. Executive directors are included in determining the rotation of directors.

At the upcoming AGM the following directors will stand for re-election: Marian Jacobs, Audrey Mothupi and Mahlape Sello. The appointment of the two new directors, Lars Holmqvist and Jeanne Bolger, will be confirmed.

Royden Vice will be retiring at the 2023 AGM. We would like to thank Royden for his valuable contribution to the Board.

INDUCTION

An extensive induction programme has been developed to orientate new members joining the Board. The purpose of the induction is for members to better understand the business and the way it operates. Visits are arranged to the Company's facilities and meetings are held with the executive and Board members. In addition, Board members are trained on their fiduciary duties as well as their obligations in accordance with the JSE Listings Requirements.

The induction programme is reviewed annually by the Nominations and Governance Committee to ensure that it adequately addresses the needs of incoming directors.

BOARD EVALUATION AND SKILLS

The Board conducted its annual evaluation and was pleased to find that members believed that the Board Committees were all functioning adequately.

This year, Board members were tasked to evaluate their own skills and consider where their strengths lay. The traditional skills, such as finance, audit and investment skills came through quite strongly, but the Board members stated that they would benefit from training in relation to ESG. To this end, ESG has become a focus area for the Board as internal and external experts have shared trends around ESG, and in the case of the internal experts, what the critical areas of focus are for the Group.

Directors receive regular updates on commercial risks that affect the Group and receive ongoing training in relation to relevant new legislation. In addition, directors have unrestricted access to management and information when required and are entitled to seek independent professional advice in support of their duties.





Corporate governance overview continued

The Board is supported by seven Committees which delve into the detail of the organisation and ensure that the appropriate information is filtered up to the Board for the Company to be led in an informed, disciplined and effective way.

Board Committee attendance during 2022

Meeting:	Audit	Board	Investment	Nominations & Governance	Human Resources & Remuneration	Risk, Compliance & IT Governance	Social, Ethics & Transformation	Clinical
Members:								
JE Bolger ^Δ								
PJ Golesworthy	7/7*	7/7	6/6	8/8		4/4		
CM Henry ⁺	7/7	6/7	4/4				3/3	
CJ Hess [•]	3/3	2/2			5/5			
LE Holmqvist [°]	1/1							
ME Jacobs		7/7				4/4	3/3	4/4*
VL Litlhakanyane		7/7*	6/6	8/8*				4/4
AM Mothupi*	6/6	6/7			3/3*	4/4	3/3*	
JK Netshitenzhe		7/7				4/4*	3/3	
MP Ngatane		5/7		6/8			1/3	2/4
M Sello [∞]		7/7		7/8	7/8	4/4		
GC Solomon		6/7	6/6*		8/8			4/4
PP van der Westhuizen		7/7	5/6			4/4		
RT Vice [#]	7/7	7/7	6/6		8/8			
PG Wharton-Hood		7/7	6/6			4/4	3/3	4/4

• *Chairman*

* *Resigned from the Audit Committee 1 August 2022 and was appointed to the Human Resources and Remuneration Committee on 13 December 2021 and Chairman of the Human Resources and Remuneration Committee on 27 January 2022.*

^Δ *Appointed to the Board, Investment Committee and Clinical Committee on 1 August 2022.*

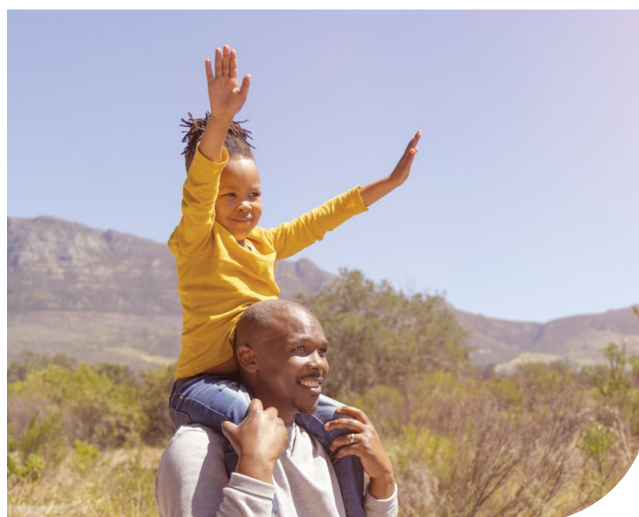
[°] *Appointed to the Board, Investment Committee and Audit Committee on 1 August 2022.*

[∞] *Appointed to the Social, Ethics and Transformation Committee on 1 August 2022.*

• *Did not offer herself up for re-election at the AGM on 26 January 2022.*

⁺ *Appointed to the Investment Committee on 13 December 2021.*

[#] *Resigned as Chairman of the Human Resources and Remuneration Committee on 27 January 2022.*



Committees

AUDIT COMMITTEE

Peter Golesworthy (Chairman)

The Committee is independent and assists the Board in discharging its responsibilities relating to the safeguarding of assets and the operation of adequate and effective systems and control processes.

The Committee is a statutory committee and oversees the preparation of the Annual Financial Statements and the integrated annual report, as well as overseeing the internal and external audit functions.

Caroline Henry
Cindy Hess[^]
Lars Holmqvist*
Audrey Mothupi+
Royden Vice

[^] Did not offer herself up for re-election at the AGM on 26 January 2022
* Appointed 1 August 2022
+ Resigned 1 August 2022

Independence

100%

Attendance

100%

Key outcomes for 2022

- Oversight of finance systems across the Group
- Evaluation of key risks relating to controls and mitigation in respect of IT systems in consultation with the Risk, Compliance and IT Governance Committee
- Focus on the Group's reporting process, financial controls and finance structure
- Monitoring of the Company's approach to ESG and embedding principles through the business
- Oversight of key tax matters

Member expertise

Business acumen
Corporate governance
Financial strategy
IT strategy
Risk and compliance



CLINICAL COMMITTEE

Prof Marian Jacobs (Chairman)

The Committee assists the Board in ensuring oversight of the Group's clinical governance arrangements and provides assurance that there are appropriate measures in place to monitor clinical quality, patient safety and patient experience throughout the Group.

Dr Malefetsane Ngatane
Dr Jeanne Bolger*
Dr Victor Litlhakanyane
Garth Solomon
Peter Wharton-Hood

* Appointed 1 August 2022

Independence

71%

Attendance

90%

Key outcomes for 2022

- Review of the Clinical Governance Framework
- Implementation of the Statistical Process Control Methodology
- Standardisation of reporting metrics in relation to clinical procedures
- Review of value-based care product
- Regular updated received on the nursing strategy for improved clinical quality outcomes and efficiencies

Member expertise

Healthcare delivery
Medical/Healthcare training
Public policy and regulation
Current and future healthcare challenges and opportunities





Corporate governance overview continued

HUMAN RESOURCES AND REMUNERATION COMMITTEE

Audrey Mothupi (Chairman)

The Committee assists the Board in ensuring that the Group has a clearly articulated remuneration philosophy policy and HR strategy that supports the strategic objectives for the Group.

Adv Mahlape Sello
Garth Solomon
Royden Vice

Independence

100%


Attendance


97%


Key outcomes for 2022


- Audrey Mothupi appointed the Chairman of the Committee in line with succession plans
- Review of the Company's reward philosophy
- Shareholder engagement on the remuneration policy and philosophy
- Preparation for the adoption of the new HR system across the international operations
- Continued focus on diversity and inclusion with marked improvement in this area across the business
- Approval of the EVP with successful global launch of the programme

Member expertise

HR strategy 

Talent development 

Remuneration policy 

Transformation and diversity 

INVESTMENT COMMITTEE

Garth Solomon (Chairman)

The Investment Committee ensures that material matters affecting the Group's strategy, financial health and/or shareholder value are identified and discussed. It also provides the Board with assurance that the Group's overall approach to investment opportunities is aligned to the Company's strategy.

Peter Golesworthy
Royden Vice
Caroline Henry
Dr Victor Litlhakanyane
Lars Holmqvist*
Dr Jeanne Bolger*
Peter Wharton-Hood
Pieter van der Westhuizen

Independence

78%

Attendance


100%


* Appointed 1 August 2022


Key outcomes for 2022


- Consideration of the Group's 2022 budget and recommended for approval
- Ongoing review and evaluation of the imaging strategy and acquisitions
- Evaluate investments into CDCs internationally
- Introduction of radiopharmacy in South Africa
- Post investment reviews of previous investments
- Review and approval of funding strategy


Member expertise

Business acumen 

Financial strategy 

Risk and compliance 

M&A, treasury and business development 

Strategic consulting 

NOMINATIONS AND GOVERNANCE COMMITTEE

Dr Victor Litlhakanyane (Chairman)

The Committee assists the Board with the nomination of directors, ensuring a comprehensive induction for new directors as well as the training and development of existing directors. It ensures that a succession plan is in place for directors.

It oversees and ensures the Company's Governance Framework, Delegation of Authority, Policies, Charters and related documents are adequately embedded through the Group.

Key outcomes for 2022

- Appointment of two international directors in line with succession plans
- Review of diversity, transformation and inclusion in terms of Board succession as well as targets in relation to ESG
- Continued updates to the Board on changes to the legislation and the JSE Listings Requirements

Peter Golesworthy
Adv Mahlape Sello
Dr Malefetsane Ngatane

Independence
100%

Attendance
91%

Member expertise

Transformation and diversity
Leadership
Succession planning



RISK, COMPLIANCE AND IT GOVERNANCE COMMITTEE

Joel Netshitenzhe (Chairman)

The Committee assists the Board to set the direction for the manner in which risk is managed and addressed, compliance is embedded throughout the Group and IT governance is implemented.

The Committee also ensures that the Company has implemented an effective policy for risk management and compliance to ensure that risks and opportunities are adequately considered in relation to the Company's strategy.

Key outcomes for 2022

- Continued focus on cyber security, data security and accessibility of data
- Monitoring of key IT initiatives across the Group
- Overseeing compliance with laws and regulations
- Monitoring social, political, and economic risks
- Review of combined assurance
- Oversight of insurance programme

Prof Marian Jacobs
Peter Golesworthy
Audrey Mothupi
Adv Mahlape Sello
Peter Wharton-Hood
Pieter van der Westhuizen

Independence
71%

Attendance
100%

Member expertise

IT strategy
Risk and compliance
Reputation management
Public policy and regulation





Corporate governance overview continued

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE

Audrey Mothupi (Chairman)

The Committee assists the Board by monitoring matters in relation to ethics and business integrity, social and economic development, good corporate citizenship, consumer relationships and labour and employment practices.

The Committee is a statutory committee and also considers matters concerning health, patient and public safety.

Adv Mahlape Sello*
Prof Marian Jacobs
Caroline Henry
Joel Netshitenzhe
Dr Malefetsane Ngatane
Peter Wharton-Hood

Independence
86%
Attendance
94%

* Appointed 1 August 2022

Key outcomes for 2022

- ESG and the methodology adopted for the formulation of targets
- Employee wellness and support as well as the employee value proposition
- Review of CSI initiatives across the Group
- Monitoring of TDI across the Group

Member expertise

Transformation and diversity
ESG
Stakeholder engagement
Reputation management



THE ETHICS IMPERATIVE

Doing the right thing was highlighted through the business via a series of short articles that focused on both serious and simple topics. Employees were reminded of the Company's values, which include zero tolerance of sexual harassment and discrimination, as well as simpler topics like taking stationery home for personal use or faking a sick note. A central theme in communication was honesty and always acting with integrity.

The Company recognises that its Code of Conduct (Code) is a document owned by all employees. The post-pandemic environment is considerably different to the way many companies operated a few years ago, and it is important that the Code reflects these changes. The Company therefore embarked on a Group-wide competition to solicit the views of employees on how they believed the Code should be amended to better reflect a post-pandemic era. This was all brought home with the message that "this is not your Code, or my Code, this is our Code." The revised Code is scheduled to be released in 2023.

Our core values

We aim to leave a lasting impression of understanding and meeting our patients' needs. We achieve this by focusing on our core values.



Passion for people

those that are the life of our business

Qe

quality to the power of **e** (ethics, excellence, empowerment, empathy, energy)

Performance pride

we act for the right reasons, with quality in mind

Personal care

adding the human touch

Lifetime partnerships

with our patients at the very centre

The Board continues to guide management ensuring that decisions are tested from a business perspective, and that they are taken with integrity and due regard to all stakeholders.

GROUP COMPANY SECRETARY

The Group Company Secretary is responsible for ensuring the Board is kept apprised of its fiduciary duties and responsibilities and provides guidance to the Board in the execution of its duties. The Group Company Secretary is also responsible for overseeing the induction of new members and ongoing education of Board members.

Joshila Ranchhod is the Group Company Secretary and an assessment of her skill and expertise was carried out by the Nominations and Governance Committee and the results confirmed that she has the requisite experience and knowledge to discharge her duties.

GOVERNANCE EMBEDDED IN OUR BUSINESS

Conflicts of interest

An extensive exercise was conducted this year to ensure that senior managers recorded any potential conflict of interests and, in addition to a declaration by directors in relation to any third-party interest, both executive and senior management were required to complete disclosure forms. These forms will be reviewed on an annual basis, and individuals are required to advise the Company of any changes should they occur before the annual review.

Codes, regulation and compliance

The Group complies with various codes and regulations such as the Companies Act, the JSE Listings Requirements and King IV™. The Group compliance function is now embedded within the organisation and has matured to allow for extensive reporting across the various geographies and regularly reports to the Risk, Compliance and IT Governance Committee and SETCO. A regulatory universe has been created for the Company and the Group Compliance Manager monitors compliance with legislation in all geographies where the Company operates.

WHISTLE BLOWING

The Company has a whistle blowing line which is independently operated by Deloitte Anonymous Tip-Offs. The tip-off line is available Group-wide, with the exception of Italy as there have been some language challenges in terms of its operation.

For the period under review there were 26 matters reported to the hotline, a decrease compared to the prior year (2021: 46). Of the matters reported, three resulted in criminal prosecution. The Company continues to advertise the hotline and encourage reporting in an endeavour to ensure that all business is carried out in accordance with the principles set out in our Code of Conduct.

In addition, privacy legislation remains a focus area and there is ongoing training and communication around privacy and other important policies like the anti-bribery and corruption policy.

For the period under review, there were no material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations or environmental laws.

Insider trading

There are strict rules around trading in the Company's shares and all directors, prescribed officers and senior management are required to obtain permission from the GCE and Group Company Secretary to trade in the Company's shares. Where the GCE or the non-executive directors wish to trade, permission is sought from the Chairman. Records are maintained in relation to each application and permission granted.

Life Healthcare observes a closed period with effect from two weeks before the interim reporting date and the financial year end until such time as the results are released. During this time, no employee in possession of unpublished price sensitive information may deal, directly or indirectly, in the Company's shares.

Material litigation

All material litigation is tabled at the Risk, Compliance and IT Governance and Audit Committees. In addition, any concerns in relation to compliance matters are raised by the Group Compliance Manager and tabled at the Risk, Compliance and IT Governance Committee.

For the year under review, the Group was not involved in any material litigation or arbitration proceedings that would have a financial impact on the Group's financial position.

Political party contributions

The Company's Code of Conduct does not permit donations to political parties, and no such donations were made for the period under review.



Corporate governance overview continued

IT GOVERNANCE

The Board is responsible for the governance of technology and information within the Group. It provides direction and oversight of the Group's IT strategy to ensure alignment with the achievement of the Group's strategic objectives. The Board's Risk, Compliance and IT Governance Committee supports the Board in discharging its technology and information oversight duties.

At a management level, the IT management forum ensures that relevant IT policies are developed, approved and embedded within the organisation. This Committee also ensures that technology is leveraged to enhance our service offering to patients and to provide accurate data and analytics for the Group to make informed decisions.

Key focus areas in 2022 included the security of our data and systems, continued upgrading of our IT platform and phasing out of legacy systems. In addition, a dedicated internal cyber security function was set up and is headed by a newly appointed Chief Information Security Officer.

Going forward the Group will continue to complete the modernisation of our IT platform along with migration of systems and data into the cloud. This will facilitate improved security whilst also building a digitally enabled healthcare ecosystem which will enhance our data and analytic capabilities.

GOOD CORPORATE CITIZENSHIP

The Board is responsible for ensuring that the Group is, and is seen to be, a responsible corporate citizen that includes economic growth, environmental stewardship and social progress. The Board's SETCO supports the Board in fulfilling this duty. At management level, the Sustainable Development Committee continues to oversee the Group's sustainability journey and ensures that relevant policies and frameworks are in place to achieve the Group's strategic objectives.

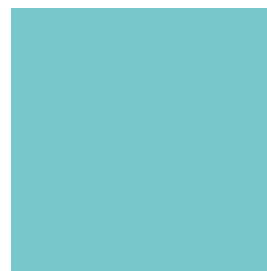
The Group's SET report on  page 50 provides details on the focus areas for 2022 as well as the Group's focus going forward, as its sustainability journey evolves.

STAKEHOLDER RELATIONS

The Board acknowledges that the Group's sustainability depends on fostering positive relationships with our key stakeholders. While stakeholder engagement takes place at various levels within the organisation, the messaging is consistent Group-wide. The Group has adopted a stakeholder-inclusive approach to stakeholder engagement that considers the needs of our key stakeholders, at each point of our value chain, and responds appropriately so that we can consistently create value in the short, medium and long term.

GOING CONCERN

The Board considers and assesses the Group's going concern basis in the preparation of the annual and interim financial statements. In addition, the solvency and liquidity requirements per the Companies Act are considered. The Board is satisfied that the Group will continue as a going concern into the foreseeable future.





Social, Ethics and Transformation Committee (SET) report



Audrey Mothupi
Chairman: Social, Ethics and Transformation Committee

It gives me great pleasure, on behalf of the Social, Ethics and Transformation Committee of the Board (the Committee), to present our annual feedback to shareholders for the financial year ended 30 September 2022, in accordance with the requirements of the Companies Act and the JSE Listing Requirements.

The Company has demonstrated, yet again, deep resilience in the face of many challenges, including the residual impact of COVID-19, flooding, electricity and water outages, and an economic downturn globally. However, we remain adaptable and agile in the face of operational challenges and we continue to evolve our systems, processes and policies to evolve with an ever-changing environment. We are well positioned to return the business to pre-pandemic levels and forge ahead with growth opportunities.

COMPOSITION OF THE COMMITTEE

The current constitution is as follows:

- Audrey Mothupi (Chairman and Independent non-executive director)
- Marian Jacobs (Independent non-executive director)
- Joel Netshitenzhe (Independent non-executive director)
- Malefetsane Ngatane (Independent non-executive director)
- Caroline Henry (Independent non-executive director)
- Mahlape Sello (independent non-executive director)
- Peter Wharton-Hood (GCE and executive director)

Senior executives and functional heads attend meetings, as appropriate and at the request of the Committee. All members of management who present on various matters are experts on each of the disciplines or areas falling within the mandate of the Committee specified in regulation 43(5) of the Companies Act. The Chairman of the Board is a standing invitee. The Committee met three times during the year under review, and the proceedings of each meeting were reported to the Board.

RESPONSIBILITIES

The Committee has a statutory responsibility to monitor the Group's activities in terms of the Companies Act with regard to matters relating to:

- Ethics and business integrity
- Social and economic development
- Good corporate citizenship

- Environment, health, patient, and public safety
- Consumer relationships
- Labour and employment practices

The Committee continues to execute on its responsibility to draw matters within its mandate to the attention of the Board and to shareholders, when necessary.

ESG HIGHLIGHTS

ESG continues as a key strategic focus area for the long-term viability of our business. A full catalogue of our achievements to date across our southern African and International businesses is contained in our Sustainability Development Complementary Data report and on  pages 122 to 125 of our integrated annual report.

As the process unfolds, it has become clear that the assessment of our baseline forms an important part of setting authentic and achievable targets for the medium to long-term. The measuring and monitoring of our water and electricity usage and the management of our medical and nuclear waste remain key focus areas and projects are underway by management to address these imperatives.

Setting of the ESG targets commenced during the year under review. Careful consideration is given to the approach of setting the targets, to ensure sufficient stakeholder engagement and inclusion in the decision-making process. Our approach is informed by global and local ESG aspects, including but not limited to climate change and water availability which have a material impact on our operations. The ESG targets setting will conclude during FY 2023 and targets will be disclosed to stakeholders, once confirmed.

For the year under review, we remained focused on the following:

- Increased renewable energy usage
- Management of medical and nuclear waste
- Management of water usage
- Progress made towards setting environmental targets on energy, water and waste

- ↳ ESG-linked performance scorecards for executives in place
- ↳ Driving improvement in already mature social and governance functions

The Committee confirms that the Company has retained its position as a constituent of the FTSE/JSE Responsible Index, based on the FTSE ESG rating.

CORPORATE SOCIAL INVESTMENT AND RESPONSIBILITIES (CSI)

CSI is an integral part of Life Healthcare's ethos to be closely involved with the communities we serve. We are committed to social upliftment and community development, and our CSI initiatives continue to reflect our group's purpose of **Making life better**.

As a leading player in the healthcare industry, the Group is well positioned to contribute to the improvement of health outcomes in South Africa and to provide health, education, and training to encourage and empower communities to take responsibility for their own health both individually and collectively.

CSI programmes are driven at a local level within communities in which we serve, and strategically relevant programmes are managed at a national level. Our three focus areas are **access to health care, education and training, and community upliftment**.

Further detailed information on our CSI initiatives, both in our southern Africa and International operations can be found on pages 131 to 132 of our integrated annual report.

IMPACTFUL PARTNERSHIPS

Procurement and Supplier Partnerships

We are aware that every procurement decision we make has a potential impact on the environment, the economy and society we operate in. Our guiding principles to supplier sustainability management includes procuring more sustainable, products and services throughout our value chain. We recognise Life Healthcare vendors as our partners and acknowledge that they can influence the Group's ability to attain our long-term sustainability goals.

In the southern Africa business, our procurement philosophy is centred around the Company's mission statement which is to improve the lives of people through the delivery of high-quality, cost-effective care. In giving effect to the statement, the procurement team has embraced a rigorous process in respect of sourcing and acquiring quality cost-effective goods for our facilities, which is centred around legal compliance, the quality accreditation of the products we procure as well as social and economic transformation.

DIVERSITY AND INCLUSION

Diversity and inclusion remain key drivers of our strategic journey and are integral to building a workforce that reflects our commitment to equal employment opportunities regardless of race, gender, age, disability, physical features, political belief or activity, pregnancy, religion, or sexual preference, and reflects the demographics of the countries within which we operate. We highlight the composition of our Board on page 130.

The Board's diversity sets the tone for broader workforce diversity. The Board comprises a broad diversity of geographical backgrounds, age, gender, race, interests, qualifications, skills, and experience appropriate for the nature and scale of our business.

In furtherance of our commitments to transformation, diversity, and inclusion, we encourage each geographical region to develop transformation strategies that are aligned with the context and environment in which it operates. As a Group, we continue to support these region-specific strategies, with racial and gender parity remaining a key focus across the Group.

Broad-Based Black Economic Empowerment (B-BBEE)

The Group obtained a level 3 B-BBEE contributor status for 2021, based on the measurement criteria contained in the B-BBEE Codes of Practice. The most recent independent verification process was completed during September 2022, and the outcome is likely to be published towards the end of 2022.

GLOBAL CODE OF CONDUCT

The Group Global Code of Conduct (Code), is based on the guidance provided by the Organisation for Economic Co-operation and Development's principles on anti-corruption and the UN Global Compact.

The Code articulates and directs the Group's approach to anti-bribery, anti-corruption and sanctions in support of our responsible corporate citizenship.

We are committed to:

- ↳ Zero-tolerance against fraud, theft, corruption or any similar illegal behaviour
- ↳ Complying with all applicable anti-bribery and corruption laws, regulations, rules, self-regulatory organisation standards and codes of conduct in the countries in which we operate and conducting business transparently and in an honest and ethical manner
- ↳ Embedding the business-relevant anti-bribery and corruption compliance framework and processes in our daily activities
- ↳ The continuous enhancement of the anti-bribery and corruption risk-based monitoring programme in order to provide assurance to the Board

CONCLUSION

The Committee remains cognisant of the fact that our material matters are those issues that could affect the economic, environment and social value we create for our stakeholders. With this in mind, the Committee continues to play a key role in assisting with the strategic management of our material matters, to ensure sustainable value in the short, medium, and long-term.

The Committee completed the annual self-assessment of its statutory obligations for the year under review and is satisfied that it has fulfilled its statutory mandate in terms of the Companies Act. The Board concurred with this view. I further confirm that the Group continues to meet its environmental, social, and governance responsibilities and, for the period under review, there have been no instances of material non-compliance with relevant legislation or non-adherence to codes of best practice that fall within the Committee's mandate.

In closing, I place on record my sincere appreciation to my fellow Committee members, to the management team, and to the entire formidable workforce at Life Healthcare. Your unwavering support during a challenging year has been most welcome. Thank you.

Audrey Mothupi

Chairman: Social, Ethics and Transformation Committee



How we manage risk

Risk management process

We face many risks and opportunities in our day-to-day operations. We carefully manage these risks and capitalise on related opportunities to ensure our business remains sustainable and profitable.



Our risk management processes are fundamental to our business and align with our core values and strategic focus areas. The Board is ultimately responsible for governing enterprise risk management and ensuring that an effective and robust enterprise risk management framework and processes are in place. The Board Risk, Compliance and IT Governance Committee (RCIT) and the Group risk management function support and assist the Board with the Group's risk management.

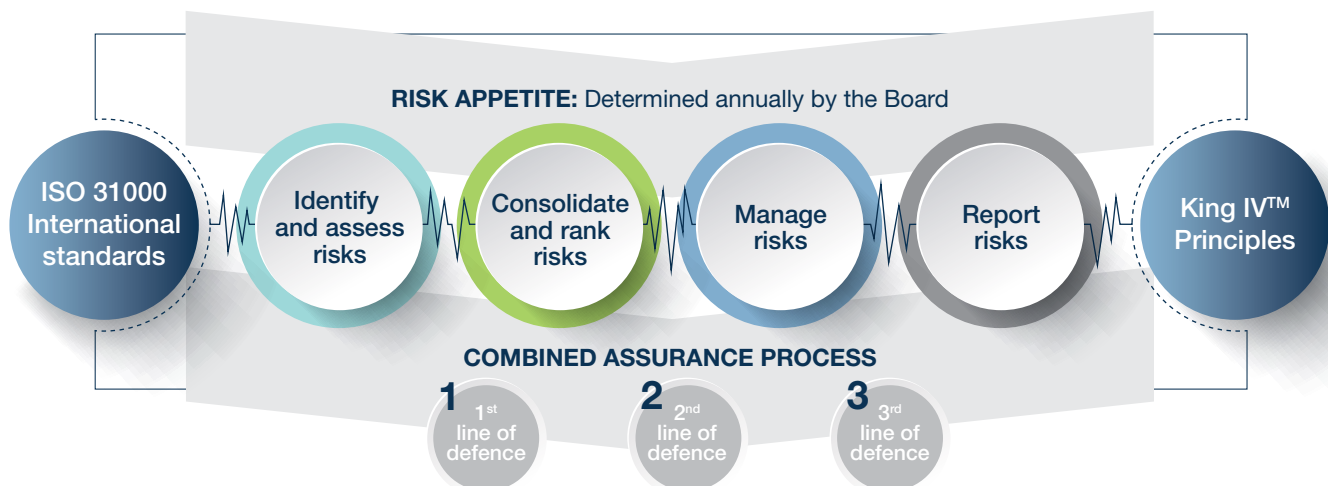
Our combined assurance process has three lines of defence to ensure accountability and distinguish between risk oversight, owning and managing risks, and providing independent assurance.

The RCIT receives periodic, independent assurance on the effectiveness of our risk management processes from internal audit. Risks and opportunities are appropriately identified, assessed, evaluated and managed as part of our best practices. This is done by implementing an enterprise risk management strategy and framework that considers

King IV™'s principles and is based on the ISO 31000 international standards on risk management. Risks are also monitored according to their nature, potential impact and likelihood.

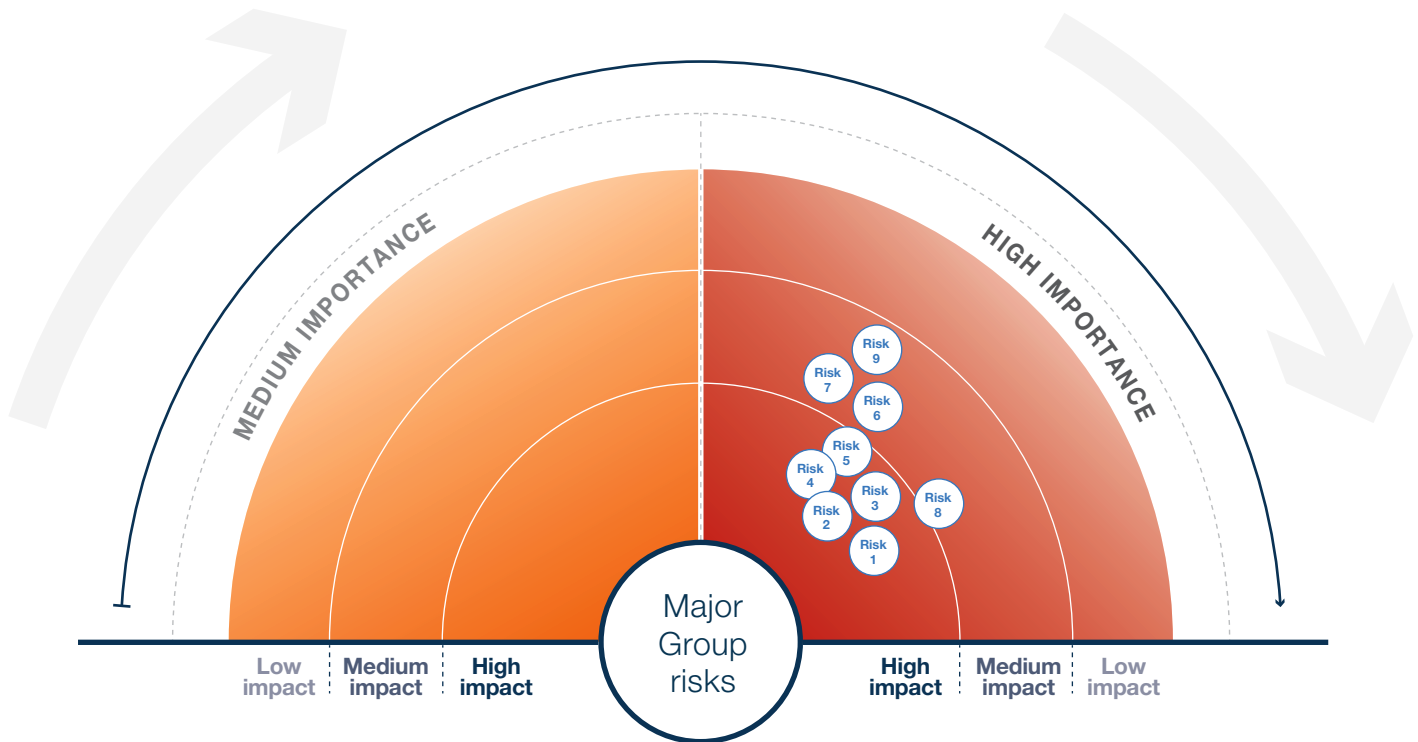
We embed risk management processes into our everyday operations to help us identify any events with potential to affect our ability to create value and to manage risks in line with our strategy effectively. Our line managers and employees ensure that the risk management framework and processes are implemented across the Group. The Group Risk Manager engages with key executives and senior management across the Group to identify risks relevant to both our southern Africa and international operations, which are then recorded in the Group risk register.

