



## Chairman's governance letter

# Meeting demand and delivering on quality

“With the gradual easing of the pandemic, we have seen a rebound in demand for private healthcare and our teams across Spire Healthcare have worked incredibly hard this year to position the business to meet this demand, while delivering on the high quality personalised care for which we have become renowned. The board was delighted to see yet another increase in our quality scores, with a record 98% of our hospitals now rated as ‘Good’ or ‘Outstanding’ by the CQC, or its equivalent in Scotland and Wales.”

Sir Ian Cheshire  
Chairman



### Dear shareholder,

Demand for self-funded and insurance-backed private healthcare remained strong in 2022, against a backdrop of increasing NHS waiting lists. Once again, our teams across Spire Healthcare have worked incredibly hard in 2022 to position the business to meet this demand, while delivering on the high-quality personalised care we have become renowned for. The board was delighted to see yet another increase in our quality scores, with a record 98% of our inspected hospitals and clinics now rated as ‘Good’ or ‘Outstanding’ by the CQC, or the equivalent in Scotland and Wales.

We also welcomed the successful launch of Spire Healthcare’s updated purpose and strategy, both of which are outlined in detail on pages 18 to 32 of this report. While we remain a key partner to the NHS in its mission to care for the nation, we are also broadening our own approach to seeing more private patients in the community. We are opening new, smaller clinics, and offering a range of new services that can be delivered remotely or in person within or outside a hospital setting.

Our acquisition of The Doctors Clinic Group, in late 2022, supports this element of our new strategy, bolstering our GP services, and adding new clinics and corporate clients to our portfolio. Overall, the broadening of our approach is an exciting development for the group, and one that I believe will see us grow beyond our existing parameters to become a true healthcare partner to many more people across Britain in the years ahead.

The board and our management team are committed to building on the solid platform we have created in recent years to drive the business forward. We were pleased to see another increase in capital investment during the year, while the group has maintained a tight grip on cost control to ensure a healthy level of liquidity in the business.

In recognition of our business performance in 2022, the board is proposing a final dividend this year for the first time since the start of the pandemic.

As the business evolves, we also announced a number of changes to the board in 2022. I would like to thank Adèle Anderson, Tony Bourne and Simon Rowlands for their considerable contribution to Spire Healthcare over a combined 20 years on the board. All three will be greatly missed when they step down at the company’s annual general meeting in May 2023. I wish them well for the future.

At the same time, I am delighted that Paula Bobbett, Debbie White and Natalie Ceeney have agreed to join the board. Paula has significant retail and digital expertise, Debbie is an experienced PLC director, and Natalie brings us her experience in digitalisation, transformation and regulation. The breadth of their expertise and experience will be a highly valuable addition to both the board and the company.

Martin Angle will step down from his role as senior independent director after the annual general meeting, with Debbie White taking on that role. The board is grateful to Martin for stepping aside from this role to allow the company to meet the Listing Rule changes brought about by the FCA’s policy statement on diversity and inclusion on boards. Martin Angle will remain as the company’s deputy chairman and take over as chair of the audit and risk committee from 1 May 2023. Natalie Ceeney will become a member of the remuneration committee on her appointment to the board on 1 May 2023 and will chair the committee from 12 May 2023.

Looking ahead, expanding our proposition and building capacity will continue to be our major focus, as the demand for high-quality private healthcare rises. However, the board recognises the importance of maintaining and building on our relationship with government and the NHS – we have shown that we can be an important partner in a time of crisis, and now we are determined to demonstrate that we can help deliver the care Britain needs to recover from the pandemic and its impact on the nation’s health.

Sir Ian Cheshire  
Chairman

1 March 2023



# Corporate governance report

## Compliance with the UK Corporate Governance Code in 2022

The 2018 UK Corporate Governance Code (the 'Code') provides the standard for corporate governance in the UK. The Financial Conduct Authority requires listed companies to disclose whether they have complied with the provisions of the Code throughout the financial year under review.

The company has complied with the principles and provisions of the Code, throughout the year except as shown in the following table.

Code provision	How has the company not complied with the provisions of the UK Code?	The board's response
38	The pension contribution rates for executive directors are not aligned with those available to the workforce	<p>The remuneration committee agreed in 2020 that for new executive directors, the nature and value of any retirement benefits provided will be set by reference to the rate received by the majority of the workforce.</p> <p>Until 31 December 2022, the retirement benefits for incumbent executive directors were 18% of base salary, consistent with the policy on appointment. Benefits for incumbent executive directors were reduced to be consistent with the policy for new appointments with effect from 1 January 2023.</p>

## Director independence

Independence is determined by ensuring that, apart from receiving their fees for acting as directors or owning shares, non-executive directors do not have any other material relationship or additional remuneration from, or transactions with, the group, its promoters, its management or its subsidiaries, which in the judgement of the board may affect, or could appear to affect, their independence of judgement.

The company does not consider Dr. Ronnie van der Merwe, who has been nominated to act as a non-executive director by Mediclinic International PLC, the company's principal shareholder, to be independent. Mediclinic International PLC's subsidiary, Mediclinic Jersey Limited (formerly Remgro Jersey Limited), entered into a relationship agreement with the company in June 2015 (the 'Relationship Agreement'). Under the terms of the Relationship Agreement, when Mediclinic International PLC controls 15% or more of the votes, it will be entitled to appoint one non-executive director to the board. It controls 29.9% of votes as at 1 March 2023. The directors believe that the terms of the Relationship Agreement will enable the group to carry on its business independently of Mediclinic International PLC.

The board considers that, excluding the chairman, over half of the board is independent of management and free from any business or other relationship that could affect the exercise of their independent judgement.

## Conflicts of interest

Save as set out below, there are no actual or potential conflicts of interest between any duties owed by the directors or senior management to the company and their private interests or other duties. The board will continue to monitor and review potential conflicts of interest on a regular basis.

## Director

Dr. Ronnie van der Merwe

## Conflict

Chief executive officer of Mediclinic International PLC, which controls 29.9% of the voting rights in the company as at 1 March 2023.

## Changes to your board during 2022

Individual	Event	Date
Paula Bobbett	Appointed an independent non-executive director	1 November 2022

## Workforce engagement

The board has appointed the remuneration committee to monitor workforce engagement and report to the board on the progress of Spire Healthcare's workforce initiatives, together with the challenges, concerns and priorities of colleagues. This provides directors with an understanding into how culture is embedded across hospitals and central functions, and any issues to be addressed.

## Principal decisions of the board during 2022

Throughout this annual report, we provide examples of how the company takes into account the likely consequences of long-term decisions; builds relationships with stakeholders; understands the importance of engaging with our colleagues; understands the impact of our operations on the communities in our region and the environment we depend upon; and attributes importance to behaving as a responsible business. The directors recognise the importance of effective stakeholder engagement and that stakeholders' views should be considered in its decision-making.

Decision of the board	Stakeholders	Link to Spire Healthcare's strategy	Further details can be found
Acquisition of The Doctors Clinic Group	– Patients – GPs	Expand our proposition Deliver strong financial performance	See pages 31 to 32
Updated purpose and strategy	– Patients – Community		See pages 18 to 32
Refinancing our bank debt	– Investors/ lenders	Deliver strong financial performance	See page 137

The board has a formal schedule of matters reserved to it and delegates certain matters to committees. Specific matters reserved for the board considered during the year to 31 December 2022 included reviewing the group's performance (monthly and year to date), approving capital expenditure, setting and approving the group's strategy and annual budget.

## Key roles and responsibilities

The company has set out in writing a division of responsibilities between the chairman, senior independent director and the chief executive officer.

## Non-executive chairman Sir Ian Cheshire

The non-executive chairman leads the board and is responsible for:

- The leadership and overall effectiveness of the board
- A clear structure for the operation of the board and its committees
- Setting the board agenda in conjunction with the chief executive officer and company secretary
- Ensuring that the board receives accurate, relevant and timely information about the group's affairs

## Chief executive officer

### Justin Ash

The chief executive officer manages the group and is responsible for:

- Developing the group's strategic direction for consideration and approval by the board
- Day-to-day management of the group's operations
- The application of the group's policies
- The implementation of the agreed strategy and purpose
- Being accountable to, and reporting to, the board on the performance of the business



## Corporate governance report continued

**Deputy Chairman and Senior Independent Director****Martin Angle**

The board nominates one of the independent non-executive directors to act as senior independent director and is responsible for:

- Being an alternative contact for shareholders at board level other than the chairman;
- Acting as a sounding board for the chairman
- Leading the annual performance evaluation process for the board
- If required, being an intermediary for non-executive directors' concerns
- Undertaking the annual chairman's performance evaluation

**Company Secretary****Philip Davies**

The company secretary supports the chairman on board corporate governance matters and is responsible for:

- Making appropriate information available to the board in a timely manner
- Ensuring an appropriate level of communication between the board and its committees
- Ensuring an appropriate level of communication between senior management and the non-executive directors
- Keeping the board apprised of developments in relevant legislative, regulatory and governance matters
- Facilitating a new director's induction and assisting with professional development, as required

**Board and committee structure**

Ultimate responsibility for the management of the group rests with the board of directors. The board focuses primarily upon strategic and policy issues and is responsible for:

- Leadership of the group
- Implementing and monitoring effective controls to assess and manage risk
- Supporting the senior leadership team to formulate and execute the group's strategy
- Monitoring the performance of the group
- Setting the group's values and standards

There is a specific schedule of matters reserved for the board.

**The non-executive directors**

The non-executive directors bring a wide range of skills and experience to the board. The independent non-executive directors represent a strong, independent element on the board and are well placed to constructively challenge and support management. They help to shape the group's strategy, scrutinise the performance of management in meeting the group's objectives and monitor the reporting of performance.

Their role is also to satisfy themselves with regard to the integrity of the group's financial information and to ensure that the group's internal controls and risk management systems are robust and defensible.

The independent non-executive directors oversee the adequacy of the risk management and internal control systems (from their membership of the audit and risk committee and clinical governance and safety committee), as well as the remuneration for the executive directors (from their membership of the remuneration committee).

As members of the nomination committee, the non-executive directors also play a pivotal role in board succession planning and the appointment of new executive directors.

**Your board in 2022**

The principal decisions of the board during the year can be found on page 85.

Board meetings were held in person during the year and director attendance at scheduled meetings is shown on page 91.

The agenda at scheduled meetings in 2022 covered standing agenda items, including: a review of the group's performance from the chief executive officer, the current month's and year to date financial statistics by the chief financial officer and a review of clinical performance and medical governance by both the group clinical director and group medical director. In addition, the board received a verbal report from committee chairs, where their committee met immediately in advance of the scheduled board meeting, and the board regularly received reports on legal and statutory matters.

**The board's plan for 2023**

It is currently planned that the board will convene for eight scheduled meetings in 2023, as well as holding any necessary ad hoc board and committee meetings to consider non-routine business.

The chairman and the other non-executive directors will meet on their own without the executive directors present. In addition, the senior independent director and other non-executive directors will meet without the chairman present to discuss matters such as the chairman's performance.

The board will maintain its focus on the group's pursuit of its 2023 targets during the year. Its activities will include:

- Reviewing and approving the 2022 annual report
- Reviewing the revised five-year strategic plan and approving the 2023 annual operating plan
- Completing deep dives into key areas of the business
- Embedding the risk management framework
- Reviewing the makeup of the board
- Following a rolling agenda, ensuring proper time for strategic debate

Furthermore, the board will maintain its commitment to continuous improvement of clinical quality and the implementation of the company's Quality Improvement strategy. It will maintain overall responsibility for the group's system of internal control and risk management processes via the relevant board committees.

**Board evaluation****2023 action plan**

Board evaluation identified two principal areas of focus and associated actions to address them during 2023.

Area of focus	Actions
Digital and technology	To receive regular updates on application of new technology, digitisation and AI in the healthcare sector
Integrating new directors	Ensure the three new non-executive directors are integrated on to the board with appropriate handovers from departing board members and that they have suitable induction programmes in place

**Disclosure committee**

The board has established a disclosure committee to ensure, under delegated authority, that the company complies with its disclosure obligations, specifically under the Market Abuse Regulation and related legislation. The disclosure committee also manages the company's share dealing code, ensuring colleague compliance and provides training where required. The members of the disclosure committee are shown on page 89.



## Corporate governance report continued

**Share schemes committee**

In addition, the board delegates certain responsibilities in relation to the administration of the company's share schemes on an ad hoc basis to the share schemes committee. This committee operates in accordance with the delegation of authority agreed by the board.

**Executive committee**

The executive committee meets twice a month, splitting its time between project work and strategic matters. The executive committee delegates certain matters to the safety, quality and risk committee who have specific focus on safety, quality and risk matters respectively (see the governance framework on page 89).

**National medical professional standards committee**

The national medical professional standards committee meets monthly and is chaired by the group medical director, with membership including the group clinical director, chief operating officer (deputy chair), associate medical directors, deputy general counsel (regulatory) and director of integrated quality governance.

The purpose of the national medical professional standards committee is to:

- Have oversight of performance and monitoring of safety standards of consultants and GPs with practising privileges or employed by Spire Healthcare
- Have oversight over the investigations relating to the practice of doctors with practising privileges at Spire Healthcare's facilities in order to provide assurance to the executive committee and board in relation to compliance with medical policies relating to professional standards
- Provide oversight of consultant related Patient Notification Exercises in order to promote and maintain good medical practice, and inform the continuous quality improvement programme across Spire Healthcare
- Ensure that local and organisational learning is determined and actioned in relation to medical professional standards and performance

**Board meetings**

The attendance of the directors who served during the year ended 31 December 2022, at meetings of the board during 2022, is shown on page 91. To the extent that directors are unable to attend scheduled meetings, or additional meetings called on short notice, they will receive the papers in advance and relay their comments to the chairman for communication at the meeting. The chairman will follow up after the meeting in relation to both the discussions held and decisions taken.

**Effectiveness****Board composition**

The board seeks to ensure that both it and its committees have the appropriate range of skills, experience, independence and knowledge of the group to enable them to discharge their respective duties and responsibilities effectively; for example, the 2022 board calendar included sessions on clinical data analysis and statutory regulations. The board considers its size and composition to be appropriate for the current requirements of the business but will continue to keep this under review.

Committee composition is set out in the relevant committee reports and listed on page 89. No one other than committee chairs and members of the committees is entitled to participate in meetings of the audit and risk, CGSC, disclosure, nomination and remuneration committees, unless by invitation of the respective committee chair.

Martin Angle is the Deputy Chairman and Senior Independent Director. Biographical details of the directors are set out on pages 92 to 94.

**Appointments to the board**

Recommendations for appointments to the board are made by the nomination committee. As part of the recruitment process the nomination committee follows a formal, rigorous and transparent procedure. Further information is set out in the nomination committee report on page 96.

**Time commitment of the non-executive directors**

The non-executive directors each have a letter of appointment which sets out the terms and conditions of their directorship. An indication of the anticipated time commitment is provided in any recruitment role specification, and each director's letter of appointment provides details of the meetings that they are expected to attend.

Non-executive directors are required to set aside sufficient time to prepare for meetings, and to regularly refresh and update their skills and knowledge. In signing their letters of appointment, all directors have agreed to commit sufficient time for the proper performance of their responsibilities, acknowledging that this will vary from year to year, depending on the group's activities.

Directors are expected to attend all board and committee meetings, and any additional meetings, as required. Each director's other significant commitments were disclosed to the board at the time of their appointment and they are required to notify the board of any subsequent changes. The group has reviewed the availability of the non-executive directors and considers that each of them is able to, and in practice does, devote the necessary amount of time to the group's business.

**Induction and training**

Generally, reference materials are provided, including information about the board, its committees, directors' duties, procedures for dealing in the group's shares and other regulatory and governance matters, and directors are advised of their legal and other duties, and obligations as directors of a listed company.

On joining the board, it is the responsibility of the chairman and company secretary to ensure that all newly appointed directors receive a full and formal induction which is tailored to their individual needs. The induction programme includes a comprehensive overview of the group, dedicated time with other directors and senior management, as well as guidance on the duties, responsibilities and liabilities as a director of a listed and regulated company. These activities formed part of the induction programmes for Paula Bobbett and Debbie White.

The company secretary ensures that any additional request for information is promptly supplied. The chairman, through the company secretary, ensures that there is an ongoing process to review any internal or external training and development needs.

As already noted, in the event of a general training need, in-house training will be provided to the entire board. Necessary and relevant regulatory updates are provided by the company secretary or by external advisers as required.





## Corporate governance report continued

**Information and support**

The board ensures that it receives, in a timely manner, information of an appropriate quality to enable it to adequately discharge its responsibilities. This is aided by the use of an online portal. Papers are provided to the directors in advance of the relevant board or committee meeting to enable them to make further enquiries about any matters prior to the meeting, should they so wish. This also allows directors who are unable to attend to submit views in advance of the meeting.

Outside the board papers process, the executive directors provide written updates to the non-executive directors on important business issues, including financial and commercial information. In addition, relevant updates on shareholder matters (including analysts' reports) are also provided to the board.

All directors have access to the advice and services of the company secretary. There is also an agreed procedure in place for directors, in the furtherance of their duties, to take independent legal advice, if necessary, at the group's expense.

**Election of directors**

All the directors appointed at the time offered themselves for election or re-election at the eighth annual general meeting in May 2022. Directors are elected or re-elected in accordance with the requirements of the Code.

All directors, with the exception of Adèle Anderson, Tony Bourne and Simon Rowlands who have decided to step down from the board, will stand for election or re-election at the annual general meeting in May 2023. A thorough review was undertaken in February 2023, with regard to Dame Janet Husband remaining on the board for longer than nine years, which is a circumstance the Code deems could impair the independence of a non-executive director. The assessment concluded that Dame Janet continues to make a valuable contribution to the board, and leads the clinical governance and safety committee effectively. There was considered no impairment to her independence resulting from her tenure. It was further considered to be in the best interests of the company that Dame Janet Husband continue in her role and the nomination committee recommended to the board that she remain on as a director. Dame Janet was appointed Spire Healthcare's vice chair on 1 March 2023.

The biographical details of each director standing for re-election is included in the 2023 notice of annual general meeting. The board believes that each of the directors standing for re-election is effective and demonstrates commitment to their respective roles. Accordingly, the board recommends that shareholders approve the resolutions to be proposed at the 2023 annual general meeting relating to the re-election of the directors.

The biographical details of all directors are set out on pages 92 to 94.

**Directors' indemnities**

The directors of the company have the benefit of a third-party indemnity provision, as defined by section 236 of the Companies Act 2006, in the group's articles of association. In addition, directors and officers of the group are covered by directors' and officers' liability insurance.

**Directors' conflicts of interest**

The Companies Act 2006 provides that directors must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with a company's interests. Directors of public companies may authorise conflicts and potential conflicts, where appropriate, if a company's articles of association permit.

The board has established formal procedures to authorise situations where a director has an interest that conflicts, or may possibly conflict, with the interests of the company – Situational Conflicts. Directors declare Situational Conflicts, so that they can be considered for authorisation by the non-conflicted directors.

In considering a Situational Conflict, these directors act in the way they consider would be most likely to promote the success of the group, and may impose limits, or conditions, when giving authorisation or, subsequently, if they think this is appropriate.

The company secretary records the consideration of any conflict and any authorisations granted. The board believes that the system it has in place for reporting Situational Conflicts continues to operate effectively.

