

APPLICATION OF KING IV PRINCIPLES FOR FINANCIAL YEAR ENDED 28 FEBRUARY 2025

LENMED CORPORATE GOVERNANCE

The Board of Directors is committed to high standards of corporate governance and it endorses the four governance outcomes set out in King IV, namely an ethical culture, good performance, effective control and legitimacy.

During the past financial year, further corporate governance improvements were achieved as set out below:

- Evaluated amendments to the Companies Act and updated governance documents where relevant.
- Reviewed the memorandum of incorporation (MOI) to take account of the amendments to the Companies Act and recommended the updated MOI for approval by shareholders.
- Conducted a detailed review of Lenmed's approach to corporate governance and disclosure.
- Conducted a comprehensive review of Lenmed's integrated report, with a view to streamlining it and making it more user friendly.
- Changed the composition of the Social and Ethics Committee, to bring it in line with the amendments to the Companies Act (must have a majority of non-executive directors).
- Appointed PKF as external auditors of Mooimed.
- Conducted an effectiveness evaluation of the board and committees. Overall, the outcome was positive with only minor areas for improvement.

- Received a presentation from an external expert on Lenmed’s King IV disclosure and considered the draft King V Code.
- Appointed a new Lead Independent Director, Ms Nomahlubi Simamane, in place of Mr Mike Meehan who retired at the 2024 AGM.

KING IV OVERVIEW

The register set out below provides an overview of Lenmed’s application of the principles contained in King IV. The register should be read in conjunction with Lenmed’s Integrated Report, including the individual reports of the Board committees.

LEADERSHIP	
<p>Principle 1 The governing body should <i>lead ethically and effectively</i>.</p>	<p>The Board leads ethically and effectively. In this regard, the philosophy of this Board is to ensure compliance with the principles of King IV, ensure sustainability of the company and to be a good corporate citizen. Although Lenmed is not a listed company it voluntarily chose to appoint independent directors of a high standing who serve on other prominent boards. The Board leads with a clear set of ethics and morals and sends a clear message on ethics throughout the Group. At meetings there are robust discussions and Board members challenge and hold each other accountable.</p> <p>Disclosure of interests is a standard agenda item at Board and committee meetings and there is an annual declaration by all directors.</p> <p>The Group does not engage in or accept unethical conduct or unfair business practices in the conduct of its business.</p> <p>Director induction and training is reviewed annually. Training is made available to directors on a needs basis and is primarily done via the sub-committees where presentations are made on topics of interest. The board and all members of Exco hold a two-day annual strategy session. The session is fully documented, and strategic targets are monitored at every board meeting. During these proceedings, considerable time is focused on relationships with stakeholders, the tolerance and propensity for risk and opportunities available from consideration of operating environment. The executive’s Key Performance Indicators are developed from strategic plan. Also, risks and opportunities are monitored at every meeting.</p>

	Further, various aspects of Principle 1 are covered in Lenmed's Board Charter and other key documents.
ORGANISATIONAL ETHICS	
Principle 2 The governing body should govern the ethics of the organisation in a way that supports the establishment of <i>an ethical culture</i> .	The ethical tone at Lenmed is set by the Board and applies throughout the organisation. Although Lenmed's Code of Ethics applies to all directors and employees, and its relationship with its stakeholders, a zero-tolerance approach has been adopted, supported by a Code of Ethics and Conduct. A whistleblowing facility is in place and is administered by Tip-offs Anonymous (Deloitte), which guarantees the anonymity of the complainant. Tipoffs are reviewed by the CFO and a summary of outcomes is provided to the chairman of the Audit and Risk Committee as well as the Social and Ethics Committee. The relevant legal processes are followed for any ethical breaches.
RESPONSIBLE CORPORATE CITIZEN	
Principle 3 The governing body should ensure that the organisation is and is seen to be a <i>responsible corporate citizen</i> .	<p>Lenmed's hospitals are of international standard and many of them are located in previously underserved and outlying areas. These hospitals serve the community and are also one of biggest employers in these areas, stimulating the local economy. Further, the healthcare sector is highly regulated which places greater levels of demand and vigilance on the Board and management.</p> <p>The Board's approach to being a responsible corporate citizen is also supported by various policies and the work done by the Social and Ethics Committee and the Clinical Governance Committee. These committees consider and evaluate the sustainability of the Group with reference to the rigid demands of:</p> <ul style="list-style-type: none"> • ethical culture and values • approach to compliance • commitment to transformation and B-BBEE • health and public safety, which includes occupational health and safety, as well as the clinical quality of the Group's services and waste management • environmental matters • patient satisfaction

