Chairman's governance letter

Our strategy is delivering value for all our stakeholders

"The group delivered a strong financial performance, with sustained growth in revenue, earnings and margin, creating value for a range of stakeholders. We continued to invest in colleagues, facilities and new services in 2023, and we were particularly pleased to acquire Vita Health Group, delivering new physical and mental health services, in line with our strategy."

Sir Ian Cheshire
Chairman

Dear shareholder,

I am pleased to introduce this governance report in a year that the group has delivered a strong financial performance, with sustained growth in revenue, earnings and EBIT margin. At the same time, I am delighted that we have created significant value for a range of stakeholders. We are helping to create a healthier and more productive Britain, which is why we have been building on our hospital business to become a more integrated healthcare provider.

We are investing in our business to grow organically, enhancing our infrastructure and opening new clinics, while also adding new services through strategic acquisitions. Following the acquisition of The Doctors Clinic Group last year, the board was pleased to see how the business was integrated into the group and successfully restructured into Spire Occupational Health and London Doctors Clinic. We also welcomed the acquisition of Vita Health Group in 2023, bringing new physical and mental health services to Spire Healthcare, while further adding to our occupational health capabilities and portfolio in line with our strategy to expand our proposition. All this enables us to assist more self-funded and insurance-backed patients with their healthcare needs, and to build relationships with more companies looking to support their employees' wellbeing. At the same time, we continue to work closely with the NHS in their efforts to reduce waiting lists.

Of course, quality and patient safety remain our number one priority. The board was delighted to see that we maintained our quality scores this year, with 98% of our inspected locations rated as 'Good' or 'Outstanding', or the equivalent, by regulators in England, Scotland and Wales. We are particularly proud of the culture we have embedded in which colleagues at all levels are encouraged to speak up if they see something that concerns them.

We are adding value to the UK economy by investing in skills through initiatives such as our nurse apprenticeship programme, one of the largest in our sector, and boosting the nation's productivity by helping people get back to work. We are also making progress towards achieving net zero carbon status by 2030 through a range of investments designed to reduce our energy use, manage our waste better and optimise our building management systems.

Put together, this is how we are delivering sustainable shareholder value. In recognition of our business performance in 2023, the board is proposing a final dividend this year of 2.1p.

I was delighted to welcome new directors Debbie White and Natalie Ceeney to the board during 2023. Their expertise and experience have already proved valuable to the group, as we support our management team to build on the solid platform we have created to drive revenue growth, while maintaining our grip on cost control to ensure a strong level of liquidity in the business. In late 2023, the board completed its annual performance evaluation, led by Debbie White and supported by the company secretary and an external specialist, BoardClic, who together created a comprehensive set of questionnaires based on best practice and regulatory guidelines for the board and each board committee. An action plan for 2024 is being worked up to responses received.

Looking ahead, the board is confident we can continue to deliver on the group's strategy, and that we are well positioned to meet demand. Our brand campaign, 'The sooner you're better, the better' is apt, not just for the part we can play in the health of individuals, but also for the nation's health. It is to the credit of our excellent management team and colleagues across the organisation that we can aspire to do both.

Jitesh Sodha will be stepping down from the board at the annual general meeting on 9 May 2024. I would like to take this opportunity to thank Jitesh for his immense contribution to the group during his tenure. Jitesh will be succeeded as chief financial officer by Harbant Samra. Harbant has been with the group since 2018 and I am delighted to see him now join the board.

Sir Ian Cheshire
Chairman

28 February 2024

Corporate governance report

Compliance with the UK Corporate Governance Code in 2023

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
10	Dame Janet Husband has served for more than nine years from the date of their first appointment	A thorough review was undertaken in February 2023 and again in February 2024, with regard to Dame Janet Husband remaining on the board for longer than nine years. 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 a director.

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 Group Limited, the company's principal shareholder, to be independent. Mediclinic Group Limited'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 28 February 2024. The directors believe that the terms of the Relationship Agreement will enable the group to carry on its business independently of Mediclinic Group Limited.

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.

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.

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 Group Limited, which controls 29.9% of the voting rights in the company as at 28 February 2023.

Changes to your board during 2023

Individual	Event	Date
Debbie White	Appointed an independent non-executive director (became the company's Senior Independent Director on 12 May 2023)	1 February 2023
Natalie Ceeney	Appointed an independent non-executive director	1 May 2023
Adele Anderson, Tony Bourne and Simon Rowlands	Independent non-executive directors	All stepped down from the board on the conclusion of the company's annual general meeting on 11 May 2023

Principal decisions of the board during 2023

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 Vita Health Group	– Patients – NHS	Expand our proposition Deliver strong financial performance	See page 35
Return to paying a dividend	– Investors	Deliver strong financial performance	
Digitalisation plan	– Patients – Colleagues – Consultants	Drive hospital performance Build on quality	See pages 21 to 23

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 2023 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 an company secretary
- Ensuring that the board receives accurate, relevant and timely information about the group's affairs

Corporate governance report continued

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

Senior Independent Director

Debbie White

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 2023

The principal decisions of the board during the year can be found on page 89.

Board meetings were held in person during the year and director attendance at scheduled meetings is shown on page 95.

The agenda at scheduled meetings in 2023 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 from 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 2024

It is currently planned that the board will convene for seven scheduled meetings in 2024, 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 2024 targets during the year. Its activities will include:
- Reviewing and approving the 2023 annual report
- Reviewing the revised five-year strategic plan and approving the 2024 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 use of Quality Improvement methodology. It will maintain overall responsibility for the group's system of internal control and risk management processes via the relevant board committees.

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 93.

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 93).

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 2023, at meetings of the board during 2023, is shown on page 95. 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 2023 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 93. 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.

Debbie White is the Senior Independent Director. Biographical details of the directors are set out on pages 96 to 97.

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 99.

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 Natalie Ceeney 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 group general counsel, company secretary or by external advisers as required.

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 at the ninth annual general meeting in May 2023. Directors are elected or re-elected in accordance with the requirements of the Code.

All of the company's directors, with the exception of Jitesh Sodha who will step down from the board, will stand for re-election at the annual general meeting in May 2024. A thorough review was undertaken in February 2024, 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.

The biographical details of each director standing for re-election is included in the 2024 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 2024 annual general meeting relating to the re-election of the directors.

The biographical details of all directors are set out on pages 96 to 97.

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 104 to 109 and identifies its members, whose biographies are set out on pages 96 and 97.

The report describes the audit and risk committee's work in discharging its responsibilities during the year ended 31 December 2023, and its terms of reference can be found on the group's website at 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 104 to 109 and pages 101 to 103 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.

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 2023 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.

Governance framework in 2023

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
Debbie White

The board of Spire Healthcare Group plc
The board comprises eleven directors – the non-executive chairman, two executive directors and eight non-executive directors, seven 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
Martin Angle (chair), Natalie Ceeney, Dame Janet Husband, Debbie White

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), Justin Ash, Martin Angle, 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, Debbie White

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), Martin Angle, Natalie Ceeney, Dame Janet Husband, Dr. Ronnie van der Merwe, Debbie White

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

Remuneration committee
Natalie Ceeney (chair), Martin Angle, Jenny Kay

(Paula Bobbett was appointed a member of the remuneration committee on 26 February 2024)

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 (jointly chaired by the group clinical director and group medical director) that focuses on safety, quality and risk matters across the group's operations. The safety, quality and risk committee met monthly during 2023.

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

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.

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

Spire Healthcare Group is committed to acting 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 sustainability committee, which reports to our executive committee to ensure that our directors have full oversight on all relevant matters.