**Non-executive director engagement with hospitals**

Non-executive directors, particularly the members of the clinical governance and safety committee are regular attendees at a wide range of hospital briefings, meetings and specialist conferences. These events have included local and national meetings, and the national medical professional standards committee. Directors have also attended the national theatre managers conference and the national pharmacy managers conference, as well as conferences for directors of clinical services and critical care, and cardiology specialists.

**Accountability****The audit and risk committee**

The audit and risk committee report is set out on pages 101 to 106 and identifies its members, whose biographies are set out on pages 92 and 93.

The report describes the audit and risk committee's work in discharging its responsibilities during the year ended 31 December 2022, and its terms of reference can be found on the group's website at [www.investors.spirehealthcare.com](http://www.investors.spirehealthcare.com).

**Risk management and internal control**

The board has overall responsibility for establishing and maintaining a sound system of risk management and internal control, and for reviewing its effectiveness. This system is designed to manage, rather than eliminate, the risks facing the group and safeguard its assets. No system of internal control can provide absolute assurance against material misstatement or loss. The group's system is designed to provide the directors with reasonable assurance that issues are identified on a timely basis and are dealt with appropriately.

The audit and risk committee and the clinical governance and safety committee, whose reports are set out on pages 101 to 106 and pages 98 to 100 respectively, assist the board in reviewing the effectiveness of the group's risk management system and internal controls, including financial, clinical, operational and compliance controls.



## Corporate governance report continued

## Governance framework in 2022

**Non-Executive Chairman**

Sir Ian Cheshire

**Key objectives:**

- Ensure effectiveness of the board
- Promote high standards of corporate governance
- Ensure clear structure for the operation of the board and its committees
- Encourage open communication between all directors

**Senior Independent Director**

Martin Angle

**The board of Spire Healthcare Group plc**

The board comprises thirteen directors – the non-executive chairman, two executive directors and ten non-executive directors, nine of whom are deemed to be independent for the purposes of the 2018 UK Corporate Governance Code. Philip Davies serves the board as company secretary.

**Key objectives:**

- Leads the group
- Oversees the group's system of risk management and internal controls
- Supports the executive committee to formulate and execute the group's strategy
- Monitors the performance of the group
- Sets the group's values and standards

**Audit and risk committee**

Adèle Anderson (chair), Martin Angle, Tony Bourne, Dame Janet Husband

**Key objectives:**

- Monitors the integrity of financial reporting
- Assists the board in its review of the effectiveness of the group's internal control and risk management systems

**Clinical governance and safety committee**

Dame Janet Husband (chair), Adèle Anderson, Justin Ash, Tony Bourne, Jenny Kay, Professor Cliff Shearman

**Key objectives:**

- Promotes, on behalf of the board, a culture of high-quality and safe patient care; and monitors specific non-financial risks and their associated processes, policies and controls:
  - (i) clinical and regulatory risks
  - (ii) health and safety
  - (iii) facilities and plant

**Disclosure committee**

Sir Ian Cheshire (chair), Martin Angle, Justin Ash, Jitesh Sodha

**Key objectives:**

- Ensures that the company complies with its disclosure obligations, specifically under the Market Abuse Regulation and related legislation
- Oversees the company's Share Dealing Code including colleague training

**Nomination committee**

Sir Ian Cheshire (chair), Adèle Anderson, Martin Angle, Dame Janet Husband, Dr. Ronnie van der Merwe

**Key objectives:**

- Advises the board on appointments, retirements and resignations from the board and its committees
- Reviews succession planning for the Board

**Remuneration committee**

Tony Bourne (chair), Martin Angle, Jenny Kay, Simon Rowlands

**Key objectives:**

- Determines the appropriate framework and level for remuneration of the chairman, executive directors, company secretary and other members of the executive committee
- Reviews workforce remuneration and related policies

**Executive committee**

The group also operates an executive committee (convened and chaired by the chief executive officer). The executive committee meets fortnightly.

**Key objectives:**

- Assists the chief executive officer in discharging his responsibilities
- Ensures a direct line of authority from any member of staff to the chief executive officer
- Assists in making executive decisions affecting the company

**Safety, quality and risk committee**

A committee of the executive committee (chaired by the group medical director) that focuses on safety, quality and risk matters across the group's operations. The safety, quality and risk committee meets monthly.

**Key objectives:**

- Reviews the group's clinical performance
- Reviews evidence of compliance with statutory notification requirements
- Scrutinises all unexpected deaths occurring at hospitals



## Corporate governance report continued

**Executive compensation and risk**

Only independent non-executive directors are allowed to serve on the audit and risk committee and remuneration committee. The non-executive directors are therefore able to bring their experience and knowledge of the activities of each committee to bear when considering the critical judgements of the other.

This means that the directors are in a position to consider carefully the impact of incentive arrangements on the group's risk profile and to ensure the group's remuneration policy and programme are structured, so as to accord with the long-term objectives and risk appetite of the group.

**Financial and non-financial risk**

The clinical governance and safety committee, with the audit and risk committee, collectively ensure that the control and monitoring of both financial and non-financial risks is satisfactory.

In addition, both committees seek to ensure, as far as practicable, there are no elements omitted or unnecessarily duplicated, and that all critical judgements receive the correct level of challenge.

**Relations with shareholders**

The board is committed to communicating with shareholders and stakeholders in a clear and open manner, and seeks to ensure effective engagement through the group's regular communications, the annual general meeting and other investor relations activities.

The group undertakes an ongoing programme of meetings with investors, which during 2022 was led by the chief executive officer, chief financial officer and the director of investor relations. The non-executive chairman, senior independent director and committee chairs remain available for discussion with shareholders on matters under their areas of responsibility, either through contacting the company secretary or directly at the annual general meeting.

The company reports its financial results to shareholders twice a year, with the publication of its annual and half yearly financial reports.

In conjunction with these announcements, presentations or teleconference calls are held with institutional investors and analysts, and copies of any presentation materials issued are made available through the company's website at [www.investors.spirehealthcare.com](http://www.investors.spirehealthcare.com).

All directors are expected to attend the company's annual general meeting, providing shareholders with the opportunity to question them about issues relating to the group, either during the meeting or informally afterwards.

**Modern slavery**

We are committed to act ethically and with integrity in all our relationships in line with our value of 'Doing the right thing'. Our approach to tackling the risk of modern slavery continues to evolve under the oversight of our multi-department modern slavery working group.

Our two main areas of focus are at front-line level, to safeguard patients and others who come through our facilities, and in our supply chain. In our business operations, we believe practitioners and our staff are well placed to identify and deal with modern slavery through the training and protections in place to protect patients. The safeguarding system trains those practitioners and other colleagues (clinical and non-clinical) to recognise and report signs of abuse. We believe the rigour of this system mitigates the risk of modern slavery from either going undetected or being inadequately dealt with at front-line level. This risk is further controlled by the support, training and infrastructure in place for all colleagues to be able to raise concerns through our network of local 'Freedom to Speak Up Guardians', or other available channels. In 2022, we maintained our modern slavery due diligence process for all new suppliers with an annual spend of more than £1m; there were no issues identified through this process. In addition, we started an assessment exercise of third-party management systems to provide robust evaluation of the level of performance and risk of key suppliers across a range of areas including labour and human rights. We plan to conclude this assessment exercise during 2023.

A copy of our latest Modern Slavery Act statement can be found on our website at [www.investors.spirehealthcare.com](http://www.investors.spirehealthcare.com).

**Annual general meeting**

Shareholders are encouraged to participate at the company's annual general meeting, ensuring that there is a high level of accountability and identification with the group's strategy and goals. A summary of the proxy voting at the 2022 annual general meeting was made available via the London Stock Exchange and on the company's website as soon as reasonably practicable on the same day as the meeting and is shown below:

	Summary of resolution	Total votes for %	Total votes against %	Number of votes withheld
1	2021 Annual report and accounts	100.00	0.00	784,991
2	2021 Directors' remuneration report	99.32	0.68	8,649
3 to 13	Election or re-election of directors	Between 99.99 and 89.59	Between 0.01 and 10.41	Maximum 605,573
14	Reappointment of auditors	100.00	0.00	6,594
15	Auditors' remuneration	100.00	0.00	7,461
16	Political expenditure	99.20	0.80	603,976
17	Authority to allot shares	98.91	1.09	5,761
18	Disapplication of statutory pre-emption rights*	99.52	0.48	5,761
19	Disapplication of statutory pre-emption rights for an acquisition*	94.87	5.13	5,761
20	Authority to purchase own shares*	99.75	0.25	16,429
21	General meetings to be held on 14 clear days' notice*	99.32	0.68	5,761

\* Special resolution.

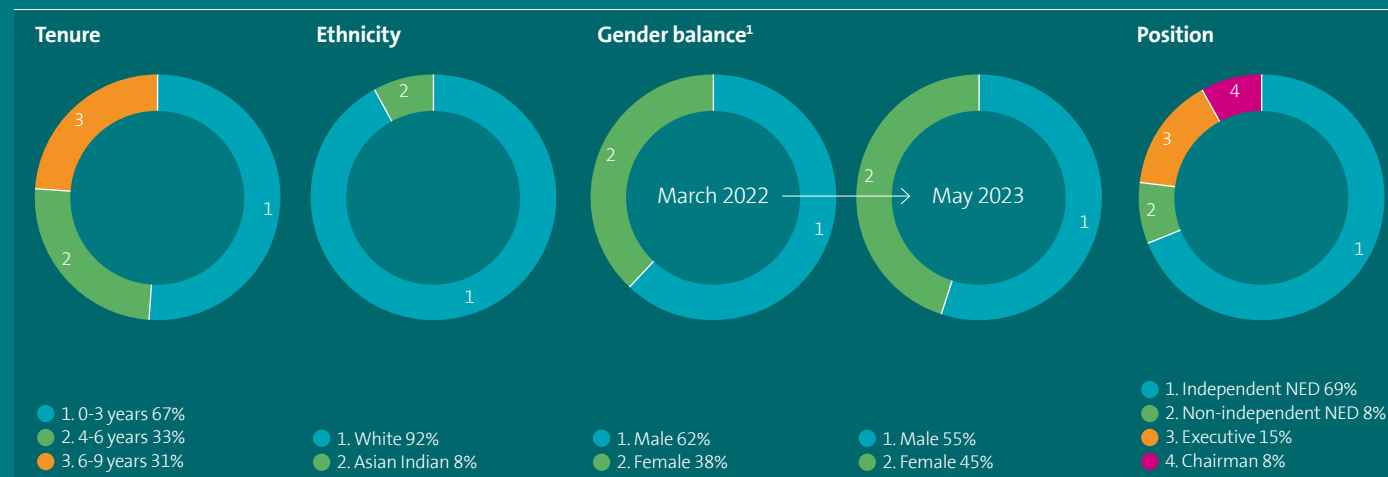
The corporate governance report has been approved by the board and signed on its behalf by:

**Philip Davies**  
Company Secretary

1 March 2023



## Board of directors



### Board skills, experience and background

- Healthcare
- Accounting and finance
- Sustainability and ESG
- UK plc experience
- Remuneration
- Digital and technology
- Multi-site operating
- M&A

### Board meeting attendance during 2022

Chairman and executive directors	Board meetings	Non-executive directors	Board meetings
<b>Non-Executive Chairman</b>		Adèle Anderson	8/8
Sir Ian Cheshire	8/8	Paula Bobbett <sup>1</sup>	1/1
<b>Deputy Chairman and Senior Independent Director</b>		Tony Bourne	8/8
Martin Angle	8/8	Dame Janet Husband	8/8
<b>Executive directors</b>		Jenny Kay	8/8
Justin Ash	8/8	Simon Rowlands	8/8
Jitesh Sodha	5/8	Professor Cliff Shearman	7/8
		Dr. Ronnie van der Merwe	7/8

1. Appointed an independent non-executive director on 1 November 2022.

### Key to board and executive committees

- A** Audit and risk committee
- C** Clinical governance and safety committee
- D** Disclosure committee
- N** Nomination committee
- R** Remuneration committee
- E** Executive committee
- S** Safety, quality and risk committee
- Committee chair





## Board of directors continued

**Sir Ian Cheshire**  
Non-Executive Chairman

Sir Ian Cheshire joined Spire Healthcare as chairman-designate in early March 2021 and became non-executive chairman at the conclusion of its annual general meeting in May 2021.

**Current external appointments**

- Chairman of Menhaden Resource Efficiency plc
- Chairman of Channel 4
- Non-executive director of BT Group plc
- Trustee of the Institute for Government
- Chair of We Mean Business Coalition

**Skills and previous experience**

Sir Ian brings to Spire Healthcare considerable FTSE experience, deep understanding of the government-business interface and broad ESG credentials, which are important to the company's strategy and long-term sustainable success.

Sir Ian was chairman of Barclays Bank UK PLC until December 2020 and a non-executive director of Barclays PLC until May 2021. He was also previously senior independent director and remuneration committee chair of Whitbread plc until September 2017. Sir Ian held a variety of posts whilst at Kingfisher plc including chief executive of B&Q from 2005 to 2008 and group chief executive from 2008 to 2014. He is involved with many charitable organisations, such as The Prince of Wales's Charitable Fund which he also chairs, and has also worked with various government departments.

**Justin Ash**  
Chief Executive Officer

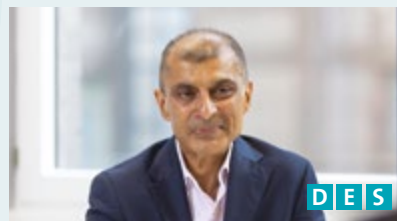
Justin Ash was appointed chief executive officer and an executive director in October 2017.

**Current external appointments**

- Member of the strategic council of Independent Healthcare Providers Network
- Chair of the trustees of Tropical Health and Education Trust (THET)

**Skills and previous experience**

Justin was previously chief executive of Oasis Dental Care between 2008 and 2017 before leading its sale to Bupa. Prior to this, he was managing director of Lloyds Pharmacy and has held several other senior retail positions including general manager of KFC in the UK/Ireland, and commercial director of Allied Domecq Spirits and Wines (Europe). Justin was previously a senior consultant with Bain and Company in London and Paris, and a non-executive board member and chair of the audit and risk committee of Al Nadhi Medical Company. He was chair of Independent Healthcare Providers Network until December 2020 and of The New World Trading Company Co. until August 2022.

**Jitesh Sodha**  
Chief Financial Officer

Jitesh Sodha was appointed chief financial officer and an executive director in October 2018.

**Current external appointments**

- Non-executive director of PZ Cussons Plc

**Skills and previous experience**

Jitesh is a CIMA qualified accountant. He has worked in a range of businesses with an international footprint, most recently as chief financial officer of De La Rue plc. He was previously chief financial officer of Greenergy International, Mobilestreams Plc, where he led the IPO, and T-Mobile International UK. Jitesh graduated from New College, Oxford with a degree in Philosophy, Politics and Economics.

**Martin Angle**  
Deputy Chairman and Senior Independent Director

Martin Angle was appointed as deputy chair and senior independent director in May 2019, having initially joined the board as an independent non-executive director in March 2019.\*

**Current external appointments**

- Deputy chairman and senior independent director of Gulf Keystone Petroleum plc
- Non-executive director of Ocean Biomedical, Inc. (listed on the NASDAQ)
- Honorary professor, College of Social Sciences and International Studies, University of Exeter

**Skills and previous experience**

Martin has held a number of non-executive positions including with Pennon Group plc and its subsidiary South West Water, Savills Plc (senior independent director), National Exhibition Group (chairman), Dubai International Capital, and Shuaa Capital, then the only listed Gulf investment bank. In his earlier career, he held a number of senior positions in investment banking with S.G. Warburg & Co, Morgan Stanley, where he headed UK M&A, and Kleinwort Benson, before becoming group finance director of TI Group, then a FTSE 100 company with worldwide engineering activities.

Martin joined Terra Firma Capital Partners as an operating managing director where he held a number of senior roles in its portfolio companies including Le Meridien Hotel Group (executive deputy chairman and acting chairman) and the Waste Recycling Group (executive chairman), then a leading UK waste management business. He is a chartered accountant and a graduate in physics from the University of Warwick.

\*Martin has kindly agreed to step aside as senior independent director from 11 May 2023, when Debbie White will take over the role. This will allow the company to meet the Listing Rule's requirement that at least one senior board position is held by a woman. Martin Angle will remain as deputy chairman following this change and become chair of the Audit and Risk Committee from 1 May 2023. He will also become a member of the Clinical Governance and Safety Committee on this date.

**Professor Dame Janet Husband**  
Vice Chair

Dame Janet Husband was appointed an independent non-executive director in June 2014. Dame Janet was appointed vice chair on 1 March 2023.

**Current external appointments**

- Emeritus Professor of Radiology at the Institute of Cancer Research

**Skills and previous experience**

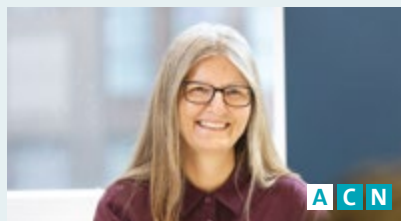
Having trained in medicine at Guy's Hospital Medical School, Dame Janet's extensive career in healthcare allows her to bring invaluable insight and knowledge of the industry.

Dame Janet has previously served as a non-executive director and special adviser to the Royal Marsden NHS Foundation Trust, as a specially appointed commissioner to the Royal Hospital Chelsea and as chair of the National Cancer Research Institute. She was elected president of the Royal College of Radiologists in 2004 and also served as vice chair of the Academy of Medical Royal Colleges.

These appointments followed a long career as professor of radiology at the Institute of Cancer Research and Royal Marsden Hospital during which Dame Janet gained global recognition for her pioneering research in cancer imaging. Prior to retirement from clinical practice she was appointed medical director of the Royal Marsden NHS Foundation Trust where she worked closely with senior management to develop a programme of robust clinical governance and continuous improvement in the quality of patient services.



## Board of directors continued

**Adèle Anderson**  
Independent Non-Executive Director

Adèle Anderson was appointed an independent non-executive director in July 2016. After nearly seven years on the board, Adèle has decided not to seek re-election by shareholders at the company's next annual general meeting and will leave the board on 11 May 2023. She will step down as chair of the audit and risk committee on 30 April 2023 but will remain a member of that committee until she leaves Spire Healthcare.

**Current external appointments****Skills and previous experience**

Adèle is a qualified chartered accountant and has gained extensive financial experience during her career including significant knowledge of audit committees. Until July 2011 she was a partner in KPMG LLP and held a number of senior roles across their business including chief financial officer of KPMG UK, chief executive officer of KPMG's captive insurer and chief financial officer of KPMG Europe.

Adèle was a non-executive director and chair of the audit committees of easyjet plc until February 2019, and intu properties plc until October 2019. She was a member of the audit and risk committee of the Wellcome Trust until August 2022.

**Paula Bobbett**  
Independent Non-Executive Director

Paula Bobbett was appointed an independent non-executive director in November 2022.

**Current external appointments**

– Chief digital officer of Boots UK

**Skills and previous experience**

Paula specialises in business strategy and critical analysis, particularly in digital. She is highly experienced in online trading, commercial strategy and analytics as well as in delivering digital transformation across commercial operations. Paula joined Boots in December 2020 and has driven the end-to-end development of boots.com leading to growth in online performance and positioning boots.com as the UK's number one health and beauty website.