The Board and the RCIT confirm they are satisfied that adequate, ongoing risk management processes are in place to provide reasonable assurance that key risks and opportunities are identified, evaluated and managed across the Group.



In this section we include a description of our major Group risks, along with a risk rating for each one, and how we manage these risks and try to mitigate them.

We have summarised the potential impact and importance of our key risks in the heat map below.



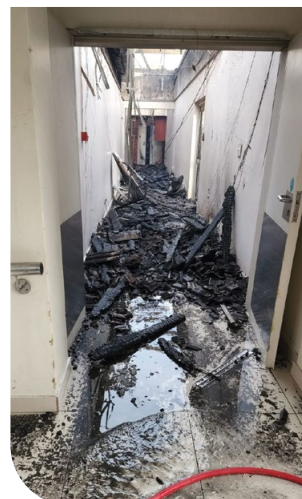
REAL EXAMPLES OF DEALING WITH RISKS

1. Floods in KZN

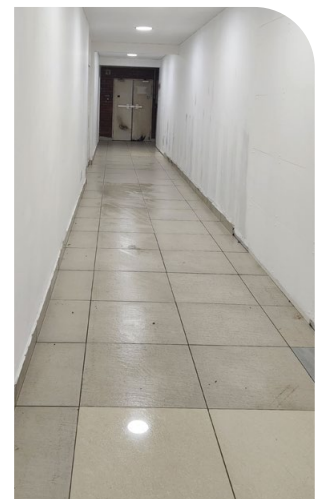
Damage to infrastructure created logistical issues for employees and supplies in terms of accessing some of our facilities. We also experienced water supply issues and had to transport water between two facilities to ensure consistent service delivery.

2. Fire at Life Chatsmed Garden Hospital

A fire broke out in the early hours of 5 June 2022. Our fire warning systems triggered and our disaster management process was set in motion. Employees and management rapidly evacuated the hospital to neighbouring facilities without injury or loss of life to patients. Services were restored at the hospital after one week.



Fire damage



One week after the fire



How we manage risk continued

Top risks

The table below ranks the Group's top nine residual risks (2021: 11 risks) as at 30 September 2022. Two of our risk categories were merged in the current year, leading to a reduction in the number of top risks identified.

2022 Risk ranking	2021 Risk ranking	Risk description	Probable short-term trend	Link to strategic pillar	Link to material matters	Line of defence	Impact	Importance
		Human capital (people) page 55				1, 2	High	High
		Funder/payor page 56				1, 2, 3	High	High
		IT systems, cyber-crime and data security page 57				1, 2, 3	High	High
		Macroeconomic and political risk page 58				1, 2	High	High
		Business continuity and resilience page 59				1, 2, 3	High	High
		Changing business environment page 60				1, 2, 3	Medium	High
		Regulatory and compliance risk page 61				1, 2, 3	Medium	High
		Clinical and patient safety risk page 62				1, 2, 3	Medium	High
		Reputational risk page 63				1, 2, 3	Medium	High

Change in short-term trends

Increasing Decreasing Unchanged

Each risk is discussed in detail on pages 55 to 63.

Risk 1

Human capital (people) risk

(2021: 1 + 6)

Risk description

People are our most important asset and are key to our ongoing success. There is a global shortage of clinical staff, especially nurses and radiographers.

The South African healthcare sector has experienced a general shortage of nursing employees, across all categories of nursing with increasing shortages in specialist registered nursing personnel. Internationally, Alliance Medical continues to be faced with a shortage of radiographers (particularly in the UK and Ireland) and aggressive competition for clinical resources from the NHS and private competitors in the UK.

In addition to the nursing and radiographer shortages, there is a general shortage of doctors in the South African market, and a shortage of radiologists in certain regions where Alliance Medical operates.

The availability of and support from these critical skillsets affect the Group's growth prospects, our ability to deliver quality care and services and, ultimately, our operations' sustainability.

How we manage the risk

- Operating a college of learning – higher education institutions offering one of the top three private nursing qualifications in South Africa.
- Agency arrangements in place to provide agency employees if needed.
- Redeployment strategy in place for the utilisation of nursing employees from other units and regions in the event of shortages in South Africa.
- Enhanced employee value propositions, including employee share schemes, remuneration benchmarking and other benefits to attract and retain employees.
- Clear career path for employees and continuous training and development programmes.
- Management and leadership development programmes in place.
- Developing and retaining scarce skills through continuing professional education (CPE), for example through our pharmacists' internship and pharmacists' assistant programmes.
- Ongoing review of senior management resources and succession plans in place for key positions.
- A transparent recruitment and retention strategy exists for doctors that includes:
 - providing bursaries and sponsorship programmes to medical specialists in South Africa;
 - facilitating continuous professional development training;
 - ongoing engagement with healthcare professionals to enhance doctor relationships and implement quality improvement initiatives;
 - doctor partnership model and support policy; and
 - ensuring infrastructure and equipment at facilities are world-class.
- Investment in various reward, development, recruitment and cultural initiatives to alleviate AMG's skills shortages.
- Instituted tele-reporting in our international business, sourcing additional reporting capacity from other third-party houses.

Level of control

Medium

Board oversight

REMCO CC and RCIT

Non-independent assurance

- ExCo
- Country Executive Committees
- Quality Teams
- HR Teams
- Risk and Compliance Teams

Independent assurance

- Internal Audit
- British Standards Institution (BSI)
- Department of Employment and Labour

Key stakeholders impacted



Opportunities

- Through targeted succession planning, we ensure business continuity and can attract talented leaders.
- Enhancing the skills base will improve business performance.
- Engagement with the South African Nursing Council to increase student numbers.
- Enhancing employee wellness programmes to address mental health issues for healthcare workers.
- Assisting to alleviate critical skills shortages through our interventions to position Life Healthcare as a business supporting our associated healthcare professionals.

Outlook

We expect to see the risk increase in the short to medium term as competition for nursing resources from both private sector competitors and the public sector continues. The supply of nurses is likely to remain constrained as the number of nurses qualifying from training facilities will not be sufficient to replace the number of nurses retiring and emigrating.



How we manage risk continued

Risk
2

Funder (payor) risk

↔ (2021: 2)

Risk description

Life Healthcare is under continuous revenue pressure from healthcare funders looking to manage the overall cost of healthcare. In response to escalations in healthcare costs and the utilisation of healthcare services, funders have instituted a range of initiatives to manage down their costs.

In South Africa, funder managed care initiatives aim to reduce hospital admission rates. They have introduced more affordable plans, which often come with less healthcare cover and increasingly restricted choice of healthcare providers' facilities (through preferred hospital networks). Our admission rates could be impacted by our ability to secure preferred network agreements with healthcare funders.

AMG is exposed to a mix of public and private funders across the different territories in which it operates. Public revenue comprises c.90% of total revenue in the UK, c.58% in Italy and c.52% in Ireland. Not realising long-term partnerships or securing continuation of service provision with public funders could impact future growth.

How we manage the risk

- ↳ Delivering excellent quality and cost-effective care.
- ↳ Implementing an appropriate pricing strategy focusing on generating efficiencies and reducing input costs.
- ↳ Focusing on safeguarding good relationships with healthcare funders and engaging with them on their issues and concerns.
- ↳ Focusing on interventions with doctors to increase clinical outcome data and efficiency.
- ↳ Developing value-based clinical products in South Africa.
- ↳ Placing case managers at facilities in South Africa to manage claims submitted to funders.
- ↳ Managing long-term contracts with our international businesses and their national healthcare funds.

Level of control

Medium

Board oversight

RCIT

Non-independent assurance

- ↳ ExCo
- ↳ Country Executive Committees
- ↳ Country Management
- ↳ Risk and Compliance Teams
- ↳ Funder Relations and Contracting Team

Independent assurance

- ↳ Internal Audit

Key stakeholders impacted



Opportunities

- ↳ Through increased engagement, targeted interventions and a differentiated service offering, we can position ourselves as the local and international service provider of choice.
- ↳ Developing clinical products that improve patient outcomes and drive market share growth.
- ↳ New business offerings such as community diagnostic hubs in the UK.

Outlook

Poor economic conditions and rising inflation will continue to place pressure on consumers' disposable income and impact the affordability of healthcare. Healthcare funders will face increasing pressure to contain healthcare costs and provide innovative and cost-effective services to balance their budgets or appropriately manage their insurance claims ratios. We expect the risk to continue to increase in the short to medium term.

Risk
3

IT systems, cyber-crime and data security

↔ (2021: 3)

Risk description

The availability of information and ability to exchange information are crucial to the delivery of quality care. There is a trend towards digitisation as healthcare becomes more patient centric. Therefore, our IT infrastructure and systems must be appropriate and fit-for-purpose to respond to this technological shift.

Cybersecurity risk remains a key risk to our business globally. Healthcare data is valuable and cyber-criminal elements have relentlessly targeted healthcare organisations across the globe to the detriment of patient care.

Extra vigilance and cyber-crime awareness are required around data security profiles and the accessibility of data. The balance between securing data behind a firewall and making it readily accessible to employees and business partners must shift to support new ways of working while keeping existing business processes and operations moving.

How we manage the risk

- ↪ Regular assessments of our IT infrastructure are conducted, and action plans to effect enhancements and address shortcomings are implemented.
- ↪ Ensure software and/or hardware are upgraded/replaced before their end of life term.
- ↪ Chief Information Security Officer (CISO) with a dedicated IT security team in place.
- ↪ Monitoring security events through our 24/7 security operations centre (SOC).
- ↪ Continued information security management system (ISMS) implementation, internationally certified by the British Standards Institution (BSI) (ISO 27001:2003).
- ↪ Perform regular risk assessments, including annual internal and external security assessments.
- ↪ Ongoing logical and physical IT security controls implementation, including advanced email protection, firewalls, encryption, end-point protection, cyber-security enhancements and personal information protection.
- ↪ Implemented proactive tools to detect and respond to cyber-threats.
- ↪ Regularly providing information security and cyber-awareness training for employees.
- ↪ Ensuring adherence with the requirements of the General Data Protection Regulation (GDPR) and the Protection of Personal Information Act (POPIA).
- ↪ Defined IT and Digital strategy.

Level of control

Medium

Board oversight

RCIT

Non-independent assurance

- ↪ ExCo
- ↪ SA IT Steering Committee
- ↪ International IT Steering Committee
- ↪ IT Security Team
- ↪ Risk and Compliance Teams
- ↪ IT Manco and Governance Teams

Independent assurance

- ↪ Internal Audit
- ↪ BSI

Key stakeholders impacted



Opportunities

- ↪ Offer better and more efficient services to our patients by investing in our IT infrastructure, thereby lowering the cost of care while maintaining quality.
- ↪ Appropriate and effective IT infrastructure and systems in place to support growth initiatives and performance expectations, allowing us the opportunity to be more competitive.
- ↪ Investing in information security controls to enhance our existing security measures and safeguard our data to provide reassurance to our stakeholders.

Outlook

While significant investment has been made in strengthening our security posture, threat actors are quick to find new and sophisticated ways to target businesses and globally the number of security breaches is rising. We expect the cyber risk to increase in the short to medium term as the threat of cyber attacks increases. Our maturing cybersecurity practices will assist in minimising the likelihood and impact on the business.

We expect the risk related to our IT infrastructure and systems to decrease as progress is made with our information technology strategic imperatives.



How we manage risk continued

Risk
4

Macroeconomic and political risk

↔ (2021: 4)

Risk description

We operate in the global healthcare market, and our operations are spread across different countries. The risk exists that country-specific factors, such as economic and political factors, or government policies, could adversely affect the Group.

The global economic outlook deteriorated significantly throughout 2022 as a result of the drawn-out Russia and Ukraine war as well as the lingering effects of the COVID-19 pandemic. High inflation, increasing interest rates and soaring energy prices are eroding income and triggering a global cost-of-living crisis. Companies face similar challenges where cost inflation could exceed revenue inflation.

In South Africa, the effects of higher unemployment rates and a low-growth economy may impact on patients' ability to afford private healthcare cover. Across the globe deteriorating social conditions may result in more frequent strike and protest actions, which could ultimately negatively impact our supply chain and continuity of operations.

How we manage the risk

- ↪ Diversified business model offering both inpatient and outpatient services across multiple territories.
- ↪ Annual strategy process in place with regular reviews of strategy and tracking against progress.
- ↪ Active monitoring of country-specific factors in the countries where we operate and taking actions to mitigate risks (interest rate and currency hedging, for example).
- ↪ Ongoing engagements with regulators and governments for long-term partnership solutions.
- ↪ Continued focus on business optimisation programmes.
- ↪ Focus on developing new clinical products (including value-based care products) which deliver high quality care at lower costs.
- ↪ In-depth country risk assessments performed before entering new territories.

Level of control

Low

Board oversight

RCIT, IC, AC

Non-independent assurance

- ↪ ExCo
- ↪ Country Executive Committees
- ↪ Finance and Treasury Teams
- ↪ Risk and Compliance Teams

Independent assurance

- ↪ Independent assurance
- ↪ External Audit

Key stakeholders impacted



Opportunities

- ↪ Building relationships based on trust by actively working with local governments, thereby positively impacting the healthcare markets in the countries where we operate.
- ↪ Providing patient-centric care and improving access to care.

Outlook

The World Economic Forum Outlook for October 2022 forecasts that global growth will slow in 2023 and that global inflation is likely to remain high.

We expect the risk to increase in the short to medium term but that monetary policy and structural reforms will stabilise inflation and lead to a turnaround in growth.

Risk
5

Business continuity and resilience risk

(2021: 8)

Risk description

A confluence of crises and disruptions have plagued the globe in the recent past. While each crisis is different, the management of the crisis must be adapted to suit the event and its correlated impacts.

We operate in many geographies and have an extensive and complex property portfolio. Global and country events pose varying and potentially significant business interruption risks for our business. We must ensure that our business remains resilient and that we continue to deliver high-quality care and excellent patient experience.

It is, therefore, critical that we embed effective processes and structures that enable us to anticipate disruptive events, respond quickly and precisely to challenges and that allow us to adapt to remain sustainable.

How we manage the risk

- Emergency and disaster planning in place with contingency and business continuity plans.
- Regular maintenance and upkeep of equipment, carried out in line with Original Equipment Manufacturer (OEM) specifications.
- On-site facility and engineering teams.
- Fire detection and fire-fighting equipment on-site.
- Internal fire assessments, compliance assessments and risk assessments are carried out at all facilities.
- External assessments of fire equipment, buildings and general equipment.
- Emergency back-up generators at facilities for electricity.
- Back-up borehole water supply at certain facilities.
- Insurance is in place for the replacement of plant and equipment.
- Investment in IT infrastructure, data storage migration to the cloud and enhanced cyber security capability, along with contingency and business continuity plans in place for IT-related disruptions including disaster recovery capabilities and cyber security threats.

Level of control

Medium

Board oversight

RCIT

Non-independent assurance

- ExCo
- Country Executive Committees
- Operational Management Teams
- Property and Engineering Teams
- Quality Teams
- Risk and Compliance Teams

Independent assurance

- Internal Audit
- BSI
- Asset Insurance Risk Assessors
- Fire Department Inspections
- Independent Electrical and Fire Assessors

Key stakeholders impacted



Opportunities

- Proactively managing operational risk results in better, effective and sustainable operations.
- Enhanced patient experience and quality care.
- Reduction in losses from damage and business disruption.
- Reduction of grid-tied electricity and/or water usage will help us improve the sustainability of our business and the achievement of our environmental targets (reduced carbon emissions and water usage for example).

Outlook

Business resilience and continuity is highly susceptible to changing global and national political and market conditions. This coupled with impacts of climate change could affect our business. However, we see the risk decreasing in the short to medium term as we complete investments in our IT infrastructure and the maintenance and renewal of our facilities and equipment.



How we manage risk continued

Risk
6

Changing business environment risk

↓ (2021: 5)

Risk description

A dynamic and changing healthcare environment (for example: place and level of care, virtual consultations, telehealth, remote patient monitoring) has significantly ramped up the need for greater healthcare digitisation as consumers look for seamless, easily accessible and integrated physical and virtual care.

This changing landscape requires us to deliver patient care that is patient centric.

An increasing competitor landscape and the growing vertical of health technology requires us to strategise accordingly to remain relevant and ensure sustainable growth.

How we manage the risk

- ↪ Annual strategy process in place with regular reviews of strategy and tracking against progress.
- ↪ Board approval of the strategy and performance oversight.
- ↪ Regular executive review of strategy and management of performance against strategy.
- ↪ Skilled and experienced executive and management team.
- ↪ Strategic project governance and management.
- ↪ Investment and acquisition governance and management.
- ↪ Business environment scanning.
- ↪ Product development governance in place with product development initiatives in progress.
- ↪ Diversified product and service offerings in multiple geographies.

Level of control

High

Board oversight

RCIT, IC, CC

Non-independent assurance

- ↪ ExCo
- ↪ Country Executive Committees
- ↪ New Product Development Steering Committees
- ↪ Clinical Teams
- ↪ Medical Advisory Committees
- ↪ Quality Teams
- ↪ Risk and Compliance Teams

Independent assurance

- ↪ Internal Audit
- ↪ BSI

Key stakeholders impacted



Opportunities

- ↪ Proactively managing strategic and business risks enables confident business decisions, minimises financial loss and promotes competitive differentiation.
- ↪ Improved healthcare professionals' engagement allows us to deliver patient-centred, quality care to patients.

Outlook

The global healthcare marketplace and the delivery of healthcare is marked by unprecedented transformation, catalysed by the recent pandemic. Digital transformation and innovative-care offerings have become a priority and will continue to be so in the medium term. This risk is likely to increase as new competitors and market entrants race to meet the changing demand.

Risk
7

Regulatory and compliance risk

↔ (2021: 7)

Risk description

The Group is required to comply with all applicable laws and regulations of the countries where we operate. In addition to these general compliance requirements, the global healthcare industry is subject to a growing number of new and amended regulations.

In South Africa, regulators are increasingly focusing on healthcare reform aimed at making healthcare more accessible and affordable.

The NHI Bill, the Medical Schemes Amendment Bill, Amendments to the Health Professional Council of South Africa (HPCSA) Ethical rules and the Office of Healthcare Standards: Norms and Standards introduced by the Department of Health (DOH) continue to require our attention.

We continue to monitor and ensure compliance with the requirements of The Protection of Personal Information Act, 4 of 2013 (POPIA) which came into effect on 1 July 2021.

The Botswana Data Protection Act (the DPA) came into effect on 15 October 2021 and organisations were initially given 12 months to implement the regulations. This was subsequently extended by a further 12 months and the Group has taken the necessary steps to ensure compliance with the requirements of the act.

Internationally, we remain committed to adhering to the GDPR, which applies to the European Union (EU) and the European Economic Area (EEA). The new Health and Care Act 2022 in the UK is receiving attention by our UK compliance and business teams.

How we manage the risk

- ↪ Proactively monitoring and, where possible, providing input for any new proposed legislation.
- ↪ Ensuring compliance through our quality standards.
- ↪ Privacy policy and standard operating procedures in place to guide our business.
- ↪ Compliance Risk Management Plans (CRMPs) in place for all material legislation.
- ↪ Instituted a bi-annual compliance attestation process across the Group.
- ↪ Compliance Champions operating model in place.
- ↪ Regular and ongoing training on GDPR and POPIA requirements.
- ↪ Processes are in place to ensure adherence to POPIA, DPA and GDPR requirements.

Level of control

Medium

Board oversight

RCIT

Non-independent assurance

- ↪ Group Executive Committee
- ↪ Country Executive Committees
- ↪ International (UK) Governance and Risk Board
- ↪ Health Policy Teams
- ↪ Risk and Compliance Teams
- ↪ Quality Teams

Independent assurance

- ↪ Internal Audit
- ↪ BSI
- ↪ DOH
- ↪ Office of Health Standards Compliance (OHSC)
- ↪ Department of Employment and Labour
- ↪ Department of Social Development (DSD)
- ↪ Health Professions Council of South Africa (HPCSA)
- ↪ NHSE
- ↪ Care Quality Commission (CQC)
- ↪ Comparative Health Knowledge System (CHKS)
- ↪ Health Information and Quality Authority (HIQA)
- ↪ Environmental Protection Agency (EPA)

Key stakeholders impacted



Opportunities

- ↪ Assisting the industry in developing appropriate solutions through continued engagement with regulators and relevant bodies.
- ↪ Enhancing and protecting our reputation through ongoing compliance with laws and regulations.
- ↪ Transparent engagement processes could potentially enhance our relationships with a variety of stakeholders, including regulatory bodies.

Outlook

We believe that the Group is well-placed to address changing legislative and regulatory requirements and to ensure compliance with requirements. We do not expect the risk to increase materially in the short term.



How we manage risk continued

Risk
8

Clinical and patient safety risk

↓ (2021: 9)

Risk description

The quality of healthcare services provided by the Group and healthcare professionals and our patients' safety is of utmost importance to us. Failure to consistently deliver safe, high-quality care to our patients is a risk.

How we manage the risk

- A quality management system (QMS) and quality control procedures ensure that we provide quality healthcare.
- Acquired QMS certification, and we are ISO 9001 and ISO 13485 accredited through BSI.
- Monitoring clinical performance indicators.
- Quarterly national quality review meetings are held.
- Regular internal quality assessments are carried out at each hospital by the quality systems support specialist (QSSS).
- Medical malpractice and professional indemnity insurance in place.
- Ongoing training of employees on quality procedures.
- Medical Advisory Committees established.

Level of control

High

Board oversight

CC, RCIT

Non-independent assurance

- Group Executive Committee
- Country Executive Committees
- Clinical Forums
- Clinical Teams
- Medical Advisory Committees
- Quality Teams
- Risk and Compliance Teams

Independent assurance

- Internal Audit
- BSI
- DOH
- OHSC
- DSD
- HPCSA
- NHSE
- CQC
- CHKS
- HIQA
- EPA

Key stakeholders impacted



Opportunities

- Enhancing the patient experience and protecting our reputation through an ongoing focus on quality and safety.
- Improving patient care and safety according to industry best practice through continuous, robust engagements with health authorities and specialists.
- Delivering clinical excellence through a smaller, more efficient, better trained and educated nurse workforce.
- Developing clinical products that improve patient outcomes and deliver patient centric care.

Outlook

We expect the risk to remain stable.

Risk
9

Reputational risk

↔ (2021: 11)

Risk description

The Group's reputation and relationships with key stakeholders could be affected by adverse events that occur while employees or other healthcare professionals perform clinical procedures or other related activities. Furthermore, events outside of our control can adversely affect our brand.

How we manage the risk

- Proactive complaints management system in place.
- Implementing quality management processes across the business, with ISO 9001 certification held.
- Dedicated media strategy in place for dealing with complaints raised through the media and other media-related issues.

Level of control

High

Board oversight

SETCO, CC, RCIT

Non-independent assurance

- Group Executive Committee
- Country Executive Committees
- Marketing and Communication Teams
- Quality Teams
- Risk and Compliance Teams

Independent assurance

- Internal Audit
- External Communication and Media Company

Key stakeholders impacted



Opportunities

- Enhancing and protecting our reputation through an ongoing focus on quality and a clear communication strategy.

Outlook

We do not expect to see any material movements in this risk in the short to medium term.



Remuneration report



Audrey Mothupi
Chairman: Human Resources and
Remuneration Committee

Our people are our most important asset. They differentiate our business and are a core enabler for everything we do. We aim to create an inclusive and diverse working space where every person feels safe to express themselves in a supportive environment. For the year under review, the Company delivered a solid set of results, with Group revenue climbing to R28.2 billion and operating profit increasing to R3.1 billion. This reflection of strong operational performance in both our acute and non-acute businesses is testament to the calibre of our workforce, our people.

Human Resources and Remuneration Committee Chairman's report

INTRODUCTION

Royden Vice stepped down as Chairman of this Committee on 27 January 2022 and, as incoming Chairman, I am pleased to present the 2022 Remuneration report on behalf of the Board. This year's report demonstrates our progress and achievements against the elements embedded in our four strategic pillars, namely **Quality, Growth, Efficiency** and **Sustainability**, and highlights the Company's responses to the needs of our entire workforce, especially post what can only be described as two challenging years in the Company's history.

For the year under review, the Committee has increased its focus on **strategic people matters** and, to this end, has spent substantial time reviewing strategic HR initiatives including Group-wide succession planning, the employee value proposition to existing and prospective employees, and diversity, equity and inclusion. The Committee has also established a meeting protocol with three core focus areas namely: strategic people issues, remuneration and governance (including retirement funding) and general governance matters.

OUR PHILOSOPHY

Life Healthcare's remuneration philosophy is to ensure that employees are rewarded **appropriately** for their contribution to value creation for the Group. This is done by a formal pay structure where market rates are set competitively and where incumbents progression on the reward curve is primarily informed by their performance and increasing levels of competence. Our remuneration philosophy informs our reward framework and guides policy. In a continually evolving context, we regularly review our remuneration policies to ensure our approach remains relevant and responsible.

The Committee is also acutely conscious of its role to ensure **fair and equitable pay** at all levels of employment throughout the southern African business and has, for the year under review, accepted this responsibility with the gravitas that is required, especially within an economic environment that has placed tremendous strain on our workforce. In the midst of the *Great Resignation* and in the context of increased strain on salaries due to the rising cost of living, the Committee has and will continue to fully interrogate and understand our position in this regard. Equal pay is also a societal issue deeply rooted in the 'S' of ESG, and the Committee is cognisant that addressing and focusing on this issue is an important part of unlocking stakeholder value across the spectrum.

Overall reward has also been a critical area for the Committee to focus on within our International operations. Throughout the European geographies within which we operate, inflation and cost of living pressures continue to emerge at pace and it is becoming essential that we adopt a responsible, sustainable approach to ensure our international workforce are supported through these difficult times.

Several critical challenges influenced remuneration during the year under review:

- ▶ The continued (and residual) impact of the COVID-19 pandemic on operational and financial performance.
- ▶ The scarcity of critical skills, especially nursing, which has been heightened over the past two years due to the legislative constraints placed on training of post-graduate nursing students.
- ▶ Ageing population, especially of clinical skills and the need for suitable succession plans to address this concern.

In response, multiple developments were introduced to address these challenges, including:

- An intentional focus on enhancing the branding of our EVP to attract and retain appropriate skills.
- An in-depth review of our incentive schemes has commenced to ensure appropriate performance measures and line of sight to drive the correct behaviours and to align with shareholder sentiments.

- The introduction of several new initiatives in response to market conditions, which include, inter-alia:

South Africa:

- Enhanced flexibility allowing employees to increase or decrease their employee contribution to the retirement fund, to address financial constraints of employees.
- The extension of retirement age for critical clinical skills from 63 years to 65 years.
- A gratuity for non-management roles for a period of three months to provide financial support.
- Increases in specialist and market allowances for several critical qualified skills from August 2022.

International:

- Our International senior management team received their first payment under the Life Healthcare long-term incentive plan (LTIP) in January 2022, reinforcing their investment in the long-term success of the Company.
- International senior executives had a range of ESG objectives added to their team and personal performance contract, reinforcing Life Healthcare's commitment to a positive ESG agenda.

SHAREHOLDER ENGAGEMENT

The Committee regards this report as a valuable platform through which to engage with our stakeholders and to respond to issues raised by them during the year under review. During the Annual General Meeting (AGM) held on 26 January 2022, the outcome of the non-binding advisory vote was as follows:

62.1%

of the total number of shares voted were in favour of Life Healthcare's Remuneration report.

46.9%

of the total number of shares voted were in favour of the Remuneration Implementation report.

As per King IV™ requirements, the Company set up engagements with shareholders to address their concerns. This also included one-on-one sessions with key institutional investors.

The major concerns raised, and the Company's response were as follows:

- **The rationale for the sole financial measure of Normalised Group HEPS in respect of the LTIP 2021 allocation.** This metric was best suited to the uncertain trading environment brought about by the COVID-19 pandemic. We did not include EBITA as this is included as a performance measure in our short-term incentive plan.



Remuneration report continued

- **Why the LTIP hurdle of CPI + 4% for the LTIP 2021 allocation was seen as a stretch target for on target performance.** The Company believes that the target set was fair given the ongoing uncertainty of the operating environment at the time.
- **The performance threshold of the Life Core Purpose for the Group Executive was reduced to 90% achievement.** The Company removed the outperformance reward table, and 90% performance threshold reflects acceptable performance against a stretch target.

ESG MATTERS

As an international healthcare provider, we have strong **commercial** and **ethical** imperatives to lead on ESG issues in our sector.

