

AfroCentric King IV Compliance Report

Principle	King IV™ Principle	Application of Recommended Practices	IAR page
Principle 1	<i>The governing body should lead ethically and effectively</i>	<p>The Board, as governing body, is committed to upholding good corporate governance principles in all of its business dealings in respect of its shareholders and other stakeholders.</p> <p>The Board Charter stipulates that the Board is responsible for, amongst other things, providing leadership and vision to the Company in a way that will enhance Shareholder value and ensure the Company's long-term organisational health. The Board chairperson oversees this on an ongoing basis. This responsibility is contained in the Board Charter.</p> <p>The Board's role and responsibilities as set out in the Board Charter include, amongst other things, ensuring ethical behaviour and compliance with relevant laws and regulations, and the Company's own governing documents. Pursuant thereto, directors are required to fulfil their fiduciary duties to the Company at all times, while considering and balancing the interests of the Group's various stakeholders. Directors must disclose their other business interests in terms of the Companies Act and the Board Charter. The Group Company Secretary maintains a register of their interests and directors disclose at each meeting any interests they may have regarding agenda items and recuse themselves as necessary.</p>	96, 104, 105, 112
Principle 2	<i>The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</i>	<p>The Board, through the Social and Ethics Committee, is responsible for the monitoring and governing the ethics of the Group. This is contained in the Social and Ethics Committee terms of reference. The Social and Ethics Committee reports to the Board on the overall ethical climate within the Group.</p> <p>Management is tasked with the operational management of ethics, which includes implementing relevant ethics policies and practices within the Group. To support this, management has established internal mechanisms for employees who seek advice regarding ethical and lawful behaviour as well as for those who wish to report unethical or unlawful conduct. These mechanisms include the Declaration of Interest policy and the Code of Conduct policy which are digitally operationalized to enable employees to make disclosures.</p> <p>The Group has an anonymous 'whistleblowing' service available to all its operations to promote an open and ethical culture throughout its operations. The Social and Ethics Committee receives a report of all whistle-blowing monitoring.</p>	105, 112

<p>Principle 3</p>	<p><i>The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen</i></p>	<p>The Board oversees the Group's conduct in striving to become a good, global corporate citizen. It is the responsibility of the Board to ensure that it is and is seen to be a responsible citizen by having regard to not only the financial aspects of the Group but also the impact that business operations have on the environment and communities in which they operate.</p> <p>To ensure effective oversight and monitoring, the Board delegates this responsibility to the Social and Ethics Committee which reviews the Group's performance as a responsible corporate citizen as well as the impact of its operations and activities on the Group's status as a responsible corporate citizen.</p> <p>AfroCentric is the most transformed health-related business listed in South Africa and holds a level 1 B-BBEE contributor status. The Group Scorecard highlights a significant transformation goal – to ensure that 70% of senior management appointments are African, Indian, and Colored individuals.</p> <p>AfroCentric leverages transformation through the diversity of our workforce, various skills development initiatives, developing vendors and suppliers through our Enterprise and Supplier Development and Socio-Economic Development Programmes.</p>	<p>45, 88, 100, 105, 111, 119</p>
<p>Principle 4</p>	<p><i>The governing body should appreciate that the organisation's core purpose, its risk and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process</i></p>	<p>The Board recognises that the Group's strategy, risk, performance, and sustainability are inextricably linked. Therefore, in fulfilling the Group's commitment of becoming a leading global, responsible, and diversified healthcare investment company, the Board is responsible for ensuring that the process to identify the business risks as well as key performance indicators affecting the ability of the Company to achieve its strategic purpose and objectives is appropriate.</p> <p>The Audit and Risk Committee assists the Board with the governance of risk by continuously monitoring risks and the implementation of various mitigating controls. Additionally, the Audit and Risk Committee and the Board review the risk assessment and ranking methodology.</p> <p>The Group strategy is developed by executive directors in consultation with the Board. It is then reviewed by the Board annually, in order to consider existing and new opportunities, related risks, the availability of capital and resources, sustainability, and stakeholder interests. Management is responsible for the implementation of the strategic plan and achievement of the performance targets contained therein.</p>	<p>35, 42 - 47, 96, 100, 104, 108, 112-114</p>
<p>Principle 5</p>	<p><i>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</i></p>	<p>The Company's Integrated Annual Report provides an assessment of its performance in respect of the year under review. Additionally, the Company issues unaudited interim results and audited consolidated financial statements for the year-end results. The publication of external reports, press releases and releases on the Stock Exchange News Services on the Company's website, enable stakeholders to make informed evaluations of the Company's performance in the short, medium, and long-term.</p> <p>The Board, through the Audit and Risk Committee, ensures that there are necessary controls in place to verify and safeguard the integrity of the Integrated Annual Report and any other disclosures. Reporting frameworks and materiality are approved by the Audit and Risk Committee to ensure compliance with legal requirements with regard to reporting. The Audit and Risk Committee oversees the integrated reporting process and reviews the audited financial statements.</p>	<p>3, 103, 105, 108</p>