Prior to joining Boots UK, Paula was head of online performance at Dixons Carphone. She has held senior analytics and customer insight roles at a variety of companies, including strategy and analytics manager at Avon, commercial insight manager at Debenhams, as well as roles at British Airways and Vanguard Strategy.

**Tony Bourne**  
Independent Non-Executive Director

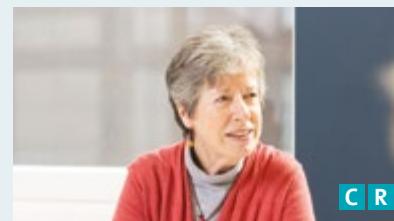
Tony Bourne was appointed an independent non-executive director in June 2014. After nine years on the board, Tony has decided not to seek re-election by shareholders at the company's next annual general meeting and will step down from the board on 11 May 2023.

**Current external appointments**

– Non-executive director of Barchester Healthcare Limited  
– Non-executive director of Totally plc  
– Non-executive chairman of CW+ (the Chelsea and Westminster Hospital NHS Foundation Trust charitable trust)

**Skills and previous experience**

Tony brings considerable knowledge of the healthcare industry to his role having been chief executive of the British Medical Association for nine years until 2013. Prior to this he was in investment banking for over 25 years, including as a partner at Hawkpoint, an independent corporate finance advisory firm, and as global head of the equities division and a member of the managing board of Paribas. Tony also previously served as a non-executive director of Bioquell Plc, Southern Housing Group, Sensyne Health plc and the charity, Scope.

**Jenny Kay**  
Independent Non-Executive Director

Jenny Kay was appointed an independent non-executive director in June 2019. She has been designated Spire Healthcare's non-executive director lead for safeguarding and the board's Freedom to Speak Up Guardian.

**Current external appointments****Skills and previous experience**

Jenny has extensive experience as a front-line registered nurse and subsequent experience in senior management and board roles across the NHS including as director of nursing at Dartford and Gravesham NHS Trust in Kent. She was a senior independent director at East London NHS Foundation Trust until the end of December 2020. Jenny also worked at the Department of Health in the chief nursing officer's team, leading on communications. Additionally, Jenny has experience as director of quality in a clinical commissioning group.

Jenny's clinical background is in children's nursing – she was a ward sister at King's College Hospital for many years, specialising in care for children with liver disease and children requiring intensive care. Jenny trained at St Thomas' (RGN) and Guy's Hospitals (RSCN).

Before commencing her nursing career, Jenny studied languages at Durham University and she also has an MBA from the Bristol Business School.

**Simon Rowlands**  
Independent Non-Executive Director

Simon Rowlands was appointed a non-executive director in June 2014. After nine years on the board, Simon has decided not to seek re-election by shareholders at the company's next annual general meeting and will step down from the Board on 11 May 2023.

**Current external appointments**

– Non-executive director of Alfa Medical Group  
– Founding partner of Africa Platform Capital  
– Non-executive director of British International Investment plc  
– Member of University of Cranfield Council and chairman of the School of Management Advisory Board

**Skills and previous experience**

Simon's extensive knowledge of the company and its markets, combined with his wise counsel over a number of years, were among the reasons he was asked to continue to serve as a member of the board following Cinven's sale of their shareholding in 2015.

Simon was a founding partner of the private equity firm Cinven until 2013, establishing and leading its healthcare team, and then served as a senior adviser until 2017. He founded a new private equity firm in 2016 focused on healthcare and disruptive technology in Africa. Prior to joining Cinven, Simon worked with an international consulting firm on multidisciplinary engineering projects in the UK and southern Africa.

Simon was a non-executive director of MD Medical Group Investments plc to March 2022.



## Board of directors continued

**Professor Cliff Shearman**  
Independent Non-Executive Director

Professor Cliff Shearman was appointed an independent non-executive director in October 2020.

**Current external appointments**

- Emeritus professor of vascular surgery, University of Southampton
- Non-executive director of University Hospitals Dorset NHS Foundation Trust

**Skills and previous experience**

Cliff was a consultant vascular surgeon for 26 years, initially in Birmingham and then in Southampton, and professor of vascular surgery at the University of Southampton. His research interests focus on factors that lead to diabetic vascular disease and how to improve the clinical outcomes for people with diabetes.

Cliff was a clinical service director and associate medical director in the University Hospital Southampton. At a national level he was president of the Vascular Society of Great Britain and Ireland and was one of the team that separated vascular surgery from general surgery leading to a new speciality, centralisation of services and a new training programme for vascular surgeons. These changes have been associated with dramatic improvements in outcomes for patients. Cliff was a member of the council and a trustee of the Royal College of Surgeons of England, serving as vice president from 2018 until July 2021. He was awarded an OBE in 2021 for services to vascular surgery.

**Dr. Ronnie van der Merwe**  
Non-Executive Director

Dr. Ronnie van der Merwe was appointed as a non-executive director in May 2018. The company does not consider Ronnie to be independent as he has been appointed to the board by the company's principal shareholder, Mediclinic International PLC, under the terms of the relationship agreement with them.

**Current external appointments**

- Group chief executive officer of Mediclinic International PLC

**Skills and previous experience**

Ronnie has a strong track record of leadership and management within the healthcare industry, including strategy, organisational development, clinical performance, adoption of technology, and quality and data management.

As a specialist anaesthesiologist in private practice, Ronnie gained extensive experience in trauma and elective anaesthesia, intensive care management, and the management of acute and chronic pain. He subsequently expanded his expertise at medical insurance company Sanlam Health before joining Mediclinic in 1999. As chief clinical officer, he took responsibility for various aspects of the business, contributed greatly to the growth and strategic positioning of the group, and served as chair of the board of trustees of the in-house medical aid scheme, Remedi. He also served on the board of the premier private emergency medical care provider in South Africa, ER24, and as executive director of Mediclinic International Limited from 2010 up to the combination of the businesses of Mediclinic (then Al Noor Hospitals Group plc) and Mediclinic International Limited. He was appointed as group chief executive officer in 2018.

**Debbie White**  
Independent Non-Executive Director

Debbie White was appointed an independent non-executive director on 1 February 2023. Debbie will become senior independent director on 11 May 2023 and a member of the audit and risk committee and nomination committee on 1 May 2023.

**Current external appointments**

- Non-executive director of Howden Joinery Group plc
- Director of PAVmed Inc (listed on the NASDAQ)
- Director of Lucid Diagnostics Inc (listed on the NASDAQ)
- Trustee and honorary treasurer for the charity Wellbeing of Women

**Skills and previous experience**

Debbie is an experienced CEO and independent director. Her last full time executive role was as chief executive officer of Interserve Group which was preceded by a number of senior executive roles at Sodexo SA including global chief executive officer of Sodexo Healthcare and Sodexo Government, chief financial officer of the North American and UK&I businesses and chief executive officer of Sodexo UK&I. She was interim group HR director for BT Group plc during 2022, supporting the executive on the transformation of the group.

Debbie started her career with Arthur Andersen and is a chartered accountant and chartered tax practitioner. She joined AstraZeneca where she held a variety of financial roles, before joining Sodexo. Debbie was a director of PWC consulting where she advised principally in the pharmaceutical sector.



## Executive committee



**John Forrest**  
Chief Operating Officer

John Forrest joined Spire Healthcare in October 2018, after spending most of his career as a leading operator in the retail and hospitality industries.

John started his career at Marks & Spencer, before moving to the Body Shop and then the Co-operative Group. In 2007, John joined Whitbread as the head of new openings and led the roll out of Premier Inn, before being promoted to chief operating officer at Premier Inn in 2011. In 2015, John moved to Greene King as chief operating officer for their retail division to lead the operational integration of the recently acquired Spirit Pub Company. Most recently, he was promoted to managing director for Greene King Pub Partners Business before leaving to join Spire Healthcare.



**Dr Cathy Cale**  
Group Medical Director

Dr. Cathy Cale joined Spire Healthcare in October 2020, following a successful 30-year career in the NHS, which spanned clinical, research and leadership roles.

Cathy trained in paediatric immunology and immunopathology. She has extensive experience as a medical director, with roles at three NHS trusts, including Great Ormond Street Hospital for Children NHS Foundation Trust.

In 2017, she became a clinical ambassador for Getting it Right First Time (GIRFT), a national programme designed to improve medical care by tackling variations in the way services are delivered across the NHS, and by sharing best practice between trusts. At this time, she was also deputy medical director for NHS Improvement London region, combining this with ongoing clinical work. Cathy most recently worked as medical director at The Hillingdon Hospitals NHS Foundation Trust.



**Peter Corfield**  
Chief Commercial Officer

Peter Corfield joined Spire Healthcare in October 2015 as group commercial Director and has responsibility for delivering revenue growth through our payor groups and identifying new business opportunities. He was appointed chief commercial officer in January 2018 with additional responsibility for business development across the hospital portfolio.

Prior to joining Spire Healthcare, he held a number of senior executive and board roles within the financial services industry in the UK, most recently as managing director of Ageas Retail Direct. Prior to this, Peter worked for both Zurich Financial Services Group and Royal Bank of Scotland in various roles that covered Europe, the Middle East and Japan.



**Rachel King**  
Group People Director

Rachel King joined Spire Healthcare in January 2023 as group group people director, with responsibility for leading our people strategy across the group.

Prior to joining Spire Healthcare, Rachel was the group people director at Camelot, the regulated operator of The National Lottery where she sat on the executive committee, leading the transformation of the people strategy and culture. Prior to her six years at Camelot, she held a number of senior executive roles in a wide range of organisations spanning media, broadcasting, technology and retail sectors. In addition, Rachel sits on the board of Network Homes, a London-based housing association.

Rachel was appointed a member of the executive committee and the safety, quality and risk committee on 1 January 2023.

Until 31 December 2022, Shelley Thomas held the role of group HR director.



**Professor Lisa Grant**  
Group Clinical Director/Chief Nurse

Professor Lisa Grant joined Spire Healthcare in March 2023, following a successful 25 year career in the NHS holding a number of leadership and management roles. Lisa is an experienced nurse and has held three executive chief nurse posts over the last 12 years and also held the role of chief operating officer in large acute NHS trusts. Lisa established the Royal Liverpool Nursing Programme and developed the Excellence in Practice Programme at Leeds Teaching Hospitals NHS Trust that focuses on the development and recognition of the workforce teams. Lisa held a variety of management and leadership roles in the north of England and was awarded a visiting chair in health professions leadership from the University of Leeds in 2022.

Lisa was appointed a member of the executive committee and the safety, quality and risk committee on 1 March 2023.

Until 28 February 2022, Alison Dickinson held the role of group clinical director.



**Mantraraj Budhdev**  
Group General Counsel

Mantraraj Budhdev joined Spire Healthcare in September 2022 as group general counsel, with 15 years' global experience from a range of industries in both private practice and in-house roles. A large proportion of his experience was gained at two global law firms – Linklaters and Hogan Lovells – where he worked on compliance, regulatory and risk matters, while advising leading blue-chip and listed corporate clients, and completed secondments at investment banks including Goldman Sachs. Most recently, Mantraraj was responsible for leading a wide range of transactional, governance and regulatory matters as the group head of compliance and head of legal for Europe and the Americas region with a global port and logistics provider.

Mantraraj is responsible for leading a legal team of corporate, commercial, healthcare and litigation lawyers, Spire Healthcare's data protection team and has also been appointed as the group corporate concerns director. Mantraraj is a member of the executive committee and the safety, quality and risk committee.

Mantraraj was appointed a member of the executive committee and the safety, quality and risk committee on 1 January 2023.

**Justin Ash and Jitesh Sodha**  
also sit on the executive committee.





## Nomination committee report

“I am pleased with the progress we have made on diversity this year, at board level and across the business. This not only helps us to reflect the diverse nature of the environment in which the company operates, it supports optimal decision-making in the execution of our strategy.”

Sir Ian Cheshire  
Chair, Nominations Committee



### At a glance

The majority of nomination committee members were independent non-executive directors at all times during the year in line with the provisions of the UK Corporate Governance Code 2018. The board appoints the chair of the committee, who must be either the chairman of the board or an independent non-executive director. If members are unable to attend a meeting they have the opportunity beforehand to discuss any agenda items with the chair of the committee.

The company secretary, or their appointed nominee, acts as secretary to the committee.

### Committee meetings

3

### Committee membership and attendance at meetings

The nomination committee members at the end of 2022 and the number of meetings they each attended during the year were as follows (the maximum number of meetings that the member was eligible to attend is also shown):

Member	Committee member since	Position in Company	Committee meetings attended/held in 2022
<b>Sir Ian Cheshire</b> (Committee Chair)	May 2021	Non-executive chairman	3 (3)
<b>Adèle Anderson</b>	May 2020	Independent non-executive director	3 (3)
<b>Martin Angle</b>	March 2019	Deputy chairman and senior independent director	3 (3)
<b>Dame Janet Husband</b>	July 2014	Vice chair	3 (3)
<b>Dr. Ronnie van der Merwe</b>	May 2020	Non-executive director	2 (3)

Nomination committee members' biographies are shown on pages 92 to 94.

Adèle Anderson will step down from the board at the company's annual general meeting in May 2023. Debbie White and Natalie Ceeney will be appointed to the Nomination Committee on 1 May 2023.

The Nomination Committee's terms of reference can be found at [www.investors.spirehealthcare.com](http://www.investors.spirehealthcare.com)

### Role and responsibilities

The nomination committee's foremost priorities are to ensure that the group has the best possible leadership and to plan for both executive and non-executive director succession. Its prime focus is therefore on the composition of the board, for which appointments will be made on merit against objective criteria. The nomination committee advises the board on these appointments, oversees the recruitment processes, and also considers retirements and resignations from the board and its other committees. The nomination committee regularly examines succession planning based on the board's balance of experience, overall diversity and the leadership skills required to deliver the company's strategy.

### Process for board appointments

While making new appointments to the board on merit, the board will actively seek to secure candidates with a diverse background. Appointments will take account of the specific skills and experience, resilience, independence and knowledge needed to ensure a rounded board and the diverse benefits each candidate can bring to its overall composition. Care is taken to ensure that proposed appointees have sufficient time to devote to the role and have no conflicts of interest.

The nomination committee uses the services of an executive search firm to identify appropriate candidates, ensuring that the search firm appointed does not have any other conflicts with the group. In addition, the nomination committee will only use those firms that have adopted the Voluntary Code of Conduct addressing gender diversity and best practice in search assignments. A long list of potential appointees is reviewed, followed by the shortlisting of candidates for interview based upon the objective criteria identified in the specification. Committee members interview the shortlisted candidates together with other directors as appropriate, and identify a preferred candidate. Following these meetings, and subject to satisfactory references, the nomination committee makes a formal recommendation to the board on the appointment.





## Nomination committee report continued

## Dear shareholder,

I am pleased to present the nomination committee's report for the year ended 31 December 2022. The committee finally returned to full face-to-face meetings this year – something that was welcomed by all committee members in a period when we have made significant progress on Spire Healthcare's diversity agenda, with the launch of both our Board Diversity Policy, and our wider Equity, Diversity and Inclusion strategy that puts four commitments at the heart of our approach we:

1. recognise the value of diversity
2. understand how it will help us deliver our purpose
3. respect and appreciate each other for who we are
4. include diverse colleagues in our problem solving to make better, faster decisions

This has been an important part of our thinking as the nomination committee maintained its focus on the identification and appointment of the right individuals to the company's board and senior leadership team, recognising the requirement of the UK Corporate Governance Code 2018 (the 'Code') in our decision-making. While all appointments are made on merit and based on objective criteria, we have a clear strategy to promote diversity across the business.

## Succession planning and appointments to the board

During 2022, three of our independent non-executive directors, Adèle Anderson, Tony Bourne and Simon Rowlands, indicated their intention to step down from the Board and not seek re-election at the company's annual general meeting in May 2023. To ensure an orderly succession, we set out to appoint two new independent non-executive directors, one of whom could succeed Tony Bourne as the chair of the remuneration committee.

In our planning we were mindful of the corporate governance requirements for the chair of the remuneration committee to have at least one year's remuneration committee experience. Sensitive to the importance of diversity and a culture of inclusion, we were also keen to balance the composition of the board between the genders, while acquiring new skill sets that would further strengthen the board.

To assist with this process, the committee engaged and retained Odgers Berndtson, an executive search firm, to advise on the appointments. Following extensive, detailed briefing conversations with the chairman and the board more widely, Odgers Berndtson summarised the skills and experience required of the two individuals sought as follows:

1. Broad technology leadership insights from a multisite B2C, commercial environment, with a deep understanding of how technology has revolutionised consumer behaviour and how this might be applied to patients, consultants, and healthcare provision; and
2. Demonstrable experience of successfully scaling businesses alongside a good understanding of, and connections with, the City; a track record of engaging effectively with investors; and the ability to balance clinical quality and patient safety with our value creation strategy.

After a thorough and wide ranging search, Odgers Berndtson secured the interest of 21 individuals across the two positions we were seeking to fill. Following the rigorous selection process that followed, and given the exceptional quality of the shortlist presented, the board took the decision to bring three of these individuals onto the board – Paula Bobbett, Natalie Ceeney and Debbie White.

Paula brings extensive digital and ecommerce insights due to her retail sector credentials and current position as chief digital officer at Boots UK. Natalie offers broad commercial expertise from a leadership background in financial services and government agencies. Debbie is a former chief executive officer of Interserve Group and a proven non-executive director.

Once the three successful candidates were offered the board roles, Odgers Berndtson also ensured they each had the appropriate points of contact to facilitate a successful onboarding process.

Natalie Ceeney will join the remuneration committee on her appointment to the board on 1 May 2023, and will succeed Tony Bourne as the chair of that committee when he steps down as a director. Natalie and Debbie White will become members of the nomination committee on 1 May 2023. Martin Angle will step down from his role as senior independent director after the AGM, with Debbie White taking on that role. The board is grateful to Martin for stepping aside from this role to allow the company to meet the Listing Rule changes brought about by the FCA's policy statement on diversity and inclusion on boards. Martin will remain as the company's deputy chairman, and will take over from Adèle Anderson as chair of the audit and risk committee and become a member of the clinical governance and safety committee in May 2023.

## Diversity and inclusion

As I mentioned above, diversity and inclusion has been a major focus of activity across Spire Healthcare during 2022, and will continue to be in the years ahead. The board promotes diversity and inclusivity within the organisation, including supporting women to become leaders within the business and improving the diversity of the company's workforce. During the year, the board approved a board diversity policy, through which we aim to ensure optimal decision-making that assists in the

development and execution of a strategy that promotes the success of the company for the benefit of its shareholders, as well as other stakeholders. We believe that a diverse board includes and makes good use of differences in skills, experience, background, ethnicity, gender and other characteristics.

As part of the policy, our aim is to achieve a minimum 33% female representation on the board by our annual general meeting in May 2023 and 40% by 2025. The board has also committed to carefully consider and aim to meet any recommendations set out by the FTSE Women Leaders review (formerly the Hampton-Alexander Review). I am pleased to say that, with the new appointments to the board discussed above, that the gender split on our board will be 55% male, 45% female from May 2023.

While Spire Healthcare employs a large majority of female colleagues and the company's gender pay gap is lower than average, we recognise that there is further progress to be made towards better gender representation at senior leadership levels. Details of the company's staff diversity and gender pay gap, in line with reporting requirements, can be found on page 54. The chart on page 53 also illustrates the diversity of the board in terms of gender. Diversity and inclusion is core to everything that we do, and you can read more about our new equity, diversity and inclusion strategy on pages 26 and 52.