	<ul style="list-style-type: none"> • labour relations • corporate citizenship. <p>The committee reports back to the Board on these matters and makes recommendations.</p>
STRATEGY AND PERFORMANCE	
<p>Principle 4</p> <p>The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</p>	<p>The Board recognises that all these elements are inseparable and Lenmed follows the six capitals approach as described in our Annual Integrated Report. This integrated approach is taken by the Board at its meetings, strategy sessions and committee meetings.</p> <p>The Board and senior management attend a two-day annual strategy session and strategic targets are monitored at every meeting. Also, risks and opportunities are monitored at every meeting of the Audit and Risk Committee and the Board.</p> <p>The Board agenda and meeting structure focuses on strategy, business performance monitoring and governance matters, with emphasis on strategy and business performance.</p> <p>All budgets and strategic plans (medium and longer term and which take account of risks and opportunities) are approved by the Board.</p>
REPORTING	
<p>Principle 5</p> <p>The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.</p>	<p>The Board is responsible for the integrity of the information contained in this report and other reports, including the annual financial statements and interim results presentations. It is assisted in this regard by the various Board committees which review and recommend their respective reports to the Board in accordance with their terms of reference.</p> <p>The annual financial statements and Integrated Report reviewed by all members of the Board and are provided in printed and online form and are published on the website.</p> <p>The reporting framework is set out on the inside front cover of the Integrated Report.</p> <p>Regarding external assurance of external reports, Lenmed does not consider it necessary to appoint third party consultants to provide assurance. The Audit and Risk Committee is satisfied that assurance is provided by a combination of management, internal audit and external audit. Independent oversight is</p>

	also provided by the Board (which has a majority of non-executive directors, and the majority of the non-executives are independent).
PRIMARY ROLE OF THE BOARD	
Principle 6 The governing body should serve as the <i>focal point and custodian of corporate governance</i> in the organisation.	<p>The Board is the focal point and custodian of corporate governance in the company. Various key policies supporting the strategy are in place.</p> <p>The Board has a Board Charter which is reviewed annually against best practices. An outline of the Board Charter is set out under Principle 7. The Board meets at least four times a year. In addition, a two-day strategy session is held annually. Directors are provided with all necessary information in advance, including a detailed Board pack, to enable them to discharge their responsibilities. A work plan is approved by the Board annually, setting out matters for each meeting and specific matters for certain meetings. The Board agenda and meeting structure focuses on strategy, business performance monitoring and governance matters. The Board's meeting attendance is set out in the Integrated Report.</p> <p>A protocol has been included in the Board Charter for the non-executive directors to engage with management. The board is satisfied that it has discharged its duties as set out in the Board Charter.</p>
COMPOSITION OF THE BOARD	
Principle 7 The governing body should comprise the <i>appropriate balance of knowledge, skills, experience, diversity and independence</i> for it to discharge its governance role and responsibilities objectively and effectively.	<p>Assisted by the Remuneration and Nominations Committee (Remco), the Board reviews its knowledge, skills, experience, diversity and independence annually, or as circumstances change.</p> <p>The Board comprises a majority of non-executive members, most of whom are independent.</p> <p>The Chairman is not independent. This is addressed through the appointment of a lead independent non-executive director.</p> <p>The Board is based on a unitary structure and exercises full and effective control over the Group. It comprises nine members:</p> <ul style="list-style-type: none"> • an executive Chairman • four independent non-executive directors • one non-executive director

- two executive directors - the CEO and Chief Financial Officer (CFO).