- **Commercially**, ESG provides assurance to our stakeholders that their investment in our business is being appropriately utilised to drive improved commercial outcomes which will strengthen our ability to invest in and improve the healthcare services we deliver to our communities.
- **Ethically**, ESG is our contribution to improve the environmental, social and governance outcomes which have the potential to directly improve the health and well-being of the communities in which we operate and beyond.

The Committee is cognisant of the request from shareholders for the Company to incorporate ESG metrics into our incentive structures. We have noted this request and a focused process is underway to ensure that the underlying motivation for including metrics is sound and that we have fully assessed the materiality of the ESG goal and how it links directly to remuneration. We are in the process of creating and approving a robust ESG strategy that considers the views of stakeholders and shareholders, is underpinned by the Company's purpose, values and business strategy, and takes into account the design dimensions that are material to us. We will be playing close attention in the new financial year to how we utilise our remuneration philosophy and framework to further embed this imperative into the business.

DIVERSITY, EQUITY AND INCLUSION

- During the year under review, substantial progress has been made with our diversity strategy in middle management and higher roles. This further cements our continued commitment towards a transformed and diverse workforce. The representation of ACI employees in our total workforce has increased from 77.2% in FY2021 to 79.4% in FY2022.
- Material progress has also been made on our international equality, diversity and inclusion strategy with multiple initiatives launched and improvements being seen across all our core metrics. Female senior management representation has improved from 38% in 2021 to 40% in 2022 and female colleagues now represent 32% in 2022 of statutory directors on our subsidiary boards, up from 25% in 2021 (and 16% in 2015).

HR SYSTEM IMPROVEMENTS

Within our southern African operations, a digitisation of our core HR functionality is currently underway. Within our international operations, a decision has been taken to invest in a new pan-European HR system, which will support a single view of the international workforce, leading to improved management understanding and decision making.

Both geographies will enjoy digital workforce engagement functionality, once the processes are concluded, and our updated system technology will act as a catalyst for improved people practices.

Looking forward, the Group Human Resources and Remuneration Committee's focus areas will be as follows:

- ▶ A full, holistic review of the Company's reward philosophy remains a key consideration.
- ▶ Consideration of the views of our shareholders when planning our reward strategy to ensure a holistic approach to total reward.
- ▶ Encouragement of the Group executive team to hold company shares to better align the interests of executives with shareholders.
- ▶ Ensure continued performance-driven reward.
- ▶ Global integration will continue to focus on organisational culture, global mobility, talent management, HR metrics, and reporting on retirement fund matters.
- ▶ Diversity and inclusion will continue to be a strategic objective to ensure equal opportunity and fair representation of the communities we serve.

In closing, I wish to place on record my heartfelt appreciation to Royden, who has led this Committee for the past seven years. Royden's institutional knowledge and deep understanding of remuneration philosophy has set the foundation for the efficient running of this Committee, which I will continue to embed during my tenure.

Yours sincerely

Audrey Mothupi

Chairman: Human Resources and Remuneration Committee

Remuneration framework aligned to our strategic priorities

The remuneration policy is approved by the Board and forms part of our operating philosophy, policies, and protocols.

Our remuneration framework and policies, which are a key component of our broader employee value proposition, aim to:

- ↳ Attract, motivate, reward, and retain our people;
- ↳ Promote the achievement of strategic objectives within the Group's values and risk appetite;
- ↳ To promote diversity in our workforce to align with the communities we serve;
- ↳ Promote an ethical culture and responsible corporate citizenship; and
- ↳ Provide a balanced remuneration mix within the Group's financial constraints.

Life Healthcare's remuneration philosophy is to ensure that employees are rewarded fairly and appropriately for their contribution to value creation for the Group. This is done by a formal pay-structure where market rates are set competitively and where incumbents' progression on the reward curve is primarily informed by their performance and increasing levels of competence. Our remuneration philosophy informs our reward framework and guides policy. In a continually evolving context, we continually review our remuneration policies to ensure our approach remains relevant, fair, and responsible.

Life Healthcare's demonstration of commitment to fair and equitable pay includes the following Group-wide practices:

- ↳ Minimum standard of adherence to national minimum wages, with a commitment to progress to living wage minimum wages where appropriate to do so.
- ↳ Delivery of sustainable, competitive salary mandates that prioritise reward for our lowest earners and provide market related pay increases.
- ↳ Use of independent, external reward benchmarking tools to ensure a consistent and transparent approach is applied to reward decisions.
- ↳ Equal pay analysis to mitigate the risk of unfair pay discrimination based on diversity differences, ensuring that work of equal value is rewarded fairly across all demographics.
- ↳ Application of geography specific market related pay at a country and in-country level to ensure sustainable and competitive regional pay.
- ↳ In South Africa, all employees who do not participate in the long-term incentive scheme participate in the Life Healthcare Employee Share Plan as detailed in this report.

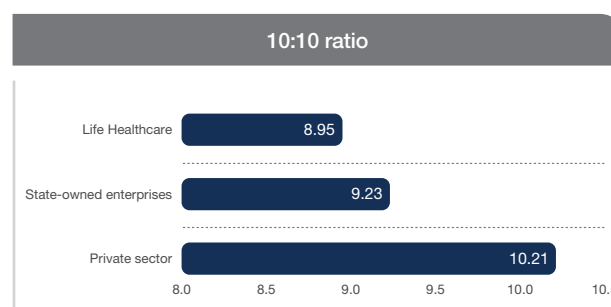
The Group periodically consults market survey providers for an indication of the guaranteed remuneration and annual cash incentive payments made generally and sectorally. We utilise these inputs, along with guidance from external remuneration experts, to assess our positioning compared to the market in terms of key talent. We then overlay various contextual factors, including industry trends, the Group's financial position and legislative requirements, evaluating our performance in delivering fair and equitable remuneration as part of our employee value proposition.

Ultimately our goal is to design reward for business sustainability, balancing what is required to attract and retain the best talent, with affordability considerations.

WAGE GAP – SOUTHERN AFRICA

In this context, the Group applies the 10:10 methodology to gauge the fairness of our wage gap. The 10:10 ratio expresses the sum of the salaries of the highest paid 10% of employees as a ratio of the sum of the salaries earned by the lowest earning 10% of employees.

The larger this ratio, the more inequality exists, the ratios based on 2019 South Africa salaries are as follows:



21st Century's salary database (www.21century.co.za) – (Morton & Blair, 2019)

Life Healthcare continues to demonstrate a smaller income gap between the top and lower earners compared to both SOEs and the private sector in general.

In addition, the Company annually reviews and grants higher increases to the lowest earners as it aims to transition from applying a minimum wage to a minimum living wage. This process is supported by a focus on skills development.



Remuneration report continued

Remuneration governance

The Board is responsible for the remuneration policy and has delegated responsibility to this Committee for the Group's remuneration practices. The Committee comprises:

AM Mothupi	Non-Executive Director/Chairman of Human Resources and Remuneration
RT Vice	Non-Executive Director
Adv M Sello	Non-Executive Director
GC Solomon	Non-Executive Director

IN ATTENDANCE:

J Ranchhod	Group Company Secretary
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BY INVITATION

Dr VL Litlhakanyane	Non-Executive Director/Chairman of the Board
PG Wharton-Hood	Executive Director – Group Chief Executive
A Parboosing	Chief People Officer
CJ Gouws	Human Resources Executive – SA
PJ Winchester	Human Resources Director – International

In South Africa, we also comply with the obligations of the JSE Listing Requirements, King IV™ and draft guidelines and practice notes of the IoDSA. Formal feedback is provided to the Board annually on how the policy objectives are being achieved. The Board reviews the recommendations based on the CEO's proposal for performance and incentive outcomes, with strong emphasis on aligning performance with strategic focus areas of each executive. The Board may apply discretion to deliver appropriate outcomes for our shareholders and the Company.

FY2022 Remuneration framework

Guaranteed remuneration (TGP)	Short-term incentive (VCP)	Long-term incentive (LTIP)
<p>Total guaranteed package (TGP) consists of basic salary and benefits for all categories except senior management and executive, where remuneration is delivered on cost to company basis.</p> <p>Employee benefits include <i>inter alia</i> subsidisation for compulsory medical aid membership, company contributions to retirement funds, which also includes cover for death and disability, guaranteed 13th cheque and specialist and market retention allowances for specific core skills.</p> <p>The Group makes extensive use of survey houses to support its reward benchmarking process. We typically benchmark against market median, but may reward up to the 75th percentile for top talent and critical skills.</p> <p>Benchmarking is reviewed annually prior to the annual salary review process.</p> <p>In respect of the Group Executive, remuneration is benchmarked against direct healthcare competitors and utilising the Deloitte Executive market survey which takes cognisance of size and complexity of the organisation, level and scope of the job.</p> <p>For the International team, guaranteed remuneration is benchmarked utilising a bespoke remuneration survey sourced from Willis Towers Watson.</p>	<p>This is aimed at executives and management who make a line-of-sight contribution to the profitability of the business.</p> <p>The VCP policy applies a balanced scorecard approach, which measures, and rewards behaviour aligned to each strategic focus area, namely quality, growth, efficiency and sustainability.</p> <p>The Board approved a change in the weighting of financial vs non-financial measures for the Group Executive in FY2022 as follows:</p> <ul style="list-style-type: none"> 50% Group Financial results 25% Group Strategic Innovation measures 25% Personal Performance measures <p>Financial Performance measures:</p> <ul style="list-style-type: none"> 80% EBITA 10% Gross Cash 10% capex % of EBITDA <p>Should the Group's financial performance be less than 75% of the agreed stretched financial targets, no VCP payment is made, irrespective of individual performance. Additionally, if personal performance outputs are not met, no payment is made irrespective of Company performance being met.</p> <p>The maximum award for the Group Executive as a % of guaranteed package is as follows:</p> <ul style="list-style-type: none"> 154% Group CEO 125% Group CFO 106% Other Group Executives 	<p>This incentive is aimed at executive and senior managers who have a more strategic focus and can influence the long-term performance and sustainability of the Group.</p> <p>The LTIP is a notional performance share scheme with a three-year performance and vesting period. Settlement is in equity in South Africa and, where possible, for International.</p> <p>The performance measures and weightings for the Group Executive in respect of FY2022 are as follows:</p> <ul style="list-style-type: none"> 60% Normalised HEPS relative to inflation No vesting occurs if financial performance is below CPI plus 2%. 40% Specific Life Core Purpose measures. No vesting occurs if performance is below 90% of target. <p>The allocation value is influenced by salary, the Life Healthcare share price on the JSE using a 30-day VWAP preceding date of allocation, tier, and individual performance. The scheme continues to allow for a further strategic modifier ranging between 0.5 to 2 x targeted allocation based on strategic contribution and key talent retention.</p> <p>The maximum award for the Group Executive based on on-target allocation as a percentage of guaranteed package is as follows:</p> <ul style="list-style-type: none"> 128% Group CEO and Group CFO 98% Other Group Executives



Remuneration report continued

CO-INVESTMENT PLAN (CIP)

Once-off allocation in 2021 to selected executives and senior managers who have been deemed critical to retain due to their ability to influence long-term performance and sustainability of the Group. The majority of the participants on the scheme are senior managers of operational business units and core service functions.

Promotes retention and employee ownership through an invitation to invest in the Group and acquire shares by deferring a significant portion of potential STI (70% of bonus).

- **Bonus shares** – the deferred portion of VCP is used to purchase Life Healthcare shares. The vesting of these shares is dependent on continued employment.
- **Company matched shares** – based on VCP deferral, the Company purchased restricted Life Healthcare shares on a 3:1 basis. The vesting of these shares is also dependent on continued employment.
- **Performance shares** – a further purchase by the Company of restricted Life Healthcare shares of up to 75% of guaranteed remuneration. The vesting of these shares is dependent on continued employment and the achievement of performance conditions over the holding period. If performance conditions are not met, these shares are forfeited.

(Note: the shares for Ireland and Germany are conditional shares)

These shares were purchased in the market, held in a trust, and are therefore non-dilutive.

The holding period (Bonus shares) and vesting period (Matched and Performance shares) is four years from date of allocation. No performance conditions besides continued employment is required for the Company matched shares. The Performance shares will vest if the Group's relative Total Shareholder Return (TSR) performance is an average of 75% or higher in comparison to its comparator group. The Human Resources and Remuneration Committee will review and approve the performance conditions. Participants are held to an extended notice period of 12-months, as well as a six-month international restraint of trade for the duration of the scheme.

Upon termination of employment:

– **Fault termination:**

Bonus shares are not forfeited but remain subject to the release date of the holding period, unless the participant breaches restraint conditions. Matched and Performance shares are forfeited.

– **No fault termination:**

The Bonus shares will no longer be subject to the holding period and will be released at the date of termination.

The Matched shares shall vest on a pro-rata basis to the date of termination.

The Performance shares will vest on a pro-rata basis to the date of termination to the extent to which performance conditions have been met.

EMPLOYEE SHARE PLAN (SA ONLY)

The aim of the Employee Share Plan 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.

Each year, beginning in July 2012, the Company has bought Life Healthcare shares for:

- Permanent employees with one-year or more unbroken service as at date of allocation;
- Member of the Life Healthcare Retirement Funds; and
- Permanent employees who do not form part of the LTIP population.

The Company plans to continue buying shares for employees with one-year or more permanent service each year, dependent upon the Company's results.

The shares are held in a trust until years 5, 6 and 7, 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

The shares, or after-tax equivalent in cash, are transferred from the trust to the employee at vesting.

The Board approved a further purchase of **R60 million** worth of Life Healthcare shares for the benefit of eligible participants in 2022.

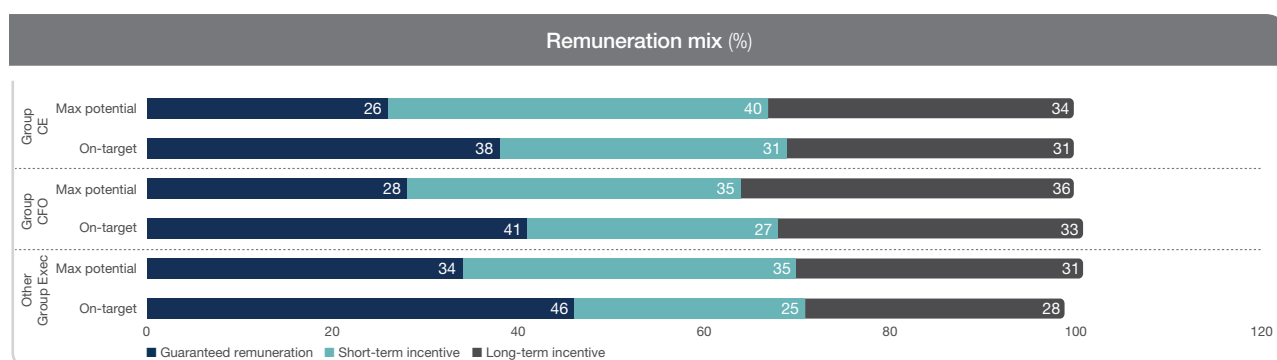
MALUS AND CLAWBACK

Malus and clawback provisions are included in the short and long-term incentive schemes as well as the CIP. The scheme rules and award letters to eligible employees include policy provisions for both malus and clawback. Funds will be recovered after following due process and will not preclude legal action in instances where actions constitute a criminal act.

If a participant is found guilty following a disciplinary hearing, the payment will be withheld if not yet paid, or will be recovered from the individual within a three-year period after delivery of payment. Where bona fide errors have been made, the monies will be corrected or recovered against the ensuing incentive payment.

FY2022 Executive remuneration mix

The on-target and maximum pay mix apportionment for FY2022 is graphically displayed below. It is strongly weighted towards variable remuneration, with performance pay contributing an average of **57%** of total target mix and an average of **30%** of total target reward delivered in equity.



Employment contracts

Executive employment contracts in the normal course of business, outside of the CIP, for the Group Executive are typically set as follows:

- A six-months' notice period
- A three-months' global restraint of trade
- A 12-months' undertaking to refrain from recruiting Life Healthcare employees across the Group and geographies.

Non-Executive Directors' remuneration (NED)

NED fees are paid as a combination of a retainer and a fee per meeting to ensure alignment with emerging market practice. The fees are reviewed on an annual basis.

The fees per annum that were approved at the January 2022 Annual General Meeting were based on a comprehensive benchmarking exercise conducted by an independent remuneration consultant against other industry sector companies (our peer group, consisting of direct and indirect competitors), and other similar-sized JSE listed companies. A 7.5% increase was approved for director fees (member and Chairman) and to Human Resources and Remuneration Committee fees. All other fees were increased by 5%. (See **Implementation report** for details).

In line with the Board succession strategy, a process was also underway to identify and potentially recruit internationally based directors during the year under review. The Board had agreed that a differentiated payment structure would be applied to any such appointment and the Company sought approval for this remuneration at an Extraordinary General Meeting of shareholders in July 2022.



Remuneration report continued

Implementation report

INTRODUCTION

The Implementation report discloses the remuneration paid to Executive Directors and prescribed officers for the 2022 financial year. The Committee is satisfied that the remuneration policy has been consistently applied in the 2022 financial year and that there have been no deviations from this policy.

REMUNERATION OUTCOMES

GUARANTEED REMUNERATION

a) Annual increases

As communicated in last year's Implementation report, a once-off arrangement was made in southern Africa during FY2021 whereby salary increases to non-management employees was brought forward from January 2022 to September 2021 to address critical skills.

The salary increases granted per geography were as follows:

Geography	% increase
Southern Africa	5.4
International	
UK	3.0
Italy	1.6
Ireland	3.0
Northern Europe	3.0
Life Molecular Imaging	3.0

Total directors' remuneration

The guaranteed package and total year-on-year remuneration paid to the directors are tabled below:

	Guaranteed remuneration		Total actual remuneration	
	2021 ¹ R'000	2022 ² R'000	2021 ¹ R'000	2022 ² R'000
Executive Directors	25 040	26 206	53 444	54 864
Non-Executive Directors			7 661	10 273
Total	25 040	26 206	51 105	65 137

¹ Exchange rate as of 30 September 2021 applied to CEO International £1 = R20.32

² Exchange rate as of 30 September 2022 applied to CEO International £1 = R20.24

Total directors' shareholding

The total number of Life Healthcare shares held by each director as at the end of the financial year is as follows:

	Total direct shareholding
PG Wharton-Hood	500 000
PP van der Westhuizen	331 152
AM Pyle	234 156
MD Chapman	210 564

b) Total single figure of remuneration – Executive Directors and Prescribed Officers

Payments to directors for the year ended 30 September 2022 for services rendered are set out in the table below. It should be noted that these payments reflect cash payments made/earned to directors during the financial year and therefore all variable-pay components are reflective of performance measurements relating to previous periods.

	PG Wharton-Hood		PP van der Westhuizen		AM Pyle		MD Chapman ⁵	
	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000	2021 R'000	2022 R'000
Salaries	7 800	8 256	5 500	5 825	4 079	4 662	5 842	6 253
Benefits	735	706	301	312	188	211	838	647
Guaranteed package	8 535	8 962	5 801	6 137	4 267	4 873	6 680	6 900
VCP cash earned in FY ¹	4 460	8 563	2 579	4 952	1 811	3 476	2 173	4 266
VCP equity earned in FY ²	4 660	–	2 695	–	1 892	–	2 454	–
Life Healthcare equity (retention shares) ³	–	–	–	–	–	1 922	–	2 238
Long-term incentives ⁴	–	–	3 236	1 231	2 201	641	–	703
Other	9 120	8 563	8 510	6 183	5 903	6 039	4 627	7 207
Single figure remuneration	17 655	17 525	14 311	12 320	10 170	10 912	11 307	14 107

¹ Short-term incentive cash amount accrued relating to the performance against target for previous financial year.

² Short-term incentive equity amount accrued relating to the performance against target for the previous financial year and deferred to the CIP scheme as detailed in the FY2021 Remuneration report.

³ Life Healthcare shares vested as part of the retention shares (as detailed in prior year's Implementation report).

⁴ LTIP 2018 Bonus Alternative reflected under FY2021 and LTIP 2019 allocation vesting occurred at the end of December 2021.

⁵ M Chapman's remuneration is reflected in SA Rands applying the average exchange rate of £1 = R20.32 as of 30 September 2021 and £1 = R20.24 as of 30 September 2022.

The targeted % of Total Cost to Company for the Group Executive and the payment made in respect of each period is set out below:

	Financial year	Guaranteed package R'000	VCP earned R'000	% of guaranteed package
PG Wharton-Hood	2021	8 321	9 120	110%
	2022	8 737	8 563	98%
PP van der Westhuizen	2021	5 923	5,274	89%
	2022	6 219	4 952	80%
AM Pyle ²	2021	4 700	3 702	79%
	2022	4 935	3 476	70%
MD Chapman ³	2021	6 096	4 627	76%
	2022	6 314	4 266	68%

¹ Total STI earned in FY2021 is inclusive of deferred portion to CIP (See FY2021 Implementation Report).

² Total STI earned in FY2022 will be paid in the next financial year (inclusive of deferred portion to CIP).

³ Exchange rate of 20.32 and 20.24 to the pound for FY2021 and FY2022 respectively.



Remuneration report continued

SHORT-TERM INCENTIVISATION

The outcome of the performance scorecard for the Group Executive in respect of FY2022 was as follows:

1. Financial metrics – 50%

	Actual	Target
EBITA versus budget	100.9%	100%
Cash generated from operations as a % of EBITDA	99.8%	100%
Capex as % of EBITDA	47%	57%

The total outcome resulted in a **6-rating** which delivered **125%** of this weighting.

2. Clinical outcomes – 25%

Patient satisfaction

The FY2022 overall patient experience score was unchanged from the prior year (8.4/10), while the score of 70.9% for “Definitely Recommend” returned to our pre-COVID-19 ranges of 70.7% in FY2019 and 70.8% for FY2020 (please refer to our safety and quality report on [page 128](#))

Patient safety

Our clinical metrics in SA and International reflected a good overall performance, despite a fourth and fifth COVID-19 wave, severe flooding and a major fire in KZN over the course of FY2022. We have managed to maintain or improve on most of our patient safety and quality metrics both in South Africa and internationally.

Employee safety

The total employee adverse event rate, which includes employee falls; mobility injuries and sharps injuries has decreased by 6% year on year (please refer to our safety and quality report on [page 129](#)).

The outcome resulted in a **4-rating** which delivered **100%** of this weighting.

3. Personal Performance – 25%

Each of the individual Group executives agreed specific deliverables with the GCE at the beginning of the financial year. The main focus areas for the team, during 2022, are shown below. Additional information on our strategic goals is shown on [pages 22 and 23](#) and we have included priorities and KPIs for our southern African ([page 99](#)) and International ([page 109](#)) operations.

Continued focus on the IT environment within the Group:

- ↪ Ensure a continued focus on IT delivery within the Group, with appropriate resourcing
- ↪ Deliver key projects in line with milestones set
- ↪ Progress the integration and standardisation of IT imperatives across the Group

Cyber security:

- ↪ Enhance Group cyber threat intelligence capabilities
- ↪ Deploy global security operations centre in line with set milestones

Government and stakeholder engagement:

- ↪ Ensure impactful engagement with key stakeholders
- ↪ Drive consistent private/public collaboration

People:

- ↪ Ensure the continued driving of diversity imperatives across the Group
- ↪ Deliver a remuneration strategy for the retention of critical skills
- ↪ Evolve the nursing value proposition to guide and support our strategy
- ↪ Obtain approval to train more nurses
- ↪ Deliver a global employee value proposition (EVP)

Strategic growth initiatives:

- ↪ Deliver the Group's strategy in terms of its growth initiatives and ambitions

LONG-TERM INCENTIVISATION PLANS (LTIP)

The LTIP details regarding the vesting of the 2019 LTIP allocation and the three unvested LTIP 2020, 2021 and 2022 allocations are set out below.

a) Vesting of the LTIP 2019 allocation

The 2019 LTIP allocation vested on 31 December 2021. Delivery was in shares for all southern African participants and in cash for all International participants. Vesting is calculated based on financial and clinical outcomes, with calculations based on performance from 1 October 2018 to 30 September 2021.

The outcome of performance against vesting criteria for the Prescribed Officers was as follows:

Performance measure	Weighting	Outcome	% Vesting
Capital efficiency			
– ROCE vs WACC	79%	(2.6%)	0%
– Growth EBITDA relative to capex spend	21%	0%	0%
Normalised Group HEPS	100%	(16.2%)	0%
Life Core Purpose ¹	100%	107.0%	120.0%

¹ The outcome of the Life Core Purpose measures was detailed in the 2021 Implementation Report.

Based on the performance outcomes, the LTIP 2019 allocation yielded the following outcomes:

Performance measure	Capital efficiency units forfeited	Normalised Group HEPS forfeited	Life Core Purpose vesting @ 120%	Performance units vesting	Life Healthcare shares purchased ²	Value (ZAR'000)
MD Chapman ¹	50 876	50 876	25 438	30 526	–	709
PP van der Westhuizen ²	88 321	88 321	44 161	52 993	31 016	1 231
AM Pyle	45 988	45 988	22 994	27 593	16 150	641

¹ The average exchange rate of £1 to R20.24 was utilised to convert the Rand to Pound for MD Chapman and delivery was in cash.

² The after-tax amount was utilised to purchase Life Healthcare shares in the open market at an average share price of R22.03 per share delivered to AM Pyle and PP van der Westhuizen's personal trading accounts.

The values were determined utilising the average 30-day VWAP on 31 December 2021 of R23.23. The amounts were subject to income tax in the respective countries.



Remuneration report continued

b) Unvested LTIP 2020 to LTIP 2022 scheme allocations

The details of LTIP allocations made from 2020 to 2022 are set out below for illustrative purposes – the allocations only vest at the vesting dates should performance conditions be met:

LTIP Plan	Title	Date of allocation	Share price on date of allocation ZAR	Performance shares	Vesting date	Allocation value R'000	Value based on 30 Sept 2022 share price R'000
2020 LTIP Allocation	PP van der Westhuizen	01-Jan-20	24.46	434 145	31-Dec-22	10 620	7 489
	AM Pyle	01-Jan-20	24.46	254 531	31-Dec-22	6 226	4 391
	MD Chapman	01-Jan-20	24.46	290 448	31-Dec-22	7 105	5 010
2021 LTIP Allocation	PG Wharton-Hood	01-Jan-21	15.98	531 867	31-Dec-23	8 500	9 175
	PP Van Der Westhuizen	01-Jan-21	15.98	469 294	31-Dec-23	7 500	8 095
	AM Pyle	01-Jan-21	15.98	344 149	31-Dec-23	5 500	5 937
2022 LTIP Allocation	MD Chapman	01-Jan-21	15.98	312 863	31-Dec-23	5 000	5 397
	PG Wharton-Hood	01-Jan-22	23.23	421 205	31-Dec-24	9 786	7 266
	PP Van Der Westhuizen	01-Jan-22	23.23	299 795	31-Dec-24	6 965	5 171
	AM Pyle	01-Jan-22	23.23	208 163	31-Dec-24	4 836	3 591
	MD Chapman	01-Jan-22	23.23	196 660	31-Dec-24	4 569	3 392

The LTIP 2020 allocation vests on 31 December 2022 and the outcomes will be detailed in the next Implementation report.

c) Unvested Company matched shares

As reported in the FY2021 Remuneration report, the Company offered a once-off opportunity of Company matched shares to the four directors based on their investment. The intention of this offer is to retain the executive as well as to encourage shareholding in the Company thereby aligning to shareholder interests. The matched shares are restricted and held in an escrow account and will vest over five years, in equal tranches, provided certain performance conditions (set out below) are met. Forfeiture of the matched company shares will apply should the performance and employment conditions not be met.

The performance conditions are detailed below:

Executive	Performance conditions
GCE	<ul style="list-style-type: none"> – 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 this initial investment over the vesting period. – TSR of the Company from date of engagement to respective vesting dates must exceed the average of the TSR of our direct competitors. – Progress on transformation, diversity and stakeholder relationships will be considered by the Board. – Termination of employment and change in capital structure will align to the Company long-term incentive scheme, except in the case of change of control and the appointment of a successor, in which case the shares will vest with no time pro-rating for the period of the vesting period, although the applicable performance conditions will not be waived.
Group CFO, CEO – SA and CEO – International	<ul style="list-style-type: none"> – TSR of the Company from date of engagement to respective vesting dates must exceed the average of the TSR of our direct competitors. – Progress on transformation, diversity and stakeholder relationships will be considered by the Board. – Termination of employment and change in capital structure will align to the Company long-term incentive scheme, except in the case of change of control and the appointment of a successor, in which case the shares will vest with no time pro-rating for the period of the vesting period, although the applicable performance conditions will not be waived.

The unvested Company matched shares per director are detailed below:

Unvested Company matched shares	Executive investment value at purchase (R'000)	Date of allocation	Share price on date of allocation ZAR	Company matched purchase value R'000	Company matched shares	Vesting date	Value based on 30 Sept 2022 share price R'000
PG Wharton-Hood	5 000	Aug-20	17.23	14 869	287 568	31-Dec-23	4 961
					287 568	31-Dec-24	4 961
					287 570	31-Dec-25	4 961
PP Van Der Westhuizen	1 986	Dec-20	16.96	5 947	116 866	31-Dec-23	2 016
					116 866	31-Dec-24	2 016
					116 868	31-Dec-25	2 016
AM Pyle	1 240	Jan-21	18.98	3 707	65 074	31-Dec-23	1 123
					65 074	31-Dec-24	1 123
					65 074	31-Dec-25	1 123
MD Chapman	2 052	Jan-21	18.27	6 156	112 309	31-Dec-23	1 937
					112 309	31-Dec-24	1 937
					112 309	31-Dec-25	1 937

Life Healthcare Co-investment Policy (CIP)

The unvested CIP shares per director are detailed below:

Unvested CIP shares	Date of allocation	Share price on date of allocation ZAR	Total co-investment shares	Vesting date	Value based on 30 Sept 2022 share price R'000	Dividends accrued in Trust ¹ R'000
PG Wharton-Hood	Dec-21	23.51	1 058 449	31-Dec-25	18 258	159
PP Van Der Westhuizen	Dec-21	23.51	647 533	31-Dec-25	11 170	97
AM Pyle	Dec-21	23.51	471 859	31-Dec-25	8 140	71
MD Chapman	Dec-21	23.51	635 202	31-Dec-25	10 957	95

¹ Dividends declared in June 2022 of 15 cents per share are held in the trust and will be realised at vesting, should the relevant performance conditions be met.

d) LTIP 2023 allocation

The LTIP 2023 allocations will be presented to the Human Resources and Remuneration Committee in early 2023 for approval and will be detailed in the next Remuneration report.