## Performance evaluation

In early 2023, the committee completed its annual performance evaluation. In discussing the matters identified in Lintstock's Report the committee agreed minor actions to be implemented during the year.

## Re-election of directors

The committee met in early 2023 to review our new appointments to the board, and the continuation in office and potential reappointment of all other members of the board. Following this review, the committee recommended to the board that, apart from the three retiring members, all directors standing be reappointed or have their appointments confirmed, and hence these directors will seek election or re-election at the annual general meeting in May.

## Sir Ian Cheshire

Chair, Nomination Committee

1 March 2023



## Clinical governance and safety committee report

“As Spire Healthcare adapts to meet increasing demand across a variety of healthcare sectors, quality and safety remain paramount. We continue to improve and oversee clinical governance across the business, and the committee supports our people to improve services and patient care.”

**Professor Dame Janet Husband**  
Chair, Clinical Governance and Safety Committee



### At a glance

The clinical governance and safety committee (CGSC) must have at least two members, one of whom must be an independent non-executive director. The board appoints the chair of the CGSC who must be an independent non-executive director. If members are unable to attend a meeting, they have the opportunity beforehand to discuss any agenda items with the chair of the committee. The group company secretary, or their appointed nominee, acts as secretary to the CGSC.

### Committee meetings

# 4

### Committee membership and attendance at meetings

The CGSC members at the end of 2022 and the number of meetings they each attended during the year were as follows (the maximum number of meetings they could have attended is also shown):

Member	Committee member since	Position in Company	Committee meetings attended/ held in 2022
<b>Dame Janet Husband</b> (committee chair)	July 2014	Vice Chair	4 (4)
<b>Adèle Anderson</b>	February 2018	Independent non-executive director	4 (4)
<b>Justin Ash</b>	October 2017	Chief executive officer	4 (4)
<b>Tony Bourne</b>	July 2014	Independent non-executive director	4 (4)
<b>Jenny Kay</b>	June 2019	Independent non-executive director	4 (4)
<b>Professor Cliff Shearman</b>	January 2021	Independent non-executive director	3 (4)

CGSC members' biographies are shown on pages 92 to 94.

Adèle Anderson and Tony Bourne will step down from the board at the company's annual general meeting on 11 May 2023. Martin Angle will be appointed to the CGSC on 1 May 2023.

The CGSC's terms of reference can be found at [www.investors.spirehealthcare.com](http://www.investors.spirehealthcare.com)

### Role and responsibilities

The CGSC sits above the group's clinical governance systems and is charged by the board with ensuring effective systems and processes are in place to review clinical performance, including the management of complaints, safeguarding concerns, whistleblowing and freedom to speak up issues.

These responsibilities of the CGSC include:

- Promoting a culture of high-quality and safe patient care and experience
- Reviewing the group medical director's report
- Reviewing the group clinical director's clinical governance and safety reports
- Monitoring patient health and safety matters
- Reviewing governance matters that impact patient safety
- Reviewing the clinical matters on the whistleblowing register
- Promoting continuous clinical improvements
- Holding the executive committee accountable for following up actions



## Clinical governance and safety committee report continued

## Dear shareholder,

Once again this year, effective communication has been my priority and that of the clinical governance and safety committee (the 'committee' or the 'CGSC'), as we have sought to further strengthen the company's ward-to-board approach. Due to COVID-19 restrictions at our hospitals for much of the year, in person visits have been replaced by Zoom virtual visits and, while not so inclusive, these have been a great success. They have allowed us to engage with and support our hospital senior leadership teams, and to hear first-hand about the issues they are facing day-to-day.

Our integrated governance reporting has also matured during the year – the committee now has access to excellent data to help us oversee our key performance indicators (KPIs), and determine how our hospitals and services are progressing. Through extensive data correlation, we can clearly see the themes that are coming through, examine the trends, and we know right away when issues arise. All this means we can give the board strong assurance and a high level of confidence.

## Committee activities in 2022

In 2021, we found the agenda at our four CGSC meetings was tight – there was a lot of pressure, and lots to get through. That's why in 2022, in addition to our four standard meetings, we introduced informal seminars, which will be held twice yearly. These will allow us to delve into particular areas in more detail and also, on occasion, to invite an expert guest speaker to discuss a particular topic of national interest.

Our programme of standard meetings have enabled the committee to meet its broad remit again this year, covering the oversight of Spire Healthcare's clinical governance, as well as medical professional standards, clinical risk and the clinical aspects of health and safety.

At our meeting in March, the Spire Healthcare insights team gave a presentation on their patient experience research, which looks far deeper than individual hospital performance, taking a holistic approach to examining the drivers for real satisfaction and dissatisfaction with our services. The committee was delighted to see such high satisfaction scores in both the private and NHS patient service areas, reflecting the great care and dedication of colleagues across the organisation.

We continued our practice of monitoring performance and progress across the business by undertaking themed reviews of specific areas of clinical practice or service. The first of these focused on our Children and Young People (CYP) services, which include tests and treatments from ear, nose and throat conditions and allergy management to general surgery and radiology.

The presentation demonstrated the benefits of adopting a ward-to-board approach, and how this is facilitating a culture of continuous improvement across all areas of our CYP services. Our focus is to increase accreditation for our CYP services, maximise CYP opportunities within the family private healthcare insurance market and ensure Spire Healthcare continues to be the CYP service provider of choice.

At our June meeting, the committee reviewed the first integrated learning report which brings together learnings from various aspects of patient care including incidents, complaints, never events and patient deaths, as well as stories of excellent patient care at our hospitals. Where patient care fell below Spire Healthcare's high standards, it is clear that poor communication was often an important contributory factor. However, by reflecting openly on these issues, the committee felt confident that we can make any changes needed and share best practice across our hospitals. Mortality is very rare at Spire Healthcare hospitals, but any patient death, whether this occurs within a hospital or following discharge within 31 days of surgery, is subject to robust review. Initially this is undertaken by our Medical Examiner, Dr Suzy Lishman. Spire Healthcare established this role to ensure that we have external scrutiny of every patient death, and also to give patients' families a voice. In addition to this excellent service our group medical director introduced a Spire Healthcare group mortality review process to provide additional assurance and to further support group-wide learning. Regular group mortality meetings are held during the year when each patient death is analysed in detail with evidence from the medical examiner review, the hospital's review of the care and evidence from the coroner's investigations, if these are available. This new approach has now been developed into a mortality and morbidity framework and implemented throughout our hospitals. It is now well embedded and I will be attending one of the mortality review meetings during the coming year to see for myself the detailed analysis undertaken, and to gain first-hand assurance that Spire Healthcare's new approach is effective in identifying any learnings and that the care of our patients is exemplary.

The committee held its first informal seminar in September, with an external speaker, Dame Cally Palmer, who is national cancer director, NHS England and NHS Improvement. Dame Cally is responsible for the development and implementation of the national strategy to improve survival and quality of life for all those affected by cancer. She led a discussion on the UK's statistics, and the challenges in diagnostics. We then talked about how at Spire Healthcare we are developing our cancer services, including launching the Macmillan electronic Holistic Needs Assessment (eHNA) platform across the group, and expanding our Bupa bowel cancer centres of excellence.

At the CGSC meeting in November, we received updates on projects and new developments, all of which supported our drive towards continuously improving our practices to deliver high-quality patient-centred care, safely. The committee also reflected on the fact that Spire Healthcare had recently added the word 'people' to our company purpose; specifically to show that what we do affects not just our patients' lives, but those of their families, friends and wider communities too.

Clinical risk is a standing item on the CGSC's agenda, and I liaise regularly with the chair of the audit and risk committee on this. Our clinical risk profile is active and dynamic, and is constantly under review. We discuss and assess clinical risks nationally, and this filters back to our hospitals, as they each operate their own individual hospital risk registers. Several hospitals undertook internal audits during the year, and this has shown how the culture we have built at Spire Healthcare enables people to speak up about issues, and this helps them work together as a team.

At our meetings, the committee reviews issues that have been raised through our Freedom to Speak Up (FTSU) Guardians. The FTSU initiative has become an important part of our business-as-usual practices at Spire Healthcare, enhancing the oversight of concerns raised, and ensuring that most of them are resolved swiftly and successfully. A review of the initiative was carried out in 2022 by Erica Bowen, our FTSU lead who is an active participant in the National Guardian's Office forums and activities. The review showed that the majority of colleagues feel confident to speak up if necessary, and they appreciate the support of the dedicated FTSU Guardians we have across the organisation.



## Clinical governance and safety committee report continued

**High-quality standards**

Quality continues to be at the centre of our culture and everything we do. It is a key pillar of our updated business strategy, and our Quality Improvement (QI) strategy that was launched last year has gone from strength to strength in 2022. Each hospital has its own QI programme, and we now have a standard QI methodology that has reinforced our quality improvement culture.

Our electronic preoperative assessments solution (ePOA) has also played an important part in our quality improvement. This was the subject of one of the committee's themed reviews during the year, focusing on how our solution has transformed processes that relied on a manual, paper based system to triage and assess, to become a fully digitalised ePOA process. Not only has this standardised patient pathways and made more efficient use of our clinical resources, but it has also helped us adhere to national guidance and ensure patients are pre-optimised ahead of surgery.

Congratulations are due to the in-house team behind ePOA, as the successes of the rollout – saving colleagues time, reducing cancellations, and allowing patients to do so much more from home – were recognised with an award for 'Nursing Practice' at the annual LaingBuisson awards.

The CQC, and regulators in Scotland and Wales, continued their inspections at our hospitals this year, and I am delighted to say we now have 98% of inspected hospitals and clinics rated 'Good' or 'Outstanding' by the CQC or equivalent in Scotland and Wales across the group. A huge thank you is due to so many colleagues for this achievement, and I am grateful for the hard work they have put in.

In particular, my heartfelt thanks go to Alison Dickinson for her outstanding contribution to Spire Healthcare over a number of years. I have witnessed first-hand Alison's absolute commitment to patient safety, and dedication to improving the clinical services we provide, having worked closely with her since 2017 when she was appointed chief nurse, and later group clinical director. She will be retiring from the group in 2023 having played such an influential part in getting us so close to 100% 'Good' or 'Outstanding', and I know I speak for all at Spire Healthcare when I wish her well for the future.

**Integrated governance**

We continue to move towards integrated governance that fully aligns with the NHS Quality Assurance Framework. Our integrated governance report is split across the areas of safe care, effective care, positive experience, well led, and sustainable use of resources, and has been designed to provide a more strategic oversight of governance data. Ensuring that we have the right data to oversee KPIs and monitor trends has been a key priority for our group medical director Cathy Cale, and the committee has benefited greatly from her progress in this area.

**Hospital engagement**

Jenny Kay, Cliff Shearman and I have continued our hospital engagement programme in 2022 – holding Zoom calls with the hospital directors and directors of clinical services at 36 hospitals.

These Zoom calls continued to be very useful and CGSC members have been able to see for themselves how our people are adapting, as everything has gradually returned to more normal ways of working. Support given by the executive team and local hospital management teams remains a major factor in maintaining colleagues' morale and loyalty. However, the national shortages in healthcare professionals are still a concern across the group, as it is for all healthcare providers. International recruitment has helped us fill gaps, while our nursing apprenticeship scheme, one of the largest in our sector, will give us access to a strong group of fresh talent in the coming years.

**Other activities**

Members of the committee are regular attendees at a wide range of briefings, meetings and specialist conferences – in some cases using virtual platforms, but increasingly in person. These events have included local MAC committee meetings and national meetings, such as the safety, quality and risk committee and the national medical professional standards committee. Members have also attended the national theatre managers conference and the national pharmacy managers conference, as well as conferences for directors of clinical services and critical care and cardiology specialists. Along with Jenny Kay and Cliff Shearman, I again attended the national MAC chairs conferences this year.

**Looking ahead**

The committee has functioned well during the year, but we are looking forward to getting out there in the business in 2023, meeting people face-to-face. There is no substitute for touring our hospital facilities, meeting junior front-line colleagues and more senior members of hospital management teams in person, as well as our consultant colleagues.

This engagement will be especially important as we seek to expand our proposition beyond our hospitals into our communities, through smaller outpatient clinics and new GP services. I expect the committee, working alongside Cathy Cale, to be very busy in the coming year as we develop new governance and standards around the expanded business, supporting the integration of new occupational health services, long-term condition management and other services into the group.

I am also looking forward to working closely with Lisa Grant, who will take on Alison's role as group clinical director in March 2023. This will be a big focus for me, as we work together to achieve 100% of inspected hospitals and clinics rated 'Good' or 'Outstanding' by the CQC or equivalent in Scotland and Wales. We are mindful of the new CQC assessment framework for 2023 that emphasises safety cultures that can learn and improve over time, with systems in place that plan and deliver safe, person-centred care. The existing CQC key lines of enquiry are all being retired to be replaced by a set of topic areas and 'quality statements'.

We will work with the CQC to fully understand and comply with these changes, but our approach will be the same. We need to focus on quality as much as we have ever done – keeping everyone on high alert, putting patient safety and experience first, and maintaining our very high clinical standards to make a positive difference to people's lives through outstanding personalised care.

**Professor Dame Janet Husband** DBE FMedSci, FRCP, FRCR  
*Chair, Clinical Governance and Safety Committee*

1 March 2023



## Audit and risk committee report

“In 2022, the committee focused on the rapidly changing external risk environment, and the resilience of the organisation and finance leadership team.”

**Adèle Anderson**  
Chair, Audit and Risk Committee



### At a glance

The audit and risk committee must have at least three members, all of whom must be independent non-executive directors. If members are unable to attend a meeting, they have the opportunity beforehand to discuss any agenda items with the chair of the committee.

The audit and risk committee invites the external auditor, the chief executive officer, chief financial officer and the director of audit, risk and compliance to attend each meeting, with other members of the management team attending as and when invited. Representatives of the group's external auditors and internal auditors have a private session with the audit and risk committee twice a year and with the chair prior to each meeting.

The company secretary, or their appointed nominee, acts as secretary to the committee

### Committee meetings

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### Committee membership and attendance at meetings

The Audit and Risk Committee members at the end of 2022 and the number of meetings they each attended during the year were as follows (the maximum number of meetings that the member was eligible to attend is also shown):

Member	Committee member since	Position in Company	Committee meetings attended / held in 2022
<b>Adèle Anderson</b> (Committee chair)	July 2016	Independent non-executive director	7 (7)
<b>Martin Angle</b>	September 2019	Senior independent director	7 (7)
<b>Tony Bourne</b>	July 2014	Independent non-executive director	7 (7)
<b>Dame Janet Husband</b>	July 2014	Vice chair	7 (7)

Audit and risk committee members' biographies are shown on pages 92 and 94.

The audit and risk committee's terms of reference can be found at [www.investors.spirehealthcare.com](http://www.investors.spirehealthcare.com).

### Role and responsibilities

The audit and risk committee has responsibility for overseeing the financial reporting and internal financial controls of the group, for reviewing the group's internal control and risk management systems, and for maintaining an appropriate relationship with the external auditor of the group, and for reporting its findings and recommendations to the board.

These include:

- Receiving and reviewing the annual report and accounts of the group and half yearly financial statements, and any public financial announcements as required, and advising the board on whether the annual report and accounts is fair, balanced and understandable
- Receiving and reviewing reports from the external auditor, monitoring its effectiveness and independence, and approving its appointment and terms of engagement
- Agreeing the annual internal audit programme, including the use of external consultants to support the internal resource
- Monitoring the effectiveness of the risk management system
- Reviewing the effectiveness of the group's system of internal controls and assessing and advising the board on the internal financial, operational and compliance controls
- Overseeing the group's procedures for detecting fraud and whistleblowing

As we announced on 14 October 2022, Martin Angle will take over from Adèle Anderson as chair of the company's audit and risk committee from 1 May 2023. Adèle will remain a member of the audit and risk committee until she steps down from the board at the 2023 AGM. Likewise Tony Bourne is retiring from the board at the next AGM and will also step down from the audit and risk committee at the same time. Debbie White and Natalie Ceeney CBE will join the audit and risk committee from 1 May 2023.



**Audit and risk committee report** continued

## Dear shareholder,

As chair of the audit and risk committee (the 'committee'), I am pleased to present our report for the year ended 31 December 2022.

### Risk management and internal controls

Internal audit and risk management continue to be areas of particular focus and scrutiny for the committee at each meeting, with papers presented and discussed in detail to understand key issues raised and identify emerging and significant risks to the business.

### Internal audit function

During 2022, KPMG continued to provide co-sourced internal audit resource to support the internal audit function. The internal audit function carried out audits of five of the more material hospitals in the group. The scopes focused on hospital level financial controls, hospital governance and soft controls. Internal audit carried out central or functional audits to support assurance over principal risk mitigation or areas of high inherent risk eg aspects of information technology, delivery of transformation programme benefits, and corporate governance.

The committee receives an update report from the director of audit, risk and compliance on internal audit activity four times a year, with two of the committee meetings reserved for deep dives into specific internal control matters. In each update, the committee receives the executive summary of recently published internal audit reports, and the chair receives the full internal audit report. The committee also receives a status update of any remedial actions agreed with management. If there are significant findings, the committee asks the appropriate senior management to attend to discuss the findings.

The director of audit, risk and compliance, under International internal audit standards, has to declare to the committee any potential compromises on his independence. This may include other 'control' functions for which he has line management responsibility. The committee has to approve any activity that falls outside of internal audit. In 2022, the director of audit, risk and compliance has the following control functions reporting into him, all approved by the committee: risk management; and the corporate guardian (responsible for the raising concern processes).

The committee also requires KPMG, as the co-source provider of internal audit services, to maintain independence. In 2022, KPMG provided additional services to the group, the most material of which was support with an acquisition financial due diligence. KPMG is required to obtain pre-approval from the chair of the committee prior to undertaking any additional work. In all cases, the committee approved the KPMG engagements and KPMG has reported all additional fees earned to the committee. As fees for acquisition due diligence can be material compared to the internal audit fees, and based on contingent fee arrangements, the committee has required the executive management team to engage with other financial advisors going forward to provide due diligence support.

The 2023 internal audit plan was approved at the November 2022 committee meeting subject to one audit confirmation. The plan is prepared on a risk-focused basis with input from the senior leadership team and non-executive directors. The plan will focus for 2023 on corporate reviews at head office, and involve hospitals where corporate processes interface with hospitals.

### Risk management function

The risk management and internal control report details the changes to the risk environment the group has faced in 2022 (see pages 66 to 76).

The risk management team has continued to provide reports into various management and board governance committees of the group including this committee. Clinical governance and safety committee received risk reports focused on clinical and medical risks. This committee continued to review the principal risks as they evolved during 2022.

In the group's 2022 CQC inspections, the CQC reported back positively on the risk management processes at hospitals. In 2023, the CQC is changing its inspection regime. Risk management has always been part of its 'Key Lines of Enquiry' (KLOEs). Whilst KLOEs will be replaced by a series of Quality Statements, risk management will still be a fundamental part of our regulatory regime because one Quality Statement will focus on how we involve our people to manage risks.

The committee reviews the risk appetite the executive report against the principal risks providing challenge where appropriate on the level of risk the executive wish to tolerate.

### Emerging risks

Along with the executive management team, the committee has focused more time on the risks, and potential mitigations, that have emerged from the rapidly changing geopolitical and economic environment. The committee agreed with the executive's recommendation to elevate a number of emerging risks to the main principal risk register as reported in summary with the interim financial statements. The new principal risks and emerging risks are discussed in more detail in the risk management and internal control report on pages 66 to 76.