Our two main areas of focus are, a) to safeguard patients, colleagues and others who come through our facilities, and b) in our supply chain. In our business operations, we believe practitioners and colleagues are well-placed to identify and deal with modern slavery concerns through the safeguarding training and protections we have in place. 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 dealt with inadequately. 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 Freedom to Speak Up Guardians, or other available channels. In 2023, we:

– Maintained our modern slavery due diligence process for new suppliers with an annual spend of in excess of £1 million. There were no issues identified through this process
– Updated our procurement policy, which ensures that our hospitals and clinics are equipped with guidance and a risk assessment tool for evaluating modern slavery risks in local contracts
– Completed an initial assessment exercise of third-party management systems which can risk-assess and monitor the level of performance and risk of key suppliers across a range of areas including labour and human rights. It is intended that our sustainability committee will review this during 2024
– Continued supplier and product rationalisation initiatives, focusing our attention on increasing the proportion of spend with long-standing reputable suppliers, with whom satisfactory due diligence has been carried out, where appropriate

In 2024, we plan to continue the activities outlined above, and further review our approach to enhance third-party supplier risk monitoring and performance.

Spire Healthcare's latest Modern Slavery Act statement
investors.spirehealthcare.com/investors/modern-slaveryact-statement

Vita Health Group's Modern Slavery Act statement
vitahealthgroup.co.uk/slavery-and-human-traffickingstatement

The Doctors Clinic Group's Modern Slavery Act statement
spireoccupationalhealth.com/about-us/accreditationspolicies

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 2023 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	2022 Annual report and accounts	99.83%	0.17%	174,433
2	2022 Directors' remuneration report	96.15%	3.85%	32,281
3	Final dividend	99.99%	0.01%	24,193
4 to 14	Election or re-election of directors	Between 99.98% and 96.27%	Between 0.02% and 3.73%	Maximum 35,088
15	Reappointment of auditors	99.76%	0.24%	24,483
16	Auditors' remuneration	99.94%	0.06%	25,773
17	Political expenditure	99.91%	0.09%	26,781
18	Authority to allot shares	98.06%	1.94%	24,073
19	Disapplication of statutory pre-emption rights*	98.66%	1.34%	30,135
20	Disapplication of statutory pre-emption rights for an acquisition*	96.56%	3.44%	30,135
21	Authority to purchase own shares*	99.74%	0.26%	40,367
22	General meetings to be held on 14 clear days' notice*	99.20%	0.80%	24,481

* Special resolution.

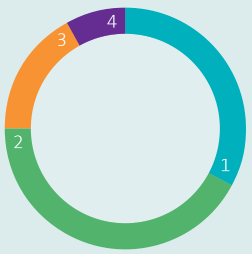
The corporate governance report has been approved by the board and signed on its behalf by:

Philip Davies
Company Secretary

28 February 2024

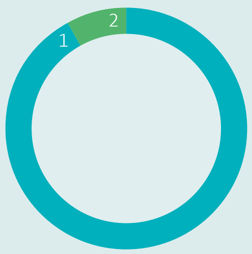
Board of directors

Tenure



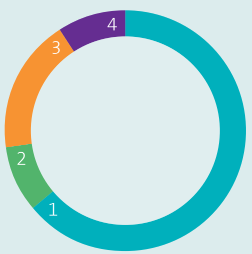
- 1. 0-3 years **33%**
- 2. 4-6 years **42%**
- 3. 6-9 years **17%**
- 4. 9+ years **8%**

Ethnicity



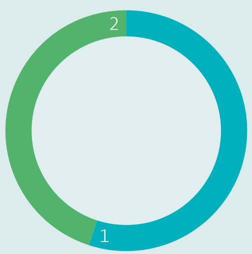
- 1. White **92%**
- 2. Asian Indian **8%**

Position



- 1. Independent NED **64%**
- 2. Non-independent NED **9%**
- 3. Executive **18%**
- 4. Chairman **9%**

Gender



- 1. Male **55%**
- 2. Female **45%**

Board meeting attendance during 2023

Chairman and executive directors	Board meetings
Non-Executive Chairman	
Sir Ian Cheshire	7/7
Senior Independent Director	
Debbie White[1]	7/7
Executive directors	
Justin Ash	7/7
Jitesh Sodha	7/7

Non-executive directors	Board meetings
Martin Angle	7/7
Paula Bobbett	7/7
Natalie Ceeney[2]	5/5
Dame Janet Husband	7/7
Jenny Kay	7/7
Professor Cliff Shearman	7/7
Dr Ronnie van der Merwe	6/7

1. Initially appointed as an independent non-executive director on 1 February 2023 before becoming senior independent director on 12 May 2023.
2. Appointed an independent non-executive director on 1 May 2023.

Board skills, experience and background

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

The Financial Conduct Authority (FCA) has introduced a requirement for listed companies to report on new board diversity targets and provide data on the gender and ethnic diversity of the board and in its executive management. Following the FCA's definition, executive management for these purposes, means the members of our executive committee. However, we have included board members who are also in executive management only in the board members column, and not in the executive management column, in the below tables. We are committed to improving diversity across all protected characteristics and will continue to make progress in line with the new requirements from the FCA.

	Number of board members*	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
FCA gender diversity reporting as at 31 December 2023					
Men	6	55%	3	3	50%
Women	5	45%	1	3	50%
Not specified/ prefer not to say	–	–	–	–	–
FCA ethnic diversity reporting as at 31 December 2023					
White British or other White (including minority-white groups)	10	91%	3	6	100%
Mixed/Multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	9%	1	–	–
Black/African/ Caribbean/Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/ prefer not to say	–	–	–	–	–

* The number of board members includes those who are members of both the board and the executive management.

Further details on levels of gender and ethnic diversity across all of Spire Healthcare can be found on pages 45 to 47.

Board of directors continued

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

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 Land Securities Group plc
- Chairman of Channel 4
- Non-executive director of Menhaden Resource Efficiency 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 both Barclays PLC and BT Group plc until May 2021 and July 2023 respectively. 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 is a trustee of Fraxinus Trust and chair of the Freemasons Fund for Surgical Research.

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.

Jitesh chairs the company's sustainability committee and leads on ESG matters for the board.

Debbie White

Senior Independent Director

Debbie White was appointed an independent non-executive director in February 2023 and became senior independent director in May 2023.

Current external appointments

- Non-executive director and chair designate of The Co-operative Group
- 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 was a non-executive director of Howden Joinery Group plc until December 2023.

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.

Martin Angle

Deputy Chairman and Independent Non-Executive Director

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

Current external appointments

- Chairman of Gulf Keystone Petroleum plc
- Non-executive director of Ocean Biomedical, Inc. (listed on the NASDAQ)

Martin kindly agreed to step aside as senior independent director during May 2023 to allow the company to meet the Listing Rule's requirement that at least one senior board position is held by a woman. Martin Angle remains as deputy chairman following this change.

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.

Board of directors continued

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.

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.

Natalie Ceeney CBE
Independent Non-Executive Director

Natalie Ceeney was appointed an independent non-executive director in May 2023.

Current external appointments

– Non-executive director of Anglian Water Services Limited
– Chair of Cash Access UK Limited
– Non-executive director Openreach Limited
– Non-executive director of Liverpool Financial Services Ltd (LV=)

Skills and previous experience

Natalie spent more than 20 years leading organisational and digital transformation, firstly as a McKinsey & Company consultant and then as an executive. She has worked across a range of sectors, both public and private, and has experience as a regulator as well as a CEO. Natalie has a focus on and deep interest in meeting the needs of customers, inclusion, and the transformational nature of technology.

Natalie's executive career included chief executive roles at HM Courts & Tribunals Service, the Financial Ombudsman Service, the National Archives and as a member of HSBC's UK executive team. She was a non-executive director of Ford Credit Europe until October 2023. Natalie is a graduate of the University of Cambridge.

Jenny Kay
Independent Non-Executive Director

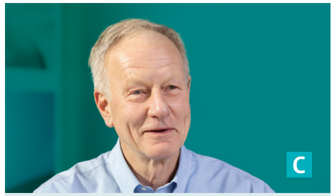
Jenny Kay was appointed an independent non-executive director in June 2019. She has been designated Spire Healthcare's non-executive director lead for safeguarding and the board's Freedom to Speak Up Guardian.

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.



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
– Deputy chair 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 Group Limited, under the terms of the relationship agreement with them.