Remuneration report continued

RETENTION SHARES

As detailed in the FY2021 Remuneration report, these performance/retention shares were granted to the two country executives. The vesting was however, deferred until the end of the closed period for Adam Pyle.

The performance criteria for Adam Pyle were met, i.e., continued service in the role of CEO – SA and to identify and/or put in motion a strategy to appoint or source ACI successors for two executive positions.

The assessment of performance criteria at the end of March 2022 for Mark Chapman showed partial achievement against targets as follows:

	Weighting	No of shares allocated	Performance hurdles	Outcome of performance conditions	No of shares vesting
Cyclotrons	33.33%	61 929	Five cyclotrons operational with 90% up-time between 1 Oct 2030 to 31 Mar 2022.	Fully achieved – 100%	61 930
EBITDA margin	33.33%	61 929	1% improvement in AMG's EBITDA margin in each six-month period in the review period compared to prior year.	50% achieved	30 965
SA imaging	33.33%	61 929	Six SA imaging practices acquired and operational per business case by 31 March 2022.	Not achieved	–
Total		185 787			92 895

The balance of **92 892** shares were forfeited.

The outcome of the vesting for the two Executive Directors was as follows:

Surname	Share allocation	Share price on date of allocation ZAR	Performance retention shares	Vesting date	Allocation value R'000	No of shares vested	Value of shares at vesting R'000
AM Pyle	01-Apr-20	18.16	82 590	30-Sep-21	1 500	82 590	1 922
MD Chapman	01-Apr-20	18.16	185 787	01-Mar-22	3 374	92 892	2 238*

* The value for the CEO International is inclusive of a £20 000 (R404 756) discretionary payment as approved by the Board.

NON-EXECUTIVE DIRECTOR FEES

The tables below set out the fees paid to Non-Executive Directors, excluding VAT, for the period from October 2021 to September 2022 as approved by the Human Resources and Remuneration Committee and the Board under the authority granted by shareholders at the AGM held on 26 January 2022 as well as the proposed fees which will be table for approval at the 2023 AGM.

The following number of meetings were held during the FY 2022 period:

Committee	Number of meetings in 2022
Main Board	7
Audit	7
Human Resources and Remuneration	8
Risk, Compliance and IT Governance	4
Investment	6
Clinical	4
Social, Ethics and Transformation	3
Nominations and Governance	8

The fees payable to Non-Executive Directors for the 2022 financial year comprised on an annual fee based on the positions fulfilled by each director, with the expectation of attendance at a predetermined regular number of meetings per annum. The following fees were paid in FY2022:

Non-Executive Director	2022 R'000
Dr JE Bolger ¹	173
PJ Golesworthy	1 305
Prof ME Jacobs	807
CM Henry	744
CJ Hess	250
LE Holmqvist ¹	222
Dr VL Litlhakanyane	1 803
AM Mothupi	1 012
JK Netshitenzhe	702
Dr MP Ngatane	610
Adv M Sello	764
GC Solomon	929
RT Vice	952
Total NED fees	10 273

¹ Exchange rate of €1 = R17.14

The following fees are proposed for FY2023:

Southern Africa

The Non-Executive Director fee increases were determined considering the size of the Group, the complexity of the business in terms of geographic diversity and the expansion into complementary services.

Two independent NED surveys by PwC and Deloitte were utilised to benchmark the proposed fees for SA. A **6.8%** increase is proposed across all Committees, except for the Chairman of the main Board, where a 10% increase is recommended as a process over time to address market lag as well as additional global responsibilities added to the portfolio.

Committee	Entity	2023	Current annual cost R'000	Proposed annual cost R'000
Directors fees	Chairman	4	1 171	1 289
	Board Member		324	346
Lead independent director	Board Member	4	474	506
Audit	Chairman	4	315	336
	Board Member		177	189
Human Resources and Remuneration	Chairman	4	252	269
	Board Member		129	137
Nominations and Governance	Chairman	3	207	221
	Board Member		107	115
Risk, Compliance and IT Governance	Chairman	4	233	249
	Board Member		121	130
Investment	Chairman	4	260	278
	Board Member		137	146
Clinical	Chairman	4	217	232
	Board Member		118	126
Social, Ethics and Transformation	Chairman	3	192	205
	Board Member		94	100



Remuneration report continued

Additional fee per ad hoc meeting:

	Entity	Current annual cost R'000	Proposed annual cost R'000
Main Board	Chairman	31 500	33 645
	Board Member	21 000	21 430
All Committees	Chairman	15 750	16 820
	Board Member	10 700	11 430

International

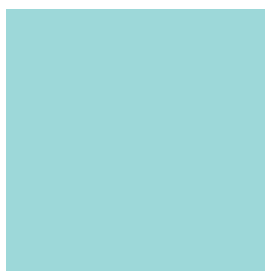
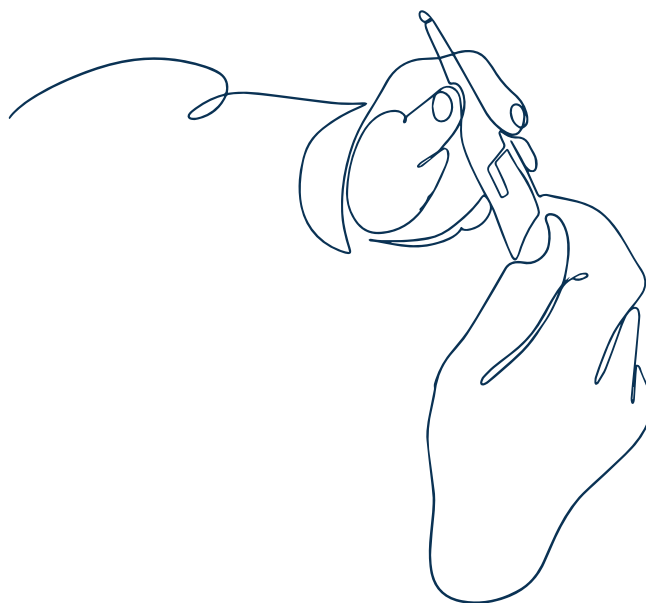
The Non-Executive Director fee increases for International were approved at a Special General Meeting held on 5 July 2022, with the provision that these fees would only be reviewed in FY2024.

The NED fees per Committee are detailed below:

Committee	Entity	Annual cost €'000
Board fees	Board Member	55.5
Audit	Chairman	53.8
	Board Member	30.2
Human Resources and Remuneration	Chairman	43.0
	Board Member	22.0
Nominations and Governance	Chairman	39.4
	Board Member	20.5
Risk, Compliance and IT Governance	Chairman	39.9
	Board Member	20.7
Investment	Chairman	44.6
	Board Member	23.4
Clinical	Chairman	37.2
	Board Member	20.2
Social, Ethics and Transformation	Chairman	33.0
	Board Member	16.1

ANY PAYMENTS MADE ON TERMINATION OF EMPLOYMENT OR OFFICE

No payments were made on termination of employment this financial year.

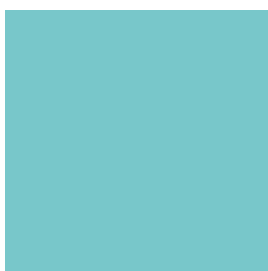


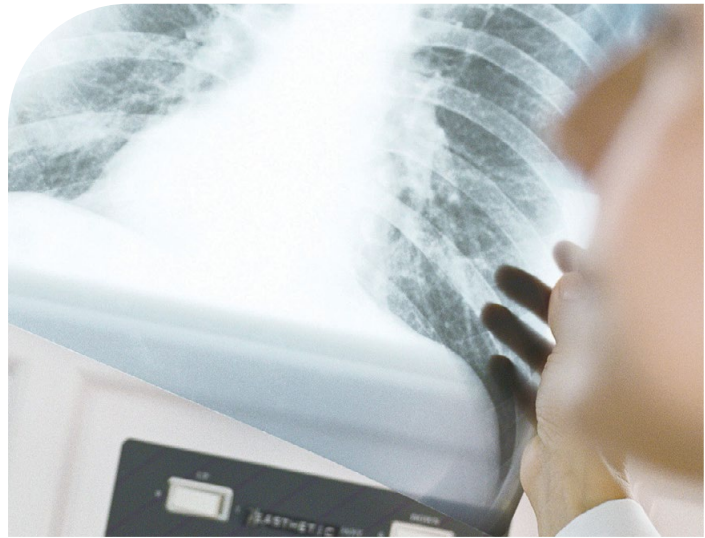


How we performed

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1.7 million diagnostic imaging scans in our International operations





Financial Capital

Definition:




The pool of funds entrusted to us by our shareholders and other investors. Funds include equity capital, short and long-term loans, as well as profits generated from our business activities and investments.

Our financial capital section details how we performed in terms of our financial and operational metrics across our southern African and International operations, and also includes a performance review of our key growth initiative business, Life Molecular Imaging (LMI), as well as our statement of value added and seven-year performance review.


While our financial performance is important for many stakeholders, the key stakeholders for whom this section is particularly relevant are our shareholders, investors and financiers who provide the equity and debt capital we use to fund our businesses and growth projects.

Shareholders and other investors

Shareholders' and other investors' key expectations and concerns

- Sustainable growth and profit generation, in particular our recovery following the COVID-19 pandemic.
- Capital allocation strategy including the Group's capital structure and returns to shareholders through dividends or buybacks.
- Cash flow generation, debt levels, and return metrics such as return on invested capital (ROIC).
- ESG metrics, including our plans to reduce environmental impacts, are increasingly important for shareholders and investors (see  pages 122 to 125).
- Our plans for mitigating electricity and water outages, or other business continuity problems (see  page 122).
- Effective corporate governance, experienced leaders and succession plans (see  page 38).

How we engage with our shareholders and other investors

- Frequent engagements with shareholders, investors, bankers and analysts regarding our results.
- Engagement with shareholders with regards to proxy voting at the AGM and also our Remuneration report and the implementation of our remuneration proposals (see  pages 64 to 80).
- Publication of reports such as the integrated annual report, the annual financial statements, results presentations, trading updates and other information published on our website or through the JSE Stock Exchange News Service (SENS).

Inputs

- Listed on the main board of the JSE
- **R19.9 billion** equity (2021: R19.2 billion)
- **R10.9 billion** net debt (2021: R10.4 billion)
- **R1.0 billion** raised through a local domestic medium-term note programme launched during 2022
- **Secondary listing** on A2X anticipated on 1 December 2022

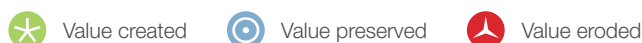
Outcomes

- **R25.1 billion** market capitalisation at 30 September 2022 (2021: R 33.1 billion) 
- **R5.0 billion** in normalised EBITDA generated in 2022 (2021: R5.1 billion) 
- **R1 536** in headline earnings (2021: R1 615) 
- **40 cents per share** in dividends declared in 2022 (2021: 25 cents) 

Trade-offs

Life Healthcare's share price has declined during the year, despite the good underlying performance. This may be partly due to slower recovery from COVID-19 and ending of COVID-19-related contracts in AMG, as well as declining stock markets around the world as inflation pressures increase, along with interest rates, uncertainty around the war in Ukraine and consequently the high energy prices in Europe.

Paying dividends reduces financial capital that we could invest into growth projects, but is an important source of income for some shareholders and pension funds.







Financial Capital continued

Group Chief Financial Officer's review



Pieter van der Westhuizen
Group Chief Financial Officer (CFO)

Life Healthcare's 2022 financial year has transitioned from the impact of a severe COVID-19 fourth wave during December 2021 and January 2022, through a significantly milder COVID-19 fifth wave to a more normalised operating environment during the last few months of the year under review.

GROUP REVENUE of
R28.2 BILLION
and normalised **EBITDA** of
R5.0 BILLION

Net debt to normalised
EBITDA of
1.89 times and
R5.0 BILLION cash
from operations

Our focus throughout the current year has been to manage the business as the operational demands shifted to a more normalised mix. This has largely been successful across our southern African and International businesses. The resulting improvement in profitability and cash flow generation has meant that we have been able to invest in additional maintenance and replacement projects during the year, as well as fund two imaging acquisitions within South Africa and exciting expansionary investments into CDCs in the UK.

The Board has approved a final distribution of 25 cents per share, which brings the total dividend for the year under review to 40 cents per share (2021: 25 cents) after including the 15 cents per share interim dividend.

Group revenue from continuing operations, for the year ended 30 September 2022, increased by 4.9% to R28.2 billion (FY2021: R26.9 billion). Group normalised EBITDA decreased by 0.2% to R5.0 billion (FY2021: R5.1 billion) with our normalised EBITDA margin reducing to 17.9% (FY2021: 18.8%). Normalised EBITDA grew in our southern African operations as a result of higher occupancies from normalising activities and better cost management, offset by lower EBITDA contribution from AMG following the ending of

COVID-19-related contracts at the end of FY2021.

The comparison of the 2022 results with the 2021 results has been impacted by a few non-recurring items, as shown below:

- ↪ The disposal of Scanmed S.A. (Scanmed) in Poland on 26 March 2021 and a profit of R87 million was included in the prior period from this discontinued operation.
- ↪ The Group assisted the National Health Service in the United Kingdom in providing COVID-19 scanning services through its mobile fleet. These contracts came to an end at the end of the September 2021. The financial impact of these services is included in the prior period but did not recur in the current period.
- ↪ The Group introduced a co-investment share scheme for senior management across the Group to retain talent, drive performance and to align senior management with shareholders. The impact of this scheme, and an increase in the Group's other long-term incentive schemes due to improved financial performance, increased the share scheme charge in the current year. The effect of this is an increase of R136 million in the current period, which impacts normalised EBITDA.
- ↪ The release of a contingent consideration liability with regards to LMI, which has benefitted the 2022 results by R437 million (See AFS for more information on [page 7](#), [page 16](#), [page 29](#) and [page 62](#)). This amount is removed from our calculation of normalised headline earnings.

→ The Group is disputing the interpretation by the tax authorities in South Africa, the South African Revenue Service (SARS), of a contractual arrangement between Life Healthcare and its subsidiary companies related to payroll services and the resultant VAT treatment. Even though there is no loss to the fiscus and the Group's strong legal and tax opinions on the matter, the Group has prudently provided R199 million. (See AFS for more information on [page 7, 28, 31 and 62](#)).

What follows is a summary of our financial results for the 2022 year under review. Our full financial results can be found within the 2022 Annual Financial Statements which are located on our [website](#). We also show a seven-year summary of key financial results and metrics on [page 111](#) of this report.

SUMMARISED FINANCIALS

	2022 R'm	2021 R'm	% change 2020 – 2021
Revenue from continuing operations	28 206	26 885	4.9%
Normalised EBITDA* from continuing operations	5 039	5 051	(0.2)%
Operating profit from continuing operations	2 858	2 980	(4.1)%
Non-operating income	420	26	n/a
Net finance cost	(653)	(622)	(5.0)%
Share of associate's net profit after tax	23	25	(8.0)%
Tax expense	(768)	(642)	(19.6)%
Profit from continuing operations	1 714	1 767	(3.0)%
Profit/(loss) for the year from discontinued operation	–	87	n/a
Profit after tax	1 714	1 854	(7.6)%
Profit attributable to ordinary equity holders	1 531	1 754	(12.7)%

* Life Healthcare defines normalised EBITDA as operating profit before depreciation on property, plant and equipment, amortisation of intangible assets and non-trading related costs and income.

Indicator	2022	2021	Year-on-year trend
Growth			
Net debt to normalised EBITDA (ratio)	1.89	1.82	↑
Interest cover (ratio)	10.8	11.0	↓
HEPS (cps)	106.1	111.1	↓
Dividend (cps)	40	25	↑
Cash generated from operations	5 030	5 687	↓
Efficiency			
Normalised EBITDA margin (%)	17.9	18.8	↓
Cash generated from operations as a percentage of normalised EBITDA (%)	99.8	112.6	↓



Financial Capital continued

Group Chief Financial Officer's review continued

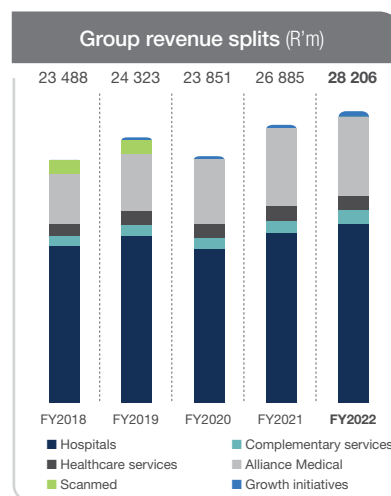
SEGMENTAL AND NORMALISED EBITDA

Our southern African operations (see [page 96](#)) delivered an increase in revenue of 5.0% to R20.0 billion (2021: R19.0 billion). Normalised EBITDA grew by 7.2% to R3.5 billion (2021: R3.3 billion) and the normalised EBITDA margin increased to 17.5% (2021: 17.1%).

Our International segment saw revenue from continuing operations increase by 2.8% to R7.7 billion (2021: R7.5 billion). Normalised EBITDA from continuing operations declined by

11.9% to R1.6 billion (2021: R1.8 billion) and the normalised EBITDA margin reduced to 20.8% (2021: 24.2%). Much of the decline in revenue and profitability for AMG is related to the ending of COVID-19-related contracts at the end of FY2021. We provide further detail for this segment on [page 102](#).

Our growth initiatives (see [page 108](#)) saw a 43.4% increase in revenue to R555 million (2021: R388 million) and a normalised EBITDA loss of R50 million (2021: a loss of R19 million).



EPS

-12.3% to

105.8 cps

(2021: 120.6 cps)

EPS FROM CONTINUING OPERATIONS

(excluding Scanmed) -7.7% to

105.8 cps

(2021: 114.6 cps)

HEPS FROM CONTINUING OPERATIONS

-7.2% to

106.1 cps

(2021: 111.1 cps)

EARNINGS PER SHARE (EPS)

Our EPS figures have been impacted by a number of once off items in the current year and the prior year that distort the comparison against the prior year. The 2021 results benefited from the profit on disposal of Scanmed and COVID-19-related contracts which ended in September 2021. The 2022 results included a R437 million contingent consideration release of liability, and a provision of R199 million in the current year for a dispute on interpretation of a contractual agreement.

Normalised EPS (NEPS), which excludes non-trading related items, including the profit on disposal of Scanmed and the contingent consideration release, decreased by 14.5% to 96.4 cps (2021: 112.7 cps) and NEPS from continuing operations decreased by 12.2% to 96.4 cps (2021: 109.8 cps).



FINANCIAL POSITION AND LIQUIDITY

The Group remains in a strong financial position with net debt to normalised EBITDA as at 30 September 2022 at 1.89 times (2021: 1.82 times).

The Group is comfortably within its bank covenant for net debt to normalised EBITDA of 3.50 times.

The Group successfully launched a domestic medium-term note (DMTN) programme during July 2022, raising R1.0 billion split equally between 3-year and 5-year notes.

The Group refinanced some of AMG's term debt, extending maturities that were due in March 2023 out to December 2025.

The Group's undrawn bank facilities as at 30 September 2022 amounted to R4.4 billion (2021: R6.6 billion).

Cash flow and capital expenditure

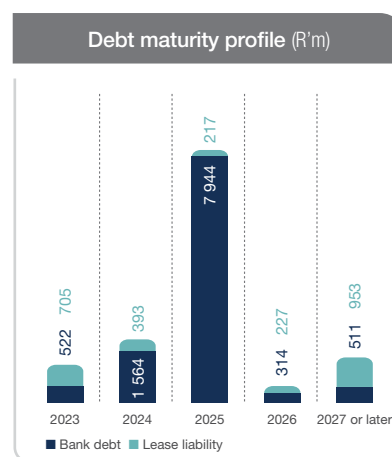
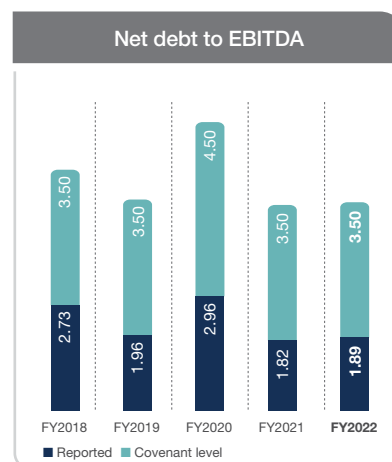
The Group's cash generated from operations amounted to R5.0 billion, and represented 100% of normalised EBITDA (2021: 113%).

Inventory was carefully managed throughout the year.

During the financial year, the Group invested R2.3 billion (2021: R1.9 billion), mainly of maintenance capital expenditure of R1.6 billion (2021: R1.5 billion) and growth capex of R704 million (2021: R357 million).

Looking ahead

For 2023 we expect to spend R1.7 billion on maintenance capex and R1.2 billion on growth capex. Growth capex has been ear-marked for the development of CDCs in the UK and Europe and investment into LMI's pipeline of products.



DISTRIBUTION

The Board has approved a

final dividend of 25 cps

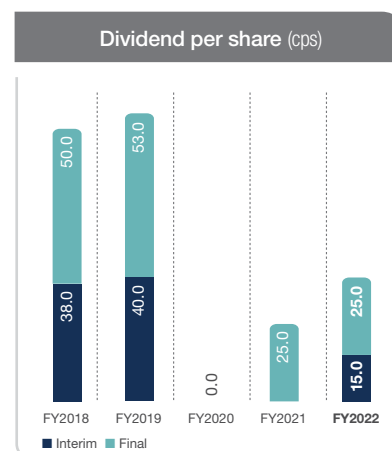
(2021: 25 cps),

taking the total dividend paid during FY2022 to

40 cps

(2021: 25 cps)

Dividends are declared by the Board after taking into account the underlying earnings, cash generation and available funding of the Group, while retaining sufficient capital to fund ongoing operations and growth projects while maintaining gearing levels within acceptable levels.





Financial Capital continued

Southern African business review

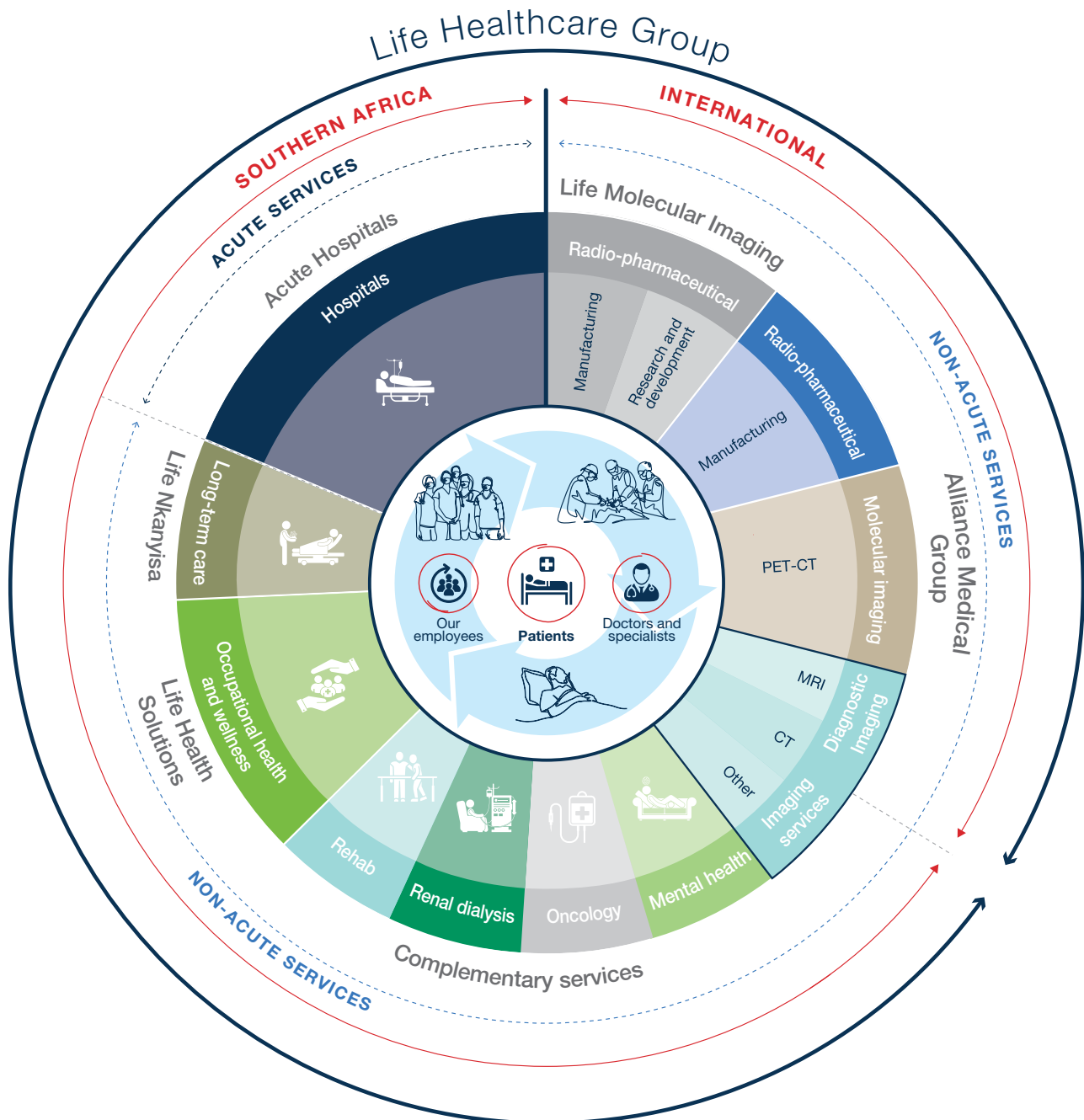
OUR FOOTPRINT AND CAPABILITIES


We have a diversified healthcare offering across the care spectrum including acute hospital care, acute physical rehabilitation, mental health, renal dialysis, oncology, imaging, occupational health, wellness, primary care and emergency medical services.

We are able to deliver quality, compassionate and effective care through the dedication of 15 436 (2021: 14 972) of our own employees and approximately 3 000 supporting healthcare professionals and specialists.



See page 116 for detail on Our People




Acute hospitals

86%
of southern Africa revenue

<p>Services:</p> <p>Multi-disciplinary acute healthcare facilities with an array of high quality services including emergency units, intensive care treatment, day surgical centres, and onsite pharmacies.</p>	<p>Differentiators:</p> <ul style="list-style-type: none"> ▸ Second largest acute private hospital network ▸ Presence in seven South African provinces and Botswana
--	--

Inputs:	Outputs:	Outcomes:
<p>49 acute hospitals (49 in 2021)</p> <p>8 271 registered beds (8 256 in 2021)</p> <p>304 surgical theatres (304 in 2021)</p> <p>14 cathlabs (14 in 2021)</p>	<p>1 797 805 PPDs (1 706 205 in 2021)</p> <p>19.7 million theatre minutes (17.2 millions in 2021)</p> <p>485 385 admissions (419 288 in 2021)</p> <p>16 501 cathlab cases (13 257 in 2021)</p>	<p>61.1% occupancy (58.1% in 2021)</p> <p>96% patient satisfaction score</p> <p>Safe hospitals – refer to safety and quality metrics on  page 128</p>



Financial Capital continued

Southern African business review continued



Complementary services

7%
of southern Africa revenue

Services:

Specialised services offered within or in close proximity to our acute hospitals for patients whose treatment involves a longer admission period, or ongoing chronic care.

Differentiators:

↳ Extends service delivery across the care continuum



1 Acute Rehabilitation

Services:

Our rehab facilities cater for patients with brain injuries, offering acute physical and cognitive rehabilitation. Our focus on patient care helps to restore quality of life for our patients and their families.



Differentiators:

↳ Multidisciplinary care for traumatic brain or spinal injuries, stroke rehabilitation

Inputs:

7 facilities
334 registered beds
(319 in 2021)

Outputs:

2 905 admissions 
(2 758 in 2021)
81 191 PPDs 
(79 503 in 2021)

Outcomes:

71.7% occupancy 
(71.6% in 2021)



2 Mental Health

Services:

Our multi disciplinary mental healthcare service offerings are designed for transitory care in a therapeutic and tranquil environment. Our facilities house voluntary, assisted and involuntary mental healthcare patients.



Differentiators:

↳ Second largest private mental health provider in South Africa
↳ Wide spectrum of inpatient mental health treatment programmes

Inputs:

9 facilities
(9 in 2021)
598 registered beds
(602 in 2021)

Outputs:

13 710 admissions 
(11 764 in 2021)
148 188 PPDs 
(130 216 in 2021)

Outcomes:

67.9% occupancy 
(59.3% in 2021)



3 Renal dialysis

Services: Our renal facilities are for patients with renal failure who need outpatient-based chronic dialysis, inpatient-based acute renal dialysis or home-based peritoneal dialysis.		Differentiators: ↳ Third largest private renal dialysis provider in South Africa
Inputs: 29 facilities (29 in 2021) 445 renal dialysis stations (440 in 2021)	Outputs: 180 924 treatments (176 083 in 2021)	Outcomes: More patients receiving renal care



4 Oncology

Services: Our oncology centres offer a holistic care model with technologically advanced diagnostic and interventional services supporting comprehensive cancer management.		Differentiators: ↳ First Varian Ethos™ radiotherapy machine in South Africa providing AI-driven, personalised, precision treatment
Inputs: 5 facilities (5 in 2021)	Outputs: 30 109 treatments (27 872 in 2021)	Outcomes: More patients receiving quality cancer care in state-of-the-art facilities



5 Imaging services

Services: Our imaging services include the provision of the equipment, radiographers and other employees required in the delivery of diagnostic radiological investigations.		Differentiators: ↳ First non-clinical imaging operations in SA to be integrated within acute hospital services. Radiologists (the clinical imaging specialists) remain independent practitioners consulting within these practices.
Inputs: 2 imaging businesses including ↳ 5 hospital-based practices ↳ 2 community-based practices ↳ 11 CT and MRI scanners ↳ 11 X-ray machines ↳ 38 other scanning and screening machines	Outputs: c.100 000 X-ray and other scans c.19 000 MRI and CT scans	Outcomes: Development of legal and operational framework to integrate the non-clinical operations of imaging businesses into our Group. This paves the way for additional growth in the imaging market.