### New financial and internal control reporting requirements

In 2020, the committee received a briefing from the external auditors on the broad range of matters the UK government is consulting in relation to corporate governance following the publication of the independent review of the Financial Reporting Council in 2018 and the Brydon Report in 2020. In 2021, management set up a project team to prepare for the most likely aspects of new legislation from the UK government in this area. The committee received a report from management on the progress of this project in May 2022 and is satisfied that the group is on track to comply with the likely new legislative requirements.

The committee reviewed an internal assessment of its 2021 climate change disclosures as recommended by the Task Force on Climate-Related Financial Disclosures (TCFD) and that became mandatory for premium listed companies in 2021 against good practice as highlighted by the FRC in their July 2022 report. The committee accepted the recommended improvements be reflected in the 2022 TCFD disclosures (see pages 60 to 65).

### Viability

The committee reviewed the process undertaken by management to support and allow the directors to make the group's viability statement. The committee considered and provided input into the determination of which of the group's principal risks and combinations thereof might have an impact on the group's liquidity and solvency. The committee reviewed the results of management's scenario modelling and the stress testing of these models. The group's viability statement can be found on page 77.

**Audit and risk committee report** continued**Other activities in 2022**

In February 2022, the group's chief financial officer, Jitesh Sodha, suffered an injury whilst cycling leaving him in a serious condition. Harbant Samra, group financial controller (subsequently promoted to deputy chief financial officer), took on Jitesh's duties as chief financial officer. Martin Angle and I provided additional support to Harbant to ensure he had sufficient opportunity to draw on our expertise as former chief financial officers. I also worked with the director of audit, risk and compliance to review emergency changes to delegated authorities. The committee is pleased to note that the emergency transition of roles was conducted smoothly.

Prior to the release of the company's 2022 interim results, the committee completed a thorough review of:

- Viability and going concern
- Assessment of goodwill for impairment
- Assessment of property carrying values for impairment
- Assessment of provisions for future liabilities

The committee also reviewed the company's banking covenant compliance.

In addition to providing oversight of the group's financial reporting, internal controls and risk framework, the committee has had reports on information governance, preparations for external reporting on the Internal control framework over financial reporting (known as UK SOX) and counter fraud initiatives. In October 2022, in addition to the six planned meetings, a further exceptional meeting was held in order to allow the committee to consider certain specific risk mitigation steps relating to areas of software development.

**External audit****Annual auditor appointment**

The committee has primary responsibility for the relationship with, and performance of, our external auditor. This includes making the recommendation on the appointment, reappointment and removal of the external auditor, assessing their independence on an ongoing basis and for negotiating the audit fee in conjunction with the chief financial officer.

The shareholders re-appointed Ernst & Young LLP as the company's external auditor during 2022. Ernst & Young LLP has served the business since 2008. Whilst recognising that the 10-year period of its appointment technically began with the company's admission in 2014, the committee agreed that a full audit tender should be linked to the end of the previous lead audit partner's term of office and took place in 2020. Our current audit partner from Ernst & Young LLP is Stephney Dallmann who took on the role in 2020.

The committee ensures that the external auditor adheres to The Auditing Practices Board's Ethical Standard 3, which requires the rotation of the audit partner for listed companies every five years. As a result, this is the third fiscal year for Stephney Dallmann to serve as the audit partner.

**External auditor independence**

The committee reviewed the independence and effectiveness of the external auditor. We did this by:

- Reviewing its proposed plan for the 2022 audit
- Discussing the results of its audit, including its views about material accounting issues and key judgements and estimates, and its audit report
- Reviewing the quality of the people and service provided by Ernst & Young LLP
- Evaluating all of the relationships between the external auditor and the group, to determine whether these impair, or appear to impair, the auditor's independence

**Significant issues and material judgements**

The audit and risk committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements.

The committee reviewed the nature of all items classified as 'adjusting items' in the year and management's justification thereof against relevant accounting guidance. Where costs spanned a reporting period, the committee considered the significance of the total expected costs to be incurred across reporting periods (based on management's estimates), when determining the appropriateness of the accounting treatment.



## Audit and risk committee report continued

The table below summarises the matters where the most material judgements have been made in relation to reporting in 2022:

Matters	Judgement and estimation required	How the committee gained comfort on the matter
<b>Improper revenue</b>	<p>Pressure to achieve results could lead management to manipulate the financial reporting of revenue. This could include the:</p> <ul style="list-style-type: none"> <li>– Manipulation of prices charged, in particular in relation to PMI</li> <li>– Miscoding of procedures by hospitals impacting revenue recorded</li> <li>– Misreporting of other income in the year</li> <li>– Overstatement of accrued revenue at the year end</li> </ul>	<p>Central management carry out a detailed review of monthly hospital performance compared to forecast, in particular focusing on the cut-off of revenue reported at the balance sheet date.</p> <p>The group maintains effective segregation of duties to safeguard the integrity of pricing masterfile data on which billing is dependent. Management routinely reconciles revenues and cash collections as part of monthly cash flow management procedures. This includes accrued revenue, which is substantiated with reference to subsequent billings and cash collection.</p>
<b>Goodwill carrying value</b>	<p>Goodwill is tested for impairment semi-annually. This is achieved by comparing the value-in-use of the goodwill with its carrying value in the accounts. The value-in-use calculations require the group to estimate future cash flows expected to arise in the future, taking into account market conditions. The current value of goodwill is underpinned by these forecasts. The present value of these cash flows is determined using an appropriate discount rate.</p>	<p>The committee has reviewed in detail the analysis produced by management to assess the carrying value of goodwill. Its review included assessing for reasonableness the key underlying assumptions used by management in their analysis. These included the discount factor rate, future anticipated growth rates and forecasted levels of capital maintenance investment (excluding expenditure on new or enhancement of assets). The committee noted that the discount factor was within EY's comparative range.</p> <p>The committee has reviewed management's latest assessments in August and November 2022, and again in February 2023. This regular recurring review process has allowed for earlier visibility of the key assumptions and any potential issues.</p>
<b>Property carrying values</b>	<p>Freehold and leasehold property is held at depreciated cost and its carrying value is required to be assessed for indicators of impairment by management on an annual basis.</p> <p>For those properties with an indicator, an impairment test is performed by calculating a value-in-use, by means of a discounted cash flow model. As this process involves some degree of estimation there is a risk that properties are held in the financial statements at inappropriate carrying values.</p>	<p>The committee reviewed the analysis prepared by management to assess the carrying value of those properties with an indicator of potential impairment, including the appropriateness of the key underlying assumptions. These included future anticipated growth rates, the discount factor rate and levels of ongoing capital maintenance investment (excluding expenditure on new or enhancement of assets).</p> <p>This work was conducted in two phases. An initial review was performed in November 2022. This initial review was performed to provide early visibility of any potential issues and to allow for a preliminary assessment of the reasonableness of the key judgements applied by management. These judgements included:</p> <ul style="list-style-type: none"> <li>– The terminal growth rate</li> <li>– The discount factor rate</li> <li>– Appropriateness of the determination of a Cash Generating Unit</li> <li>– Forecasts in ongoing capital maintenance</li> <li>– Growth rates applied at an individual hospital level over the next five years</li> </ul> <p>Management's review was updated at the year end using the latest available forecasts. A shortlist of hospitals was identified from this activity and reviewed in detail by the committee to ensure that management's conclusions were appropriate. This included, where appropriate, establishing the level of confidence management has in its ability to deliver the plan underlying the forecast. The committee noted that the work carried out by the external auditors, Ernst &amp; Young LLP, supported its own findings in this area.</p>



**Audit and risk committee report** continued

Matters

Judgement and estimation required

How the committee gained comfort on the matter

**Provision for Paterson Public Inquiry costs**

Following the publication of the Public Inquiry report on Ian Paterson on 4 February 2020, the group continues to assess the potential impact of the remedial actions recommended in the report. Since 2020, the group recognised a charge of £21.6 million to ensure the recommended actions are fully adhered to. It is possible that, as further information becomes available, an adjustment to this provision may be required.

The committee has reviewed the information prepared by management, including the key assumptions and judgements underpinning their assessment. The committee also notes that, whilst it is possible that new information may necessitate a revision to this charge in the future, the position taken by management at 2022 year end is appropriate at this time.

**Adjustments to EBITDA ('adjusting items')**

It is the group's policy to disclose EBITDA after adjusting for certain items, due to their nature, amount or incidence, in order to provide a meaningful comparison of the group's underlying performance. Group underlying performance is considered the comparable year-on-year business, and therefore excludes items of a one-off or irregular nature. Pressure to achieve targets could lead management to manipulate the outcome by overstating the level of adjusting Items.

The committee:

- Reviewed in detail each item which was proposed by management to be classified as an adjusting Item
- Assessed whether the proposed approach was consistent with prior periods



## Audit and risk committee report continued

**UK Competition and Markets Authority (CMA) Order**

During the year, the company has complied with the CMA Order in relation to Statutory Audit Services for Large Companies.

**Audit risk**

The committee received from Ernst & Young LLP a detailed plan identifying the scope of their audit for the year, planning materiality and their assessment of key risks. The audit risk identification process is considered a key factor in the overall effectiveness of the external audit process. Ahead of the full-year audit, the committee reviewed the key risks that Ernst & Young LLP identified to ensure their areas of audit focus remain appropriate.

**Working relationship with the external auditor**

During the year, the committee met with the external auditor without management present to provide additional opportunity for open dialogue and feedback between both parties. Matters typically discussed include the external auditor's assessment of business risks, the transparency and openness of interactions with management, confirmation that there has been no restriction in scope placed on them by management, the independence of their audit and how they have exercised professional scepticism. I also meet with the external lead audit partner ahead of each committee meeting. Additionally, the director of audit, risk and compliance liaises with, and meets, the external auditors on a regular basis, and the external auditors receive a copy of each internal audit report.

**External financial reporting**

On 5 September 2022, the Financial Reporting Council's (FRC) corporate reporting review team wrote to the company's non-executive chairman following their review of our annual report and accounts to 31 December 2021. They raised queries over our disclosures on impairment testing and taxation as well as making some observations on other areas of the annual report and accounts for us to take into consideration in preparing this annual report and accounts to 31 December 2022. We engaged positively with the FRC on the queries they raised and on 23 November 2022, the FRC confirmed in writing that they had closed their enquiries.<sup>1</sup>

As a result of the FRC engagement we have agreed to clarify some disclosures related to impairment of goodwill and property values namely:

- Whether a reasonably possible change in the key assumptions would result in the recoverable amount of goodwill being less than the balance sheet carrying amount
- To distinguish those disclosures relating to estimation uncertainty required under IAS 1, where there is a significant risk of a material adjustment in the next financial year, from additional disclosures provided voluntarily
- Where the basis on which a significant improvement in hospital performance was assumed in the value-in-use calculations

The FRC requested further information in respect of our disclosure of a tax adjustment resulting from a sale and leaseback transaction in late 2021. The tax adjustment related to a release of a deferred tax liability. We agreed in future to disclose the fact that the majority of our freehold properties had been acquired by way of business combinations which would explain why they had attracted deferred tax.

We have adopted other points that the FRC raised in their observations. The committee found the review helpful and welcomed the questions and observations made by the FRC.

The committee is responsible for monitoring, reviewing and challenging the integrity of the financial statements, and ensuring compliance with legal, regulatory and statutory requirements, giving due consideration to the provisions of the UK Corporate Governance Code.

The external auditor provided reports for the half-year and year-end reporting, including all significant issues, with an assessment of their view of the appropriateness of management's judgements.

At the request of the board, the committee considered whether the annual report and accounts for the year ended 31 December 2022 was fair, balanced and understandable, and whether it provided the necessary information for the shareholders to assess the group's performance, business model and strategy. The committee took into account its own knowledge of the group, its strategy and performance in the year, internal verification of the factual content, comprehensive review undertaken at different levels in the Group to ensure consistency and overall balance, and detailed review by senior management and the external auditor. The committee was satisfied that, taken as a whole, the annual report and accounts for the year ended 31 December 2022 is fair, balanced and understandable, and has affirmed that view to the board.

**Our priorities for 2023**

The committee's focus in 2023 will be:

- Cyber security and general IT controls
- Monitoring the organisation's preparations for expected new corporate reporting requirements (including certification of internal controls related to financial reporting and the development of an audit and assurance policy over non-financial information)
- Adequacy of mitigations to areas of evolving and other principal risks
- Assessing risk (i) on the transformation programme and (ii) from macroeconomic factors including in particular work force risk

**Non-audit services and independence**

Ernst & Young LLP provided non-audit services to the group during the year ended 31 December 2022. These services related only to the interim review. Total non-audit service fees amounted to £0.1 million (2021: £0.1 million). All non-audit fees are approved by the committee.

**Clinical governance and safety committee (CGSC)**

To ensure that the committee and the CGSC complement each other's work, Dame Janet Husband and I have developed the follow protocols:

- We both sit on each other's committees
- At each meeting this committee receives a report from Dame Janet Husband on the main activities of the CGSC
- We split the focus of risk management with the CGSC focusing on the clinical risk management at corporate and hospital level and this committee on the Principal Risks, and non-clinical operational risks, of the group

**Annual evaluation of the committee's performance**

The latest evaluation of the committee's performance was carried out in early 2023 and confirmed that it continued to perform effectively.

As I step down from the board at the next annual general meeting, and as chair of this committee on 1 May 2023, I wish to express my gratitude to my fellow committee members, the wider board and the executive team for their support and engagement over the last seven years.

**Adèle Anderson**

*Chair, Audit and Risk Committee*

1 March 2023

1. The FRC's review does not benefit from detailed knowledge of our business or an understanding of underlying transactions entered into.





## Remuneration committee report

“In spite of the continued challenges, Spire Healthcare has delivered positive performance and has continued to recognise the contribution of all colleagues.”

**Tony Bourne**  
Chair, Remuneration Committee



### At a glance

The remuneration committee must have at least three members, all of whom must be independent non-executive directors, and the board appoints the remuneration committee's chair. If a member is unable to attend a meeting, they have the opportunity beforehand to discuss any agenda items with the chair of the committee.

The company secretary, or their appointed nominee, acts as secretary to the Remuneration Committee.

### Committee meetings

# 4

### Committee membership and attendance at meetings

The remuneration committee members at the end of 2022 and the number of meetings they each attended during the year were as follows (the maximum number of meetings that the member was eligible to attend is also shown):

Member	Committee member since	Position in Company	Committee meetings attended/ held in 2022
<b>Tony Bourne</b> (Committee chair)	July 2014	Independent non-executive director	4 (4)
<b>Martin Angle</b>	March 2019	Deputy chairman and senior independent director	4 (4)
<b>Jenny Kay</b>	June 2020	Independent non-executive director	4 (4)
<b>Simon Rowlands</b>	October 2020	Independent non-executive director	4 (4)

Remuneration committee members' biographies are shown on pages 92 and 94.

Tony Bourne and Simon Rowlands will step down from the board at the company's annual general meeting in May 2023.

Natalie Ceeney will become a member of the remuneration committee on her appointment as an independent non-executive director on 1 May 2023 and will chair the committee from 12 May 2023.

The remuneration committee's terms of reference can be found at [www.investors.spirehealthcare.com](http://www.investors.spirehealthcare.com)

### Role and responsibilities

The remuneration committee has authority from the board to determine the framework and total remuneration arrangements of the executive directors and, in consultation with the chief executive officer, senior management. It also oversees the group's share-based incentive arrangements. In practice, the committee agrees the:

- Policy for cash remuneration, executive share plans, service contracts and termination arrangements
- Reward packages of the chairman, executive directors and the executive committee, including arrangements on appointment
- Termination arrangements for executive directors and the executive committee members
- Recommendations to the board concerning any new executive share plans or changes to existing schemes which require shareholders' approval
- Basis on which awards are granted and their amount to executive directors and senior management under the LTIP
- Ensures a consistency of remuneration arrangements across all levels within Spire Healthcare

The remuneration committee also has responsibility for matters identified by the UK Corporate Governance Code relating to workforce engagement.



## Remuneration committee report continued

## Dear shareholder,

This remuneration report includes details of decisions taken by the remuneration committee in respect of 2022, as well as a summary of how we intend to operate the remuneration policy for the coming year. The remuneration structure has been in place since 2014 and remains aligned with mainstream FTSE market and best practice. We are not proposing any major changes to our approach in the coming year.

### Performance in 2022

The uncertain macroeconomic environment has meant that 2022 has been another challenging year but one in which the company delivered positive performance. There has been continued growth in revenue as a result of the management's investment in marketing and sales system for self-funded treatment at a time of sustained rise in levels of demand, and their negotiating attractive new contracts with PMI providers. PMI volume has also returned to pre-pandemic levels.

Revenue growth combined with exceeding the targets of the first phase of the savings and efficiency programme are the key drivers of the strong financial results delivered for the year. This meant that our revenues increased from £1,106.2 million to £1,198.5 million, and our adjusted EBITDA grew 14.2% from £178.2 million to £203.5 million, despite the challenging trading environment.

We are also broadening our own approach to seeing more private patients in the community. We are opening new, smaller clinics, and offering a range of new services that can be delivered remotely or in person within or outside a hospital setting. Our acquisition of The Doctors Clinic Group in late 2022 supports this element of our new strategy, bolstering our GP services, and adding new clinics and corporate clients to our portfolio. This is an exciting development for the group, and one that has scope to broaden our reach to patients.

Maintaining strong quality and safety credentials remain core to our activities and our focus on continuous improvement has resulted in an increase to 98% of our inspected hospitals and clinics rated 'Good' or 'Outstanding' by the CQC (or equivalent in Scotland and Wales). In addition the board has approved a capital investment programme focusing on upgrading imaging, MRI and anaesthetics and we have the long term capability to capitalise on demand and deliver outstanding service to the highest standards.

In recognition of our positive business performance in 2022, the board is proposing to reintroduce dividends for the first time since the start of the pandemic.

### Wider workforce pay

The committee has closely monitored the impact of current economic pressures on our colleagues and regularly seeks input from a wide range of sources including reviewing the annual colleague engagement survey. The committee fully supported management proposals to undertake a series of salary interventions during 2022 to align with the 2021/22 real living wage and to award an exceptional annual salary rise of 5% to the majority of our permanent colleagues. Through these interventions, those colleagues who were on the national minimum wage before April, will have received an increase of up to 16.6% during 2022. The committee determined a 3% salary increase for the executive directors.

There are a number of additional benefits and initiatives available to support colleagues in these challenging times including a pilot of affordable meals for staff to take home for their families, swap shop ideas and forming a 'Helping Hand' community. Our colleagues (including our bank colleagues) also have access to a range of retail discounts through our Spire for You platform.

We have also been working on a new job framework as part of our reward framework project, to give us a simple, consistent and transparent structure with roles categorised into job families by discipline, job and role levels.

### 2022 incentive outcomes

The positive financial and operating performance in the year resulted in bonuses being earned in respect of 2022. The bonus was primarily linked to adjusted EBITDA, free cash flow and individual strategic measures. In 2022, 30% of the maximum bonus for Jitesh Sodha and two members of the executive committee were linked to delivery of critically important savings and efficiency goals. The business outperformed the stretch cost savings target in 2022. While Justin Ash has led the important savings and efficiency plan, his bonus targets for 2022 remained aligned to our traditional bonus plan of adjusted EBITDA (60%), free cash flow (20%) and individual strategic objectives (20%).