The role of Chairman and CEO is separate. Given that the Chairman is executive and also a significant shareholder in Lenmed, any potential conflict has been addressed through the appointment of a Lead Independent Director, Ms Nomahlabi Simamane. The non-executive directors and independent non-executive directors provide objective knowledge and experience to the Board's deliberations. The independence of the non-executive directors is assessed annually and was confirmed by the Board, based on the independence requirements of King IV.

The Board - The Board's composition is reviewed annually to identify any gaps and ensure that the relevant skills, experience and competencies are in place. Each Board member offers a wide range of skills, knowledge and experience that allows them to exercise independent judgement on Board deliberations and decision-making.

Rotation and tenure - Directors are appointed through a formal process led by the Remuneration and Nominations Committee. In terms of the memorandum of incorporation, one-third of the Board are subject to retirement and re-election by rotation annually. Directors appointed by the Board during the year are confirmed at the subsequent AGM.

Induction and training – All new Board members are provided with an induction and orientation programme on appointment. This covers key policies, terms of reference, charters, engagements with management and visits to hospitals. Ongoing training is provided on a needs basis and a programme of possible topics is considered by Remco annually.

Company Secretary - Directors have access to the advice and services of the Company Secretary, who plays an active role in the corporate governance of the Group. They are entitled, at the Group's expense, to seek independent professional advice about the affairs of the Group regarding the execution of their duties as directors. The Company Secretary is Mr W Somerville, aged 68, who holds an FCIS and ACMA qualification, as well as a diploma in Corporate Law. He is a qualified Chartered Secretary with extensive

	<p>experience in the company secretarial and corporate governance arenas. The Board has considered and is satisfied with the competence, qualifications, independence and experience of the Company Secretary. The Board is also satisfied that an arm's-length relationship exists between the Company Secretary and the Board of Directors, as the Company Secretary is not an employee of the Company and provides services on an outsourced basis. The service is provided by CorpStat Governance Services (Pty) Ltd, represented by Mr Somerville. The firm, which has been in business for over 22 years, provides company secretarial and corporate governance advisory services to a range of prominent unlisted and JSE listed companies. It has a senior team of six qualified and experienced company secretaries.</p> <p>Board Charter – The established Board Charter has been in place and outlines the responsibilities of the Board as follows:</p> <ul style="list-style-type: none"> • Retain full and effective control of the Group • Give strategic direction to the Group • Monitor management in implementing plans and strategies as approved by the Board • Appoint the Chief Executive Officer and CFO. • Ensure that succession is planned • Identify and regularly monitor key risk areas and key performance indicators of the business • Ensure that the Group complies with relevant laws, regulations and codes of business practice • Ensure that the Group communicates with shareowners and relevant stakeholders openly and promptly • Identify and monitor relevant non-financial matters • Establish a formal and transparent procedure for appointment to the Board, as well as a formal orientation programme for incoming directors • Regularly review processes and procedures to ensure effectiveness of internal systems of control and accept the total process of risk management
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	<ul style="list-style-type: none"> Assess the performance of the Board, its committees and its individual members at least every two years. <p>The Charter also addresses issues such as the composition and size of the Board, Board procedures, matters reserved for Board decisions and the frequency and proceedings of Board meetings. The Charter is reviewed annually by the Board to ensure alignment to best practices.</p> <p>Succession planning - The Remuneration and Nominations Committee (Remco) annually reviews the succession plan for the Chairman, CEO, CFO Board of Directors and senior management, and makes recommendations to the Board as required.</p>
COMMITTEES OF THE BOARD	
<p>Principle 8</p> <p>The governing body should ensure that its arrangements for <i>delegation within its own structures</i> promote independent judgement and assist with balance of power and the effective discharge of its duties.</p>	<p>Lenmed has five standing Board committees as described below. The composition of the committees is considered, taking account of King IV recommended practices and the Companies Act as applicable.</p> <p>While the Board remains accountable and responsible for the performance and affairs of the Group, it delegates certain functions to management and Board committees to assist it in properly discharging its duties.</p> <p>The Board has the following Board committees in place:</p> <ul style="list-style-type: none"> Audit and Risk Committee Remuneration and Nominations Committee Social and Ethics Committee Clinical Governance Committee Innovation and Disruption Committee <p>Each of the committees is chaired by a different non-executive director which further ensures independent judgment. The Chairman of each Board committee provides feedback at each scheduled meeting of the Board and minutes of committee meetings are provided to the Board. Three of the members of the Audit and Risk Committee are independent non-executive directors. The Remuneration Committee has a majority of independent non-executive directors and is chaired by an independent</p>