Financial Capital continued

Southern African business review continued



Healthcare services

7%
of southern Africa revenue



1 Life Nkanyisa (formerly Life Esidimeni)

Services:

We offer specialised care for the most vulnerable people in our society. We partner with South Africa's provincial health and social development departments to provide comprehensive, long-term services for people requiring frail care, chronic mental healthcare, substance abuse and clinical care within a correctional services environment.

Differentiators:

▮ Largest public-private healthcare partnership in South Africa

Inputs:

10 facilities
(10 in 2021)

3 181 beds
(3 163 in 2021)

Outputs:

1 084 765 PPDs
(1 052 685 in 2021)



Outcomes:

More of society's most vulnerable patients receiving specialised care



2 Life Health Solutions

Services:

We offer an integrated health risk management service providing wellness programmes, occupational, primary healthcare and emergency medical services to corporate and institutional clients.

We provide contracted on-site occupational and primary healthcare services to large private and public employers.

Differentiators:

▮ Largest corporate wellness and occupational health provider in South Africa

Inputs:

250 occupational health clinics
(246 in 2021)

83 employee wellness clinics
(82 in 2021)

Outputs:

485 258 enrolled employees
(477 751 in 2021)



Outcomes:

Holistic wellness and healthcare offerings conveniently located in or near place of employment

OUR OPERATING ENVIRONMENT

Key challenges and constraints

COVID-19

We experienced a fourth COVID-19 wave during December 2021 and early January 2022. This wave led to a huge surge in infections, but a smaller number of COVID-19 admissions compared with prior waves.

The fifth wave which emerged during July 2022 saw very few COVID-19 patients being admitted into our facilities as most cases appeared to be relatively minor.

This suggests to us that the pandemic has reached an endemic state, much like the more common influenza viruses. We will still need to remain vigilant and prepared for further waves triggered by any additional viral mutations, but in the absence of this, our services will continue to return to typical pre-COVID-19 activities.

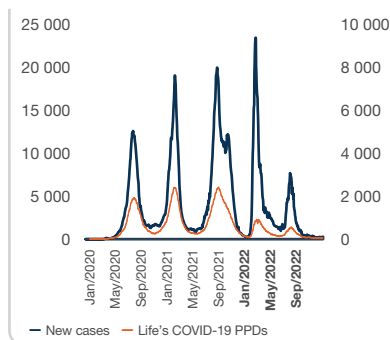
Our response and looking ahead

- ↳ Nimble centralised decision making to adapt quickly to changing environment
- ↳ Flexible working arrangements where possible

Affected material matters and strategic pillars



Life Healthcare's COVID-19 PPDs



Source: Company data

ELECTRICITY OUTAGES

During 2022 we have experienced an unprecedented level of electricity outages due to frequent breakdowns of Eskom's power generating fleet. In the nine months to September 2022, there have been 1 300 hours of outages, almost double the total hours of outages in the whole of 2021.

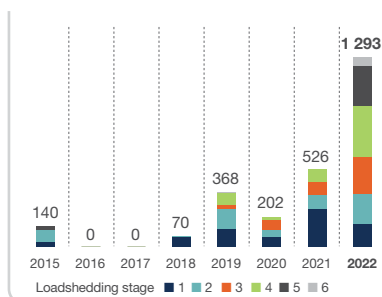
While all of our facilities have back-up diesel generators, these have operated for longer periods of time than in prior years, and diesel costs have spiked during the year too, therefore cost of running the generators has increased significantly during the year.

- ↳ Solar panels at 15 facilities
- ↳ Introducing battery storage capacity at some facilities
- ↳ Installing additional solar panels and purchasing of renewable electricity are being explored

Affected material matters and strategic pillars



Total hours of electricity outages (number of hours)



Source: EskomSePush

INFLATIONARY PRESSURES

Inflation within South Africa has been rising throughout 2022 and has moved above the Reserve Bank's upper limit of 6%. Inflation has been triggered by rising oil and food prices which have been exacerbated by the war in Ukraine.

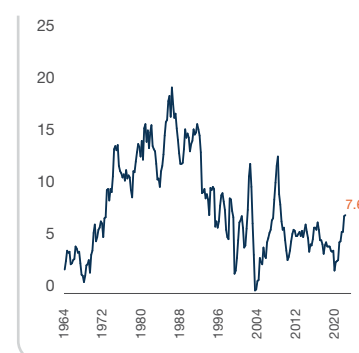
While the inflation numbers are currently lower than developed economies such as the US and the UK, this may not remain the case during 2023. The Rand has weakened during the current year, against the USD in particular, and may lead to a degree of imported inflation. Interest rates in South Africa have risen in an effort to cool inflationary pressures, but may well lead to slowing economic growth, and perhaps even a recession.

- ↳ Salary increases bolstered with gratuity payments
- ↳ Price negotiations with payors and suppliers
- ↳ Interest and foreign exchange hedging

Affected material matters and strategic pillars



SA CPI (yoy)



Source: Bloomberg



Financial Capital continued

Southern African business review continued

How we performed

The southern African segment has seen some normalisation of activities during 2022, particularly during the second half of the year. The recovery in demand has been broad-based driving revenue up 5.0% to R20.0 billion, while operating leverage and good cost management has seen normalised EBITDA growing by 7.2% to R3.5 billion.

South Africa	2022 R'm	2021 R'm	% change	
Revenue				
Hospitals and complementary services	18 615	17 567	6.0	5.3% growth in acute hospital revenue driven by 5.8% PPD growth 15% growth in complementary services from broad demand recovery and inclusion of imaging revenue acquired during the year
Healthcare services	1 356	1 456	(6.9)	
	19 971	19 023	5.0	
Normalised EBITDA				
Hospitals and complementary services	3 246	2 743	18.3	Ending of COVID-19-related work negatively impacted this division's revenue and EBITDA
Healthcare services	132	195	(32.3)	
Corporate				
Recoveries	1 389	1 330	4.4	Higher occupancies and operational leverage benefitted margins
Corporate costs	(1 274)	(1 010)	(26.1)	Corporate costs have grown due to investments in IT, staff costs and software licences
	3 493	3 258	7.2	
Normalised EBITDA margin, %	17.5	17.1		

ACUTE HOSPITALS AND COMPLEMENTARY SERVICES

Revenue for the acute hospital and complementary services division was up 6.0% to R18.6 billion (2021: R17.6 billion) driven by growth in both acute hospitals and complementary services.

The normalisation of activity within our acute and complementary services division, lead to strong operating leverage driving normalised EBITDA excluding corporate costs up 18.3% year-on-year.

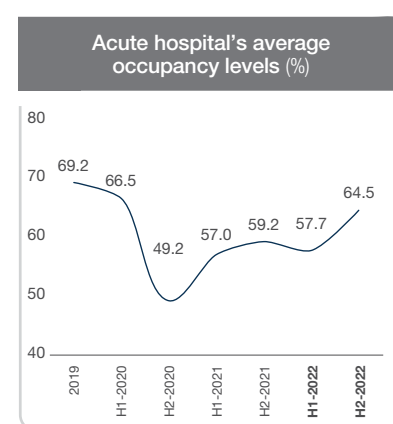
ACUTE HOSPITALS

The acute hospital business delivered a robust result in the period, with consistently strong activity levels from March through to September 2022.

The business started the current period with improved activity levels before the seasonally quiet December 2021 and early January 2022 period was impacted by the fourth COVID-19 wave. We saw significantly fewer COVID-19 admissions than in prior waves, and patients stayed away from hospitals. This translated into lower occupancies than usual for this period.

However, since mid-January through to September, we saw a particularly strong recovery in a broad range of surgical and medical activities in our hospitals.

Average occupancy in the second half of the current period was 64.5%, bringing the average occupancy in FY2022 to 61.1%, versus 58.1% for FY2021 and 57.7% in H1-2022.





This has resulted in PPDs growing 5.8% year-on-year for the full year versus the 2.1% growth reported at H1-2022. Total PPD levels remain slightly below those seen during 2019.

The PPD growth of 5.8% has been achieved despite a lower length of stay as the case mix has started to normalise with a reduction in the COVID-19 admissions and a corresponding increase in surgical activity and medical activity.

This has been demonstrated by theatre minutes increasing by 14.8% year-on-year.

Revenue for the acute hospitals grew by 5.3% year-on-year to R17.3 billion, well above 2019 levels. This growth has been driven by a few main drivers namely:

- PPD growth
- change in revenue per PPD growth, which comprises:
 - change in tariffs; and
 - change in mix of activity.

During the COVID-19 pandemic we had fewer patients admitted to our facilities, but the patients who were admitted (whether for COVID-19 treatment or complex surgery that couldn't be delayed) typically had a longer duration of stay and received a higher level of care.

These admissions lead to fewer PPDs overall, but resulted in higher revenue per PPD than usual, due to the positive change in activity mix.

Now that our activity levels are normalising to similar activities seen prior to COVID-19, we are seeing higher numbers of admissions (up 15.8% year-on-year) but the patients' length of stay has declined (3.7 days versus 4.1 days in 2021) and the revenue intensity of each care episode is lower. This has caused our mix change to turn negative, resulting in low revenue per PPD change year-on-year.

COMPLEMENTARY SERVICES

Complementary services revenue for 2022 was up 15.0% to

R1.3 billion

(2021: R1.2 billion).

Complementary services PPDs for 2022 were up 9.4% versus 2021, driven by a good recovery in mental health and acute rehabilitation PPDs and occupancy levels.

The contribution from our key sub-sections is detailed below.

Mental health as a business was significantly impacted by COVID-19 and admissions declined substantially during H2-2020 and H1-2021. Demand for these services has recovered well during 2022, but remains below pre-COVID-19 levels. Occupancy levels increased to 67.8% (2021: 59.3%).

Mental health PPDs for 2022 were up

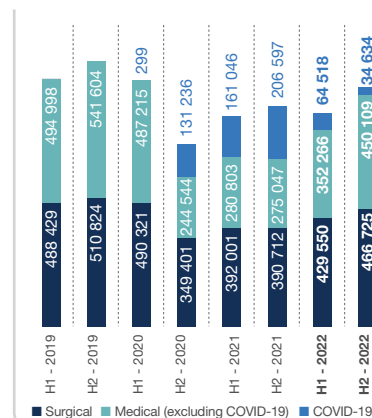
13.8%

year-on-year.

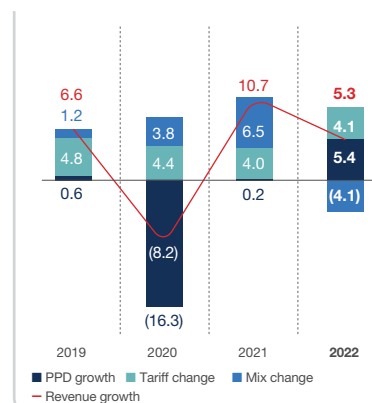
Acute rehabilitation activity is typically correlated with acute hospital activity, albeit with a small time lag.

As activity levels within our hospitals have begun to normalise during the year, particularly elective surgical work, as well as increased trauma and emergency work, acute rehabilitation PPDs for 2022 have increased by 2.1% versus 2021. This activity has returned more slowly than other parts of the complementary services.

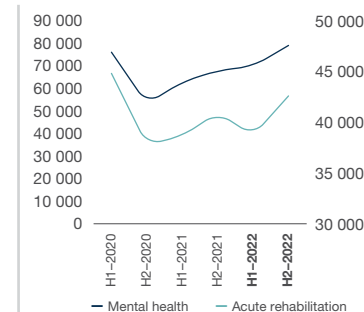
Acute hospital surgical and medical PPDs splits



Acute hospitals' revenue growth breakdown (% change year-on-year)



Mental health and acute rehabilitation PPDs





Financial Capital continued

Southern African business review continued

Renal treatments have held up well during the pandemic and were up 2.7% for 2022 versus 2021, with consistent growth shown in each half-year period.

We added

5 dialysis stations during the year.

Oncology treatments initially declined early on in the pandemic, but we have seen growth since then with treatments in 2022 growing 8.0% versus 2021.

During the course of the year we successfully installed the first Varian Ethos™ system in South Africa at our flagship oncology centre, Life Vincent Pallotti Hospital. This is a state of the art radiotherapy treatment device that can analyse individual patient's cancer treatment phase and using AI automatically adjust their radiotherapy requirements and deliver the treatment.

We successfully completed two transactions within the **South African imaging** market, with the acquisition of the non-clinical imaging assets of the East Coast Radiology practice (effective 1 February 2022) and the Eugene Marais Radiology practice (effective 1 August 2022).

These businesses have been included within the complementary services segment and have been performing ahead of our expectations.

During 2022 c.100 000 X-rays and other scans, as well as c.19 000 CT and MRI scans, were carried out.

HEALTHCARE SERVICES

Healthcare services revenue for 2022 declined by 6.9% to R1.4 billion (2021: R1.5 billion) and EBITDA declined 32.3% to R132 million (2021: R195 million) with the margin contracting to 9.7% (2021: 13.4%).

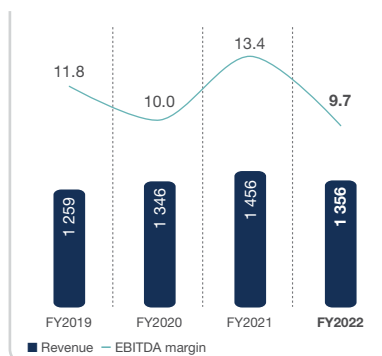
This lower performance was largely driven by Life Health Solutions which lost some commercial wellness contracts early in the current period. Life Health Solutions also provided a number of COVID-19-related services during 2021, which did not recur in 2022. The business is targeting new clients with innovative solutions and is also undergoing some restructuring, which is likely to continue into 2023.

Life Nkanyisa (previously Life Esidimeni) produced a consistent performance in terms of both revenue growth and EBITDA margins.

Renal dialysis and oncology treatments



Healthcare services revenue (R'm) and normalised EBITDA margin (%)



Life Nkanyisa

A new name for a new era

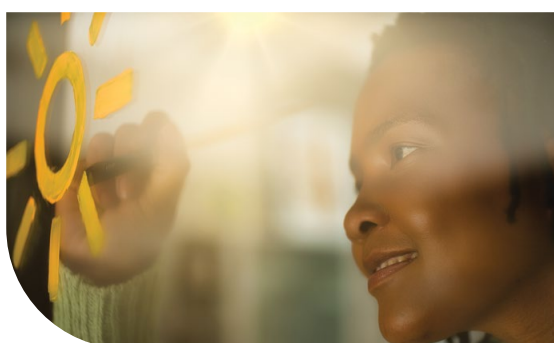
Life Esidimeni now has a new name. This name means bringer of light and serves to remind us of our purpose to bring light, warmth and hope to the patients and communities we serve.

Most importantly we provide a place of care where patients find their own light.



2022 priorities and outcomes		Looking ahead to 2023 priorities/KPIs
▸ Stabilise the business in a post-COVID-19 environment Outcome: ▸ Acute and complementary services saw a good recovery in activities, particularly in the second half of 2022, with normalised EBITDA margins also improving.		▸ Deliver higher volumes and occupancy levels across acute and complementary services as demand normalises, aided by volume growth through new clinical products, services lines and network deals
▸ Execute on specific acute hospital refurbishment and growth initiatives Outcome: ▸ R1.1 billion was spent during 2022 on maintenance capex projects, which included numerous acute hospital refurbishment projects ▸ 15 new hospital beds added		▸ Execute on specific acute hospital growth and refurbishment initiatives ▸ Bolster water continuity measures at all of our facilities ▸ Introduce additional renewable energy capacity to reduce grid-tied energy
▸ Continue driving the expansion of the complementary services division Outcome: ▸ Oncology services saw additional bunkers added and the installation of the Varian Ethos™ machine. ▸ New acute rehabilitation beds and renal dialysis stations added		▸ Add additional capacity in renal dialysis stations and acute rehab beds
▸ Ongoing drive to recruit doctors Outcome: ▸ 80 additional doctors added in 2022		▸ Ongoing drive to recruit doctors
▸ Expand the services offered and the lives covered by Life Health Solutions Outcome: ▸ Life Health Solutions saw a decline in revenue after the ending of some COVID-19 services provided in 2021 and a reduction in corporate clients due to clients bringing services in-house		▸ Expand the services offered and the lives covered by Life Health Solutions and improve profitability
▸ Delivering continuous improvement in nursing excellence Outcome: ▸ Improvement in many quality metrics and reduced nursing turnover ▸ Enhanced reporting policy saw some quality metrics worsen		▸ Deliver safe and effective care in safe hospitals, as measured by quality metrics and patient satisfaction surveys
▸ Further strengthening of our IT environment Outcome: ▸ IT network improvements completed at 43 hospitals by FY2022 year end along with good progress made in cloud migration		▸ Complete the modernisation of the IT environment at all of our facilities ▸ Progress cloud migration
▸ Delivery of value-based care products Outcome: ▸ Progress made including the piloting of the renal value-based care product		▸ Launch the renal value-based care product during 2023
▸ Initial acquisitions and implementation of the SA imaging business Outcome: ▸ Two imaging acquisitions made during 2022		▸ Pursue additional SA imaging acquisitions and integrate into complementary services

Good progress
 Limited progress
 No progress
 Value created
 Value preserved
 Value eroded





Financial Capital continued

International business review

ALLIANCE MEDICAL GROUP'S FOOTPRINT AND CAPABILITIES

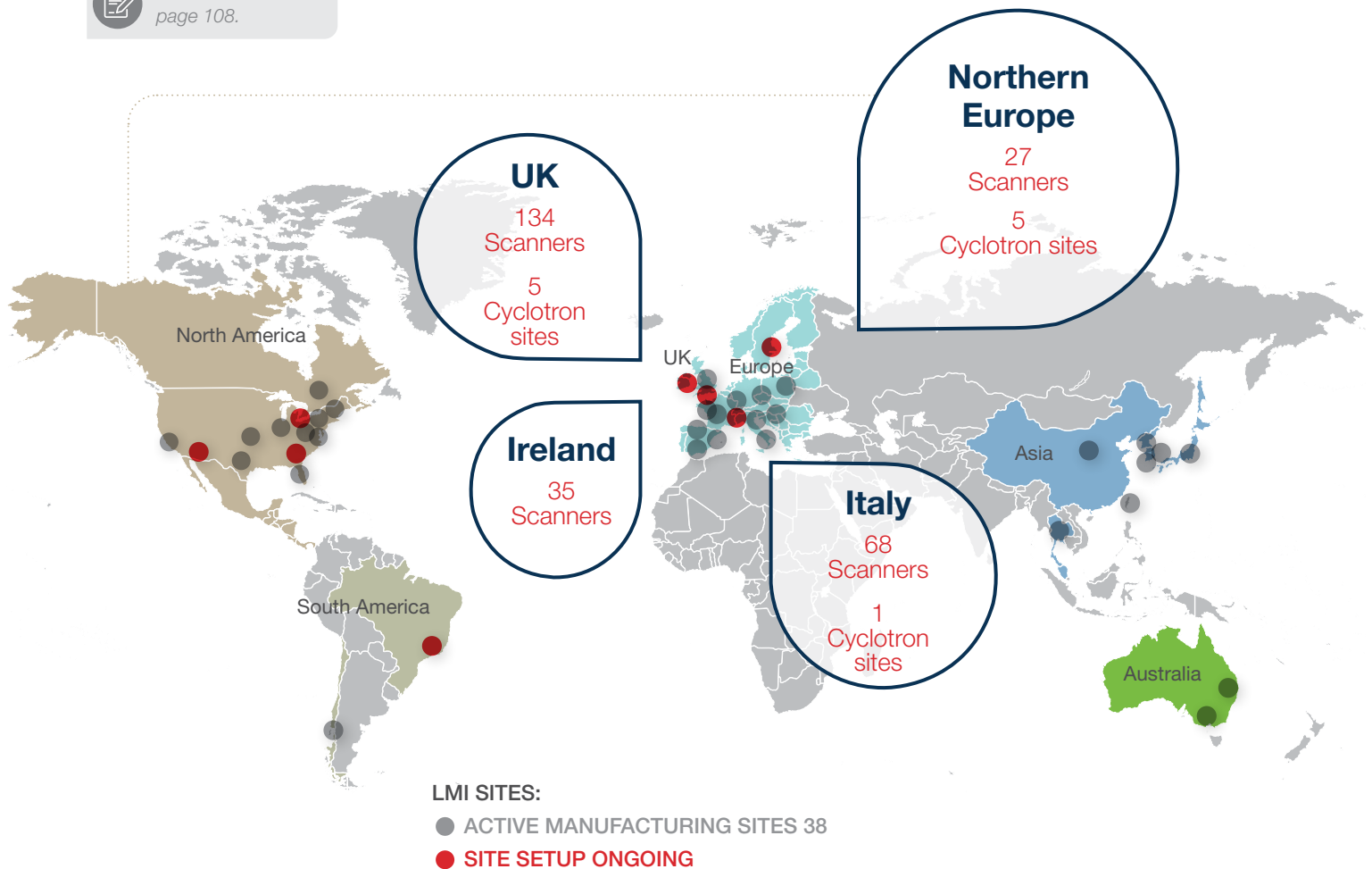
Our international segment is predominantly made up of Alliance Medical Group (AMG), a leading independent provider of imaging services across the UK and Europe, including MRI, CT and PET-CT scanning capabilities. We provide a summary of AMG's footprint in the diagram below, while a detailed breakdown of AMG's operational footprint and capabilities is included in the sub-segment reviews that follow. Life Radiopharmacy manufactures and distributes radioisotopes for our PET-CT scanning facilities, and also sells these products to third parties.

LIFE MOLECULAR IMAGING'S (LMI) FOOTPRINT AND CAPABILITIES

LMI is a research and development company dedicated to developing and globally commercialising innovative molecular imaging agents for use in PET-CT diagnostics.

LMI can manufacture isotopes at AMG's 11 cyclotrons and at 38 sites operated by third party partners.

 More on this on page 108.



OUR OPERATING ENVIRONMENT

Our response and looking ahead

Our international operations, including LMI, continue to see strong demand. While revenues in 2022 declined, this is largely attributable to the ending of COVID-19-related contracts in the UK.

- Continued demand for imaging is anticipated.
- Community Diagnostic Centres remain a good growth opportunity.
- Expansion of this segment's overall % contribution of Group revenue, as part of our strategy to grow our non-acute and international operations.

29.2%

of **GROUP REVENUE**

(2021: 29.2%)

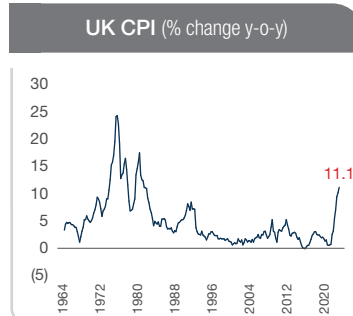
INFLATION

Inflation in Europe and the UK has reached levels not seen in a generation. Central banks have belatedly started to raise interest rates exacerbating a cost-of-living crisis for many countries.

AMG has felt these effects during the year as fuel and energy costs have risen dramatically and, at the same time, a tight labour market has led to upward pressure on salaries particularly for key roles in AMG such as radiographers.

- Interest rates are likely to rise further during 2023, and risks of a recession in the UK or parts of Europe are rising.
- Wage inflation expectations may also continue to rise.

Affected material matters and strategic pillars



Source: Bloomberg

ENERGY COSTS

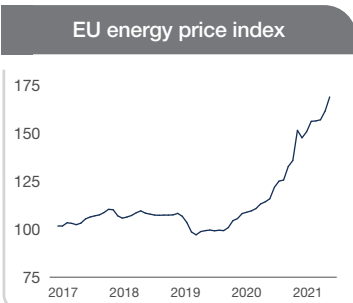
Energy prices across Europe and the UK have risen significantly during the year following the Russian invasion in Ukraine.

A basket of European energy prices (see chart) has risen 62% during FY2022.

These price increases have driven up the costs of gas and fuel within the regions we operate in and, while only being a small part of our overall cost base, have placed pressure on our margins. These energy price increases have been partly to blame for the rise in consumer inflation mentioned above.

- Energy prices in Europe are likely to be determined by the ongoing war in Ukraine and any supply disruptions along major pipelines during the winter months.
- In some instances we have fixed pricing contracts for our energy usage, so these provide some protection for us, until the contracts come to an end.

Affected material matters and strategic pillars



Source: Bloomberg



Financial Capital continued

International business review continued

How we performed in 2022



ALLIANCE MEDICAL GROUP

AMG delivered good activity during 2022 as demand from our public sector partners and private patients continued to grow. However, the ending of some COVID-19-related contracts carried out for public sector health services presented a revenue and profitability headwind for the UK business in particular.

Revenue increased by 3.2% to £379 million (2021: £368 million) and normalised EBITDA declined by 11.6% to £79 million (2021: 89.2 million) resulting in the normalised EBITDA margin of 20.8% (2021: 24.2%). This performance was driven by underlying revenue growth from all sub-segments, although margin pressure was experienced in most parts of the business, as we detail below.

AMG's capex spend in 2022 totalled £50 million (2021: £38 million), of which £22 million was invested in growth opportunities, including the development of new CDCs, replacement scanners and additional imaging sites in Ireland.

AMG: performance

	GBP million			ZAR million			
	2022 GBP'm	2021 GBP'm	% change 2022 vs 2021	2022 R'm	2021 R'm	% change 2022 vs 2021	
Total revenue	379	368	3.2	7 680	7 474	2.8	Underlying revenue and normalised EBITDA growth from: ↳ Robust growth in PET-CT scan volumes in the UK and continued demand for CT scans ↳ Strong growth across Ireland ↳ Ending of contract in Spain impacted Other revenue
UK	208	193	7.7	4 205	3 918	7.3	
Italy	104	104	(0.6)	2 100	2 120	(0.9)	
Ireland	48	38	26.8	966	765	26.3	
Other	20	33	(38.8)	409	671	(39.0)	
EBITDA	79	89	(11.6)	1 596	1 812	(11.9)	Normalised EBITDA margin decreased to 20.8% from 24.2% driven by: ↳ Most material impact is due to ending of COVID-19-related support contracts and return to routine tariffs ↳ Increased headcount and inflationary pressures on salaries ↳ Partly offset by new contract wins
EBITDA margin	20.8%	24.2%		20.8%	24.2%		

1GBP = ZAR20.24 (30 September 2022).
1GBP = ZAR20.32 (30 September 2021).





United Kingdom (UK)

55%
of AMG revenue

Services

Our services in the UK include the provision of CT, MRI and PET-CT scanning facilities predominantly for the NHS, our public sector partner.

Differentiators

- #1 private diagnostic imaging provider.
- #1 in PET-CT scanning provision.
- #1 in radiopharmacy services.

Inputs

Scanners			Cyclotron
MRI	CT	PET-CT	Sites
67	26	41	5
69 in 2021	29 in 2021	38 in 2021	5 in 2021

Outputs

Scans		
MRI and CT	PET-CT	Mobile site days
311 908	113 020	14 709
305 677 in 2021	101 713 in 2021	14 549 in 2021

Outcomes

- Cyclotron network refurbished
- CDC partnerships agreed
- PET-CT growth delivered

HOW WE PERFORMED IN 2022

Our UK operations are split into two sub-divisions:

- Diagnostic Imaging (DI) which provides CT and MRI scanning capabilities, and
- Molecular Imaging (MI) which provides PET-CT scanning capabilities along with five radiopharmacy facilities (cyclotrons) where the isotopes used in PET-CTs are manufactured, dispensed and transported from.

90% of our UK revenue is generated from our services to the NHS.

The DI business delivers MRI and CT scans (and other services) via mobile and static scanners.

Our mobile facilities are able to relocate to various sites across the UK. This flexibility was highlighted when 16 of our mobile CT scanners were utilised during 2021 for COVID-19-related CT contracts entered into with the NHS until 30 September 2021, after which these contracts came to an end. These units were then redeployed to other NHS sites, with day rates that returned to more normalised day rates. As a result, despite activity levels for the mobile units having increased 1.1% year-on-year, revenue has declined. In addition the significant increase in fuel costs has led to margin pressure for the mobile units.

Our static facilities saw good volume growth of 3.8% during 2022. However, tariffs have remained largely flat while the costs of delivering the services have increased due to wage inflation and an acceleration of energy costs, leading to some margin pressure.

PET-CT volumes have continued to grow strongly during 2022 and were 11.1% higher than FY2021. Due to the long-term nature of the PET-CT contracts, there are inflation adjustment mechanisms in place which saw our tariffs rise by c.4% during the second half of 2022. The increased PET-CT volumes and tariffs seen during the year have led to margin expansion in this modality.

These operational results saw revenue from the UK operations for 2022 increase 7.7% year-on-year to £208 million in (2021: £193 million).