Current external appointments

– Group chief executive officer of Mediclinic Group Limited

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.

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. He became 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.

Cathy jointly chairs the Safety, Quality and Risk Committee with Professor Lisa Grant.

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 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 former 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 was a member of the board of Network Homes, a London-based housing association, until October 2023.

Professor Lisa Grant
Group Clinical Director and 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 13 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 jointly chairs the Safety, Quality and Risk Committee with Dr Cathy Cale.

Mantraraj Budhdev
Group General Counsel and Corporate Concerns Director

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 and company secretarial teams, and he is also the group corporate concerns director.

Nomination committee report

“The introduction of three new board members at our annual general meeting this year has strengthened the team, ensuring we have the appropriate mix of knowledge, skills and experience the business needs to support the execution of our strategy in the years ahead.”

Sir Ian Cheshire
Chair, Nomination 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

2

Committee membership and attendance at meetings

The nomination committee members at the end of 2023 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 2023
Sir Ian Cheshire (Committee Chair)	May 2021	Non-executive chairman	2 (2)
Martin Angle	May 2020	Deputy chairman	2 (2)
Natalie Ceeney	May 2024	Independent non-executive director	1 (1)
Dame Janet Husband	July 2014	Vice chair	2 (2)
Dr Ronnie van der Merwe	May 2020	Non-executive director	
Debbie White	May 2024	Senior independent director	1 (1)

Nomination committee members’ biographies are shown on pages x to x.

Adèle Anderson stepped down from the board at the company’s annual general meeting in May 2023 and left the nomination committee. Debbie White and Natalie Ceeney were appointed to the nomination committee on 1 May 2023.

The Nomination Committee’s terms of reference can be found at 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.

Dear shareholder,

I am pleased to present the nomination committee's report for the year ended 31 December 2023.

While there have been no new appointments to the board this year, we were pleased to welcome Natalie Ceeney and Debbie White as independent non-executive directors. These appointments were in addition to the appointment of Paula Bobbett who joined us shortly before the start of the year. Our three new directors joined us after a thorough and wide ranging search, facilitated by executive search firm Odgers Berndtson. Each has completed a successful onboarding process during the year which has included a number of hospital visits.

I was very pleased to see Debbie take on the role of senior independent director, and Natalie became chair of the remuneration committee during the year. On the recommendation of the committee, both Debbie and Natalie became members of the nomination committee. The company's deputy chairman, Martin Angle, brought his considerable experience to the role of audit and risk committee chair, as well as becoming a member of the clinical governance and safety committee.

I am pleased to confirm that the company complies with the Listing Rule changes brought about by the FCA's policy statement on diversity and inclusion on boards that at least 40% of the board should be women; at least one of the senior board positions (chair, chief executive officer, chief financial officer or senior independent director) should be a woman; and at least one member of the board should be from an ethnic minority background, excluding white ethnic groups.

Succession planning and appointments to the board

All changes to the board and its committees are overseen by the nomination committee. Strong succession planning remains a key focus to help ensure that we continue to have an appropriate mix of skills, experience and backgrounds on the company's board and in its senior leadership team.

We recognise the requirements of the UK Corporate Governance Code 2018 (the 'Code') in our decision-making, while assessing the cultural and strategic capabilities that will help the group deliver its strategic aims. We remain committed to making appointments on merit, based on objective criteria, but we set that against a clear strategy to promote diversity across the business.

We also consider the tenure of board members and potential future board retirements, and the impact of these on membership of the board and its committees.

The committee's remit includes an ongoing review of the structure, size and composition of the board and its committees to ensure we maintain the appropriate mix of knowledge, skills, experience, and diversity.

Independence and time commitments

Based on our assessment during 2023, the committee is satisfied that, throughout the year, all non-executive directors remained independent in character and judgement.

A thorough review was undertaken by the committee in February 2024, 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 continue in her role and the nomination committee recommended to the board that she remain on as a director.

In recommending directors for election and re-election at the annual general meeting, the committee reviews the performance of each non-executive director and their ability to continue meeting the time commitments required, taking into consideration individual capabilities, skills and experiences and any potential conflicts of interest that have been disclosed. While some of our directors have other significant commitments outside of Spire Healthcare, these are considered to be appropriate and not to conflict with their responsibilities to the group.

Diversity and inclusion

Our board diversity policy and our wider equity, diversity and inclusion (EDI) strategy puts four commitments at the heart of our approach to EDI:

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

Diversity and inclusion is a major focus of activity across Spire Healthcare, 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. We believe that a diverse board includes and makes good use of differences in skills, experience, background, ethnicity, gender and other characteristics.

Our aim was to achieve a minimum 33% female representation on the board by our annual general meeting in May 2023 and 40% by 2025. We were delighted to have already achieved our 2025 target in 2023, with a gender split on our board of 55% male and 45% female.

Spire Healthcare continues to employ a large majority of female colleagues and the company's gender pay gap compares favourably to other organisations. However, we recognise we can do more to achieve 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 pages 45-47. The chart on page 97 also illustrates the diversity of the board in terms of gender.

Performance evaluation

In late 2023, the committee completed its annual performance evaluation, which was led by Debbie White (as the senior independent director) supported by the company secretary and an external specialist, BoardClic, who together created a comprehensive set of questionnaires based on best practice and regulatory guidelines for the board and each board committee. In reviewing the matters identified in BoardClic's report on the outcome of the review, the committee chair discussed and agreed to prepare an action plan for 2024 that took into consideration elements of the report on future board composition.

Re-election of directors

The committee met in early 2024 to review succession arrangements for directors, and the continuation in office and potential reappointment of other members of the board as described earlier. Following this review, the committee recommended to the board that 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

28 February 2024

Clinical governance and safety committee report

"Our work to improve the patient experience before, during and after people come into our care has been an important part of the committee's focus this year. This has been reflected across the business, as we constantly seek to enhance our patient care and the range of services we offer."

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 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 2023 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 2023
Dame Janet Husband (Committee Chair)	July 2014	Vice chair	4 (4)
Justin Ash	October 2017	Chief executive officer	4 (4)
Martin Angle	May 2023	Deputy chairman	3 (3)
Jenny Kay	June 2019	Independent non-executive director	4 (4)
Professor Cliff Shearman	January 2021	Independent non-executive director	4 (4)

CGSC members' biographies are shown on pages 96-97.

Adele Anderson stepped down from the board at the conclusion of the company's annual general meeting held on 11 May 2023 and ceased to be a member of the CGSC. Martin Angle was appointed a member of the CGSC on 1 May 2023.

The CGSC's terms of reference can be found at 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.

The 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

Dear shareholder,

In our first year without COVID-19 restrictions, I am delighted that members of the clinical governance and safety committee (the 'committee' or the 'CGSC') have been able to get out in the business and visit many of our hospitals. This has been a wonderful way to engage with our senior leadership teams and colleagues in many different roles and also to talk to patients in hospitals directly. We have seen for ourselves the results of the significant investments which have been made in the group's equipment and facilities and learned about other exciting new developments in the provision of the highest quality care to our patients. We have also gained a better understanding of the major challenges which each hospital faces and of the practical problems they deal with on a daily basis.

The committee believes that these hospital visits are hugely beneficial, bringing the work of the committee to life and enabling us to better support our hospital leaders as they strive to continually improve patient care.

Our integrated governance reports have matured over the last two years, and the CGSC now has access to detailed information which allows us to identify key themes, examine trends, and to seek clarification and assurance when issues arise. This strategic overview of governance ensures we can fulfil the committee's role and gives the board strong assurance and a high level of confidence that our patient services are well led, effective, responsive and safe.

The wellbeing of patients has been a strong focus through the year, and I am pleased to see that patient forums are now standard across the group. We are committed to learning from every experience, whether good or wanting in some way. That's why we look at patient complaints very closely, and where needs are not met for whatever reason, we seek to put things right swiftly. We are determined that every interaction with Spire Healthcare should be a good one, and that people know that whatever their needs, whether personal or medical, we are here to help.