	<p>non-executive director. The Nominations Committee consists of a majority of non-executive directors and is chaired by the Executive Chairman, The Social and Ethics Committee is chaired by an independent non-executive director and has a majority of independent non-executive directors. The Clinical Governance Committee is chaired by a non-executive director. Each Board committee functions in accordance with the provisions of its own Charter, as annually reviewed and recommended by the relevant committee and approved by the Board. The Charters set out the purpose, membership, duties and reporting procedures of the various Board committees.</p> <p>The directors and the members of the Board committees are supplied with full and timely information that enables them to properly discharge their responsibilities. All directors have unrestricted access to all Group information, and further, are entitled to get external independent professional advice which also enhances independent judgment and balance of power in regard to Board deliberations and processes.</p> <p>The Chairman of each Board committee is required to attend Annual General Meetings to answer questions raised by shareholders.</p> <p>Further details of the committees can be found in the respective committee reports.</p>
BOARD PERFORMANCE EVALUATION	
<p>Principle 9</p> <p>The governing body should ensure that the <i>evaluation of its own performance</i> and that of its committees, its chair and its individual members, supports continued improvement in its performance and effectiveness.</p>	<p>Lenmed has a process to evaluate the effectiveness of the performance of the Board and the committees. In this comprises an open discussion held at least every second year by the Board and each committee to assess their effectiveness.</p> <p>Individual director evaluations for non-executive directors have not been implemented, however there is a review of KPIs against the strategy, which also is a form of an evaluation. Further, the Board is mature and issues are raised in the open. The names of under-performing directors will not be submitted to shareholders for re-election. The board chairman's contributions and performance were formally</p>

	evaluated as chairman (in addition to his performance as an employee). This process was led by the Lead Independent Director with inputs of the entire board.
APPOINTMENT AND DELEGATION TO MANAGEMENT	
Principle 10 The governing body should ensure that the appointment of, and <i>delegation to, management</i> contributes to role clarity and the effective exercise of authority and responsibilities.	<p>The Board Charter sets out matters reserved for the Board and is reviewed annually. In addition, there is a Delegation of Authority (approved by the Board and reviewed annually) which sets out matters delegated to management and those reserved for the Board.</p> <p>The Lenmed Board appoints the CEO and the incumbent is accountable to the Board for leading the implementation of strategy, policy and running the day to day business of the company. The board also appoints the CFO. The King IV recommendations for the CEO in respect of appointment, roles and responsibilities, succession planning and performance evaluation are complied with. On a bi-annual basis, Remco reviews the organogram and interrogates all aspects of the business relative to the roles and responsibilities of the executive and senior management team.</p> <p>Lenmed has a Company Secretary with the necessary experience, expertise and qualifications to discharge the role effectively. The King IV recommendations in respect of the appointment, reporting lines, independence, duties and performance evaluation are met. Details of the Company Secretary are set out under Principle 7.</p>
RISK GOVERNANCE	
Principle 11 The governing body should <i>govern risk</i> in a way that supports the organisation in setting and achieving strategic objectives.	<p>The Board governs and is responsible for the culture of managing risk at every level of the organisation. It is assisted by the Audit and Risk Committee, which plays an oversight role in respect of risk management.</p> <p>The Group identifies risks under the headings of: Umbrella Risks and Top Ten Risks.</p> <p>Risk appetite determination - King IV requires the Board to determine the organisation's risk appetite or tolerance for risk. Risk appetite in this context is "the amount of risk Lenmed is willing to accept in pursuit of value". Risk appetite is directly related to our business strategy, therefore, strategy changes could require re-assessing our risk appetite and strategy. Both are re-evaluated annually. The Group has an</p>