<p>Principle 6</p>	<p><i>The governing body should serve as the focal point and custodian of corporate governance in the organisation</i></p>	<p>The Board of directors adheres to an approved Board Charter and the JSE Limited Listings Requirements, the Companies Act 71 of 2008 (and as amended) and King IV recommendations, which enables it to execute its responsibilities in an ethical manner and based on principles of good corporate governance.</p> <p>The Board is supported by various sub-committees which have a delegated responsibility to assist the Board in fulfilling specific functions. Each sub-committee is governed by its own Terms of Reference and provide a report to the Board at Board meetings.</p>	<p>96, 102, 104-105</p>
<p>Principle 7</p>	<p><i>The governing body should comprise an appropriate balance of knowledge, skills, experience, diversity, and independence, for it to discharge its governance role and responsibilities objectively and effectively</i></p>	<p>The AfroCentric Board is comprised of qualified directors who reflect a diversity of skills, experience, age, and background which enable it to discharge its duties effectively and objectively. AfroCentric recognises that a diverse board is able to make decisions more effectively by reducing the risk of “groupthink”, paying more attention to managing and controlling risks and having a better understanding of the Group’s clients.</p> <p>The division of responsibilities of the Chairman and chief executive officer (“CEO”) has been documented and approved by the Board to ensure a balance of power. There is a clear division between the role of the Chairman and the CEO, the latter being fully responsible and accountable for the operations of the Company, and whose role and function are formalised.</p> <p>Declarations of interest are tabled at every Board and sub-committee meetings. The declaration of interests is also a formal item on the agenda at all Board and sub-committee meetings. Should a matter arise in which a director has an interest, the director is not permitted to vote and is required to recuse himself/herself from any meeting where the matter is discussed.</p> <p>Despite the number of independent non-executive remaining in the minority, given the diversity in knowledge, skills and experience, the Board is of the view that there was a balance of power and authority on the Board reflected in its discussions. As the chairman, Dr Anna Mokgokong is not considered to be independent, Mr. Bruno Fernandes is appointed as the lead independent non-executive director to take up the role of the chairman should there be a conflict.</p>	<p>97-100, 104, 105,106, 112</p>
<p>Principle 8</p>	<p><i>The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.</i></p>	<p>There is a clear balance of power on the Board to ensure that no individual/s have undue decision-making powers. A lead independent non-executive director has been appointed.</p> <p>Committees have been established to assist the Board in discharging its responsibilities. The Committees of the Board comprise the Audit and Risk Committee, the Remuneration Committee, Nominations Committee, the Social and Ethics Committee and the Investment Committee.</p> <p>The Audit and Risk Committee is satisfied that the auditor is independent and that the audit firm has been appointed with the designated audit partner having oversight of the audit.</p> <p>The Chief Financial Officer oversees the finance function and is assisted by suitably qualified staff. An effective internal audit function is in place. An assessment of the effectiveness of the Chief Financial Officer’s performance is conducted annually by the Audit and Risk Committee and confirmed in the Integrated Report.</p>	<p>3, 96, 97, 99, 100, 102</p>