Committee meetings in 2023

Our four regular CGSC meetings 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. Alongside these meetings, once again we held two informal seminars, allowing us to review specific topics in more detail with the help of expert guest speakers. We use these seminars not only to look at our internal processes, but also to help us look externally and learn from other healthcare organisations, including the NHS.

At our formal meeting in February, we received a presentation on clinical staffing models, and learned how the new safe staffing tool had been embedded in our hospitals and ensures there are safe staffing levels on a daily basis. The tool will also support a more reliable temporary workforce model and inform future workforce planning. Dr Cathy Cale, group medical director, presented the key highlights from the medical professional standards report December 2022, as well as the annual review (2022) of consultant concerns report. We also received the patient experience report for quarter four 2022, noting that interactive sessions were being conducted to ensure that key patient needs were at the forefront of actions and improvements.

At our first seminar in April we welcomed Professor Tim Briggs, National Director for Clinical Improvement and Elective Recovery for NHS England, and Chair of GIRFT (Getting It Right First Time), the national programme dedicated to improving the quality of care within the NHS. He talked to us about surgical hubs and the national effort to deliver the most ambitious elective catch-up plan in NHS history. It was good to have this opportunity to engage with the NHS and to discuss Spire Healthcare's own programme of support for the NHS with Professor Briggs.

At our June meeting, we heard a patient story from Spire Cheshire Hospital, where a solution had been implemented to secure a patient's personal belongings while the patient was in the operating theatre. This simple but highly effective solution has now been implemented across the group. Dr Cale also presented the key points from the annual learning from deaths report (2022). Areas for improvement were noted, particularly the need for greater clarity on anticoagulant management, which has been addressed through our Quality Improvement programme.

At the CGSC meeting in September, the committee acknowledged the horrific crimes of Lucy Letby, a neonatal nurse who had worked at an NHS hospital, and the outcome of her trial. There was recognition of the impact of this case on Spire Healthcare colleagues, particularly those in clinical roles and those in a position of leadership, who were deeply shocked and upset. We discussed our support of colleagues and our culture, which is now well embedded across our hospitals and other parts of the business. The aim is to ensure that colleagues speak up at the very first opportunity should patient safety be of concern. The committee noted that our Freedom to Speak Up Framework is now well-embedded across our hospitals and that the National Guardian's Office's Speak Up training is mandatory for all colleagues.

For our second seminar in September, we were joined by Dr Henrietta Hughes OBE, the National Patient Safety Commissioner, whose role is to promote patient safety in relation to medicines and medical devices and to promote the patient's voice. With her visit coming soon after the verdict in the Lucy Letby case, we had a very useful and informative discussion that focused on the needs of patients, while considering wider governance issues and best practice in patient safety with respect to boards and board committees.

At our December meeting, we received a presentation on integrated governance with respect to our new services, delivered through the newly rebranded London Doctors Clinic (LDC) and Spire Occupational Health, as well as Vita Health Group (VHG). While this governance framework is still in development, the committee is very much looking forward to working with VHG and learning more about their work in the area of mental health support. We also reviewed half-yearly reports with deep dives into critical care and cancer care. Our work in cancer this year has shown a continued increase in activity levels.

Maintaining our high-quality standards

Quality is a key pillar of our business strategy, and our Quality Improvement (QI) strategy continues to deliver quality improvements. Each hospital has its own QI programme, and our standard QI methodology is an important part of Spire Healthcare's quality improvement culture.

Healthcare regulators in England, Scotland and Wales continued their inspections at our hospitals this year, and we have maintained our score of 98% of inspected locations rated 'Good' or 'Outstanding' or the equivalent. I was also pleased to see that all inspected VHG and LDC locations are rated 'Good'. Our one remaining site with a 'Requires improvement' rating, Spire Alexandra, has not been inspected since 2016, so we look forward to demonstrating improvements.

The Care Quality Commission in England has changed its assessment model and we are looking forward to working with them on their new approach. More than ever, our focus is on always being inspection ready – something that our new Group Clinical Director and Chief Nurse, Professor Lisa Grant, is working hard to achieve.

Lisa joined us following a successful 25-year career in the NHS. She has been developing a new nursing strategy that we aim to implement across Spire Healthcare next year, with the full support of the committee. This year, under Lisa's leadership, we were also excited to see the launch of the Driving Clinical Excellence in Practice programme for our nursing colleagues – supporting nurse revalidation, better patient outcomes, and an improved patient experience.

I would like to thank Lisa for her unwavering support of the committee during her first year in office and for sharing with us her vision and her strategy for the future to ensure that we provide the best nursing care at all times and to every single patient.

Quality governance

We are presented with a detailed set of key performance indicators (KPIs) which report trends and flag any statistical alerts to ensure we remain focused on the most pertinent areas of clinical governance for the business. These are scrutinised in-depth by experienced clinical members of the board, and we examine themes and trends.

The subjects include, but are not limited to, incidents of VTE, infection control, patient safety initiatives and mortality. Thankfully, deaths at Spire Healthcare are rare, but each is examined, and the findings are reviewed by the committee with an independent perspective provided by our independent mortality adviser.

We conduct thematic reviews to take a deep dive into specific topics of concern. Topics in 2023 included prevention of never events, improvements to care for patients after discharge, critical care, pathology and cancer services.

We also keep oversight on patient notification exercises and particularly the review of those patients who were the victims of Paterson.

Preparing for PSIRF

The committee is delighted with the progress we are making at our hospitals in implementing the new NHS England Patient Safety Incident Response Framework (PSIRF). PSIRF promotes a new, more proportionate approach to responding to patient safety incidents within a wider system of improvement, with compassionate engagement and involvement of those affected by patient safety incidents. Building on Spire Healthcare's open and learning culture, we have already trained all the people in our hospitals who need to be ready for the full PSIRF implementation in 2024.

Hospital engagement

As I mentioned in my introduction, members of the committee have finally been able to make regular visits to our hospital sites again this year – between the clinical non-executive directors (Jenny Kay, Professor Cliff Shearman, and myself) we have made 21 hospital visits. I've also led visits with other non-executive directors, including our senior independent director, Debbie White, and our deputy chairman, Martin Angle. These visits together add value and have proved very helpful in further aligning Spire Healthcare's business and commercial views with its clinical interests.

We are pleased to support local hospital management teams and always take time to listen to them and our people, all of whom give us valuable insights. The national shortages in healthcare professionals are still a concern across the group, but there has been a lot of work done this year to help us fill gaps, from bringing key recruitment resources in-house to our nursing apprenticeship scheme, which remains one of the largest in our sector, developing talent in the healthcare sector.

Other activities

Members of the committee continue to attend and observe briefings, committee meetings and specialist conferences. These events include medical advisory committee chair conferences held twice yearly and other national meetings including the directors of clinical services meeting, the Freedom to Speak Up Guardians conference and Patient Safety Incident Response Framework training sessions.

We have also attended other committees as observers within the business – such as the medical professional standards committee, and the safety, quality and risk committee.

Looking ahead

The committee continues to function well and, in the coming year, we look forward to learning more about our new business areas and understanding their key governance and patient safety metrics better. In so doing we will get closer to what they do on a daily basis – for example, the NHS talking therapies offered by VHG. So we will aim to meet with some of the people delivering these services, to hear from them first-hand about their roles and experiences. We also have a new daycase clinic which opened in early 2024, with another scheduled to open later in 2024, so we also plan to hear about the progress they are making in the delivery of rapid access diagnostics and daycase treatments.

With some newer non-executive directors on the board, we will continue to introduce them to the clinical aspects of Spire Healthcare, and to the workings of the committee. Indeed, all board members have standing invites to join us at our CGSC seminars and committee meetings.

We are keen to see the new nursing strategy put into practice and will maintain oversight as it is developed next year. We also look forward to celebrating excellence and enhancing professional pride through the Delivering Clinical Excellence in Practice programme. I am confident this will help us build on our standards of outstanding care, add value to our developing workforce, and help us all make a positive difference to people's lives through outstanding personalised care.