	<p>appetite for risk that is consistent with the operation of private hospitals in the healthcare industry in South Africa, Mozambique and Botswana. It manages that risk by remaining compliant with legislation and statutory requirements such as the terms under which its licences are granted. The Group has zero tolerance for risk to the enterprise and its reputation but is willing to take on risks at manageable levels for operations and finance, recognising that reward and opportunities flow from the acceptance of risk.</p> <p>Risk Register - Lenmed has a detailed Risk Register and risk matters are a standard agenda item at every Audit and Risk Committee and Board meeting. It is regularly emphasised that risk is everyone's responsibility. In addition, risk mitigation happens on two levels – non-financial and financial – and sub-registers populate Group register. There are specific risk registers at bigger hospitals and compliance audits are done at certain hospitals by specific risk and functional area. There is clinical risk management training at hospitals and industry norms are monitored with a view to becoming ISO compliant in the future. There are also Finance Risk Registers in place.</p> <p>Opportunities flowing from risk assessments form part of the overall approach to risk governance. Emerging risk trends are identified and monitored regularly. Time is set aside at every meeting of the Audit and Risk Committee and the Board for an open risk discussion.</p>
TECHNOLOGY AND INFORMATION GOVERNANCE	
<p>Principle 12</p> <p>The governing body should <i>govern technology and information</i> in a way that supports the organisation setting and achieving its strategic objectives.</p>	<p>IT governance is a standard agenda item at meetings of the Audit and Risk Committee.</p> <p>IT governance is also a standard agenda item at Exco which meets regularly to discusses Lenmed's IT governance and evaluate potential or ongoing projects. An IT Charter and various IT related policies are in place.</p> <p>The Chief Information Officer attends the deliberations of the audit and risk committee when invited and makes presentations to the committee on progress relating to the IT Strategy, infrastructure, enterprise architecture, disaster-recovery, cybersecurity, the digitization and enhancements of the ERP Solution, Business Intelligence including the repository of group data for analysis and reporting capabilities, as well as strategic IT projects being implemented within the Group. The Chief Information Officer is responsible</p>

	<p>to implement and execute effective technology and information management systems. In terms of IT operations, a blended model of in-sourced staffing and strategic outsourced partners are utilised to ensure continuous state of the art service provisioning. Performance metrics have been instituted and monthly services meetings undertaken to measure service delivery against the agreed SLA's.</p> <p>Lenmed continues to manage the risk surrounding cybercrime by implementing new technologies and solutions to countermeasure any potential threats.</p> <p>As regards information governance, including Protection of Personal Information Act (POPI) and Promotion of Access to Information Act (PAIA), Lenmed is aware of the need to protect client and corporate information and has proper processes, policies and systems in place in this regard.</p> <p>IT risks as they relate to financial reporting and the going concern assessment, are being reviewed by both Exco and The Audit and Risk Committee.</p> <p>Lenmed has embraced a digitalisation program to ensure efficiency in operations and in patient experiences. This program is managed by both the Chief Information Officer and the Chief Digital Transformation Officer who both report to the Chief Executive Officer. The Innovation and Disruption Committee exercises oversight over this program.</p>
COMPLIANCE GOVERNANCE	
<p>Principle 13</p> <p>The governing body should <i>govern compliance</i> with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p>	<p>The Board is active in its pursuance of compliance, and this is monitored by a combination of management controls and compliance monitoring via internal audit, external audit and the Company Secretary.</p> <p>Also, compliance is a standard agenda item for the Audit and Risk Committee. The healthcare sector is highly regulated which places greater levels of demand and vigilance on the Board and management. In this regard, the key legal and regulatory risks are monitored. In addition, a Legal Compliance Register is in place, with reporting to the Audit and Risk Committee. Lenmed also has two COHSASA accredited hospitals and hospital internal compliance audits continue to be conducted.</p>