The committee evaluated the performance of the chief executive officer and chief financial officer against a number of individual strategic objectives. Following this assessment, the committee was mindful of the agility and exceptional performance demonstrated by the chief executive officer in executing a number of complex strategic initiatives during the year, including the delivery of our strategy in relation to primary care services. These factors were not fully captured in the original objectives set at the start of the year but have scope to create significant value for our shareholders over the longer term. The committee was mindful that the chief executive officer led the achievement of the savings and efficiency goals and had the metrics been aligned to the structure applied to the chief financial officer, his bonus outcome would have been 66%. The committee therefore determined that it would be appropriate to make a modest adjustment to the overall bonus outcome for the chief executive officer from 46.6% to 53.0%.

The overall bonus outcomes for the chief executive officer is 53.0% and chief financial officer is 52.3%. The committee concluded that these outcomes are fully warranted and proportionate relative to the scale of performance delivered.

A portion of the bonuses earned by the executive directors will be deferred into shares for three years to ensure continued alignment with our shareholders (50% for chief executive officer and one-third for chief financial officer). Further detail on the performance criteria for this award are set out on page 111.

The 2020 LTIP awards were based on TSR, financial and operating excellence performance measured to 31 December 2022. During the performance period, the company delivered growth in shareholder value of more than 80% compared to the negative returns delivered by the broader FTSE 250 index over the equivalent period. The company considerably outperformed the upper-quartile of the comparator group and therefore the relative TSR element for the 2020 award will vest in full. The targets for the EPS element were set before the full impact of the pandemic was understood. Like many companies, the financial targets set at this time proved to be unrealistic and therefore this element lapsed. For the operational excellence measures we were delighted to see the regulatory rating objective being met in full with currently 98% of our inspected hospitals rated as 'Good' or 'Outstanding' by the CQC (or the equivalent in Scotland and Wales), and a strong colleague engagement score of 80% despite the business undergoing substantial change. The overall vesting outcome for this award is 73.33% of maximum. Vested awards will be subject to a further two-year holding period.



## Remuneration committee report continued

The 2020 awards were granted at a time when there was considerable volatility in the market place. The committee responded to this volatility by granting awards below the policy maximum and using a higher grant price to determine the number of shares under award. Under this alternative approach, the awards granted were equivalent to a grant of c.130% of salary rather than the 200% of salary limit under the policy. In light of this proactive adjustment, and Spire's considerable outperformance of the market over the last three years, no further adjustment has been made to the vesting level. Overall the committee is satisfied that the strong outcomes from this award are supported by both underlying performance and the experience of our shareholders. Further details are set out in the main body of the report.

**Remuneration for 2023**

For the coming year, remuneration arrangements will continue to be operated in line with the policy approved by shareholders at the annual general meeting held in May 2021. Salary increases normally take effect from September. Any increase to salaries for executive directors will not exceed the average increase awarded to the wider workforce. As previously announced, retirement benefits for executive directors have reduced from the start of 2023 to 8% from 18% of salary to align with the contribution rate available to the majority of the workforce.

For 2023, the maximum bonus opportunity for executive directors remains unchanged at 150% of salary. For both the executive directors, the performance measures will remain heavily weighted towards the achievement of adjusted EBITDA targets (60%) and the remainder assessed based on free cash flow (20%) and individual strategic objectives (20%).

Given the long-term nature of ESG metrics, these have not been included as individual objectives for the executive directors bonus in 2023 but the committee will continue to track performance against our strategic priorities as part of its normal review of overall performance before determining outcomes following the year end. The LTIP will continue to have measures linked to operational excellence. Ahead of the renewal of the remuneration policy at the annual general meeting in 2024 the committee will review how ESG targets can be included in incentive arrangements.

For LTIP grants to executive directors, it is expected that awards equivalent to 200% of salary will be granted, consistent with the limits in the remuneration policy. The LTIP performance measures and their respective weightings remain unchanged from 2022. The ROCE targets have been increased to reflect our strategic ambition. The committee has reviewed the operational excellence targets and amended the target employee engagement achievement from 79% to 80% to align with the 2022 engagement score. The committee remains comfortable that the objectives are challenging, taking into account wider industry norms and the continued enhancements in the expectations of our regulators.

Having served three terms of three years, I will be stepping down from the board at the AGM. During my tenure, the remuneration committee has sought to take a responsible and measured approach to pay. We have regularly communicated with our major shareholders regarding key decisions, and we have valued this dialogue. I would like to take this opportunity to thank our shareholders for their support of our remuneration arrangements since the IPO in 2014. We look forward to your continued support at our annual general meeting in May.

If you have any questions about this year's directors' remuneration report, please contact me via [companysecretary@spirehealthcare.com](mailto:companysecretary@spirehealthcare.com).

**Tony Bourne***Chair, Remuneration Committee*

1 March 2023

**Remuneration principles – how our approach to pay reflect the principles of the UK Corporate Governance Code**

<b>Clarity</b>	Incentive arrangements are intended to be closely aligned to our strategy to effectively engage with participants. The remuneration committee regularly engages with wider stakeholders including shareholders and seeks to provide clear disclosure and explanation of our pay arrangements.
<b>Simplicity</b>	Our remuneration policies are straightforward and easy to understand.
<b>Risk</b>	Our variable incentive schemes contain an appropriate balance of financial and non-financial measures so that risk is effectively managed and mitigated. Discretion, malus and clawback help to prevent payments for failure.
<b>Predictability</b>	Potential values from remuneration arrangements are clearly communicated.
<b>Proportionality</b>	Incentives incorporate performance measures that are linked to the strategic goals of the business. Variable pay is intended to reward for successful execution of the strategy over the short and longer term. The remuneration committee is also mindful of the outcomes of variable incentives for the wider workforce.
<b>Alignment to culture</b>	Targets for variable incentives are intended to be based on a balance of measures to provide a rounded assessment of performance. We are conscious of our impact on wider stakeholders and how that ultimately impacts the value we create for shareholders.



## Remuneration policy report

### Summary of remuneration policy and approach for 2023

The directors' remuneration policy was approved by shareholders at the annual general meeting on 13 May 2021. This remuneration policy will continue to apply for 2023.

The table below summarises the key terms within the policy together with the detail on how remuneration arrangements will be operated in the coming year. The full remuneration policy can be found in the 2021 annual report and accounts.

Remuneration element	Summary of policy	Implementation for 2023
<b>Fixed remuneration</b>		
<b>Salary</b>	Fixed remuneration set at levels appropriate to the role to secure and retain required talent. When setting the salary level, the remuneration committee takes into account factors including: scope and responsibility of the role, skills and experience of the individual, salary levels for similar roles within comparators, overall structure of the remuneration package and wider workforce remuneration.	Any increases in the executive directors' salaries will not exceed the average increase awarded to the wider workforce.
<b>Benefits</b>	A range of role-appropriate benefits may be provided to executive directors. These include: private medical cover, income protection, life assurance, an annual health assessment and car allowance. Executive directors are also eligible to participate in any all-employee share plans operated by the company.	No changes to approach.  Both executive directors will continue to be eligible for private medical cover, life assurance, health assessment, income protection cover and a car allowance from January 2023.
<b>Retirement benefits</b>	Retirement benefits assist with retirement planning and are provided to support retention. For new executive directors, retirement benefits will be aligned to the rate received by the majority of employees, currently 8% of salary.	From 1 January 2023, retirement benefits for incumbent executive directors reduced to 8% to align with the wider workforce level.

### Remuneration element

### Summary of policy

### Implementation for 2023

#### Performance-related pay

#### Annual bonus

The annual bonus incentivises and rewards the achievement of annual financial, operational and individual strategic objectives:

- At least 50% assessed against financial metrics, the remainder will be linked to performance against strategic and/or individual objectives
- Portion of the bonus will be deferred into shares for three years.– Awards are subject to malus and clawback
- Policy maximum: 150% of salary

- 2023 maximum: 150% of salary
- 2023 bonus: adjusted EBITDA (60%), free cash flow (20%) and individual strategic measures (20%)

Our practice has been to defer a portion of bonus for three years and for 2023 this will continue to be 50% of bonus for Justin Ash and one-third of bonus for Jitesh Sodha. The details of targets for the coming year are commercially sensitive; however, the remuneration committee expects to provide full disclosure of targets and bonus outcomes in the 2023 directors' remuneration report.



## Remuneration policy report continued

## Summary of remuneration policy and approach for 2023 continued

Remuneration element	Summary of policy	Implementation for 2023				
Performance-related pay						
LTIP	<p>The LTIP incentivises and rewards the achievement of long-term strategic objectives, alongside aligning the interests of executive directors and shareholders:</p> <ul style="list-style-type: none"><li>– At least 30% based on measures linked to the share price; remainder based on financial and/or operational measures</li><li>– Targets are set by the remuneration committee for a three-year performance period. Awards are subject to a two-year holding period</li><li>– Awards are subject to malus and clawback</li><li>– Policy maximum: 200% of salary</li><li>– The remuneration committee may adjust targets in certain circumstances (eg major acquisition or disposal; change to accounting standards)</li></ul>	2023 LTIP grants: 200% of salary				
		Performance will be measured from 1 January 2023 to 31 December 2025. Measures and targets will be as follows:				
			25% vests	50% vests	100% vests	
		Relative TSR (35%)	Median	–		Upper quartile
		ROCE (35%)	7.3%	8.6%		10.0%
Regulatory ratings (15%)	84% Achieve 'Good' or above	88% Achieve 'Good' or above		94% Achieve 'Good' or above		
Employee engagement (15%)	76%	80%		82%		
<div><div><div>1. Straight-line vesting between points shown.</div><div>2. Return on Capital Employed is calculated as 'Adjusted EBIT/Capital Employed'. Capital Employed is calculated as 'Total Assets less Cash less Current Liabilities less Capital expenditure in the previous 12 months'. Capital expenditure in the last 12 months reflects additions of fixed assets (excluding leased assets). Return on Capital Employed will be measured as at 31 December 2025.</div><div>3. Vesting for the regulatory rating element can be scaled back (including to nil) if any site is rated 'inadequate'. The remuneration committee is satisfied that outcomes at the upper-end of the scale would represent exceptional and market-leading results for the portfolio.</div></div></div>						

Remuneration element	Summary of policy	Implementation for 2023
<b>Further details</b>		
<b>Shareholding guidelines</b>	Executive directors are expected to build up and maintain a shareholding equivalent to twice their respective base salary. In addition, following departure, executive directors will be expected to hold 200% of base salary (or actual relevant holding on departure, if lower) on departure, for two years following cessation of employment.	– No change to approach for 2023.
<b>Non-executive directors</b>	Fees are appropriate to ensure that non-executive directors are paid to reflect the individual responsibility taken as well as skills and experience. Benefits may be provided to non-executive directors including travel and other reasonable expenses incurred in the course of performing their duties.	<p>Fees for 2023 as follows:</p> <ul style="list-style-type: none"> <li>Non-executive chairman: £230,000</li> <li>Deputy chairman: £150,000</li> <li>Senior independent director: £75,000</li> <li>Vice chair: £100,000</li> <li>Basic fee for independent non-executive directors: £56,650</li> <li>Basic fee for non-independent non-executive directors: £50,000</li> <li>Chairs of audit and risk committee and remuneration committee: £10,000</li> </ul> <p>Martin Angle, Deputy Chairman, will not receive a fee to chair the audit and risk committee when he takes over the role from Adèle Anderson on 1 May 2023.</p>





# Annual report on remuneration

## Single total figure of remuneration – executive directors (audited)

The following table sets out the total remuneration for the executive directors for the year ended 31 December 2022. This comprises the total remuneration in respect of the full year from 1 January 2022 to 31 December 2022.

(£000)	Justin Ash		Jitesh Sodha	
	2022	2021	2022	2021
Salary	630.5	624.2	424.2	420.0
Benefits	10.3	7.1	20.3	16.9
Retirement benefits	113.5	112.4	76.4	75.6
<b>Total fixed pay</b>	<b>754.3</b>	743.7	<b>520.9</b>	512.5
Annual bonus <sup>2</sup>	496.2	453.2	329.5	342.7
Long-term incentives <sup>3,4</sup>	1,658.5	932.4	1,065.2	598.9
<b>Total variable pay</b>	<b>2,154.7</b>	1,385.6	<b>1,394.7</b>	941.6
<b>Total</b>	<b>2,909.0</b>	2,129.3	<b>1,915.6</b>	1,454.1

- Both Justin Ash and Jitesh Sodha received a 3% increase in their salaries from 1 September 2022.
- Half of the annual bonus paid to Justin Ash and one-third of the annual bonus paid to Jitesh Sodha will be deferred into shares for three years.
- Both executive directors were participants of the 2020 LTIP awards. These awards are due to vest during 2023. For the purposes of this table, the value of awards is based on the average share price during the final quarter of 2022 (220p). The 2020 LTIP awards were made based on a grant price at share price of £0.897 on 6 April 2020. Based on the average share price of last quarter of 2022 of £2.20, there has been a 145% share price growth during the three year performance period. Therefore, 59% of the value shown is attributable to share price appreciation.
- The 2019 LTIP awards have been restated to reflect the actual share price on vesting, which was 246p.

## Additional notes to the table

### Salary

Taking into account the impact of the wider macroeconomic trends on colleagues, salary increases of 5% were awarded to the majority of permanent colleagues. The salary increase for the senior leadership team was set at a lower rate than for the wider workforce. Both Justin Ash and Jitesh Sodha received a 3% increase in their salaries from 1 September 2022.

The salaries for the executive directors following 1 September 2022 increase were:

- Justin Ash's salary is £642,952
- Jitesh Sodha's salary is £432,600

### Benefits

The benefits consist of private medical cover (for the executive directors and their families), life assurance, health assessment and income protection cover. Jitesh Sodha also received a car allowance.

## Retirement benefits

The amount set out in the table represents the group contribution to the executive directors' retirement planning at a rate of 18% of base salary. From the 1 January 2023 this has reduced to 8% of base salary to align with the wider workforce.

The previous retirement benefit of 18% was consistent with benefit levels offered to other senior executives in the business.

## Annual bonus

For the 2022 financial year, the maximum bonus opportunity for Justin Ash and Jitesh Sodha was 150% of base salary. Justin's bonus award was based 60% on EBITDA, 20% on Free Cash Flow and 20% assessed against individual strategic objectives. Taking into account the importance of the transformation objectives in 2022, Jitesh's bonus award was based 30% on transformation objectives, 40% on EBITDA, 10% on Free Cash Flow and 20% on individual strategic objectives.

All bonuses in the group, including those payable to executive directors, were subject to a minimum EBITDA trigger of £165m and a minimum quality trigger. Both of these hurdles were achieved for 2022, and therefore executive directors were considered for bonuses. A portion of bonuses for executive directors are deferred into shares for three years.

Financial measure targets and outcomes for 2022 were as follows:

	0% of element	50% of element	100% of element	Outcome	Outcome (% of element)
<b>EBITDA</b>					
(CEO – 60%; CFO – 40%)	£178.2m	£214.2m	£220.8m	£203.5m	35.1%
<b>Free Cash Flow</b>					
(CEO – 20%; CFO – 10%)	£15m	£35m	£55m	£28m	32.5%
<b>Transformation – cost savings</b>					
(CFO only – 30%)	£10m	£12.75m	£15.5m	>£15.5m	83.33%*

\* Although, actual cost savings for 2022 exceeded the maximum, the outcome for this element was adjusted to 83.3% of maximum for the chief financial officer.

The assessment of the financial measures therefore resulted in an outcome of 27.6% for the chief executive officer and 42.3% for the chief financial officer of the overall bonus.



## Annual report on remuneration continued

For 2022, the strategic element comprised 20% of the overall bonus and was centred around the achievement of the areas of focus noted in the table below. The outcome for the chief executive officer fairly reflects the outstanding contribution made during the year, including progress towards a number of key strategic initiatives.

Area of focus	Progress and achievements during the year	Outcome
<b>Chief executive officer</b>		
1. Deliver year one Transformation Programme savings.	Spire Healthcare's efficiency programmes have delivered savings in excess of £15.5m in 2022 in spite of inflationary pressures.	5/5
2. Develop a five-year strategy to be presented at the Capital Markets Day, and delivery of year one strategy.	The five-year strategy was well received at the Capital Markets Day with positive feedback from investors. The Doctors Clinic Group acquisition was completed in 2022.	5/5
3. Progress quality improvement strategy delivering against key in-year priorities.	Fully implemented improved integrated quality governance reporting and learning from Ward to Board Level.	5/5
4. Implement 2022 digitalisation programme	Strong progress delivered in year with rollout across Spire Healthcare of the electronic pre-operative assessment tool, Order Communications, and Spire Diabetes Care.	4/5
<b>Total bonus achieved against individual strategic targets</b>		19%
<b>Chief financial officer</b>		
1. Execute on divestment of Spire Sussex Hospital, and integrate and deliver the year one plan for The Claremont Hospital acquisition	Successful completion of Spire Sussex Hospital divestment and delivery of year one Claremont acquisition on plan.	4/4
2. Develop and agree ESG strategy including vision, targets and deliver 2022 initiatives	Spire Healthcare developed and delivered an ESG strategy at Capital Markets Day. The outcome recognises that during the year this initiative was primarily led by other members of the senior leadership team.	0/5
3. Deliver 2022 digitalisation programme	Strong progress delivered in year with rollout across Spire Healthcare of the electronic pre-operative assessment tool, Order Communications, and Spire Diabetes Care.	4/6
4. Develop and pilot a share ownership model for consultants	The initiative was diligently explored and researched however, due to regulatory constraints, could not be implemented.	2/5
<b>Total bonus achieved against individual strategic targets</b>		10%

Based on the assessment above, the outcome is 46.6% of the maximum bonus for the chief executive officer and 52.3% of maximum for the chief financial officer.

As noted in the remuneration committee chair's statement, the committee was mindful that the chief executive officer led the achievement of the savings and efficiency goals, and had his bonus been more strongly aligned to the delivery of these crucial objectives, his bonus outcome would have been 66%.

In light of this and the chief executive officer's delivery of key new strategy on primary care, the committee determined that it would be appropriate to make a modest adjustment to the overall bonus outcome for the chief executive officer from 46.6% to 53.0%.

Taking into account overall performance during the year and recognition of the efforts, the remuneration committee is satisfied that the outcomes are appropriate.

For Justin Ash, 50% of the bonus will be deferred into shares for three years, with deferral of one-third of the award for Jitesh Sodha.

**Long Term Incentive Plan (LTIP)**

The performance period for awards granted in 2020 ended on 31 December 2022. This award was based on targets linked to EPS, relative TSR performance and operational excellence measures. Justin Ash and Jitesh Sodha both participated in this award.

The performance targets for this award were disclosed on a retrospective basis in the 2020 directors' remuneration report and the result at the conclusion of the three-year performance period was as follows:

	0% vest	25% vests	50% vests	100% vests	Outcome	Percentage outcome
TSR v FTSE 250 (excluding investment trusts) (40%)	n/a	Median <sup>1</sup>		Upper quartile	Above Upper quartile	40.0%
Adjusted EPS – outcome for 2022 (20%)	5.0p <sup>1</sup>	6.25p	7.5p	11.0p	Below threshold	0%
Regulatory rating (20%)	n/a	80% achieve 'Good' or above <sup>1</sup>	85% achieve 'Good' or above	90% achieve 'Good' or above	98% achieve 'Good' or above	20.0%
Employee engagement (20%)	n/a	76% <sup>1</sup>	79%	82%	80%	13.33%
						73.33%

1. There is no vesting for performance below these levels.
2. There is straight-line vesting between the points shown.

The targets for 2020 awards were set at the outset of the pandemic when the impact on the business was not fully understood and there was limited visibility on financial performance over the three years. While the EPS threshold was not achieved, in practice the business has performed strongly over the period, as reflected in the strong relative TSR performance and the achievement against the operational excellence measures.