		As and when required, the Nomination Committee reviews the composition of Board committees and makes recommendations to the Board with regard to their composition, including appointment of the chairman of each committee, considering factors such as diversity and skills and the need to create an even spread of power and authority.	
Principle 9	<i>The governing body should ensure that the evaluation of its own performance and that of its committees, its chairman and its individual members, support continued improvement in its performance and effectiveness</i>	<p>Board evaluations are critical structural processes for assessing the effectiveness of the Board and its committees. In line with King IV™, the Board and sub-committees' performance was evaluated and reported to the Nomination Committee as part of its adjudication process on the effective performance of individual Board members.</p> <p>The Board commissioned an external consultant to facilitate an evaluation of the Board and its sub-committees. The Company Secretary in consultation with the Chairman, are responsible for implementing any actions emanating from the evaluations.</p>	97, 102, 105, 107
Principle 10	<i>The governing body should ensure that the appointment of, and delegation to management contributes to role clarity and the effective exercise of authority and responsibilities.</i>	<p>The Board is overall responsible for the Company and Group and delegates authority to the executive management to manage the day-today business and affairs of the Group.</p> <p>To this end, AfroCentric has an approved Delegation of Authority framework which outlines the Board's inherent powers and delegated authority to management. The Board approves the appointment of the CEO, Executive Directors, and the Company Secretary. The CEO has a clearly defined role and is assisted by the executive committee under his leadership.</p>	100-102, 104, 105
Principle 11	<i>The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives</i>	<p>The AfroCentric risk management process enables it to mitigate risks that could hinder the achievement of strategic objectives and opportunities. The Board is ultimately responsible for ensuring that risks are managed effectively. The Board accepts that it is responsible for the governance of risk and has the ultimate responsibility for risk management as well as for developing the risk appetite and monitoring risk tolerance levels, assisted by the Audit and Risk Committee and management.</p> <p>The Audit and Risk Committee implements processes by which the risks to the sustainability of the Group are identified and managed within acceptable parameters. It regularly reviews the risk register and reports to the Board on the risk management principles in the Group.</p>	35 – 41, 102, 104, 105
Principle 12	<i>The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives</i>	<p>The Audit and Risk Committee delegates to management to continuously identify, assess, mitigate, and manage risks within the existing operating environment. Mitigating controls are in place to address these risks which are monitored on a continuous basis.</p> <p>The Board, through the Audit and Risk Committee, oversees the governance of information technology. The Audit and Risk Committee has, in accordance with its Terms of Reference, delegated this oversight responsibility to the ICT Steering Committee to assist it in overseeing IT governance within the Group. The ICT Steering Committee meets quarterly and reports at each Audit and Risk Committee meeting and Board meeting.</p>	27, 43, 44, 114

Principle 13	<i>The governing body should govern compliance with applicable laws and adopt non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</i>	<p>The Board is ultimately responsible for the governance of compliance with applicable laws and has adopted non-binding rules, codes, and standards in this regard. Compliance with laws, rules, regulations, and relevant codes is integral to the Company's risk management process.</p> <p>The Audit and Risk Committee assumes oversight of the compliance function within the Group and is assisted by the Group Company Secretary, to monitor compliance with the various regulations to which the Company is subject.</p>	27, 44, 103, 105, 107, 112
Principle 14	<i>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</i>	<p>The Company is committed to remunerating fairly, responsibly and transparently to achieve the strategic objectives of the Company in the short, medium, and long-term. The Remuneration Committee, on behalf of the Board, annually reviews the Remuneration Policy and Implementation Report, which are approved by the Board and tabled at the annual general meeting for a non-binding shareholder advisory vote.</p> <p>In response to the shareholder advisory vote at the 2023 AGM, where more than 25% of the votes were not in favour of the Remuneration Policy, following engagement with shareholders, the Board has revised its Remuneration Policy to align it more strongly with prevailing remuneration and governance policies.</p>	107, 110, 115 - 128
Principle 15	<i>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.</i>	<p>The Board has delegated the oversight of the internal audit to the Audit and Risk Committee. The Audit and Risk Committee's Terms of Reference provide for internal and external audit responsibilities, which are in line with good practice and the principles of combined assurance and is responsible for ensuring that the Group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties. AfroCentric has an independent Internal Audit function, headed by the CAE.</p>	105, 108, 112-114
Principle 16	<i>In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests, and expectations of material stakeholders with the best interests of the organisation over time</i>	<p>AfroCentric considers its stakeholders as individuals and groups interested in or affected by our activities. They range from employees to the external bodies who influence the Group. The Board and executive management adopt an inclusive approach to stakeholder management. We engage with our stakeholders in a responsive, constructive, collaborative, and transparent manner to address their material needs, interests, and expectations, and we respond in a way that is mutually beneficial. Our Social and Ethics Committee provides governance oversight to stakeholder engagement.</p>	30 – 34, 106, 111
Principle 17	<i>The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and</i>	<p>The Company is not an institutional investor, and the principle are therefore not applicable.</p>	n/a

	<i>the creation of value by the companies in which it invests</i>		
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