Financial Capital continued

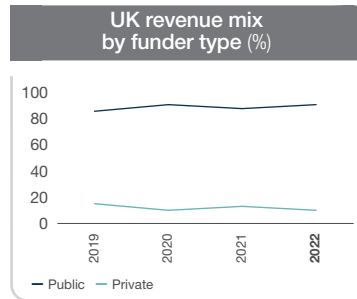
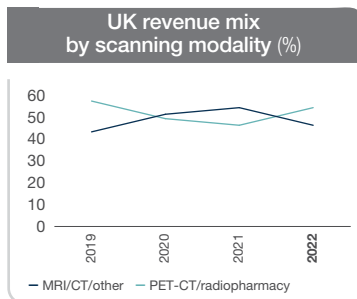
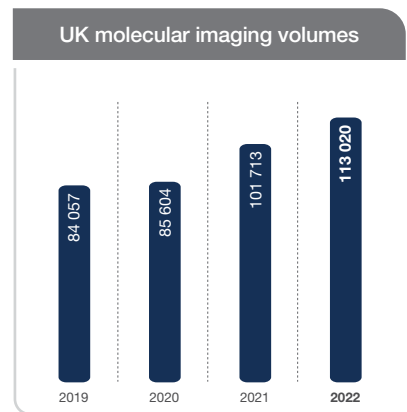
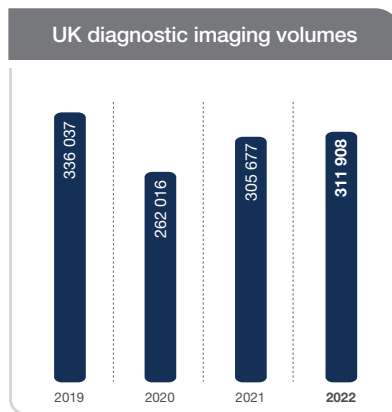
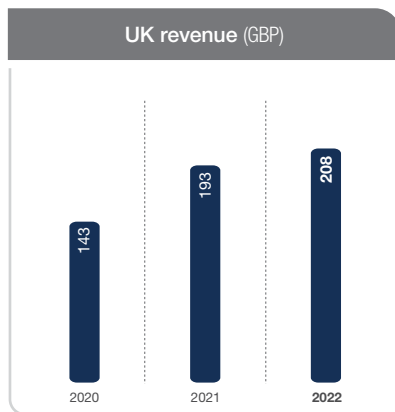
International business review continued

Looking ahead

We expect to see continued volume growth in MRI and CT scans due to pent-up demand within the UK, while PET-CT volumes should continue to grow >10% year-on-year given the ongoing focus on the early diagnosis and prevention of cancer within the UK.

We continue to bid for Community Diagnostic Centres in the UK via a competitive tendering process. We believe that these one-stop diagnostic facilities within a community setting (as opposed to a hospital setting), are a compelling and convenient diagnostic model, and are confident that our capabilities and service delivery record will enable us to win some of these contracts.

High energy prices and wage inflation pressures are likely to continue during 2023. While we may get some relief through increased NHS tariffs there may be a delay in terms of when these tariffs are implemented, and the increases may not fully offset the cost increases we experience.





Italy

27%
of AMG revenue

Services

Our services in Italy include the provision of CT, MRI and PET-CT scanning facilities predominantly in community-based clinics serving both public and private sector patients.

Differentiators

→ #1 private diagnostic imaging player.

Inputs

Scanners

MRI	CT	PET-CT
42	22	4
43 in 2021	20 in 2021	4 in 2021

Cyclotron

Site
1
1 in 2021

Outputs

Scans

Total scans
296 306
275 622 in 2021

Outcomes

- Two acquisitions made in 2022 and successfully integrated
- Laboratory services expanded

HOW WE PERFORMED IN 2022

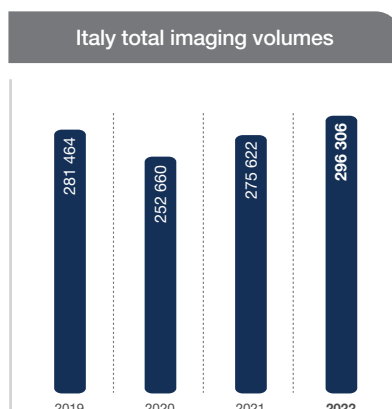
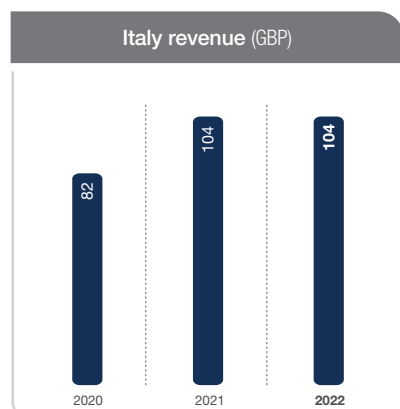
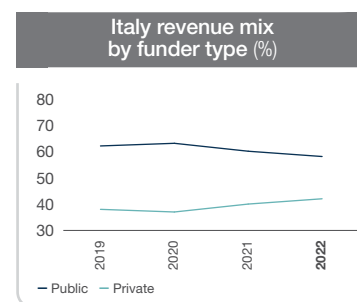
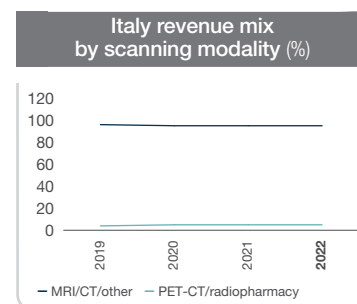
Our Italian diagnostic business is quite different from our other European businesses in that it is clinic-based and covers a wider array of services including routine laboratory work and x-rays in addition to the diagnostic imaging and PET-CT scanning services.

For the 2022 period Italian DI volumes grew 7.5% year-on-year. The Italian volume growth in 2022 has been helped by the granting of additional ASL budgets during the year to help alleviate increased waiting lists for diagnostic services. These volumes have offset the reduction in COVID-19-related services like blood testing and other COVID-19 screening services we performed during 2021. In addition, we have seen increased demand from private paying patients.

2022 revenue from the Italian business was down 0.6% year-on-year to £104 million (FY2021: £104 million). The EUR was 3.2% weaker versus the GBP during the year under review and was a headwind for the region. Energy costs have risen significantly during the year, and especially towards the end of the financial year. These factors have placed downward pressure on the Italian margin.

Looking ahead

ASL budgets have remained largely flat for many years and we don't foresee this changing. Additional budget allocations may be made available during 2023 to help offset inflationary pressures, but this may not materialise and would likely put further pressure on our Italian margins. We anticipate growth in privately funded scan activity and, as we are able to increase prices for these scans, this activity may help to mitigate the inflationary pressures.





Financial Capital continued

International business review continued



Ireland

13%
of AMG revenue

Services

Our services in Ireland include the provision of CT, MRI and PET-CT scanning facilities predominantly at hospital-based sites serving both public and private sector patients.

Differentiators

▸ #1 private diagnostic imaging player

Inputs

Scanners

MRI	CT	PET-CT
28	6	1
28 in 2021	6 in 2021	1 in 2021

Outputs

Scans

Total scans
440 802
354 270 in 2021

Outcomes

- New public sector contracts awarded to AMG
- CDC strategy implemented in Ireland

HOW WE PERFORMED IN 2022

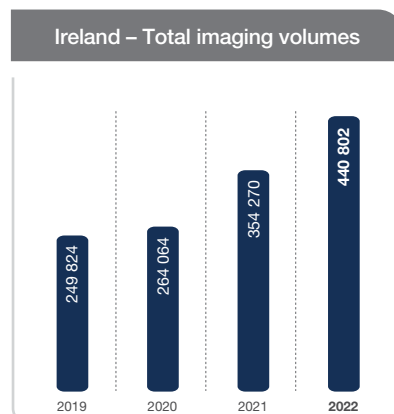
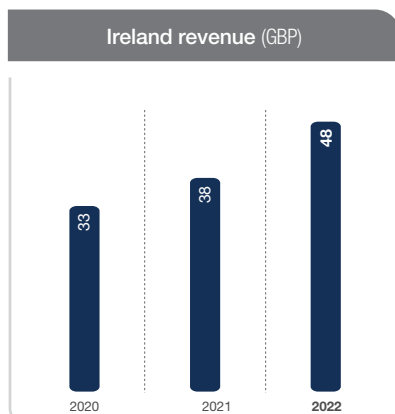
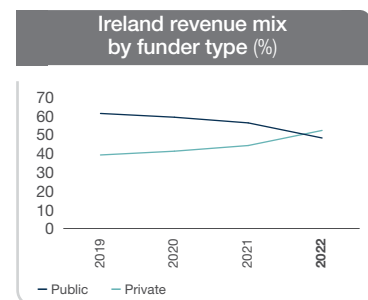
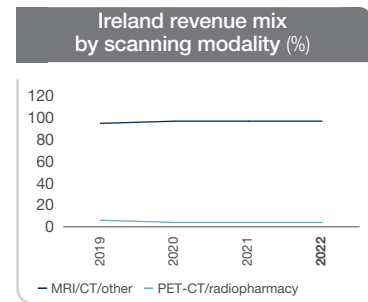
The Irish business continued to benefit from a general rebound in activity and increased public sector contracting. For the 2022 period Irish volumes grew 24.4% higher year-on-year.

The increased public sector volumes have led to a reduced contribution from private sector demand, but volumes from the private sector did grow during the year. This is largely out-of-pocket expenditure on scanning.

The strong growth in scanning volumes in 2022 saw revenue from the Irish business grow by 26.8% year-on-year to £48 million (2021: £38 million). While the absolute level of normalised EBITDA grew during the year, the increased public sector volumes and rising inflationary pressures (particularly on wages) have led to some margin dilution, although the high volume growth partially helped to mitigate this.

Looking ahead

Continued growth in Ireland is likely from the public sector. If public sector contracts become more prevalent, it is likely that we will see some reduced demand from private paying patients. This mix effect, coupled with continued inflationary pressures, may see further margin erosion although we are able to increase private prices which may help to mitigate this.





Other (Northern Europe)

5%
of AMG revenue

Services

Our services in the other parts of Europe include the provision of CT, MRI and PET-CT scanning facilities in addition to radiopharmacy (cyclotron) facilities.

Differentiators

→ A vertically integrated radiopharmacy provider in Europe.

Inputs

Scanners

MRI	CT	PET-CT
9	9	9
10 in 2021	10 in 2021	9 in 2021

Cyclotron

Sites
5
5 in 2021

Outputs

Scans

CT and MRI	PET-CT
440 802	5 678
354 270 in 2021	4 964 in 2021

Outcomes

- NeuraCeq® manufacturing capability in place across all sites
- New PET-CT contracts agreed

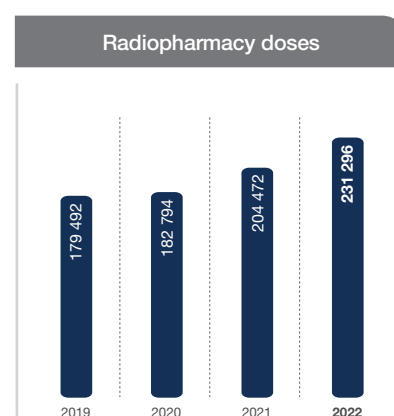
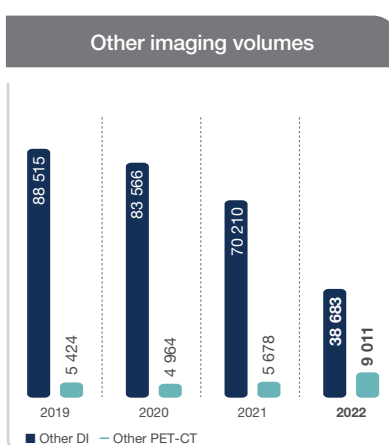
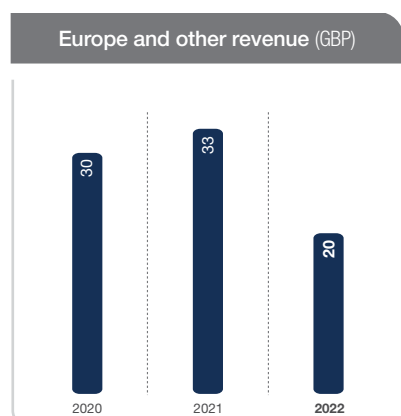
HOW WE PERFORMED IN 2022

This sub-division includes facilities in Spain, Germany, Netherlands, Austria, Switzerland, Poland, Estonia, Finland and Norway. Revenue is generated from both diagnostic imaging services and from AMG's radiopharmacy business (Life Radiopharmacy) which manufactures and distributes radioisotopes for our PET-CT scanning facilities, and also sells these products to third parties.

Diagnostic imaging volumes declined during 2022 after a long-standing contract in Spain came to an end during late 2021, and the full effect was felt during 2022. PET-CT volumes increased significantly during the year as new contracts were signed up.

Radiopharmacy revenue is derived from manufacturing isotopes in our cyclotrons, and selling them to our own PET-CT scanning facilities, or to third parties. The revenue and volumes disclosed here exclude isotope manufacturing from LMI. Radiopharmacy doses produced grew by 13.1% to 231 296 doses in 2022 (2021: 204 472).

Revenue for 2022 declined by 38.8% to £20 million (2021: £33 million) following the reduced diagnostic volumes.





Financial Capital continued

International business review continued

Life Molecular Imaging

2%
of Group revenue
(2021: 1.4%)

Services

LMI has developed a pipeline of novel imaging agents that address major unmet clinical needs in neurological, oncological and cardiovascular diseases.


Differentiators

LMI has one of only three FDA approved radiotracers in the world which detect amyloid plaques in the brain, a key Alzheimer's diagnostic tool.

Inputs

- ↪ **38** third party sites across the UK, Europe and the US.
- ↪ Novel research and development facility in Germany.

Outputs

- ↪ **1** FDA approved product (NeuraCeq®).
- ↪ **8** additional products in early R&D or clinical trial phases. See Intellectual capital section  page 134


Outcomes

- US and worldwide:
 - ↪ Manufacturing capability increased through third-party agreements
 - ↪ Investment in people and systems to prepare for NeuraCeq® launch

HOW WE PERFORMED IN 2022

NeuraCeq® is currently LMI's flagship product. It is a radiotracer which, when used as part of a PET-CT scan, enables the identification of amyloid proteins, which are central to the diagnosis of Alzheimer's diseases (AD).

NeuraCeq® was granted US Federal Drug Administration (FDA) approval as a beta-amyloid radiotracer in 2014 and it has been used extensively in various pharmaceutical companies' research efforts to develop Alzheimer's disease modifying drugs.

With the FDA approval of Biogen's Aduhelm® (an Alzheimer's DMD agent which reduces beta-amyloid deposits in the brain) in 2021, we felt that Aduhelm® would become widely used in the US and Europe, and PET-CT scans using NeuraCeq® would be used as a key diagnostic approach. However, during 2022 key healthcare funders in the US decided that they would not reimburse Aduhelm® treatment unless patients were enrolled on long-term clinical trials. This decision, along with European and Japanese drug authorities not approving Aduhelm® for AD treatment, have largely removed the NeuraCeq® commercial sales opportunity related to Aduhelm® sales. As a result, the Group reviewed its contingent consideration liability raised related to the acquisition of Life Molecular Imaging (LMI). The Group still believes there will be an amount payable to the prior owners of LMI, but our expectation for Alzheimer's DMD reimbursement has been delayed by two years in the USA and three years in Europe. The Group has therefore released an amount of R437 million which impacts the current period's results. See  pages 7, 16, 29 and 62 of our AFS for more information.

However, LMI has seen continued demand for NeuraCeq® for use as part of ongoing clinical trials for other potential Alzheimer's drugs that other companies are investigating. This demand has driven LMI revenue up 42.2% to £27 million (2021: £19 million).

For 2022, LMI delivered a loss of c.£2.0 million (2021: loss of £0.9 million) due to our operational investment into our US sales force and our tau tracer product that will proceed into phase 3 trials during 2023.

Looking ahead

We remain positive about the prospects for NeuraCeq®. Eisai, a Japanese pharmaceutical company, announced on 28 September 2022 that all primary and secondary endpoints of its lecanemab phase 3 trials were met and full FDA approval will be sought once the trial data has been published on 29 November 2022. We will closely watch developments with regards to lecanemab, and other ongoing Alzheimer's DMD trials, during 2023.

International KPIs for 2022/key objectives for 2023

2022 priorities and outcomes	Outcome	Looking ahead to 2023 priorities/KPIs
<ul style="list-style-type: none"> Increased volumes in imaging services and cyclotrons to deliver operating leverage. <p>Outcome:</p> <ul style="list-style-type: none"> Partially achieved as underlying volumes grew across the International business, although margins declined on the back of successful COVID-19-related initiatives carried out in 2021, as well as increased cost inflation during the current year. 		<ul style="list-style-type: none"> Looking forward we expect to see continued volume growth, which may mitigate the inflation headwinds and result in achieving our target of flat margins in 2023.
<ul style="list-style-type: none"> Improve manufacturing uptime and efficiencies through refurbished cyclotrons. <p>Outcome:</p> <ul style="list-style-type: none"> Refurbishment programme completed with uptime increasing to some of the highest metrics to date. 		<ul style="list-style-type: none"> Keep cyclotron manufacturing uptime >95%
<ul style="list-style-type: none"> Execute third-party NeuraCeq® manufacturing agreements in the US, Asia and Latin America and grow sales force. <p>Outcome:</p> <ul style="list-style-type: none"> Extended manufacturing agreements signed in the US and Brazil. Sales force has been expanded in the US. 		<ul style="list-style-type: none"> Further expansion of manufacturing agreements and sales force will depend on whether lecanemab receives FDA approval and reimbursement, as well as the outcome of additional Alzheimer's DMD trials.
<ul style="list-style-type: none"> Drive commercial sales of NeuraCeq® and deliver break even EBITDA result at LMI. <p>Outcome:</p> <ul style="list-style-type: none"> No commercial sales from NeuraCeq® due Aduhelm® not receiving reimbursement in the US. LMI EBITDA loss increased due to investment in sales force. 		<ul style="list-style-type: none"> Continue to drive increased sales of NeuraCeq® from clinical trials and prepare LMI for commercial sales should an Alzheimer's DMD be approved and reimbursed.
<ul style="list-style-type: none"> Develop and deliver CDC sites and contractual agreements in the UK. <p>Outcome:</p> <ul style="list-style-type: none"> Good progress made. Seven CDCs live by November 2022. 		<ul style="list-style-type: none"> Conclude additional CDC projects and grow additional pipeline of projects in 2023.
<ul style="list-style-type: none"> Develop cyclotron network in SA <p>Outcome:</p> <ul style="list-style-type: none"> Signed JV with AXIM to build two cyclotrons in Johannesburg. 		<ul style="list-style-type: none"> Design completed and will break ground in 2023 with building work following planning approvals.
<ul style="list-style-type: none"> Drive increased diversity and inclusion <p>Outcome:</p> <ul style="list-style-type: none"> Progress made with females representing 40% of senior management (2021: 37.7%). 		<ul style="list-style-type: none"> Drive increased diversity and inclusion.
<ul style="list-style-type: none"> Progress LMI's R&D pipeline <p>Outcome:</p> <ul style="list-style-type: none"> Tau tracer – Phase 3 of the trial stage started in 2022. 		<ul style="list-style-type: none"> Progress LMI's R&D pipeline

Good progress
 Limited progress
 No progress
 Value created
 Value preserved
 Value eroded



Financial Capital continued

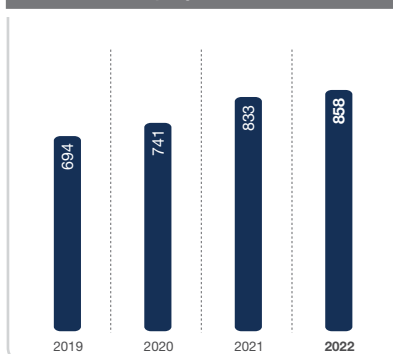
Statement of value added

for the year ended

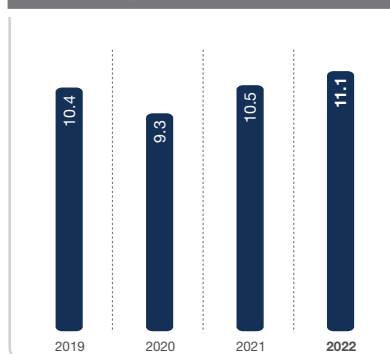
	September 2022 R'm	September 2021 R'm	September 2020 R'm	September 2019 R'm
Revenue	28 206	26 885	23 851	25 672
Less: purchased cost of goods and services	(12 433)	(11 887)	(10 517)	(10 777)
Financial value added	15 773	14 998	13 334	14 895
Other income	247	253	185	232
Financial wealth created	16 020	15 251	13 519	15 127
Employees	10 391	9 391	8 675	8 821
Providers of equity	781	176	974	1 559
Providers of funding	254	315	1 489	633
Governments	876	714	597	1 185
Maintenance and expansion of capital	2 725	2 026	1 952	2 179
Reinvestment in the Group ¹	993	2 629	(168)	751
Financial wealth distributed	16 020	15 251	13 519	15 128
Average number of employees	18 676	18 302	18 249	21 795
Financial wealth per employee (R'000)	858	833	741	694
Weighted average number of shares ('m)	1 447	1 454	1 455	1 451
Financial wealth created per share (R)	11.1	10.5	9.3	10.4

¹ In 2020 the reinvestment in the Group includes impairment of R798 million, with R793 million related to impairment of investment in Scanmed.

Financial wealth created per employee (R'000)



Financial wealth created per share (R'000)



Seven-year performance review

GROUP STATEMENT OF COMPREHENSIVE INCOME

	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	2017 R'm	2016 R'm
Revenue	28 206	26 885	23 851	25 672	23 488	20 797	16 404
Normalised EBITDA ¹	5 039	5 051	4 155	5 727	5 535	5 001	4 314
Operating profit	2 701	2 980	2 121	3 944	3 848	3 620	3 660
Net finance cost	(653)	(622)	(793)	(998)	(962)	(1 229)	(502)
Share of associate' net profit after tax	23	25	14	18	(105)	(15)	8
Profit before tax	2 482	2 409	1 393	3 706	2 837	1 934	2 864
Profit for the year from continuing operations	1 714	1 767	837	2 871	1 914	1 119	1 970
Profit from discontinued operation	–	87	(799)	–	–	–	–
Profit for the year	1 714	1 854	38	2 871	1 914	1 119	1 970
Ordinary equity holders of the parent	1 531	1 754	(93)	2 569	1 575	814	1 616
Non-controlling interest	183	100	131	302	339	305	354
Normalised EBITDA¹	5 039	5 051	4 155	5 727	5 535	5 001	4 314
Operating profit	2 701	2 980	2 121	3 944	3 848	3 620	3 660
Depreciation on property, plant and equipment	1 660	1 571	1 476	1 236	1 133	971	530
Amortisation on intangible assets	553	533	590	586	537	439	147
Other adjustments	157	–	–	–	51	–	–
Retirement benefit asset and post-employment medical aid income	(32)	(33)	(32)	(39)	(34)	(29)	(23)

¹ Normalised EBITDA – operating profit before depreciation on property, plant and equipment, amortisation of intangible assets and non-trading related costs or income.



Financial Capital continued

Seven-year performance review continued

GROUP STATEMENT OF FINANCIAL POSITION

	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	2017 R'm	2016 R'm
ASSETS							
Non-current assets							
Property, plant and equipment	15 566	14 695	15 361	12 929	12 243	11 131	7 752
Intangible assets	16 514	16 383	18 238	16 969	17 084	16 281	3 196
Investment in associates and joint ventures	56	62	65	53	35	2 976	2 548
Employee benefit assets	415	418	379	448	401	399	433
Other non-current assets	1 903	1 809	1 285	1 189	795	672	466
Total non-current assets	34 454	33 367	35 328	31 588	30 558	31 459	14 395
Current assets							
Cash and cash equivalents	2 802	2 672	2 279	1 544	1 494	1 176	604
Trade and other receivables	4 319	4 041	4 046	3 923	3 761	3 602	2 133
Inventories	583	653	873	379	360	357	318
Other current assets	80	48	179	132	128	45	47
Asset classified as held for sale	–	–	–	–	2 841	–	–
Total current assets	7 784	7 414	7 377	5 978	8 584	5 180	3 102
Total assets	42 238	40 781	42 705	37 566	39 142	36 639	17 497
EQUITY AND LIABILITIES							
Capital and reserves	18 746	18 066	17 058	16 188	14 916	14 380	5 486
Non-controlling interest	1 114	1 105	1 220	1 303	1 286	1 171	1 312
Total shareholders' equity	19 860	19 171	18 278	17 491	16 202	15 551	6 798
Non-current liabilities							
Interest-bearing borrowings	12 124	10 914	12 034	9 399	12 870	7 786	5 469
Derivative financial instruments	–	–	–	–	6	749	–
Deferred tax liabilities	1 770	1 730	1 450	1 371	1 226	1 203	547
Other non-current liabilities	835	1 079	1 051	862	662	253	95
Total non-current liabilities	14 729	13 723	14 535	11 632	14 764	9 991	6 111
Current liabilities							
Bank overdraft	335	325	2 181	867	488	450	1 030
Trade and other payables	5 482	5 443	5 327	4 799	4 409	4 113	2 217
Interest-bearing borrowings	1 226	1 811	2 180	2 596	3 086	6 301	1 312
Other current liabilities	606	308	204	181	193	233	29
Total current liabilities	7 649	7 887	9 892	8 443	8 176	11 097	4 588
Total equity and liabilities	42 238	40 781	42 705	37 566	39 142	36 639	17 497

GROUP STATEMENT OF CASH FLOWS

	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	2017 R'm	2016 R'm
Cash generated from operations	5 030	5 687	4 562	5 927	5 503	4 663	4 036
Transaction costs paid	(10)	(35)	(17)	(147)	(38)	(210)	(12)
Interest received	83	169	93	60	40	162	12
Tax paid	(871)	(714)	(597)	(1 185)	(1 065)	(891)	(981)
Net cash from operating activities	4 232	5 107	4 041	4 655	4 440	3 724	3 055
Net cash utilised in investing activities – investments to expand	(2 726)	(2 066)	(2 007)	(2 329)	(3 375)	(11 957)	(2 025)
Net cash generated from investing activities – disposals	–	573	–	4 395	61	73	15
Net cash (utilised in)/generated from investing activities – other	23	36	13	(295)	(50)		14
Net cash (utilised in)/generated from financing activities	(1 407)	(1 233)	(2 778)	(6 765)	(826)	9 298	(1 677)
Net increase/(decrease) in cash and cash equivalents	122	2 417	(731)	(339)	250	1 137	(618)
Cash and cash equivalents – beginning of the year	2 347	98	677	1 006	726	(426)	255
Effect of foreign exchange rate movements	(2)	(168)	152	10	30	15	(63)
Cash and cash equivalents – end of the year	2 467	2 347	98	677	1 006	726	(426)



Financial Capital continued

Seven-year performance review continued

BUSINESS PERFORMANCE AND METRICS

	2022 R'm	2021 R'm	2020 R'm	2019 R'm	2018 R'm	2017 R'm	2016 R'm
Number of registered beds ¹	9 203	9 177	9 151	9 136	9 055	8 983	8 768
Paid patient days ²	2 027 183	1 915 924	1 914 159	2 269 756	2 251 600	2 226 337	2 265 653
Occupancy (%) ^{2,3}	61.9	58.6	58.0	69.7	69.7	70.0	72.5
Length of stay ²	4.04	4.42	4.08	3.76	3.72	3.71	3.68
Total number of AMG scans (CT, MRI and PET-CT)	1 162 036	1 037 282	864 344	954 112	876 746	834 326	
Number of machines:							
MRI	150	150	150	155	133		
CT	63	65	63	51	41		
PET-CT	54	53	52	48	41		
Cyclotron locations	11	11	11	9	9		
Financial ratios							
Normalised EBITDA margin (%)	17.9	18.8	17.4	22.3	23.6	24.0	26.3
Effective tax rate (%)	30.9	26.7	93.5	22.5	32.5	42.1	31.2
Debtors' days	49	48	54	49	51	55	41
Quick ratio (:1)	1.21	1.22	0.96	1.02	1.13	1.08	0.95
Current ratio (:1)	1.06	0.98	0.84	0.90	1.06	1.01	0.85
Gearing (%)	40.5	40.5	47.3	42.4	50.4	48.3	53.5
Total debt (R'm)	13 350	12 725	14 214	11 995	15 956	14 087	6 781
Net debt (R'm)	10 883	10 378	14 116	11 318	14 950	13 361	7 207
Net debt: normalised EBITDA ⁴	1.89	1.82	2.96	1.96	2.73	2.55	1.67
Interest cover ⁴	10.8	11.0	5.8	5.6	6.4	4.2	8.2
Return on net assets (RONA) (%)	11.5	13.1	0.3	23.3	16.4	10.4	25.9

¹ Includes all acute hospital, mental health, rehabilitation and Life Nkanyisa beds.

² Metrics for South African operations.

³ Occupancy is measured based on the weighted number of available beds during the period and takes acquisitions and expansions during the year on a proportionate basis into account.

⁴ Calculated as defined in lender agreements.