We will continue to work closely with our Group Medical Director, Dr Cathy Cale, as she leads clinical governance across Spire Healthcare's growing clinical business. On a personal note I would like to thank Cathy for her unstinting support of the committee and for ensuring that the information presented to the committee is robust, allows appropriate scrutiny and, importantly, provides strong and consistent board assurance.

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

28 February 2024

Audit and risk committee report

> In 2023, the committee focused on the risks from continued geopolitical tensions, including cyber, as well as areas of fundamental financial control."

Martin Angle
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, general counsel and the director of audit, risk, and compliance to attend each meeting, with other members of the management team attending as and when invited. The group's external auditors have regular private sessions with the audit and risk committee 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 2023 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 2023
Martin Angle (Committee chair)	September 2019	Deputy chairman	6 (6)
Debbie White	May 2023	Senior independent director	3 (4)
Natalie Ceeney	May 2023	Independent non-executive director	4 (4)
Dame Janet Husband	July 2014	Vice chair	6 (6)

Audit and risk committee members' biographies are shown on pages 96 and 97.

The audit and risk committee's terms of reference can be found at 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

Martin Angle took over from Adèle Anderson as chair of the company's audit and risk committee from 1 May 2023. Debbie White and Natalie Ceeney CBE joined the audit and risk committee from 1 May 2023.

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 2023.

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. We paid particular regard to the risk impact of the increasing global geopolitical tensions, particularly on cyber, procurement and energy.

Internal audit function

From 1 April 2023, we extended KPMG's contract to provide co-sourced internal audit resource to support the internal audit function for another two years.

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 risk or 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. As in prior years, in 2023, the director of audit, risk and compliance had the risk management function reporting into him, with the approval by the committee. On an annual basis the Committee reviews the internal audit charter that is based on the Institute of Internal Audit's template charter. The Committee also reviewed the compliance by the director of internal audit, risk, and compliance with the internal audit code of conduct.

The committee requires KPMG, as the co-source provider of internal audit services, to maintain independence. In 2023, in the best interests of the company, and after full consideration by the committee of any impact on the independence of internal audit services, the committee approved that KPMG provided some additional services to the group, relating to support with the design of its digital strategy.

The 2024 internal audit plan was approved at the November 2023 committee meeting. The plan is prepared on a risk-focused basis with input from the senior leadership team and non-executive directors. For 2024, the plan will focus on some of our larger hospitals, digital technology implementation and core areas of financial control.

Risk management function

The risk management and internal control report details the changes to the risk environment the group has faced in 2023 (see pages 64 to 74).

To provide visibility of risks from 'ward to board', the risk management team provides quarterly reports to:

- the executive committee and the audit and risk committee on principal risks;
- the safety, quality and risk committee and clinical governance and safety committee on clinical quality risks.

On a monthly basis, the operations committee reviews hospital level 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

As in 2022, 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 principal risks and emerging risks are discussed in more detail in the risk management and internal control report on pages 64 to 74.

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. In October 2023, the government withdrew the proposed Companies' regulations part way through legal ratification and no mention was made of regulatory changes to corporate reporting and governance in the King's speech in November 2023.

The FRC published the revised Corporate Governance Code (2024 Code) in January 2024. The committee will continue to monitor developments in the regulatory environment and receive reports from management on their readiness to comply with new requirements.

The committee has received briefings on the two sustainability financial reporting standards issued by the International Sustainability Standards Board (ISSB) in 2023. It is the committee's planning assumption that these standards will become mandatory in the United Kingdom in due course with substantially the same requirements. Our sustainability committee has commenced initial work to prepare our capabilities so we can comply with those standards when they come into force in the UK. From the beginning of 2024, the committee will receive a regular report from the chair of the sustainability committee.

Task Force on Climate-related Financial Disclosures (TCFD)

In February 2024, the committee reviewed the TCFD disclosures on pages 75 to 80 and reviewed the process for the preparation of the disclosures in compliance with Listing Rule (LR 9.8.6 R(8)).

Audit and risk committee report continued

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 81.

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 2023. 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 the committee noted that this is the fourth fiscal year for Stephney Dallmann to serve as the audit partner.

External auditor independence and effectiveness

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

- Reviewing its proposed plan for the 2023 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.

Other activities in 2023

Prior to the release of the company's 2023 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 from management and external advisors, preparations and planning undertaken in response to the UK Corporate Governance Code update on risk management and internal controls, and counter fraud initiatives.

The table below summarises the matters where the most material judgements have been made in relation to reporting in 2023:

Matters	Judgement and estimation required	How the committee gained comfort on the matter
Improper revenue	Pressure to achieve results could lead management to manipulate the financial reporting of revenue. This could include the: – Manipulation of prices charged, in particular in relation to PMI – Miscoding of procedures by hospitals impacting revenue recorded – Misreporting of other income in the year – Overstatement of accrued revenue at the year end	Central management carry out a detailed review of monthly hospital performance compared to forecast, focusing on the cut-off of revenue reported at the balance sheet date. The group maintains effective segregation of duties to safeguard the integrity of pricing Master file 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.
Goodwill carrying value	Goodwill is tested for impairment annually or when there is an indicator of impairment. This is achieved by comparing the value-in-use of the cash generating unit with its carrying value in the accounts. The value-in-use calculations require the group to estimate future cash flows, considering market conditions, and the present value of these cash flows is determined using an appropriate discount rate. The current value of goodwill is underpinned by these forecasts.	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. The committee has reviewed management's latest assessments in August and November 2023 and in February 2024. This regular recurring review process has allowed for earlier visibility of the key assumptions and any potential issues.
Property carrying values	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. 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.	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). This work was conducted in two phases. An initial review was performed in November 2023. 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: – The terminal growth rate – The discount factor rate – Appropriateness of the determination of a Cash Generating Unit – Forecasts in ongoing capital maintenance – Growth rates applied at an individual hospital level over the next five years 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 & Young LLP, supported its own findings in this area.

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 £24.1 million to ensure the recommended actions are fully adhered to. It is possible that, as further information becomes available, an adjustment to the provision held for claims may be required.	Through the year, the committee has reviewed the information prepared by management, including the key assumptions and judgements underpinning their assessment. The committee continues to challenge management on the appropriateness of the Paterson provision and to gain an understanding of any adjustments proposed. 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 31 December 2023 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
Accounting for acquisitions	The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any noncontrolling interest. Costs related to acquisitions are expensed as incurred and reported in adjusting items. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the group's share of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement. Judgement is required in determining the fair value of assets and liabilities acquired and additionally the value of acquired intangible assets. In determining the value fair value of intangible assets, being customer contracts, management have obtained an external valuation and made the following judgements: – Nature of the contracts – Future expected cash flows related current contracts – Rate of customer contract renewal – Estimated useful life of the contract – Discount rate	The committee has reviewed the reports produced by management to assess the fair value of intangible assets. Its review included assessing for reasonableness the key underlying assumptions used by management in their analysis.

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.

Non-audit services and independence

Ernst & Young LLP provided non-audit services to the group during the year ended 31 December 2023. These services related only to the interim review. Total non-audit service fees amounted to £0.1 million (2022: £0.1 million), less than 50% of the audit fees. All non-audit fees are approved by the committee.

Ernst & Young LLP confirmed to the committee their independence, taking into account any threats to independence including their fees from non-audit services.

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 followed protocols developed under Adele Anderson's tenure as committee chair:

- We both sit on each other's committees
- At each meeting this committee receives a report from Dame Janet Husband focused on risk and control matters discussed at 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

Data strategy, governance and security committee (DSGS)

In 2023, the executive committee set up the new DSGS committee to improve the governance and oversight of data management in a rapidly evolving environment of new technologies and cyber-security risks. The chair of the committee, the general counsel, has a reporting line into this committee and provides a report at each meeting.

Our priorities for 2024

The committee's focus in 2024 will remain largely consistent with 2023 i.e.:

- Geopolitical risks including cyber security
- Implementation of digital change programmes
- 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 emerging and the principal risks

In addition, the committee will increase its focus on the developments in managing sustainability risks and sustainability reporting.