REMUNERATION GOVERNANCE	
<p>Principle 14</p> <p>The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.</p>	<p>The Board takes responsibility for remuneration governance. It is assisted by the Remuneration Committee, which oversees that the organisation remunerates fairly, responsibly and transparently so as to promote the delivery of strategic objectives and the creation of value in a sustainable manner. It makes recommendations to the Board in this regard.</p> <p>The South African healthcare sector is characterised by a shortage of staff in general, which compels Lenmed to retain talented and higher-level staff. Remco has the task to recommend strategies to attract and retain staff of the highest calibre, while still being mindful of managing costs. Remco conducts external benchmarks across executive and senior Group management roles while hospital managers and nurses are done on a more informal basis. The scarce skills and competitive market dictate the remuneration levels and if Lenmed does not remunerate competitively, it will not be able to retain these skills.</p> <p>The Remuneration Report and Implementation Report are set out in the Annual Integrated Report.</p>
ASSURANCE	
<p>Principle 15</p> <p>The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.</p>	<p>Lenmed follows a combined assurance model, with assurance being provided by management, the internal audit function (Mazars) and the external auditors. Oversight on assurance is provided by the Audit and Risk Committee and, in addition, the Board tasks the CFO to implement an effective control environment and report back on this. Internal Audit is used to review the control environment and also assist with the establishment of a control environment. They are independent and objective and their plans and reports are reviewed by the Audit and Risk Committee.</p> <p>The Group has not utilised independent assurance to assess the competence and independence of internal audit and IT as both of these areas are serviced by outsourced service providers and therefore no assurance is required. In addition, the Annual Integrated Report is not subject to review by external and internal audit. The current level of assurance is deemed appropriate for Lenmed but is monitored.</p>

STAKEHOLDERS	
<p>Principle 16</p> <p>In the execution of its governance role and responsibilities, the governing body should adopt a <i>stakeholder-inclusive approach</i> that balances the needs, interests and expectations of <i>material stakeholders</i> in the best interests of the organisation over time.</p>	<p>Lenmed has identified its key stakeholders and material issues and risks that could impact the stakeholders of Lenmed, as set out in the Integrated Report.</p> <p>The value of Lenmed’s stakeholders - Our social licence to operate depends largely on the quality of our stakeholder relationships and our positive or negative impacts on them. Lenmed’s economic growth is underpinned by the value of our relationships with investors, employees, medical practitioners, patients, suppliers and the broader communities in which we operate. Our approach to community development recognises that our long-term sustainability is linked with that of our communities. We are, therefore, aware of and responsive to the socio-economic challenges faced by the communities surrounding our hospitals.</p> <p>Communication with our stakeholders - Reputation and trust are vital intangible assets. Managing our brand and reputation is of prime concern in today’s global business environment, in which stakeholders are increasingly well-informed and assertive. Lenmed makes every effort to establish close and informative relationships with our stakeholders. This communication is two-way and includes employees, patients, doctors, funders, regulators, suppliers and shareholders. As regards employees, a newsletter from the CEO is sent to all staff members every quarter.</p> <p>As regards shareholders, there is ongoing engagement with shareholders via various mechanisms, including interim/year-end reports, the Integrated Report, presentations, the AGM, Lenmed’s website and social media.</p>