SHAREHOLDER RETURNS

	2022	2021	2020	2019	2018	2017	2016
Earnings per share (cents)	105.8	120.6	(6.4)	176.4	108.6	62.2	144.1
Diluted earnings per share (cents)	105.3	120.3	(6.4)	175.5	108.1	62.0	143.7
Headline earnings per share (cents)	106.1	111.1	48.7	88.7	108.8	77.4	179.1
Diluted headline earnings per share (cents)	105.5	110.7	48.5	88.2	108.3	77.2	178.5
Normalised earnings per share – NEPS (cents)	96.4	112.7	61.00	116.4	110.2	93.9	169.4
Normalised earnings per share excluding amortisation (cents)	127.0	139.8	92.10	148.1	139.3	120.6	178.8
Weighted average number of shares in issue ('m)	1 447	1 454	1 455	1 456	1 451	1 310	1 121
Weighted average number of shares for diluted earnings per share ('m)	1 454	1 458	1 460	1 464	1 457	1 314	1 125
Total number of shares in issue ('m)	1 467	1 467	1 467	1 467	1 467	1 449	1 058
Distributions per share (cents)	40.0	25.0	–	93.0	88.0	80.0	165.0
Net asset value per share (cents)	1 293.2	1 231.2	1 162.5	1 103.5	1 016.8	992.4	518.5
Normalised earnings	1 396	1 640	888	1 695	1 598	1 230	1 899
Profit attributable to ordinary equity holders	1 531	1 754	(93)	2 569	1 575	814	1 616
Adjustments (net of tax):							
Loss/(gain) on remeasuring of fair value of equity interest before business combination	–	–	–	–	–	(4)	23
Profit on disposal of businesses	–	(45)	839	(1 418)	–	–	–
Profit on disposal of property, plant and equipment	5	10	3	–	(30)	37	(1)
Impairments	0	14	5	140	34	167	370
Gain on derecognition of lease assets and liabilities	–	–	(50)	–	(71)	–	–
Retirement funds	(23)	(24)	(23)	(28)	(24)	(21)	(16)
Transaction costs	10	3	8	148	38	267	12
Fair value gain on foreign exchange hedge	–	–	–	292	(17)	(7)	–
Contingent consideration released	75	62	66	42	18	(43)	(109)
Other	(202)	(134)	133	(50)	75	20	7

MARKET INDICATORS

	2022	2021	2020	2019	2018	2017	2016
Market price – high (R) per share	24.84	25.75	26.00	28.89	30.52	39.02	40.48
Market price – low (R) per share	16.44	15.19	15.44	21.12	23.00	23.05	29.53
Market price – year-end (R) per share	17.25	22.79	17.06	22.68	24.56	23.70	37.87
Market capitalisation – year-end (R'm)	24 957	33 133	24 817	33 279	36 030	34 341	40 066
Number of shares traded ('m)	957	1 461	1 220	1 055	1 241	1 326	1 047
Value of shares traded (R'm)	19 946	28 030	24 460	26 288	32 510	39 142	38 433
Price-earnings ratio (Year-end price/NEPS)	17.89	20.22	27.97	19.48	22.29	25.24	22.36



Human Capital

Our People

Definition:


We depend on the skills, knowledge and experience of our employees and consulting healthcare professionals to implement our strategy. By delivering our products and services, our employees attend to our patients' needs, thereby creating sustainable value for our stakeholders.

Employees

Employees' key expectations and concerns

- Fair remuneration and reward
- Job satisfaction
- Training and development opportunities
- Transformation, diversity and inclusion
- Quality of patient care
- Caring employees
- Safe work environment

How we engage with our Employees

- Group-wide employee survey done in 2022
- Implemented our new Employee Value Proposition across the Group
- Long-term incentive plans and share ownership schemes across all employee categories (see Remuneration Report  page 64)
- Continued investment in training of employees and assistance with professional registration fees and mal-practice insurance
- Regular communications related to health and wellness campaigns and opportunities for employees to get involved in CSI projects (see separate Sustainability Complementary data report)

Inputs	Outcomes/value created	Trade-offs
People-centred employees ▫ 15 436 SA employees ▫ 2 582 AMG employees	R10.4 billion spent on employee salaries (2021: R9.4 billion) 	This is the largest expense for the Group, but without our employees we would not be able to provide the services we currently offer
Early salary increases for SA nursing employees during 2022	The 5% salary increase for nursing employees was brought forward to 1 October 2021 (instead of 1 January 2022), helping to offset inflationary pressures and retain talent 	The early salary increases had a negative impact on our cost base, but total nursing employee turnover did decline versus 2021
Competitive labour market with global shortages of healthcare professionals and skilled management teams	Our EVP remains competitive and has been enhanced during 2022 	11.9% overall employee turnover in SA remained flat versus 2021, although turnover in our International operations reduced to 11.9% (2021: 14.8%)
Employees share schemes – R60 million spent on share purchases for employees during 2022	Share purchases made as part of long-term incentive plans for ▫ All employees who have worked for the Group for at least a year  ▫ R25 147 is the accumulated value per employee, for participants on all seven share schemes, as at 30 September 2022 	The share purchases are an expense to the Group, but are a key component of our retention strategy. Employee share ownership also aligns employees with shareholders in the Group.



Avanthi Parboosing
Chief People Officer

Our people are our pride and we are committed to making life better for them. Through working with inspiring professionals, career opportunities backed by our global footprint, and prospects for continuous learning and training, we encourage and develop our people to be the best in their respective fields. We motivate them by rewarding and recognising their performance and the value they bring to our organisation, our patients, our communities and each other.



Overview

Life Healthcare, through its subsidiary companies employs 18 018 people (2021: 17 274) across its southern African and International operations. However, in addition to this we utilise on South African agency nursing employees, consulting doctors and specialists, temporary personnel and, within our International business, many self-employed clinical and non-clinical employees, as we show below:

Group workforce	2022	2021	2020	2019
Southern Africa ¹	15 436	14 972	15 060	15 385
International ^{1,2}	2 582	2 302	2 160	2 040
Total employed staff	18 018	17 274	17 220	17 425
Change yoy, %	4.3	0.3	(1.2%)	
Southern Africa – temporary personnel	1 032	1 081	862	991
International – self-employed personnel	1 206	1 180	841	969
Total workforce	20 256	19 535	18 923	19 385
Change yoy, %	3.7	3.2	(2.4%)	

¹ Permanent employees

² Including LMI employees

INTRODUCTION

As we reflect on the year under review, it is clear that the impact of COVID-19 on our people remained material. The pandemic had reached unimaginable depths by the end of 2021, both in respect of the destruction it had brought to the fore, but also in terms of the seismic shift it had created in terms of global dialogue on many people-related imperatives. The Company therefore spent much of 2022 focused on ensuring the safety and well-being of our workforce, and creating an environment that allowed for a steady recovery from the impact of the previous two pandemic-ridden years.

NOTABLE ACTIVITIES FOR THE YEAR UNDER REVIEW

Mandatory vaccination

During 2022, some reprieve was felt with the global roll-out of the vaccine and for Life Healthcare, our purpose of **Making life better** led to the roll-out of our mandatory vaccination policy at the Company's head office and within the leadership structure at all our facilities. With little to no precedent to guide the Company on how best to navigate this initiative, we depended on our strong conviction that vaccination was our only real hope of creating a safer environment for our people.



Human Capital continued

Our People continued

Employee value proposition

A difficult recruiting and retaining environment for the year under review also required a key focus on our EVP and following a recent successful global roll-out, we are confident that it will fulfil its intended objective of addressing some of our recruitment and retention challenges.

Our remuneration framework and policies, which are a key component of our broader employee value proposition, aim to:

- attract, motivate, reward, and retain our people;
- promote the achievement of strategic objectives within the Group's values and risk appetite;
- promote diversity in our workforce to align with the communities we serve;
- promote an ethical culture and responsible corporate citizenship; and
- provide a balanced remuneration mix within the Group's financial constraints.

To remain on trend and within best practice, the Group periodically consults market survey providers for an indication of the guaranteed remuneration and annual cash incentive payments made generally and sectorally. We utilise these inputs, along with guidance from external remuneration experts, to assess our positioning compared to the market in terms of key talent. We then overlay various contextual factors, including industry trends, the Group's financial position and legislative requirements, evaluating our performance in delivering fair and equitable remuneration as part of our employee value proposition. Ultimately our goal is to design reward for business sustainability, balancing what is required to attract and retain the best talent, with affordability considerations.

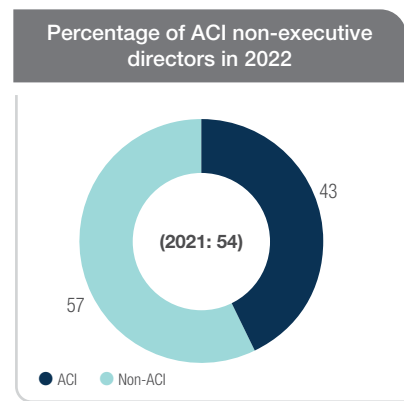
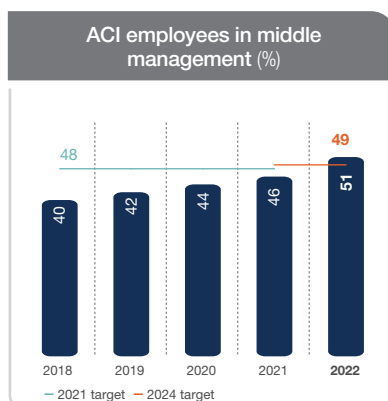
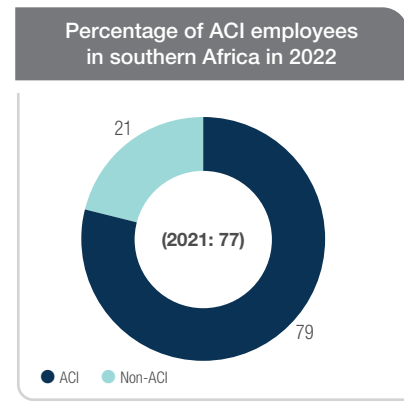
The war for resources in healthcare, however, continues unabated and we remain focused on ensuring that our variable remuneration structures address the immediate concerns in respect of critical but scarce talent. Our nursing challenges – despite leadership's most concerted efforts – continue to be a key, critical and unresolved focus area, which will demand much of management's time into FY2023 and beyond.

Human resources (HR) systems modernisation

To provide a world-class offering, we have identified the need to further transform and modernise our processes, underpinned by the introduction of a consistent approach to HR systems. Moving to a more digital and data-driven HR function will allow for improved headcount management and workforce analysis, thus supporting improved decision-making and outcomes. This imperative will remain a key focus in FY2023 across our geographies and operations.

Transformation, diversity and inclusion (TDI)

Our TDI initiatives have yielded significant results during the year under review and strengthened our ability to diversify our succession planning over the medium to longer term. The charts below demonstrate the progress we have made in terms of ACI representation across various management levels versus the Employment Equity targets that were set from 2021 until 2024.



Employee turnover

Employee turnover in our southern African operations during 2022 (excluding good leavers) was 11.9%, the same as for 2021.

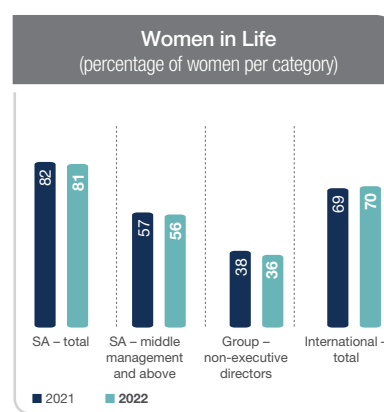
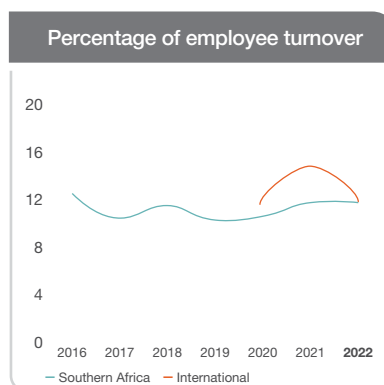
In our International operations employee turnover during 2022 was 11.9%, a pleasing reduction from the 14.8% seen during 2021.

Women in Life

Two years into the initiative, our *Women in Life* programme continues to act as a catalyst for the empowerment of all women in Life Healthcare, through the support and guidance of our programme leads.

Looking ahead

Our people will continue to be our greatest asset, and nurturing the collective talent found within the Group and across geographies is critical to our vision statement of being a people-centred organisation. By creating the environment for both personal and professional growth for our people, we will create the platform required for success, sustainability and for growth. This will continue to be our focus for the year ahead.





Manufactured Capital

Definition:

Our clinical excellence is supported by our technologically advanced and multi-disciplinary facilities, optimal infrastructure, data and analytics capabilities, and world-class medical equipment and consumables.



Relevant Stakeholders

Southern Africa

We have the second largest private hospital network within South Africa, with 8 271 registered beds across our 49 hospitals. We also have a network of complementary healthcare facilities, which include 598 mental health beds, 334 acute rehabilitation beds, and 445 renal dialysis stations.



See page 90

International

AMG is one of the largest independent imaging providers in the UK and Europe with over 264 scanners (across MRI/CT/PET-CT modalities) located across our 236 locations.

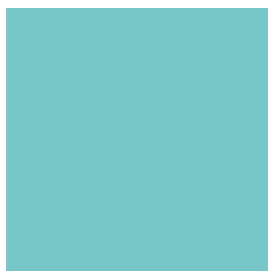
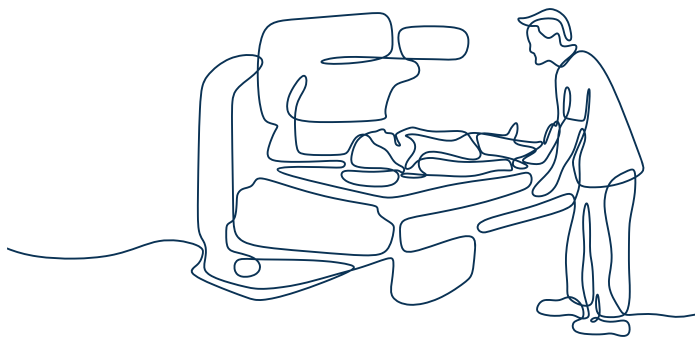
LMI has access to 11 cyclotron sites owned by AMG in the UK and Europe, as well as 38 third-party manufacturing sites around the world.



See page 100

OUR 2022 VALUE CREATION PERFORMANCE AND OUTCOMES

Inputs	Outcomes/value created	Trade-offs
R14.7 billion in property, plant and equipment at the end of 2021	R15.6 billion in property, plant and equipment at the end of 2022, after capital expenditure and acquisitions during 2022 	Property portfolio valued at book value, which undervalues the portfolio if we were to build or acquire it from scratch. The significant cost to replicate our entrenched portfolio serves as a barrier to entry for new competitors.
R1.6 billion in maintenance capital	Upgrades to IT infrastructure, cyber security and facilities in SA Replacement and refurbishment of equipment and scanners in AMG 	Maintenance capital expenditure erodes financial capital without typically adding any additional EBITDA. However, it helps sustain our ability to provide services and attract/retain employees and specialists.
R0.7 billion in growth capital	Added five renal dialysis treatment stations  Three new PET-CT scanners in AMG 	Growth capital can erode financial capital in the short term, but with carefully selected growth projects we expect to grow revenue and shareholders' returns over time.
R0.4 billion spent on acquisitions	Acquired two imaging businesses in SA (see  page 93) 	Acquisitions can erode financial capital in the short term, but with carefully selected targets that deliver high return on invested capital, we expect to grow revenue and shareholder returns over time.





Natural Capital

Definition:

We make use of both renewable and non-renewable natural resources in the delivery of services to our patients. While our business has an unavoidable impact on the environment, we endeavour to reduce negative impacts by measuring and managing our activities.




Relevant Stakeholders

OUR 2022 VALUE CREATION PERFORMANCE AND OUTCOMES

Inputs	Outcomes/value created	Trade-offs
15 solar panel installations	A reduction in grid-tied electricity usage, with a 15% saving on grid-tied electricity cost.  To date these installations contribute to annual savings of → 7 000 tonnes of CO ₂ emissions, or → 30 000 trees	<p>Many of these initiatives have an upfront cost, but ensure the sustainability of our operations and will lead to cost savings over time from reduced electricity and fuel costs.</p> <p>The solar and EV initiatives have a positive impact on the environment and will help us achieve our long-term emissions reductions. The usage of diesel is detrimental to the environment, but without the generators we would not be able deliver our services.</p> <p>Affected material matters and strategic pillars</p> 
57 electric vehicles (EVs) added to AMG's fleet in the UK	Reduced CO ₂ emissions produced by AMG's vehicle fleet by c.14%.  An additional 17 EVs have been ordered with delivery likely during 2023.	
Back-up generator capacity at all of our SA facilities	R32 million spent on diesel during 2022 to supply electricity to our facilities during electricity outages.  Significantly higher than 2021 due to both the actual usage of diesel being higher than in 2021, and the price of diesel being c.70% higher.	

We are currently in the process of setting our short and medium-term road map to reach our long-term environmental targets of zero waste to landfill by 2030 and net zero emissions by 2050. This road map will be approved during 2023.

MITIGATING THE IMPACT OF ELECTRICITY OUTAGES AT OUR SOUTH AFRICAN FACILITIES

2022 has had the worst electricity outages since outages began in 2008. As detailed on  page 95 we have had c.1 300 hours of electricity outages during 2022 versus c.500 hours during the whole of 2021.

In order to continue delivering our services during electricity outages, we have invested in back-up power solutions including:

- Diesel back-up generators at all of our facilities in southern Africa (with dual redundancy back-up at some sites)
- We continue to use uninterrupted power supply devices in many facilities to maintain power to connected devices prior to back-up generators starting up
- Solar installations to reduce grid-tied usage

We are looking at ways to increase our solar panel yield while the grid-tied electricity is off and make more use of battery storage technology to reduce our diesel generator usage. We are also exploring purchasing electricity directly from independent renewable energy providers.

MITIGATING THE IMPACT OF WATER OUTAGES AT OUR SOUTH AFRICAN FACILITIES

Water outages are an increasing risk to our business in South Africa.

During 2022 we faced water outages at one of our hospitals following the severe flooding in KZN and related disruptions to infrastructure in the province, including municipal water supply.

With the increased level of electricity outages in 2022, some municipal water utilities have found it increasingly difficult to pump water into municipal reservoirs to maintain adequate water levels for residents and businesses.

All of our facilities have back-up water storage tanks which provide 24- to 48-hours of water supply, and we have borehole water supply at a number of our hospitals, mostly in the Eastern Cape where water shortages have been a risk for a number of years.

SUSTAINABILITY HIGHLIGHTS

At Life Healthcare, we recognise sustainable development as a key strategic focus for the long-term viability of our business. Sustainable development is a strategic tool that enables us to incorporate the creation of social, environmental and economic value into our strategy and day-to-day operations for long-term sustainability. We believe that sustainable development makes business sense, while also being good for our people and our planet.

We understand that for our business to grow sustainably, we have a duty to develop our people, enhance stakeholder value and minimise the impact of our operations on the environment. We are aware that it is critical in today's world to identify, understand and manage material ESG impacts.

We have made significant progress during 2022 in terms of collating ESG data from across the whole Group. This data will be used to define our baseline values for our environmental targets which we will finalise during 2023. In conjunction with this integrated annual report, we have published our second ESG-focused Sustainability Development Complementary Data report (which can be accessed on our [website](#)).

In compiling this report, we have followed the Global Reporting Initiative (GRI-G4) and the Taskforce for Climate-Related Financial Disclosure (TCFD) for health sector reporting guidelines.

We hope that by bolstering the amount of information disclosed within the report we can improve some of our external ESG ratings, while also showcasing some of the significant work we are doing in our communities around the world.

ESG HIGHLIGHTS IN 2022

KPI	2022	2021
FTSE/JSE Responsible Investment Index score	3.2	3.3
Sustainalytics Environment Social and Governance (ESG) score (Risk rating = Low 10-20, Med 20-30, High 30-40)	26.0	24.4
MSCI Environment Social and Governance (ESG) score (ccc – AAA)	AAA	AAA
S&P Global Environment Social and Governance (ESG) score (0-60)	31	31

Southern Africa ESG highlights:

- Four mobile clinics fully fitted with mobile ophthalmic equipment were donated to the SANCB. This sponsorship has yielded screening of more than 70 000 patients for eye care services
- More than 20 000 cataract surgeries since the start of the programme in peri-urban and rural areas across South Africa
- 25 play pumps have now been installed in schools and communities (2021: three play pumps)
- 5% water saving in Southern Africa in 2022
- 23.7% reduction in total healthcare risk waste generated (Kg/PPD) in 2022

International ESG highlights:

- Ireland and UK business procures 100% renewable energy for directly controllable sites
- AMG in the UK has introduced 57 electric plug-in cars from February 2021 to March 2022
- AMG has donated funds to a UK-based charitable organisation called Younger People With Dementia



Natural Capital continued

ENVIRONMENTAL HIGHLIGHTS FOR 2022

In the tables below we summarise our key environmental data (from our SA operations) that form part of our emissions data disclosures. Due to the specific nature of our business and the constraints implicit from the services we offer and the location of our services in South Africa, we highlight a few areas where our environmental ambitions are limited by the practicalities of maintaining our services 24 hours a day, seven days a week.

Ambition	Constraints/trade-offs	Our response
Reducing electricity consumption	Electricity outages in SA due to poor service delivery from Eskom, necessitates the installation of diesel generators at all of our facilities. Given the significant elevated level of outages during 2022, our diesel usage has increased dramatically, impacting on our scope 1 emissions.	Solar installations at 15 of our facilities in SA. These are installed and maintained by a third party renewable energy provider. We are exploring additional renewable energy installations including more solar panel and/or battery installations
Reducing water consumption	South Africa is a water scarce country, but water is essential within our operations. Water outages, related to ageing infrastructure and electricity outages, are becoming more frequent in some parts of SA, which has the ability to halt our operations.	We continually strive to reduce our water consumption by more efficiently using water. Many of our facilities have back-up water storage tanks that can sustain our operations for between 24 to 48 hours. In some parts of the country we have introduced borehole supply to our hospitals to improve the consistency of our supply.
Reducing healthcare risk waste	Healthcare risk waste is an inevitable by-product of our operations. COVID-19 led to a significant increase in our healthcare risk waste due to the increased use of personal protective equipment and the consumables used in the treatment of COVID-19 patients.	During 2022, our healthcare risk waste has declined significantly following the reduction in COVID-19 cases in our hospitals, as well as improvements in the treatment of COVID-19 patients and reduced personal protective equipment usage.



Carbon emissions

KPI	UOM	2022	2021	% change year-on-year
Scope 1	Tonnes CO ₂ e	7 951	2 869	277.1
Scope 2*	Tonnes CO ₂ e	138 045	142 922	(3.4)
Scope 3	Tonnes CO ₂ e	4 912	3 471	41.5
Total carbon emissions	Tonnes CO ₂ e	150 907	149 263	1.1

Energy management

KPI	Description	UOM	2022	2021
Direct renewable energy consumption	Renewable fuel	L	0	0
Total renewable energy consumption	Total	GJ	0	0
	HFO	L	314 685	415 472
	Petrol	L	172 491	100 758
	Diesel	L	1 282 665	364 066
	LPG	Kg	152 925	108 773
Total electricity consumption – self generated (renewable)	Solar PV	Kwh	7 871 820	7 821 437
Total electricity consumption – purchased*	Purchased	Kwh	145 310 090	150 444 359
Total electricity consumption	Self-generated + purchased	Kwh	153 181 910	158 265 796
Total indirect energy consumption	Total	GJ	551 455	569 757
Total electricity consumption – variance YOY %		Kwh	(3.2%)	n/a**
Renewable energy consumption as a % of total energy consumption (electricity)		%	5.1%	4.9%

* The electricity consumption data excludes Life Nkanyisa.

** n/a denotes that data was not previously measured.

Water management

KPI	UOM	2022	2021
Total water withdrawn	KI	1 209 843	1 274 035
Total water withdrawn – municipal	KI	1 046 460	1 059 690
Total water withdrawn – borehole	KI	141 896	214 345
Total water withdrawn – third party	KI	21 487	n/a

Waste management

KPI	UOM	Method of destruction	2022	2021	2020	2019
HEALTHCARE RISK WASTE						
Total healthcare risk waste generated	Tonnes		4 193	5 497	4 372	4 454
Total healthcare risk waste incinerated	Tonnes	Incineration	135.0	120.4	n/a	n/a
Total healthcare risk treated	Tonnes	Treated	4 058	6 249	n/a	n/a
Healthcare risk waste generated per PPD	Kg/PPD		2.28	2.87	2.01	1.93
HCRW – anatomical waste	Tonnes	Incineration	74.04	74.0	n/a	n/a
HCRW – chemical waste (Cytotoxic)	Tonnes	Incineration	26.2	25.5	n/a	n/a
HCRW – chemical waste (Pharmaceuticals)	Tonnes	Incineration	34.5	20.8	n/a	n/a
HCRW – infections non-anatomical waste (non-sharp waste)	Tonnes	Treated	3 735	5 005	n/a	n/a
HCRW – sharps	Tonnes	Treated	323.3	372.9	n/a	n/a



Social Capital

Definition:

Creating and nurturing long-term relationships with our key stakeholders – including patients, employees, doctors and other healthcare professionals, suppliers, business partners, governments and labour unions – is how we build our reputation and brand, which is essential to our success.

This category review covers a wide array of key stakeholders including patients, doctors and specialists, suppliers and society. We detail these individually below.



Patients

The patients we treat are our primary stakeholders

Making life better for them is key to what we do.

We define quality in healthcare as “consistently delighting our patients by providing care that is safe, effective and efficient, and which meets their needs”. We quantify this by measuring patient satisfaction and collating quality data whilst also ensuring that our hospitals are safe for our patients and their families as well as our employees, doctors and specialists.

Patients’ key expectations and concerns

- High-quality healthcare delivered by professional and caring healthcare teams
- Safe hospitals that can provide uninterrupted care
- Affordable healthcare services
- Protection of their personal data

How we engage with our patients

- People-centred employees, doctors and specialists
- Patient satisfaction surveys
- Digital patient admission process and clinical billing management system
- Care ambassadors



Doctors and specialists

Doctors and specialists are critical to our healthcare services delivery

In many countries we operate in we either do not, or are not allowed to, employ doctors and specialists and therefore they are partners with access to our facilities and have rights to carry out procedures and admit patients within our facilities.

Shortages of doctors globally, our inability to do accredited medical school training of doctors, and our inability to employ them directly within South Africa, present challenges in terms of the sustainability of our operations, our ability to expand across the continuum of care and our aspirations to implement value-based care across our business.

Doctors’ and specialists’ expectations and concerns

- High-quality healthcare facilities, well trained and caring healthcare professionals and teams
- Safe hospitals for patients and for themselves to work in
- Uninterrupted availability of hospital services including electricity, water and medical gases
- Reliable supply of drugs and consumables

How we engage with our doctors and specialists

- Doctor and specialist engagements and support
- Provide funding and bursaries to support further clinical training and upskilling
- Invest in new facilities and state-of-the-art technology to provide world-class facilities to enable our doctors and specialists to provide high-quality healthcare
- Shareholding in individual hospitals or practices

Funders

Healthcare funders are important stakeholders as we receive a substantial part of our remuneration directly from them

In southern Africa our services are mostly funded through private medical insurance coverage and occasionally through direct out-of-pocket payments or publicly funded schemes (such as the Road Accident Fund).

In the UK and Europe most of our services are funded by national healthcare services and a small component from private sector funding.

Funders can also be partners with us in terms of designing new healthcare products and services, providing us with long-term contracts that reduce financial risks, and can be a significant patient referral channel into our facilities.

Funders' key expectations and concerns

- High-quality healthcare delivered by professional and caring healthcare teams
- Safe hospitals that can provide uninterrupted care
- Efficient and cost-effective healthcare services

How we engage with our funders

- Standardised pathways and formularies with measurable quality and cost metrics
- Regular engagement on costs of existing care pathways and geographic networks
- Innovative treatment and pricing options
- Digital patient admission process and clinical billing management system

OUR 2022 VALUE CREATION PERFORMANCE AND OUTCOMES

Inputs	Outcomes/value created	Trade-offs
Investment in world-class facilities <ul style="list-style-type: none"> → 66 facilities in SA → 236 facilities across the UK and Europe 	2.0 million paid patient days (PPDs) 19.7 million theatre minutes 180 924 renal dialysis treatments	While we have seen a good recovery in our activities during the last year, the normalisation of our patient mix has seen our revenue per PPD decline as we have treated fewer high revenue intensity COVID-19 patients (see SA performance report on page 96)
People-centred employees <ul style="list-style-type: none"> → 15 436 SA employees → 2 582 AMG employees 	27 000 births 1.2 million diagnostic scans	Employee turnover of 11.9% in SA and 11.9% in our International operations is a loss to the business and comes at a cost in terms of recruiting and training new employees.
Training of nurses, doctors, specialists	682 nurses graduated from our training centres during 2022 14 doctors received training funded by Life Healthcare during 2022	R121 million was spent on training our employees during the year (including nurses, doctors and management teams).
Standardisation of cost-effective pathways and quality processes and measurement, coupled with use of data analytics to drive compliance	Satisfied patients and safe hospitals (see pg 128) ISO accreditations (see Sustainability Development Complementary Data report, on our website)	The introduction of a new group-wide system for capturing serious reportable events (SREs), and the increased effort to encourage employees to log SREs, has led to an increase in the number of SREs logged during the year.
Compliance with healthcare regulatory frameworks with respect to our facilities, services, equipment, healthcare waste, etc		Regulatory compliance results in ongoing investment in our buildings, equipment and people, which erodes financial capital, but is a prerequisite for us to continue to provide our services and to ensure the safety of our patients and employees.



Social Capital continued

SAFETY AND QUALITY PERFORMANCE IN 2022

SATISFIED PATIENTS






Our commitment to improving patient experience is entrenched in our core values. Better patient experiences, which involves seeing patients as unique individuals, are not only critical to the success of our business but increase the likelihood that they and their families or other caregivers will become more engaged in their own health outcomes. Multiple studies have connected higher levels of clinical outcomes to a focus on patient experience.

Southern Africa – patient sentiment analysis

During 2022 we introduced a new patient sentiment survey tool across all of our southern African facilities. The tool provides us with comprehensive feedback on all aspects a patient’s journey – from admission to discharge and is based on the internationally recognised Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) methodology, which we have tailored to our specific needs.

International – patient satisfaction scores

Our international operations use tools to measure patient satisfaction, as advised by their respective National Health Services.


Southern Africa patients’ experience measures	2022				International patients’ satisfaction scores	2022			
	2022	2021	2020	2019		%	%	%	%
Definitely recommended 	70.9%	71.8%	70.8%	70.7%	UK: satisfied and very satisfied 	97.0	96.9	97.3	96.2
Patient experience (HCAHPS average score out of 10) 	8.40	8.41	8.39	8.40	Ireland: overall satisfaction 	98.7	97.9	96.0	97.0
					Italy: definitely recommended 	97.8	98.3	96.9	96.9

Patient Advisory Boards

Patient Advisory Boards (PABs) are representative groups of patients who are invited to serve on committees, alongside hospital staff and clinicians to ensure that the patient’s point of view, perspective, and experience are not only heard, but also integrated into the service and quality improvements that are engineered to ensure high-quality, customer-centred care.