Annual evaluation of the committee's performance

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

In taking over the role as committee chair in May 2023, I wish to express my gratitude to my predecessor, Adele Anderson, who stepped down from the board in May 2023.

Martin Angle
Chair, Audit and Risk Committee

28 February 2024

Remuneration committee report

"It is evident that Spire Healthcare's ambitious, empowering patient and people focused culture is what attracts and retains our colleagues. Spire Healthcare has continued to recognise the contribution of its colleagues with an exceptional salary review of 5.5% for the majority of permanent colleagues in 2023."

Natalie Ceeney
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

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Committee membership and attendance at meetings

The remuneration committee members at the end of 2023 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 2023
Natalie Ceeney (Committee chair)	May 2023	Independent non-executive director	5 (5)
Martin Angle	March 2019	Deputy chairman	6 (7)
Jenny Kay	June 2020	Independent non-executive director	7 (7)

Remuneration committee members' biographies are shown on pages 97 and 98.

Tony Bourne and Simon Rowlands stepped down from the board at the company's annual general meeting in May 2023 and ceased to be members of the remuneration committee at that time.

Natalie Ceeney became a member of the remuneration committee on her appointment as an independent non-executive director on 1 May 2023 and chair of the committee from 12 May 2023. Paula Bobbett was appointed a member of the committee on 26 February 2024.

The remuneration committee's terms of reference can be found at 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:

- 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

The committee also ensures consistency of remuneration arrangements across all levels within Spire Healthcare. It also has responsibility for matters identified by the UK Corporate Governance Code relating to workforce engagement.

Dear shareholder,

I am pleased to present to you the Directors' Remuneration Report for the year ended 31 December 2023. This is my first report since assuming the role of chair of the remuneration committee (the committee) and I would like to thank my predecessor, Tony Bourne, for his leadership of the committee since IPO in 2014.

As part of my onboarding I have met many of our colleagues and senior leaders over the past year. I was impressed by the drive and energy with which our colleagues live the Spire Healthcare purpose. Each and every one of the colleagues I spoke to was proud to work at Spire Healthcare and it is evident that Spire Healthcare's ambitious, empowering patient and people focused culture is what attracts and retains our colleagues.

Key areas of focus for the year

This year the committee has been focused on three key areas to support the business to deliver our strategy and support our colleagues.

1. Supporting our colleagues – The committee is acutely aware of the impact of economic challenges on our colleagues and during the year the committee has spent time considering how best we support our colleagues and support the interventions that management has been able to make.
2. Ensuring that our remuneration strategy is working optimally to recruit and retain talent in critical roles – While the external focus on remuneration is usually on our executive directors, it is just as important to us that we can attract and retain the right talent at all levels. During the year the committee has undertaken a review of our remuneration approach for its senior management.
3. Directors' Remuneration Policy review – We are required to review our Directors' Remuneration Policy every three years. As noted below, the committee concluded that the broad framework remained appropriate and fit-for-purpose and therefore, only minor changes are proposed.

This letter provides further detail of the work of the committee and decisions taken in respect of 2023, and our updated remuneration policy which is due for renewal at the 2024 AGM.

Directors' remuneration policy review

The overall remuneration structure has been in place since 2014 and remains aligned with mainstream FTSE market and best practice. The policy was last approved by shareholders in 2021 and received over 99% support. The implementation of the remuneration policy has also been well supported by shareholders, with over 96% of shareholders supporting the remuneration resolution at the 2023 AGM.

Under the normal three-year renewal cycle, we will be submitting an updated policy for approval at the 2024 AGM. The committee has reviewed the remuneration policy taking into account the group's strategy and purpose, shareholder views and market practice.

Following this review, the committee has concluded to maintain the overall structure of our current remuneration model, with only minor refinements proposed to how the policy is operated in future years. In summary:

- Structure – no change proposed – maintain current fixed pay plus bonus and LTIP pay model
- Incentive levels – no change proposed – maintain maximum award levels under the variable incentive plans
- Bonus deferral – for the chief executive officer, the proportion of the bonus deferred will reduce to one-third (from 50%) once the shareholding guidelines have been met. There will be significant shareholder alignment through the shareholding guidelines being met, one-third of the bonus being deferred, and through the LTIP which is delivered in shares. This will also align the deferral percentage with other executive directors who will remain at one-third deferral
- Other best practice features maintained – including aligning executive director retirement benefits to broader employees, LTIP holding period, and shareholding guidelines (including post-cessation)

While the current performance measures referenced in the incentive plans continue to align to the strategy and purpose of the group, in direct response to investor feedback, we have included a new target relating to EBITDA margin for 2024 LTIP awards. Further detail is set out later in this letter.

We engaged with our major investors regarding the proposals set out above, and the feedback received was generally supportive. As well as the remuneration policy, the company will also be seeking shareholder approval to renew the Deferred Share Bonus Plan and Long-term Incentive Plan at the 2024 AGM. While both plans will reach the end of their ten-year life in 2024, they remain broadly fit-for-purpose. Therefore, both plans are being renewed with only minor amendments to reflect evolving market and best practice.

Performance in 2023

Spire Healthcare delivered a strong financial performance during 2023 with revenue growth of 13.4%. There was continued high demand for private healthcare from people seeking fast access to high-quality care, against the backdrop of pressures on the NHS.

Revenue growth, efficiency programmes and a focus on the treatments most appropriate for the Spire Healthcare hospital environment have enhanced margin and resulted in adjusted EBITDA growth of 15%.

Maintaining strong quality and safety credentials remain core to our activities and our focus on continuous improvement has resulted in 98% of our inspected locations rated 'Good', 'Outstanding' or the equivalent by health inspectors in England, Scotland and Wales.

We also continued to increase utilisation including deploying innovation and technology to improve flow, and reconfiguring space within our hospitals.

Our new services continue to perform well. Demand for our Spire GP service is very strong and the integration of The Doctors Clinic Group, which we acquired at the end of 2022, is progressing well. Work continues on opening new clinics and we opened the first of the company's clinics at Abergele, north Wales, earlier this month.

With the acquisition of Vita Health Group (provider of mental and physical health services in England) in October 2023, Spire Healthcare has expanded its offerings into complementary, adjacent markets that will help attract patients and meet more of their healthcare needs.

Wider workforce pay

The committee has continued to monitor the impact of economic pressures on colleagues and fully supported the management proposal to make a substantial investment in salary increases for all eligible permanent colleagues this year following extensive feedback from many of our colleagues. The majority of our permanent colleagues received a 5.5% salary increase with investment made to provide competitive minimum rates of pay. The 5.5% salary increase builds on our increase of 5% last year and means that most of our colleagues have seen a rise of over 10% since September 2022.

No salary increases were provided to the executive directors in 2023.

Significant engagement has been undertaken this year with executive committee members and senior leaders hosting colleague engagement sessions at each hospital and site. The sessions have been well received and provided a business update and plans for future improvement of our digital capability and our patient offerings.

We remain committed to developing a new reward framework with our hospital directors and senior leaders to provide our colleagues with a simple structure and clarity on role progression to support their careers.

Senior management remuneration

Although the external focus of remuneration tends to be on our executive directors, it is just as critical to Spire Healthcare's success that we can attract and retain talent at all levels. With a network of 39 hospitals, and a growing portfolio of healthcare services, we rely on strong and capable leadership at all levels.

The committee undertook a review of our remuneration approach for our senior managers which included 1:1 interviews with a number of Spire Healthcare's senior leaders. The committee found that, positively, most leaders had been attracted to Spire Healthcare because of its quality focus and culture, and that the reality aligned strongly with the promise. The review determined that our remuneration approach was broadly 'right' for the leaders we had and for future leaders we aimed to recruit, but identified a small number of changes we could make in the detail of our remuneration implementation which would enhance its effectiveness.

We will continue to keep this under review to ensure that our approach supports execution of our strategic goals.