The 2020 awards were granted at a time when there was considerable volatility in the market, with the share price dropping as low as 52.55p in mid-March 2020. In response to this volatility, the remuneration committee firstly maintained grant levels at 150% of salary for a second consecutive year (below the 200% of salary limit under the Remuneration Policy), and secondly granted awards based on a higher 30-day average share price of 89.7p. When valued at the normal five-day average price prior to grant (77.6p), the face value of the award was equivalent to c.130% of salary.



## Annual report on remuneration continued

Over the performance period, the company delivered total shareholder return of 82%, compared to a performance of -12% for the median for the comparator group. The average share price during the final quarter of the performance period was 220p. This share price is also considerably higher than the average share price of 121p during 2019, before the onset of the pandemic. The committee was therefore satisfied that the business had delivered very significant value for our shareholders over the period.

In light of the proactive adjustment to award levels at grant, and the fact that Spire Healthcare has considerably outperformed the market over the performance period, no further adjustment has been made to the vesting level. Overall the committee is satisfied that the strong outcomes from this award are supported by both underlying performance and the experience of our shareholders.

Therefore, the committee is satisfied that the vesting outcomes are fully warranted. Vested shares are subject to a two-year holding period.

Awards under the LTIP were granted to Justin Ash and Jitesh Sodha on 14 March 2022. These awards were granted in the form of nil-cost options over Spire Healthcare Group plc shares, with the number of shares that may vest conditional on performance over the three-year period to 31 December 2024. The maximum award granted to executive directors was equivalent to 200% of base salary. As noted last year, ROCE was introduced to ensure focus on profitability and capital discipline, replacing the EPS measure.

The full details of the performance conditions applying to the 2022 awards are set out below.

	25% vests	50% vests	100% vests
Relative TSR (35%)	Median <sup>1</sup>	—	Upper quartile
Return on Capital Employed (35%) <sup>2</sup>	6.0% <sup>1</sup>	7.3%	9.6%
Regulatory Ratings (15%) <sup>4</sup>	84% achieve 'Good' or above <sup>1</sup>	88% achieve 'Good' or above	94% achieve 'Good' or above
Employee engagement (15%)	76% <sup>1</sup>	79%	82%

1. There is no vesting for performance below this level.

2. Return on Capital Employed is calculated as 'Adjusted EBIT/ Capital Employed'. Capital Employed is calculated as 'Total Assets less Cash less Current Liabilities less Capital expenditure in the previous 12 months'. Capital expenditure in the last 12 months reflects additions of fixed assets (excluding leased assets). Return on Capital Employed will be measured at a point in time on 31 December 2024.

3. The remuneration committee may adjust targets in certain circumstances (eg major acquisition or disposal; change to accounting standards).

4. Vesting for the regulatory rating element can be scaled back (including to nil) if any site is rated as 'inadequate'.

5. Straight-line vesting between points shown.

## Outstanding share awards

The following table provides details of all outstanding awards, as at 31 December 2022, made to executive directors under the LTIP that remain within their three-year performance period:

	Type of award	Date of grant	Number of shares	Share price	Face value at grant <sup>1</sup>	End of performance period
Justin Ash	Conditional Share Award (in the form of nil-cost options)	6 April 2020	1,028,046	£0.897	£922,500	31 December 2022
		18 March 2021	665,606	£1.641	£1,092,394	31 December 2023
		14 March 2022	543,750	£2.296	£1,248,450	31 December 2024
Jitesh Sodha	Conditional Share Award (in the form of nil-cost options)	6 April 2020	660,289	£0.897	£592,500	31 December 2022
		18 April 2021	447,843	£1.641	£735,000	31 December 2023
		14 March 2022	365,853	£2.296	£840,000	31 December 2024

- The face value of awards made in 2022 was equivalent to 200% of base salary. The share price used to determine the number of shares under the 2022 award was based on the average of the mid-market quotation at close of business over the five trading days ending on 12 March 2022 (229.6p). The face value of awards made in 2020 and 2021 were equivalent to 150% and 175% of base salary respectively.
- The 2022 awards are subject to relative TSR, ROCE performance and Operational Excellence conditions. The 2020 and 2021 awards are also subject to TSR, EPS and Operational Excellence conditions. Further detail on specific targets is set out in the 2020 and 2021 Directors' Remuneration Reports.

The following table provides details of all outstanding awards, as at 31 December 2022, that have completed their three-year performance period and have vested to executive directors under the LTIP but remain within the two-year holding period:

	Type of award	Date of grant	Number of shares originally awarded	Number of shares lapsed	Number of shares in two-year holding period	End of two-year holding period
Justin Ash	Conditional Share Award (in the form of nil-cost options)	28 March 2018	576,058	467,184	108,874	28 March 2023
		25 March 2019	694,444	321,181	373,263	25 March 2024
Jitesh Sodha	Conditional Share Award (in the form of nil-cost options)	28 March 2018	414,219	335,932	78,287	28 March 2023
		25 March 2019	446,025	206,287	239,738	25 March 2024



## Annual report on remuneration continued

The following table provides details of awards granted to the executive directors during 2022 under the Deferred Share Bonus Plan, which relate to bonuses payable in respect of 2021 and disclosed in last year's remuneration report. Awards will normally vest three years after the grant date.

	Type of award	Date of grant	Number of shares	Share price	Face value at grant
Justin Ash	Conditional Share Award (in the form of nil-cost options)	14 March 2022	95,007	£2.385	£226,592
Jitesh Sodha	Conditional Share Award (in the form of nil-cost options)	14 March 2022	47,420	£2.385	£113,571

These awards will be released in 2025, and remain subject to malus terms during this period.

## Sharesave

The company encourages share ownership and operates an HMRC-approved Savings-Related Share Option Plan (Sharesave). Participation in Sharesave is conditional on three months' service and executive directors may participate in the same way as all other colleagues. Sharesave is an all-employee share plan and there are no performance conditions.

	Date of grant	Number of shares	Option price	Awards are exercisable between
Justin Ash	26 April 2022	1,818	£1.98	1 June 2025 and 30 November 2025
Jitesh Sodha	26 April 2022	1,818	£1.98	1 June 2025 and 30 November 2025

## Single total figure of remuneration – non-executive directors (audited)

The following table sets out the total remuneration for the non-executive directors for the year ended 31 December 2022.

(£000)	2022 Fees	2022 Benefits <sup>1</sup>	2022 Total	2021 Fees	2021 Benefits <sup>1</sup>	2021 Totals
Sir Ian Cheshire <sup>2</sup>	230.0	0.9	230.9	155.9	—	155.9
Adèle Anderson	65.6	4.5	70.1	65.0	—	65.0
Martin Angle	150.0	10.5	160.5	150.0	2.1	152.1
Paula Bobbett <sup>3</sup>	9.4	—	9.4	—	—	—
Tony Bourne	65.6	—	65.6	65.0	—	65.0
Professor Dame Janet Husband	71.2	6.9	78.1	70.0	2.9	72.9
Jenny Kay	55.6	—	55.6	55.0	—	55.0
Simon Rowlands	54.7	—	54.7	50.0	—	50.0
Professor Cliff Shearman	55.6	1.3	56.9	55.0	—	55.0
Dr. Ronnie van der Merwe <sup>4</sup>	50.0	—	50.0	50.0	—	50.0
Garry Watts (former Director) <sup>5</sup>	—	—	—	133.6	0.8	134.4
<b>Total</b>	<b>807.7</b>	<b>24.1</b>	<b>831.8</b>	<b>849.5</b>	<b>5.8</b>	<b>855.3</b>

- Reasonable expenses incurred by any non-executive director will be reimbursed by the company but they have no other contractual entitlement to benefits. For non-executive directors certain expenses relating to the performance of a non-executive director's duties in carrying out activities, such as travel to and from company meetings, are classified as taxable benefits by HMRC. In line with current regulations these taxable benefits have been disclosed and are shown in the taxable benefits column in the directors' remuneration table above. The figures shown include the cost of the expenses grossed up for tax and national insurance.
- Sir Ian Cheshire was appointed chairman-designate on 4 March 2021. Between 4 March 2021 and 13 May 2021 he was paid the standard fee for an independent non-executive director of £55,000 per annum. From 14 May 2021 he received a fee of £230,000 per annum as non-executive chairman.
- Paula Bobbett was appointed an independent non-executive director on 1 November 2022.
- Pursuant to the relationship agreement dated 22 June 2015 between the company and Mediclinic Jersey Limited, under which Mediclinic Jersey Limited is entitled to nominate for appointment to the board one non-executive director and Dr. Ronnie van der Merwe was appointed to the Board on 24 May 2018. As a non-executive director nominated by the principal shareholder, the fees for Dr. Ronnie van der Merwe are paid to a subsidiary company within the Mediclinic International PLC group.
- Garry Watts stepped down from the board on 13 May 2021.



## Annual report on remuneration continued

## Non-executive directors

There was a 3% increase to the independent non-executive directors' basic fees from 1 September 2022. This was the first increase since 2017. The current fees payable to the non-executive directors are shown above.

## Statement of directors' shareholding and share interests (audited)

The table below sets out the directors' shareholdings in the company. As noted above, executive directors are expected to build up and maintain a holding equivalent to twice their base salary. In addition, executive directors are required to retain this level of shareholding (or actual relevant holding on departure, if lower), for two years after stepping down from the board. There is no requirement for non-executive directors to hold shares in the company.

	Shareholding		Guidelines Proportion of shareholding guideline achieved <sup>1</sup>
	As at 31 December 2022	As at 31 December 2021	
<b>Non-executive chairman</b>			
Sir Ian Cheshire	<b>8,846</b>	—	
<b>Executive directors</b>			
Justin Ash	<b>418,962</b>	394,654	153.7%
Jitesh Sodha	<b>53,802</b>	50,500	80.5%
<b>Non-executive directors</b>			
Adèle Anderson	<b>9,582</b>	9,582	
Martin Angle	—	—	
Paula Bobbett <sup>2</sup>	—	—	
Tony Bourne	<b>11,904</b>	11,904	
Professor Dame Janet Husband	<b>10,231</b>	10,231	
Jenny Kay	<b>4,911</b>	—	
Simon Rowlands	<b>786,516</b>	786,516	
Professor Cliff Shearman	—	—	
Dr. Ronnie van der Merwe	—	—	

1. Calculated based upon the closing share price on 31 December 2022 of 228.0 pence. Unvested DSBP shares and vested LTIP awards subject to a holding period only are taken into account on a net of tax basis for the purpose of the guidelines. As noted above during 2022, shares relating to the 2019 LTIP will vest for both executive directors.
2. Paula Bobbett was appointed an independent non-executive director on 1 November 2022. She did not hold any shares in the company on appointment.

There have been no changes to directors' shareholdings between 31 December 2022 and the date of this report.

The table below sets out the directors' interests in shares of the company which remain unvested or have vested but are unexercised as at 31 December 2022. Unvested awards are structured as nil-cost options.

	Options Unvested and not subject to performance conditions <sup>1</sup>	Unvested and subject to performance conditions <sup>2</sup>	Shares Unvested and not subject to performance conditions <sup>3</sup>	Vested and not subject to performance conditions <sup>4</sup>
<b>Non-executive chairman</b>				
Sir Ian Cheshire	—	—	—	—
<b>Executive directors</b>				
Justin Ash	1,818	2,237,402	363,091	482,137
Jitesh Sodha	1,818	1,473,985	162,197	318,025
<b>Non-executive directors</b>				
Adèle Anderson	—	—	—	—
Martin Angle	—	—	—	—
Paula Bobbett <sup>5</sup>	—	—	—	—
Tony Bourne	—	—	—	—
Dame Janet Husband	—	—	—	—
Jenny Kay	—	—	—	—
Simon Rowlands	—	—	—	—
Professor Cliff Shearman	—	—	—	—
Dr. Ronnie van der Merwe	—	—	—	—

1. Consists of awards granted under Sharesave.
2. Consists of grants under the LTIP that have been awarded but remain subject to performance conditions.
3. Consists of grants under the DSBP that have been awarded but remain unvested.
4. Consists of grants under the LTIP that have vested and currently subject to a two-year holding period.
5. Paula Bobbett was appointed an independent non-executive director on 1 November 2022.





## Annual report on remuneration continued

## Letters of appointment

Non-executive director	Date of appointment	Notice period	Date of expiry
Adèle Anderson <sup>1</sup>	28 July 2016	2 months	No later than 30 June 2025
Martin Angle	14 March 2019	3 months	No later than 30 June 2024
Paula Bobbett <sup>2</sup>	1 November 2022	2 months	No later than 30 June 2025
Tony Bourne <sup>1</sup>	24 June 2014	2 months	No later than 30 June 2023
Sir Ian Cheshire	4 March 2021	12 months	No later than 30 June 2023
Dame Janet Husband	24 June 2014	2 months	No later than 30 June 2023
Jenny Kay	1 June 2019	2 months	No later than 30 June 2025
Simon Rowlands <sup>1,3</sup>	24 June 2014	2 months	No later than 30 June 2023
Professor Cliff Shearman	1 October 2020	2 months	No later than 30 June 2023
Dr. Ronnie van der Merwe <sup>4</sup>	24 May 2018	n/a	No later than 30 June 2024
Debbie White <sup>5</sup>	1 February 2023	2 months	No later than 30 June 2025

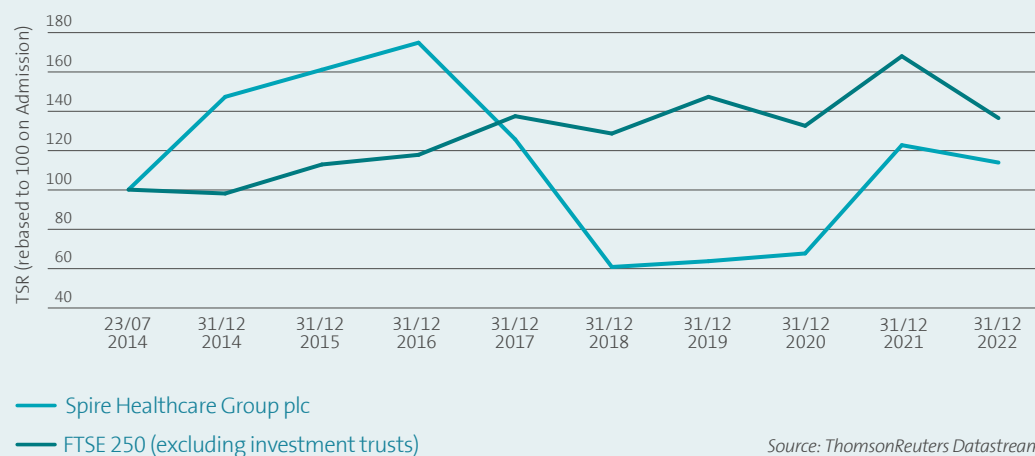
1. Adèle Anderson, Tony Bourne and Simon Rowlands will not seek re-election by shareholders at the company's annual general meeting on 11 May 2023 and will step down from the board on that date.
2. Paula Bobbett was appointed an independent non-executive director on 1 November 2022.
3. Simon Rowlands appointment was renewed for a further one-year period during 2022.
4. Pursuant to the relationship agreement dated 22 June 2015 between the company and Mediclinic Jersey Limited, under which Mediclinic Jersey Limited is entitled to nominate for appointment to the board one non-executive director, Dr. Ronnie van der Merwe was appointed to the board on 24 May 2018. Dr. Ronnie van der Merwe is considered to be a non-independent non-executive director.
5. Debbie White was appointed an independent non-executive director on 1 February 2023. She will become the company's senior independent director from 12 May 2023.

## Service contracts

Justin Ash and Jitesh Sodha will put themselves up for re-election at the annual general meeting to be held on 11 May 2023. Executive directors are employed under ongoing service contracts with the group. These contracts do not have a fixed term of appointment. Copies of their service contracts are available to shareholders for inspection at the company's registered office.

## Performance graph

The graph below illustrates Spire Healthcare Group plc's TSR performance against the FTSE 250 (excluding investment trusts) since Admission on 23 July 2014. Given that the company is a constituent of the FTSE 250 index, the remuneration committee considers this an appropriate peer group.



The table below shows the total remuneration paid in respect of the chief executive officer role.

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Chief executive's single figure remuneration (£000s) <sup>1,2</sup>	6,223.1	1,095.8	320.5	128.2	732.4	1,010.1	1,251.7	2,129.3	2,909.0
Annual bonus payout (% of maximum)	34%	0%	0%	0%	0%	30%	35%	48.4%	53.0%
LTIP vesting (% of maximum) <sup>3</sup>	n/a	n/a	n/a	n/a	n/a	n/a	18.9%	53.75%	73.33%

1. 2017: Justin Ash was appointed chief executive officer on 30 October 2017. The value shown for 2017 therefore represents a part-year figure for his time in role. During 2017: (i) Garry Watts fulfilled the role of chief executive officer from 14 March 2016 to 12 June 2017 for which he was paid £714,600; and (ii) Simon Gordon undertook the role of Interim chief executive officer between 13 June 2017 and 29 October 2017 for which he was paid c.£243,000.
2. 2016: Rob Roger stepped down from the board on 30 June 2016. The value shown for 2016 therefore represents a part-year figure for his time in the role. Garry Watts fulfilled the role of chief executive officer from 14 March 2016 to 12 June 2017.
3. Rob Roger and Garry Watts did not have any LTIP awards vesting in respect of 2016; for other participants the LTIP based on performance to 31 December 2016 vested at 50% of maximum. Similarly, Justin Ash and Garry Watts did not have any LTIP awards vesting in respect of 2017, 2018 or 2019; for other participants (including Simon Gordon) the LTIP based on performance to 31 December 2017 and 31 December 2018 lapsed in full while the LTIP based on performance to 31 December 2019 vested at 3.75% of maximum.



## Annual report on remuneration continued

## Annual change in remuneration

In line with the requirements in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019, the table below shows the annual percentage change in remuneration (based on salary or fees, benefits and annual bonus). Given the small number of people employed by the Spire Healthcare Group plc entity, data for all employees of the group has been included.