We held our first eight PABs in 2022 inviting a wide range of patients to discuss their experience as inpatients in one of our facilities and provide suggestions for improving their care experience. Follow-up meetings to showcase improvements in processes and facilities have been very positive with excellent feedback from the patients involved.

SAFE HOSPITALS

Patient safety is the cornerstone of high-quality health care. We focus on the reporting and mitigation of all adverse events that occur within our facilities. We publish our quality metrics, for each individual hospital, on our  [website](#).

Regarding patient safety adverse events specifically, we focus on four key risk areas which are internationally used as benchmarks of patient safety:

Patient falling adverse events per 1 000 PPDs

This measure includes all slips and falls related to nursing, patient, equipment, and therapy-related environment. Falling events do not have to result in injury to be included as an event.

Patient medication adverse events per 1 000 PPDs

Includes pharmacy dispensing, nursing administration and issuing events, and other medication events, such as adverse drug reactions.

Patients acquiring pressure ulcers per 1 000 PPDs

Pressure ulcers developed in Life Healthcare facilities during patients’ hospital stay. A pressure ulcer is caused by the breakdown of skin tissue (not present on hospital admission) due to insufficient pressure relief.

Healthcare-associated Infection Rates (HAIs) per 1 000 PPDs

Combines all the HAIs determined according to the CDC guidelines:

- Ventilator-associated pneumonia (VAP) per 1 000 ventilator days
- Surgical site infections (SSI) per 1 000 theatre cases
- Central line-associated bloodstream infections (CLABSI) per 1 000 central line days
- Catheter-associated urinary tract infections (CAUTI) per 1 000 catheter days

During 2022 we introduced a new patient sentiment survey tool across all of our southern African facilities and have also introduced a “no zero” reporting policy. The emphasis on reporting all adverse events, including “near misses”, has led to an increase in some of our reported safety measures. We will continue to monitor these trends while also continuing to encourage the “no zero” reporting policy. This will ensure that we capture all events so that we can address them appropriately including understanding the root cause in our processes and pathways. In this way we will achieve our mission of delivering high-quality care and our core purpose of *Making life better*.

Patient safety measures		FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Total patient safety adverse events per 1 000 PPDs ^(A)	↑	2.55	2.21	2.07	2.44	2.68
Medication errors	↑	0.76	0.69	0.69	0.92	1.09
Patient falls	↑	0.66	0.63	0.68	0.71	0.68
Pressure ulcers	↓	0.13	0.17	0.09	0.10	0.12

Infection prevention and control – measures		FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
HAI (per 1 000 PPDs) ^(A)	↓	0.47	0.57	0.40	0.41	0.41
VAP (per 1 000 ventilator days)	↑	1.15	1.12	1.73	0.90	1.09
CLABSI (per 1 000 central line days)	↓	0.57	0.77	0.79	0.83	0.99
CAUTI (per 1 000 catheter days)	—	0.31	0.31	0.20	0.34	0.31

SAFE PLACES TO WORK

The health and safety of our employees, both permanent and temporary, is an essential focus area at Life Healthcare and we take our responsibility to provide, as far as possible, an environment that is safe and without risk to the health of our employees very seriously.

Our employees play an integral role in creating and developing a safety culture at our facilities and contribute to a safe environment. We have trained health and safety representatives and have established Health and Safety Committees at all facilities. Representatives perform monthly inspections where hazards are reported and addressed.

We drive preventative action through the risk assessment and alert reporting processes. All adverse events are reported, investigated, analysed and monitored to identify trends and to ensure the health and safety of our employees, patients, the public, equipment and property.

Employee adverse events rate

While we measure and report a wide range of employee adverse events – we pay specific attention to sharps injuries, trips and falls and mobility injuries including strains and sprains.

Employee safety measures (per 200 000 labour hours)		FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Employee adverse event rate excluding COVID-19 cases	↓	3.36	3.59	4.10	4.26	4.11
Sharps injuries	↓	0.84	0.95	0.98	0.96	1.07
Falling	↑	0.89	0.82	1.03	0.93	0.82
Mobility	↓	0.35	0.56	0.56	0.71	0.62

Employee adverse event rate (per 1 000 scans)		FY 2022	FY 2021	FY 2020	FY 2019
AMG: Ireland	↓	0.18	0.21	0.21	0.23
AMG: Ireland	—	0.11	0.11	0.10	0.14
AMG: Italy	↑	0.04	0.02	0.02	

↓ A lower number implies an improved outcome

↑ A higher number implies a worse outcome

— A similar result to the prior period



Social Capital continued

Suppliers

Our suppliers deliver the consumables, drugs, equipment and food we utilise during the provision of our services. We also rely on utilities to supply us with water, electricity and other municipal services. Reliability of our supply chain and utilities is crucial to the sustainability of our services.

Suppliers' key expectations and concerns

- Timely payments from us
- Long-term relationship with us that sustains both our business and their businesses
- Supporting local suppliers across our business, including transformation and diversity through B-BBEE in our southern African operations

How we engage with our suppliers

- We cultivate and nurture supplier relationships through regular contract renegotiations and ensuring timely payments
- We have robust service level agreements in place so that there is not ambiguity regarding the services we require and steps to take if problems in service delivery arise
- We are supportive of enterprise development initiatives
- We ensure that healthcare risk waste is correctly handled and disposed of by our suppliers, in accordance with current regulations
- Strict agreements are in place to ensure that suppliers who deal with our IT systems or confidential information have the necessary processes and procedures in place to protect our information

OUR 2022 VALUE CREATION PERFORMANCE AND OUTCOMES

Inputs	Outcomes/value created	Trade-offs
R6.5 billion spent on procurement in 2022	Most of our procurement spend is with local suppliers.	While most of our procurement of services and supplies is through local vendors (in SA, the UK and Europe), we are still exposed to foreign exchange movements in some of the underlying services (software licenses for example) and consumables and/or equipment. We try to hedge some of this exposure, particularly where there are recurring expenses.
Solar power solutions through third party renewable energy provider	Power produced at 15 locations across our portfolio reduces our reliance on grid-tied electricity and supports enterprise development. These installations have saved approximately R5.0 million in grid-tied electricity in 2022.	
Some of our solar installations only operate when there is grid electricity supply, and so despite having solar panels we still need to use diesel generators at some sites. We are currently working on resolving this issue.		

Society

Governments, and the regulations they promulgate, are essentially a reflection of the values, beliefs and aspirations of society. Society plays a role in holding governments and businesses accountable for their actions.

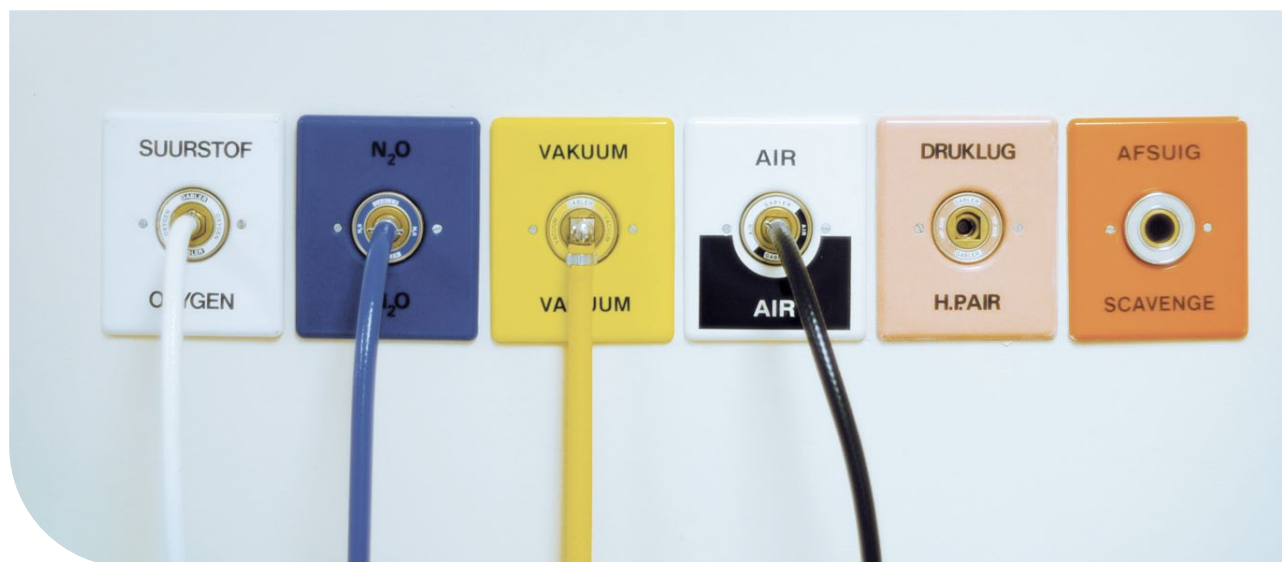
We are serious about corporate responsibility, which is embodied by our commitment to ethical and sustainable behaviour. We discuss these commitments within our governance overview (refer to page 38) and Social, Ethics and Transformation section (refer to page 50).

Societies' key expectations and concerns

- Compliance with laws and regulations governing our operations and interactions within each jurisdiction we operate in
- That we play a role in providing access to quality healthcare in all regions we operate in
- That we are a force for social good within the regions we operate in and promote diversity and inclusion
- That we are mindful of our environmental impact and are working to minimise this impact
- That we support local enterprise and supplier development
- That we operate in an ethical manner

How we engage with society as a whole

- We monitor the behaviour of all our employees to ensure that their conduct is ethical and professional and aligned to our Global Code of Conduct
- Through our Corporate Social Investment initiatives, which are targeted at healthcare and education sectors
- We remain committed to improving access to healthcare for all as shown by our ongoing public-private partnerships in South Africa (through Life Nkanyisa) and the UK and Europe (through our many contracts with public healthcare entities)





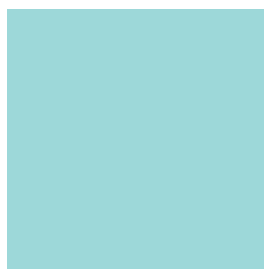
Social Capital continued

OUR 2022 VALUE CREATION PERFORMANCE AND OUTCOMES

For a comprehensive list of our CSI projects undertaken during the current year, please refer to our detailed Sustainability Complementary Data report on our [website](#).

Inputs	Trade-offs
R107 million spent on CSI-related projects during 2022	Our CSI initiatives come at a cost, but this is more than negated by the outcomes they achieve.
Outcomes/value created	
Healthcare initiatives <ul style="list-style-type: none"> Healthcare access to indigent patients and <i>pro bono</i> surgery in Life Healthcare hospitals The donation of three mobile clinics with ophthalmic equipment bringing cataract surgery to peri urban and rural communities Partnership with Pink Drive to render cancer screening tests in Gauteng 	Education initiatives <ul style="list-style-type: none"> Nursing bursaries and training at Life Healthcare nursing colleges saw 682 nursing graduate during 2022 SANCB Optima College SETA accredited programmes for visually impaired students Partnership with leading universities in the UK and Europe to train radiographers and radiologists
	Community initiatives <ul style="list-style-type: none"> 25 play pumps installed to date at schools and community centres bringing access to clean drinking water (in partnership with Round About Water Solutions) Food relief partnerships with NGOs to deliver >1.5 million meals over next 24 months

Inputs	Outcomes/value created	Trade-offs
Made 25 of our facilities (including 320 employees) available as COVID-19 vaccination sites across the country	376 000 COVID-19 vaccinations delivered across our facilities	Making our employees and facilities available to administer COVID-19 vaccinations in order to help improve access to the national vaccination campaign, is something we are extremely proud of. However, this initiative did come at a cost in terms of the employee's time diverted to the vaccination effort, along with the costs of the consumables and the vaccines. Some of these costs may, in due course, be reimbursed by the National Department of Health.
Promoting transformation and diversity	Improvement in the transformation and diversity of our employees See Our People section on page 116 B-BBEE Level 3 accreditation in 2021 – we made significant improvements across the B-BBEE scorecard in 2021, which we anticipate maintaining for 2022.	The 2022 B-BBEE accreditation process began in September 2022, and will only be completed after the publication of this report. We will announce the B-BBEE accreditation level when it becomes available and publish it on our website .





Intellectual Capital

Definition:





We differentiate ourselves through excellent service offerings, responsible corporate governance and adherence to quality standards – the intangibles of our business that contribute to our competitive advantage.

While we have a large portfolio of assets within our Group, which have a tangible value, it is harder in a business such as ours to put a value on the knowledge capital within the business. When we acquire businesses, we attribute some of the value of the transaction to intangible assets and/or goodwill – some of these amounts include the value that we attribute to the intellectual capital acquired with businesses and/or the value of relationships embedded within long-term contracts and partner and/or funder relationships.



Relevant Stakeholders

OUR 2022 VALUE CREATION PERFORMANCE AND OUTCOMES

Inputs	Outcomes/value created	Trade-offs
R378 million invested into acquiring SA imaging practices during the year	We now own the non-clinical assets of five imaging practices, located at some of our hospitals 	A significant proportion of these transactions has been attributed to intangibles – this represents the intellectual capital, skills and patient and supplier relationships that exist within these practices.
R121 million in nurse and specialist training during the year	682 graduates from our nursing colleges  14 doctors received training funded by Life Healthcare during 2022	Training nurses is an imperative in SA where there are chronic shortages of nurses. Increasing the number of nurses in the country is good for the sustainability of our business. However, the nursing shortage locally and globally means that nursing employees (and other healthcare professionals) are highly mobile, and may decide not to work at our facilities.
R200 million joint venture agreement with AXIM in South Africa (we will share this development cost 50:50)	We intend to build two cyclotrons in Gauteng over the next two years, which will improve the consistency of radioisotope supply in the country and further our ambition of growing a PET-CT market in SA 	While we have significant experience and intellectual capital associated with operating and refurbishing cyclotrons within the UK and Europe, we needed a local partner to help with the planning and regulatory environment specific to SA.
Clinical pathways coupled with outcome measurement (along with patient surveys) are part of our clinical intellectual capital developed over time	Quality metrics that compare favourably across the world, as we detailed on  pages 128 to 129	COVID-19 changed our patient mix and distorted some of our quality metrics. Our quality metrics are improving in some areas due to the normalisation of our case mix, while in other areas they appear to be worsening due to our introduction of new reporting tools and a “no zero” reporting policy.

The acquisition of LMI in 2018 gave AMG access to the US FDA approved radiotracer NeuraCeq®. NeuraCeq® is used in the diagnosis of Alzheimer’s disease because, when injected into patients with suspected Alzheimer’s, it can illuminate any diagnostic amyloid deposits within the brain when scanned with a PET-CT scanner.

NeuraCeq® was granted FDA approval as a beta-amyloid radiotracer in 2014 and it has been used extensively in various pharmaceutical companies' research efforts to develop Alzheimer's disease modifying drugs. While Biogen's Aduhelm® received FDA approval as an Alzheimer's DMD, the lack of reimbursement agreements for the drug in the US, along with European and Japanese drug authorities not approving Aduhelm® for AD treatment, have largely removed the NeuraCeq® commercial sales opportunity related to Aduhelm® sales (as discussed on page 108 of this report).

We remain positive about the prospects for NeuraCeq®. Eisai, a Japanese pharmaceutical company, announced on 28 September 2022 that all primary and secondary endpoints of its lecanemab phase 3 trials were met and full FDA approval will be sought once the trial data has been published on 29 November 2022. We will closely watch developments with regards to lecanemab, and other ongoing Alzheimer's DMD trials, during 2023.

The acquisition of NeuraCeq® augmented the radiotracer portfolio that AMG already owned as part of its network of cyclotron radiopharmacies within the UK and Europe.

In addition to NeuraCeq®, LMI has developed a pipeline of novel imaging agents that could assist in scanning for other neuro-degenerative conditions such as Parkinson's disease and Progressive supranuclear palsy (PSP), as well as two cardiovascular products. LMI's full product pipeline is shown below.

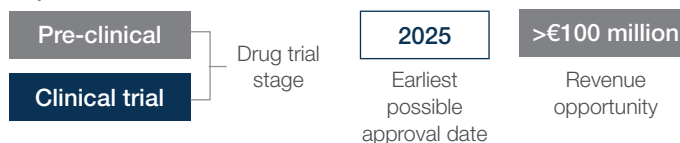
LMI PRODUCTS IN DEVELOPMENT PIPELINE

	Product	Biomarker	Targeted disease	Development stage		Market opportunity*
Neuro-degenerative Next-generation radio tracers for Alzheimer's, PSP, Parkinson's and other pathologies, with long shelf-lives and high yield	NeuraCeq®	Amyloid deposits	Alzheimer's	Marketed		>€300 million
	18F-PI-2620	Tau deposits	Alzheimer's and PSP	Phase 2	2027	TBD
	18F-DED	MAO-B	Neuro-inflammation	Phase 1	2030	Early, TBD
	18F-aSyn	Alpha-synuclein	Parkinson's	Pre-clinical	2030	Early, TBD
Cardiovascular Biomarkers for detecting cardiac and vascular pathologies	Florbetaben	Amyloid deposits	Cardiac amyloidosis	Phase 3 prep	2025	>€10 million
	18F-GP1		Thrombo-embolism (stroke)	Phase 2	2028	>€100 million

* Management estimates of potential revenue opportunity for each market, dependent on successful clinical trial completion and product launch.

TBD = still to be determined

Key:

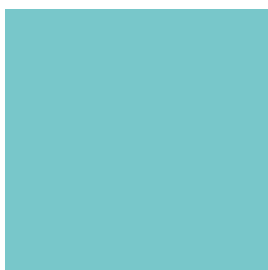


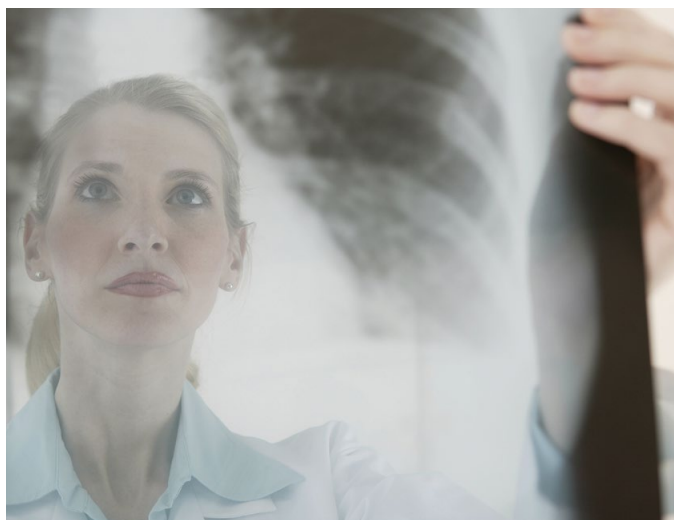


Administration

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ACI	African, Coloured and Indian
AD	Alzheimer's disease
AGM	Annual general meeting
AMG	Alliance Medical Group Limited
AMS	Antimicrobial stewardship
ASL	Azienda Sanitaria Locale
B-BBEE	Broad-based black economic empowerment
BSI	British Standards Institution
Capex	Capital expenditure
Cathlab	Catheterisation laboratory (usually cardiac)
CAUTI	Catheter-associated urinary tract infection
CDC	Community Diagnostic Centre
CFO	Chief Financial Officer
CC	Clinical Committee
CHKS	Comparative Health Knowledge System
CIP	Co-investment plan
CISO	Chief Information Security Officer
CLABSI	Central line-associated bloodstream infection
CMO	Chief Medical Officer
CMS	Council for Medical Schemes
Companies Act	South African Companies Act, 71 of 2008 (as amended)
CPE	Continuing professional education
CPI	Consumer price index
cps	Cents per share
CQC	Care Quality Commission
CRMP	Compliance risk management plans
CSI	Corporate social investment
CT	Computerised tomography
Deloitte	Deloitte Touche Tohmatsu Limited
DI	Diagnostic imaging
DMD	Disease modifying drug
DMTN	Domestic medium-term note
DOH	Department of Health
DSD	Department of Social Development
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and depreciation
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPA	Environmental Protection Agency

EPS	Earnings per share
ESG	Environment, social and governance
ESP	Employee share plan
EU	European Union
EUR	European Union Euro
EVP	Employee value proposition
EWP	Employee wellness programme
ExCo	Executive Management Committee
FDA	Food and Drug Administration
FTSE	Financial Times Stock Exchange
GBP	British pound sterling
GCE	Group Chief Executive
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GJ	Giga joule
GOC	Group Operating Committee
GP	Guaranteed package
GRI	Global Reporting Initiative
gW	Giga watt
H1-2020	Six-month period from 1 October 2019 to 31 March 2020
H1-2021	Six-month period from 1 October 2020 to 31 March 2021
H2-2020	Six-month period from 1 April 2020 to 30 September 2020
H2-2021	Six-month period from 1 April 2021 to 30 September 2021
HAI	Healthcare associated infections
HCAHPS	Hospital Consumer Assessment of Healthcare Providers and Systems
HCRW	Healthcare risk waste
HEPS	Headline earnings per share
HFO	Heavy fuel oil
HIQA	Health Information and Quality Authority
HPCSA	Health Professions Council of South Africa
HQA	Health quality assessment
HR	Human resources
ICU	Intensive care unit
IFRS	International Financial Reporting Standards
International <IR> Framework	International <IR> Framework (January 2021)
IoDSA	Institute of Directors in South Africa
IoT	Internet of Things

ISMS	Information security management system
ISO	International Organization for Standardization
IT	Information technology
JSE	Johannesburg Stock Exchange Limited
King IV™	King IV™ Report on Corporate Governance for South Africa, 2016
kg	Kilogram
kl	Kilolitre
KPA	Key performance area
KPI	Key performance indicator
kWh	Kilowatt hour
KZN	KwaZulu-Natal
L	Litre
LCP	Life core purpose
LHS	Life Health Solutions
LGH	Life Healthcare Group Holdings
LMI	Life Molecular Imaging
LPG	Liquefied petroleum gas
LTIP	Long-term incentive plan
M&A	Mergers and acquisitions
MEC	Member of the Executive Council
MOI	Memorandum of Incorporation
MRI	Magnetic resonance imaging
MSCI	Morgan Stanley Capital International
NCD	Non-communicable disease
NED	Non-executive director
NEPS	Normalised earnings per share
NHI	National Health Insurance
NHS	UK National Health Service
NHSE	National Health Service England
OEM	Original equipment manufacturer
OHSC	Office of Healthcare Standards Compliance
PET-CT	Positron emission tomography-computerised tomography
POPIA	Protection of Personal Information Act, 4 of 2013
PPD	Paid patient day
PPE	Property, plant and equipment
PPP	Public-private partnership
PSP	Progressive supranuclear palsy
PV	Photo voltaic
PXM	Patient experience measure

QMS	Quality management system
QSSS	Quality systems support specialist
R&D	Research and development
RCITGC	Risk, Compliance and IT Governance Committee
REMCO	Human Resources and Remuneration Committee
ROCE	Return on capital employed
ROIC	Return on invested capital
RONA	Return in net assets
S&P	Standard and Poor
SA	South Africa
SANC	South African Nursing Council
SANCB	South African National Council for the Blind
Scanmed	Scanmed S.A.
SENS	Stock Exchange News Service
SET	Social, Ethics and Transformation
SETCO	Social, Ethics and Transformation Committee
SOC	Security operations centre
SOE	State owned enterprise
SSI	Surgical site infections
STI	Short-term incentive
TBD	To be determined
TCFD	Taskforce for Climate-Related Financial Disclosure
TCD	Temporary capacity diverts
TCO	Total cost of ownership
TDI	Transformation, diversity and inclusion
TGP	Total guaranteed package
TSR	Total shareholder return
UK	United Kingdom
UNGC	United Nations Global Compact
UOM	Unit of measurement
US	United States
USD	US dollar
VAP	Ventilator-associated pneumonia
VBC	Value-based care
VCP	Variable compensation plan
VWAP	Volume weighted average price
WACC	Weighted average cost of capital
WHO	World Health Organization
ZAR	South African Rand



Independent assurance practitioner's limited assurance report

ON SELECTED KEY PERFORMANCE INDICATORS IN LIFE HEALTHCARE'S INTEGRATED REPORT



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TO THE DIRECTORS OF LIFE HEALTHCARE GROUP HOLDINGS LIMITED

Report on Selected Key Performance Indicators

We have undertaken a limited assurance engagement on selected key performance indicators (KPIs), as described below, and presented in the Integrated Report 2022 of Life Healthcare Group Holdings Limited (Life Healthcare) for the year ended 30 September 2022 (the Report). This engagement was conducted by a multidisciplinary team including environmental and assurance specialists with relevant experience in sustainability reporting.

Subject Matter

We have been engaged to provide a limited assurance conclusion in our report on the following selected KPIs, marked with an "A" on the relevant pages in the Report. The selected KPIs described below have been prepared in accordance with Life Healthcare's reporting criteria as disclosed in  pages 37 of the Sustainability Complementary Data Report (reporting criteria).

Key Performance Indicator	Unit of measurement	Boundary of reporting
Healthcare risk waste generated	kg/PPD	Southern Africa Business
Patient safety adverse events	Total patient incidents/PPD x 1 000	Southern Africa Business
Paid patient days (PPD)	Number	Southern Africa Business
Healthcare associated infections (HAI)	HAI/PPD x 1 000	Southern Africa Business
Scope 1 emissions	tCO ₂ e	Southern Africa Business
Scope 2 emissions	tCO ₂ e	Southern Africa Business (excluding Life Nkanyisa)

Directors' Responsibilities

The Directors are responsible for the selection, preparation and presentation of the selected KPIs in accordance with the accompanying Life Healthcare reporting criteria. This responsibility includes the identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance and design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material misstatement, whether due to fraud or error. The Directors are also responsible for determining the appropriateness of the measurement and reporting criteria in view of the intended users of the selected KPIs and for ensuring that those criteria are publicly available to the Report users.

Inherent Limitations

The Greenhouse Gas (GHG) emission quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Professional Conduct for Registered Auditors* issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

Deloitte applies the International Standard on Quality Control 1, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements other than Audits or Reviews of Historical Financial Information* and, in respect of greenhouse gas emissions, in accordance with the International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board. These Standards requires that we plan and perform our engagement to obtain limited assurance about whether the selected KPIs are free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the suitability in the circumstances of Life Healthcare's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- ▮ Interviewed management and senior executives to obtain an understanding of the internal control environment, risk assessment process and information systems relevant to the sustainability reporting process;
- ▮ Inspected documentation to corroborate the statements of management and senior executives in our interviews;
- ▮ Tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs;
- ▮ Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria;
- ▮ Evaluated whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance at Life Healthcare.

The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Life Healthcare's selected KPIs have been prepared, in all material respects, in accordance with the accompanying Life Healthcare's reporting criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected KPIs as set out in the Subject Matter paragraph above for the year ended 30 September 2022 are not prepared, in all material respects, in accordance with the reporting criteria.

Other Matters

Our report includes the provision of limited assurance on Scope 1 and 2 emissions. We were previously not required to provide assurance on these selected KPIs.

The maintenance and integrity of the Life Healthcare's website is the responsibility of Life Healthcare's management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on Life Healthcare's website.



Independent assurance practitioner's limited assurance report continued

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the Directors of Life Healthcare in accordance with the terms of our engagement, and for no other purpose. We do not accept or assume liability to any party other than Life Healthcare, for our work, for this report, or for the conclusion we have reached.

Deloitte & Touche

Registered Auditors

Per Jyoti Vallabh
Chartered Accountant (SA)
Registered Auditor
Partner

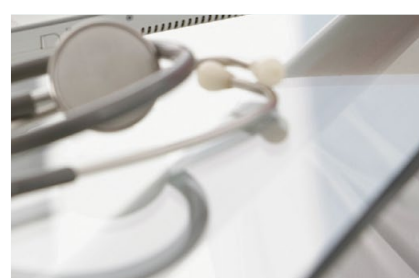
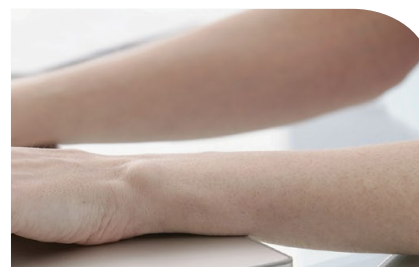
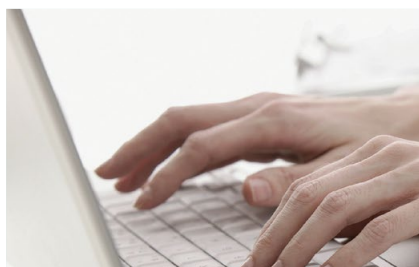
5 December 2022

5 Magwa Crescent
Waterfall City, Waterfall
Private Bag X6, Gallo Manor, 2052
South Africa

Corporate information

LIFE HEALTHCARE GROUP HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)
 Registration number: 2003/002733/06
 ISIN: ZAE000145892
 JSE and A2X Share Code: LHC



Registered office

Building 2, Oxford Parks,
 203 Oxford Road
 (cnr Eastwood and
 Oxford Roads),
 Dunkeld 2196.
 Private Bag X13,
 Northlands 2116

Executive directors

PG Wharton-Hood
 (Group Chief Executive),
 PP van der Westhuizen
 (Group Chief Financial Officer)

Non-executive directors

Dr VL Litlhakanyane (Chairman),
 Dr JE Bolger, PJ Golesworthy,
 CM Henry, LE Holmqvist,
 Prof ME Jacobs, AM Mothupi,
 JK Netshitenzhe, Dr MP Ngatane,
 Adv M Sello, GC Solomon and
 RT Vice

Company Secretary

J Ranchhod

Sponsor and Debt Sponsor

Rand Merchant Bank, a division of
 FirstRand Bank Limited.
 1 Merchant Place,
 cnr Fredman Drive and
 Rivonia Road,
 Sandton

Investor relations

M Wadley
 investor.relations@lifehealthcare.co.za

Shareholders' Diary

Dividend payment date

12 December 2022

AGM date

25 January 2023

2023 Interim Results date

On or about
 25 May 2023

2023 Final Results date

On or about
 16 November 2023



Head Office

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

Tel: 011 219 9000

www.lifehealthcare.co.za