2023 incentive outcomes

The bonus is linked to adjusted EBITDA, free cash flow and individual strategic objectives. The financial and operating performance in the year resulted in bonuses being earned in respect of 2023. The committee evaluated the performance of the chief executive officer and chief financial officer against a number of individual strategic objectives. The overall bonus outcomes for the chief executive officer and the chief financial officer is 75.4% of maximum opportunity. 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 for the 2023 award). Further detail on the performance criteria for this award is set out on page 121.

The 2021 LTIP awards were based on TSR, financial and operational excellence performance measured to 31 December 2023. During the performance period, the company delivered growth in shareholder value which was significantly higher than the upper quartile of the FTSE 250 (excluding investment trusts) comparator group over the equivalent period. Therefore the relative TSR element for the 2021 award will vest in full. Return on capital employed exceeded target with outcome of this element at 56%. For operational excellence, regulatory rating objective was met in full with 98% of our inspected locations rated as 'Good', 'Outstanding' or the equivalent by health inspectors in England, Wales and Scotland, and there was an improved colleague engagement score of 81%. The overall vesting outcome for this award is 82.19% of maximum. Vested awards for executive directors will be subject to a further two-year holding period. The committee is satisfied that the outcomes from this award are supported by both underlying performance and the experience of our shareholders.

Remuneration for 2024

Salary increases normally take effect from September. Any increase to salaries for executive directors will take into account of the average increase awarded to the wider workforce.

Incentives are based on a rounded assessment of performance taking into account financial, operational and strategic elements. The operational excellence objectives in the LTIP include consideration of our broader ESG performance. The maximum bonus opportunity for executive directors remains unchanged at 150% of salary. For both executive directors, 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%).

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. From 2024, EBITDA margin will be introduced as a performance measure with 15% weighting. EBITDA margin is a key measure of group efficiency and long-term improvement in EBITDA margin has been an area of focus for a number of our largest investors. The weighting for relative TSR has been reduced to 20% to facilitate the inclusion of EBITDA margin. While the committee and management are focused on generating value for our shareholders, it is recognised that the lack of listed peers means relative TSR against the general market is not necessarily a perfect measure of success for Spire Healthcare. There is no change in the operational excellence measures as these continue to be an important focus. 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.

Executive director changes

Jitesh Sodha will step down from the board and his role as chief financial officer upon conclusion of the annual general meeting on 9 May 2024, to be succeeded by Harbant Samra. After stepping down from the board, Jitesh will initially support his successor with transition before focussing on a number of strategic initiatives for the remainder of his notice period. Given his contribution to the group since appointment in 2018, Jitesh will be treated as a 'good leaver' for the purposes of outstanding incentive awards. Further detail is provided on page 128.

The board is pleased to announce Harbant Samra as the new chief financial officer. Harbant will receive a salary of £380,000 with all other elements of his future remuneration package in line with the remuneration policy. Harbant's base salary has been set below his predecessor. It is the committee's intention to keep his salary under review in future years to ensure it continues to reflect his experience and development in role. Where appropriate the committee would consider making phased increases over time to position remuneration at a more competitive level against the market.

If you have any questions about this year's directors' remuneration report, please contact me via companysecretary@spirehealthcare.com.

Natalie Ceeney
Chair, Remuneration Committee

28 February 2024

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

Clarity	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.
Simplicity	Our remuneration policies are straightforward and easy to understand.
Risk	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.
Predictability	Potential values from remuneration arrangements are clearly communicated.
Proportionality	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.
Alignment to culture	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.

At a glance: implementation of the new remuneration policy for 2024

The table below summarises how key elements of the remuneration policy will be implemented in 2024 and key decisions taken by the committee for the year ended 31 December 2023.

Element	
Base salary as at 31 December 2023	Justin Ash (CEO) £642,952 Jitesh Sodha (CFO) £432,600
Pension	8% (in line with opportunity available to the majority of employees)
Annual bonus policy maximum	Maximum: 150%
Annual bonus measures	– For 2024, performance measures will be adjusted EBITDA (60%) and free cash flow (20%) and strategic individual objectives (20%) – Full disclosure of performance measures and weightings will be made retrospectively
Annual bonus deferral policy	– Deferral in line with remuneration policy
LTIP policy level	Maximum: 200%

Element

LTIP measures

– 2024 LTIP awards will be based on the following measures ROCE (35%), EBITDA margin (hospital) (15%), relative TSR (20%), employee engagement (15%) and regulatory ratings (15%)

– Performance will be measured over a three-year period from 1 January 2024 to 31 December 2026

	25% vests	50% vests	100% vests
Relative TSR (20%)	Median		Upper quartile
ROCE (35%)[2]	8.6%	10%	11%
EBITDA margin (hospital) (15%)[3]		20.5%	21%
Regulatory ratings (15%)[4,5]	84% Achieve 'Good' or above	88% Achieve 'Good' or above	94% Achieve 'Good' or above
Employee engagement (15%)[5]	76%	80%	82% (or better)

– As noted in the chair's letter, an EBITDA margin (hospital) target has been included as a new measure for 2024 LTIP awards. This is in direct response to shareholder feedback and reflects the strategic importance of delivering a step-change improvement in efficiency of the hospital business. The target range is for performance substantially ahead of the result in 2023 (17.6%). Rather than incorporating a lower threshold hurdle for vesting of 25% for EBITDA margin (hospital), the committee has concluded that there will be no vesting under this element where performance is less than 20.5%. The ROCE targets have also been increased against targets for the prior year. Although the regulatory rating performance in 2023 was exceptionally strong, there is a recognition that the expectations of regulators continue to evolve which may impact ratings in future years. The proposed range is also stretching when considered against wider sector norms. The target ranges for the relative TSR and employee engagement are consistent with 2023 LTIP awards.

LTIP holding requirement	– LTIP awards are subject to a two-year holding period
Shareholding guideline	– 200% of salary in-employment shareholding guideline – Post-cessation shareholding requirements apply at the same level as the in-employment guideline (or actual shareholding upon departure, if lower) for two years following cessation of employment
Malus and clawback	– Malus and/or clawback provisions apply to annual bonus awards and LTIP awards as set out in the remuneration policy later in this report

1. Straight-line vesting between points shown.
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 2026.
3. EBITDA Margin is calculated as EBITDA as a percentage of Revenue as at 31 December 2026. The EBITDA Margin is for Spire's core hospital group.
4. 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.
5. The portfolio of Spire Group hospitals shall be that as at 1 January 2024 including The Doctors Clinic Group but excluding new clinics that open during the Performance Period and Vita Health Group.

Remuneration policy report

The following section sets out our Directors' Remuneration Policy that will be put to a binding shareholder vote at the annual general meeting on 9 May 2024. If approved, it will be effective from that date.

The current policy was approved by shareholders in 2021, and therefore a new policy is being presented to shareholders under the standard three-year renewal cycle. The key features of the current policy have been retained and remain unchanged under the new policy and there are no proposed changes to incentive structure or opportunities. There are some proposed changes to the implementation of the policy (such as to the LTIP measures for 2024), further information of which is set out in the policy tables below. The current policy received strong shareholder support and the remuneration committee is of the view that the overall structure continues to be aligned with prevailing market and best practice. As part of the renewal process the remuneration committee has taken the opportunity to make a small change to the deferral requirements for the chief executive officer and other minor changes to aid the operation.

In developing the updated remuneration policy, the focus has been on how our approach to pay can support the strategic priorities of the group over the medium and long term. The remuneration committee followed a robust process when undertaking the review, which included discussion on key design features over a series of meetings, consideration of market and best practice developments, and pay arrangements in the wider organisation. The remuneration committee also consulted with major shareholders regarding the proposed approach. The remuneration committee also considered input from management and our independent advisers, while ensuring that conflicts of interest were suitably mitigated. In line with best practice, directors do not participate in discussions regarding their own remuneration.