	2022			2021			2020		
	Salary/fee FY22 vs FY21	Benefits FY22 vs FY21	Annual Bonus FY22 vs FY21	Salary/fee FY21 vs FY20	Benefits FY21 vs FY20	Annual Bonus FY21 vs FY20	Salary/fee FY20 vs FY19	Benefits FY20 vs FY19	Annual Bonus FY20 vs FY19
<b>Chairman</b>									
Sir Ian Cheshire <sup>1</sup>	0%	100%	—	—	—	—	—	—	—
Garry Watts <sup>2</sup>	—	—	—	—	—	—	(4.5)%	(61.7)%	—
<b>Executive directors</b>									
Justin Ash	1.0%	45.1%	9.5%	1.0%	2.9%	40.4%	(4.5)%	(0.1)%	16.7%
Jitesh Sodha	1.0%	20.1%	(3.6)%	5.8%	0%	65.2%	(4.5)%	0%	16.7%
<b>Non-executive directors</b>									
Adèle Anderson	0.9%	—	—	0%	—%	—	0%	(100.0)%	—
Martin Angle	0%	400.0%	—	0%	(64.4)%	—	0%	(59.0)%	—
Paula Bobbett <sup>3</sup>	0%	—	—	—	—	—	—	—	—
Tony Bourne	0.9%	—	—	0%	—%	—	0%	(86.5)%	—
Dame Janet Husband	1.7%	137.9%	—	0%	(60.3)%	—	0%	(67.6)%	—
Jenny Kay	1.1%	—	—	0%	—%	—	0%	(100)%	—
Simon Rowlands	9.4%	—	—	0%	—	—	0%	—	—
Professor Cliff Shearman	1.1%	100.0%	—	—	—	—	—	—	—
Dr. Ronnie van der Merwe	0%	—	—	0%	—	—	0%	—	—
<b>Average employee</b>	<b>4.4%</b>	<b>11.8%</b>	<b>(1.4)%</b>	<b>2.3%</b>	<b>11.2%</b>	<b>4.4%</b>	<b>5.3%</b>	<b>2.7%</b>	<b>75.7%</b>

1. Sir Ian Cheshire was appointed chairman-designate on 4 March 2021. To provide a meaningful comparison of percentage increase his fee received as chairman for 2022 has been considered on a full-time equivalent basis.

2. Garry Watts stepped down from the board on 13 May 2021.

3. Paula Bobbett was appointed an independent non-executive director on 1 November 2022. To provide a meaningful comparison of percentage increase her fee for 2022 has been considered on a full-time equivalent basis.

## Relative importance of spend on pay

The table below shows the ratio of the total remuneration of the chief executive officer to that of the lower quartile, median and upper quartile employees and bank workers in 2021, consistent with the Regulations.

£(m)	2022	2021	% change
Total remuneration	418.4m	397.6	5.2
Distributions to shareholders	0	0	—

## CEO pay ratio for 2022

Year	Method	CEO	P25 (LQ)	P50 (Median)	P75 (UQ)
2019	A	Base salary	£615,000	£18,085	£25,573
		Total remuneration	£1,010,112	£20,065	£28,487
		Pay Ratio	n/a	50:1	35:1
2020	A	Base salary	£587,325*	£18,013	£24,256
		Total remuneration	£1,251,684	£20,519	£27,893
		Pay Ratio	n/a	61:1	45:1
2021	A	Base salary	£624,225	£19,285	£23,529
		Total remuneration	£2,096,781	£22,712	£31,798
		Pay Ratio	n/a	92:1	66:1
2022	A	Base salary	£630,467	£21,198	£29,488
		Total remuneration	£2,908,962	£23,800	£32,810
		Pay Ratio	n/a	122:1	89:1

\* Decrease in salary rate year-on-year due to chief executive officer's voluntary waiver of three months of salary from May to July 2020.

Spire Healthcare has compared the total remuneration of the chief executive officer to UK employees for the 12 months ending 31 December 2022 on a full-time equivalent basis. The Company has determined the P25, P50 and P75 individuals with reference to a ranking of total remuneration as at 31 December 2022.

The Company's principles for pay setting and progression in our wider workforce are the same as for our executives which form a total reward proposition which is competitive to attract and retain the highest quality of talent in a difficult market, whilst providing opportunities for development and career progression.

The median pay ratio reported is consistent with the wider policies in place at Spire Healthcare. All employees are eligible for pay increases, recognition awards, participation in Sharesave, and career and development opportunities.



## Annual report on remuneration continued

The pay for the chief executive officer is by design intended to have a larger proportion linked to performance-based variable pay, and therefore the pay ratio would be expected to vary year-on-year and be higher in years when the business performs well. The primary driver for the increase in the pay ratio for 2022 is the 2020 LTIP vesting for the chief executive officer. For 2022, 59% of the value reported for the chief executive officer's LTIP is directly attributable to share price growth. Removing the impact of the share price growth on the 2020 LTIP would reduce the median CEO to employee ratio to 59:1. In contrast excluding the impact of share price on the 2021 figure would reduce the median pay ratio from 66 to c 53.

For colleagues, year-on-year changes in remuneration are principally driven by the exceptional annual salary review of 5% (vs 3% for executive directors) and the additional interventions taken throughout the year to align colleagues to the 2021/2022 voluntary Real Living Wage.

**Notes to the calculation**

- Under option A, the ratios are based on the full-time equivalent total remuneration which includes base salary, incentive payments, taxable benefits and pension benefits for the financial year 1 January to 31 December 2022.
- Options A is selected as it is considered to provide the most transparent approach to calculation
- The Doctors Clinic Group is excluded from the 2022 calculation as they were not part of Spire for all of the year
- The reference colleagues at the 25th, 50th and 75th percentile have been determined by reference to the last day of the financial year, 31 December 2022
- In accordance with the Regulations, employees and bank workers have been included, whilst Non-Executive directors, contractors and medical consultants we contract with in our hospitals and clinics have not been included
- A total of 12,974 employees and bank workers were included in the calculation of the CEO Pay ratio. Colleagues on reduced pay due to long term sickness absence, maternity leave or with zero pay in 2022 were excluded from the calculation
- Pay for each colleague is calculated in accordance with the single figure of remuneration. All components of remuneration are presented on a full-time equivalent basis by dividing sums by the number of hours for the portion of the year worked and subsequently multiplying by the relevant annual full-time hours.
- Bank workers do not participate in the annual bonus plan, long term incentive plan and do not have any taxable benefits
- A significant portion of the chief executive officer's pay is variable. The pay ratio is, therefore, significantly impacted by the outcomes of variable pay plans
- The full amount of the annual bonus for the chief executive officer for 2022 is included in the total remuneration figure including the portion deferred into share

**Advice provided to the remuneration committee**

During the course of the year, Deloitte LLP provided external advice to the remuneration committee and its total fees were £65,750 (2021: £45,250). During 2022, Deloitte LLP also provided other consulting services to the group. Deloitte LLP has voluntarily signed up to the Remuneration Consultants' Code of Conduct in relation to executive remuneration consulting during the year. The remuneration committee is comfortable that the Deloitte LLP engagement partner and team that provides remuneration advice to the remuneration committee do not have connections with the company or any of its directors that may impair their independence.

The non-executive chairman, chief executive officer, chief financial officer, group human resources director and company secretary attended committee meetings by invitation in order to provide the remuneration committee with additional context. No individual participates in decisions regarding their own remuneration.

**Statement of voting at 2022 annual general meeting**

The following table sets out the voting in respect of the resolutions to approve the company's directors' remuneration policy and 2021 directors' remuneration report put to shareholders at the company's annual general meeting held on 11 May 2022:

Resolution at 2022 AGM	Votes for	% of vote	Votes against	% of vote	Votes withheld
Approve the 2021 Directors' Remuneration Report	345,732,512	99.32%	2,369,832	0.68	8,649
Resolution at 2021 AGM	Votes for	% of vote	Votes against	% of vote	Votes withheld
Approve the Directors' Remuneration Policy	334,256,201	99.68%	1,076,261	0.32	4,562

This report on directors' remuneration will be put to an advisory vote at the annual general meeting on 11 May 2023. The directors confirm that this report has been prepared in accordance with the Companies Act 2006 and reflects the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. It also includes updates to legislation from The Companies (Miscellaneous Reporting) Regulations 2018 (SI 2018/860) and The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019. The report was approved at a meeting of the directors held on 1 March 2023.

Details of all resolutions passed at the annual general meeting held on 11 May 2022 can be found on page 90.

**Tony Bourne**

*Chair, Remuneration Committee*

1 March 2023



# Directors' report

The directors submit their annual report together with the audited financial statements of Spire Healthcare Group plc (the 'company') together with its subsidiaries (the 'group') for the year ended 31 December 2022.

Certain disclosure requirements for inclusion in this directors' report have been incorporated by way of cross reference to the strategic report on pages 1 to 83 and the directors' remuneration report on pages 112 to 119, and should be read in conjunction with this report. The following, included in the strategic report, also form part of this report:

- Greenhouse gas emissions, which can be found under engagement with stakeholders on page 40 and sustainability on page 46
- Employees, which can be found in our strategy on page 25 and engaging with stakeholders on page 37
- The corporate governance report on pages 85 to 90
- Our strategy on pages 18 to 32

A description of the group's exposure and management of risks is provided in the strategic report on pages 66 to 76.

Information regarding the company's gender pay gap reporting and charitable donations can be found in sustainability on pages 54 to 55.

## Registered office

The company's registered office and principal place of business is 3 Dorset Rise, London EC4Y 8EN.

## Annual general meeting

The annual general meeting of Spire Healthcare Group plc will be held at 11.00am on 11 May 2023. Full details of shareholder attendance at the meeting will be provided in the 2023 notice of annual general meeting and at [www.spirehealthcare.com/AGM](http://www.spirehealthcare.com/AGM).

At the meeting, resolutions will be proposed to receive the 2022 annual report and financial statements, approve a final dividend, approve the directors' remuneration report, elect or re-elect directors and to reappoint Ernst & Young LLP as auditor. Shareholders will also be asked to authorise the directors to hold general meetings at 14 clear days' notice (where this flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole). Further items of business to be proposed at the annual general meeting are described throughout this directors' report.

## Dividends

The directors recommend the payment of a final dividend in respect of the year ended 31 December 2022 of 0.5 pence per ordinary share. Subject to shareholders approving the recommendation at the annual general meeting, the final dividend will be paid on 23 June 2023 to shareholders on the register as at 26 May 2023.

## Board of directors

The following changes were made to the board of directors between 1 January 2022 and signing of this report:

- Paula Bobbett was appointed an independent non-executive director on 1 November 2022
- Debbie White was appointed an independent non-executive director on 1 February 2023

The UK Corporate Governance Code provides for all directors of FTSE companies to stand for election or re-election by shareholders every year. Accordingly, all members of the board will retire and seek election or re-election at this year's annual general meeting. Full biographical details of all of the directors can be found on pages 92 and 94.

Further information on the contractual arrangements of the executive directors is given on pages 110 and 111. The non-executive directors do not have service agreements.

## Powers of the directors

The business of the company is managed by the directors who may exercise all the powers of the company, subject to any relevant legislation, any directions given by the company by passing a special resolution and to the company's articles of association. The articles, for example, contain specific provisions concerning the company's power to borrow money and issue shares.

## Appointment and removal of directors

Rules relating to the appointment and removal of the directors are contained within the company's articles of association.

## Director's indemnities

See page 88 in the corporate governance section.

## Amendment of articles of association

The company may only make amendments to the articles of association of the company by way of special resolution of the shareholders, in accordance with the Companies Act 2006.

## Employees

The group is an equal opportunities employer and is committed to creating an environment which will attract, retain and motivate its people, by creating a working environment in which individuals are able to make best use of their skills, free from discrimination or harassment, and in which all decisions are based on merit. Spire Healthcare employs people who consider themselves to have a disability (a physical or mental impairment which has a substantial and long-term adverse effect on their ability to carry out normal day-to-day activities).

Employees who consider themselves to have a disability are under no obligation to inform their employer of this, however, we are fully aware of, and comply with, our obligations in accordance with the relevant provisions of the Equality Act 2010.

We remain committed to colleague involvement throughout the business. Colleagues are kept well informed of the clinical and financial performance of the hospital that they work in as well as the group more widely. Examples of colleague involvement and engagement are highlighted throughout this annual report. When appropriate, consultations with employee and union representatives take place. The group gives full and fair consideration to applications for employment from disabled persons. Should an employee become disabled during their employment with Spire Healthcare, every effort is made to enable them to continue their service with the group.

Further information on our colleagues can be found under our strategy on pages 25 to 27 and engagement with stakeholders on page 37.

## Statement regarding fostering relationships with suppliers, customers and others

Explanation of how the directors have fostered the company's business relationships with suppliers, customers, employees and others, and taken each group into account when making principal decisions can be found under engagement with stakeholders on pages 36 to 41.



## Directors' report continued

**Political donations and expenditure**

The group made no political donations during the year. Although the company does not make, and does not intend to make, donations to political parties, within the normal meaning of that expression, the definition of political donations under the Companies Act 2006 is very broad and includes expenses legitimately incurred as part of the process of talking to members of parliament and opinion formers to ensure that the issues and concerns of the group are considered and addressed. These activities are not intended to support any political party and the group's policy is not to make any donations for political purposes in the normally accepted sense.

A resolution will therefore be proposed at the annual general meeting seeking shareholder approval for the directors to be given authority to make donations and incur expenditure which might otherwise be caught by the terms of the Companies Act 2006. The authority sought will be limited to a maximum amount of £100,000.

**Share capital**

As at the date of this report, Spire Healthcare Group plc had an issued share capital of 404,109,295 ordinary shares of 1 pence each, being the total number of shares with voting rights.

Equiniti Trust (Jersey) Limited, as trustee of the company's Employee Benefit Trust, holds 26,704 ordinary shares of 1 pence each (2021: 239,283). Further details can be found in note 21 on page 153.

The rights attaching to the shares are set out in the articles of association. There are no restrictions on the transfer of ordinary shares in the capital of the company other than those which may be imposed by law from time-to-time. There are no special control rights in relation to the company's shares and the company is not aware of any agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights. In accordance with the Disclosure Guidance and Transparency Rules, certain employees are required to seek approval prior to dealing in the company's shares. The company's entire issued ordinary share capital is listed on the premium segment of the Official List of the Financial Conduct Authority and to unconditional trading on the London Stock Exchange plc's main market for listed securities.

Further information relating to the company's issued share capital can be found in note 21 to the company's financial statements on page 153. The company has made no purchases of its own shares during the year and no shares were acquired by forfeiture or surrender or made subject to a lien or charge. Details of the shares purchased by the company's Employee Benefit Trust are shown in note 21 on page 153.

**Allot shares and pre-emption rights**

Shareholders will be asked to renew both the general authority of the directors to issue shares and to authorise the directors to issue shares without applying the statutory pre-emption rights. In this regard, the company will continue to adhere to the provisions in the pre-emption group's Statement of Principles.

Further details on these matters can be found in the 2023 notice of annual general meeting.

**Voting rights**

In a general meeting of the company, on a show of hands, every member who is present in person or by proxy and entitled to vote shall have one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are the holder.

**Restrictions on voting**

Unless the directors otherwise determine, a shareholder shall not be entitled to vote either personally or by proxy:

- If any call or other sum presently payable to the company in respect of that share remains unpaid or
- Having been duly served with a notice to provide the company with information under Section 793 of the Companies Act 2006, and has failed to do so within 14 days, for so long as the default continues

**Directors' interests in shares**

The beneficial interests of the directors' and their families in the shares of the company are detailed on page 116.

During the year, no director had any material interest in any contract of significance to the group's business.

**Employee share scheme participation**

The company operates an all-employee Sharesave scheme which has been well received by colleagues. This is an important part of our total reward package and encourages and supports employee share ownership.

**Material interests in shares**

As of 1 March 2023, the company has been notified by the following investors of their interests in 3% or more of the company's issued share capital. These interests were notified to the company pursuant to Disclosure and Transparency Rule 5:

Shareholder	% disclosed
Mediclinic International PLC	29.90
Toscafund Asset Management	18.1
FIL Limited	5.49
Melquart Opportunities Master Fund Limited	3.82

**Significant agreements**

The following agreements are considered to be significant in terms of their potential impact on the business of the group as a whole and could alter or terminate on a change of control of the group:

- The group's bank facility agreement contains provisions entitling the counterparties to exercise termination or other rights in the event of a change of control
- There are a number of contracts which allow the counterparties to alter or terminate those arrangements in the event of a change of control of the company. These arrangements are commercially sensitive and confidential and their disclosure could be seriously prejudicial to the group
- The company's share incentive plans contain provisions relating to a change of control and full details of these plans are provided in the directors' remuneration report on pages 112 to 119. Outstanding options and awards would normally vest and become exercisable on a change of control, subject to the satisfaction of performance conditions, if applicable, at that time

The relationship agreement entered into with Mediclinic Jersey Limited (formerly called Remgro Jersey Limited), a subsidiary of Mediclinic International PLC, in June 2015 is deemed a material agreement between the company and its principal shareholder. The agreement does not include a change of control provision but does terminate upon the earlier of the company's ordinary shares ceasing to be listed and traded on the London Stock Exchange's main market for listed securities and the principal shareholder ceasing to be entitled, in aggregate, to exercise or to control the exercise of 15% or more of the votes to be cast on all or substantially all matters of a general meeting of the company.



**Directors' report** continued**Compensation for loss of office**

There are no agreements between the group and its directors or employees providing for compensation for loss of office or employment that occurs as a result of a change of control.

**Disclosures required under listing rule 9.8.4R**

The table below is included to meet the requirements of Listing Rule section 9.8.4R. The information required to be disclosed by that section, where applicable to the company, can be located in the annual report 2022 at the references set out above.

Information required	Location in annual report 2022
Long-term incentive schemes	Directors' Remuneration Report pages 112 to 119
Equity securities allotted for cash	Note 21 on page 153
Parent and subsidiary undertakings	Note 16 on page 150
Subsisting significant agreements	Page 121
Controlling shareholder relationships	Page 121

**Financial risk**

The group's disclosure regarding financial risk is disclosed in note 30 of the financial statements.

**Events after the reporting period**

There have been no events to disclose after the reporting date.

**Going concern**

The group has undertaken extensive activity to identify plausible risks which may arise and mitigating actions. Further information on these is provided in the section on viability above. Based on the current assessment of the likelihood of these risks arising by 31 March 2024 together with their assessment of the planned mitigating actions being successful, the directors have concluded that it is appropriate to prepare the accounts on a going concern basis. See note 2 – Basis of Preparation in the financial statements for more detail.

**Disclosure of information to auditor**

Having made enquiries of fellow directors and of the company's auditor, each of the directors confirms that:

- To the best of their knowledge and belief, there is no relevant audit information of which the company's auditor is unaware
- They have taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor is aware of that information

**Reappointment of auditor**

Resolutions for the reappointment of Ernst & Young LLP as the auditor of the company and to authorise the directors to determine its remuneration will be proposed at the annual general meeting. Ernst & Young LLP has expressed its willingness to be reappointed. The directors' report has been approved by the board and is signed on its behalf by:

**Philip Davies**  
*Company Secretary*

1 March 2023



## Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the group's financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with UK-adopted International Accounting Standards ('UK-adopted IFRS') as issued by the International Accounting Standards Board ('IASB') and in accordance with the Companies Act 2006. Under company law the directors must not approve the group's financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the directors are required to:

- Select suitable accounting policies in accordance with IAS 8 accounting policies, changes in accounting estimates and errors and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Present information in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance
- In respect of the group financial statements, state whether UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- In respect of the parent company financial statements, state whether UK-adopted International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/or the group will not continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, directors' remuneration report and corporate governance statement that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Each of the directors confirms that, to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with UK-adopted International Accounting Standards give a true and fair view of the assets, liabilities, financial position and profit of the parent company and undertakings included in the consolidation taken as a whole
- That the annual report, including the strategic report, includes a fair review of the development and performance of the business and the position of the company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face
- That they consider the annual report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position, performance, business model and strategy

By order of the board.

**Justin Ash**  
*Chief Executive Officer*

1 March 2023

**Jitesh Sodha**  
*Chief Financial Officer*

1 March 2023