Remuneration policy table

Fixed remuneration

Salary

Purpose and link to strategy	To provide fixed remuneration that is appropriate for the role and to secure and retain the talent required by the group.
Operation	The remuneration committee typically takes into account a number of factors when setting salaries, including but not limited to: – Scope and responsibility of the role – The skills and experience of the individual – Salary levels for similar roles within appropriate comparators – Overall structure of the remuneration package – Pay and conditions elsewhere in the group Salaries are normally reviewed annually.
Maximum opportunity	While there is no defined maximum opportunity, salary increases normally take into account increases for full-time employees across the group. The remuneration committee retains discretion to make higher increases in certain circumstances, for example, following an increase in the scope and/or responsibility of the role, or a significant change in market practice or development of the individual in the role. Current salary levels are disclosed in the annual report on remuneration.
Performance measures	None.

Benefits

Purpose and link to strategy	Fixed element of remuneration providing market competitive benefits to both support retention and recruit people of the necessary calibre.
Operation	A range of role-appropriate benefits may be provided to executive directors, including such items as private medical cover (for the executive director and their family), participation in an income protection scheme, life assurance, an annual health assessment (for the executive director and their spouse) and a car allowance. This also includes reimbursement of all costs associated with reasonable expenses incurred for the proper performance of the role including tax thereon. Additional benefits may also be provided where the remuneration committee considers this appropriate (eg, on relocation). Executive directors are also eligible to participate in any all-employee share plans operated by the company from time-to-time on the same basis as other eligible colleagues. The remuneration committee keeps the benefits package offered to existing and new executive directors under review.
Maximum opportunity	While no maximum limit exists, individual benefit arrangements take into account a number of factors, including market practice for comparable roles within appropriate pay comparators. Participation in any HMRC-approved all-employee share plan is subject to the maximum permitted by the relevant tax legislation.
Performance measures	None.

Retirement benefits

Purpose and link to strategy	Fixed element of remuneration to assist with retirement planning. Retirement benefits are provided to both support retention and recruit people of the necessary calibre.
Operation	Executive directors can opt to join the company's defined contribution scheme, receive a contribution into a personal pension scheme, take a cash supplement or any combination of the three. The employer defined contribution level, the contribution into a personal pension scheme and/or cash supplement are kept under review by the remuneration committee. The retirement benefits are not included in calculating bonus and long-term incentive quantum.
Maximum opportunity	For executive directors, the nature and value of any retirement benefits provided will be set by reference to the rate offered to wider employees. The maximum benefit receivable by the majority of employees is currently 8% of base salary.
Performance measures	None.

Remuneration policy table continued

Variable remuneration

Annual bonus

Purpose and link to strategy	To incentivise and reward the achievement of annual objectives that are key to the delivery of the group's strategy.
Operation	Objectives are normally set annually to ensure that they remain targeted and focused on the delivery of strategic goals. The remuneration committee sets targets that require appropriate levels of performance, taking into account internal and external expectations of performance. The remuneration committee typically meets as soon as practicable after the year end to review performance against objectives and determines payout levels. The committee may adjust payments to ensure they are reflective of overall performance and wider stakeholder experience. A portion of any bonus (as determined by the committee) is normally deferred into an award of shares under the Deferred Share Bonus Plan (DSBP). For the chief executive officer, the proportion of the bonus deferred will normally be one-half of any bonus paid until the in-employment shareholding guideline has been met, at which point it will reduce to one-third. For other executive directors, normally one-third of any bonus is deferred. The deferral period is currently three years for all executive directors. DSBP awards may be in the form of conditional share awards or nil-cost options, or any other form allowed by the Plan rules. This deferred bonus element is not normally subject to any further performance conditions, although it is subject to continued employment. Further details of the malus and clawback provisions applicable are set out on page 116.
Maximum opportunity	Maximum award opportunity for executive directors is 150% of base salary for each financial year.
Performance measures	Awards may be based on a combination of financial, operational and/or individual goals. At least 50% of the award will be assessed against the group's financial metrics. The remainder (if any) of the award will normally be based on performance against strategic objectives and/or individual objectives. A sliding scale between 0% and 100% of the maximum award pays out for achievement between the minimum and maximum performance thresholds. The pay-out schedule for each metric may be tailored to reflect the stretch of the targets set. For 2024, performance measures will be adjusted EBITDA (60%), free cash flow (20%) and strategic individual objectives (20%). The details of measures, targets and weightings may be varied by the remuneration committee year-on-year based on the group's strategic priorities.

Long Term Incentive Plan (LTIP)

Purpose and link to strategy	To incentivise and reward the delivery of long-term strategic objectives. To align the interests of the executive directors with those of shareholders and other stakeholders. To assist recruitment and retention of executive directors.
Operation	Awards granted under the LTIP vest subject to achievement of performance conditions normally measured over a period of at least three years, unless the remuneration committee determines otherwise. Following the end of the performance period, the remuneration committee reviews performance against the targets set to determine the level of vesting. The remuneration committee may adjust vesting outcomes to ensure that they are reflective of overall performance and wider stakeholder experience. Awards may be in the form of conditional share awards or nil-cost options or any other form allowed by the LTIP rules. Further details of the malus and clawback provisions applicable are set out on page 116. Awards will normally be subject to a two-year holding period.
Maximum opportunity	The maximum award opportunity (at grant) for executive directors in respect of a financial year is 200% of base salary.
Performance measures	Vesting of awards may be dependent on a range of financial, operational or share price measures, as set by the remuneration committee, which are aligned with the long-term strategic objectives of the group and shareholder value creation. Normally, at least 50% of an award will be based on financial measures or measures linked to the share price. The remainder (if any) will be based on operational or strategic measures. At the threshold performance, no more than 25% of the award will vest, rising to 100% for maximum performance. The pay-out schedule for each metric may be tailored to reflect the stretch of the targets set. For awards to be granted in 2024, vesting will be based on ROCE (35%), EBITDA margin (15%), relative TSR (20%) and operational excellence (30%). The details of measures, targets and weightings may be varied by the remuneration committee prior to grant based on the group's strategic objectives.

Remuneration policy report continued

Notes to the policy table performance measures and targets

Annual bonus

The annual bonus performance measures are designed to provide an appropriate balance between incentivising executive directors to meet financial targets for the year and to deliver specific strategic, operational and/or individual objectives. This balance allows the remuneration committee to review the group's performance in the round against the key elements of our strategy, and appropriately incentivise and reward the executive directors.

Bonus targets are set by the remuneration committee each year to ensure that executive directors are focused on the key financial and strategic objectives for the financial year. In doing so, the remuneration committee usually takes into account a number of internal and external reference points, including the group's business plan.

Long Term Incentive Plan (LTIP)

The remuneration committee believes it is important that the performance conditions applying to LTIP awards support the long-term ambitions of the group and the creation of shareholder value. As part of its review of the remuneration policy, the remuneration committee reviewed the metrics for 2024 awards reflecting on the group's strategic priorities and feedback from major shareholders. For 2024 awards, it was determined that ROCE remains a key measure of long-term success, EBITDA margin (hospital) will be introduced as a performance measure as it's a key measure of group efficiency, relative total shareholder return will be retained at a reduced weighting to facilitate the inclusion of EBITDA margin, and operational excellence measures will also be retained which continue to be strategically important given the highly regulated and quality sensitive nature of the healthcare sector.

The remuneration committee will keep the measures and weightings under review to ensure they continue to support the long-term success of the group.

Shareholding guidelines

Executive directors are expected to build up and maintain, a shareholding equivalent to twice their respective base salary.

In addition, executive directors will also be expected to maintain a shareholding for two years after stepping down from the board. Further details on the guideline are set out in the annual report on remuneration.

The committee may disapply or reduce the shareholding guidelines in extenuating circumstances, for example in compassionate circumstances.

Recovery provisions (malus and clawback)

Prior to vesting, the remuneration committee may cancel or reduce the number of shares subject to, or impose additional conditions on, LTIP and DSBP awards in circumstances where the remuneration committee considers it to be appropriate (malus). Such circumstances may include: a serious misstatement of the group's audited financial results; a serious miscalculation of any relevant performance measure; a serious failure of risk management or regulatory compliance by a relevant entity; serious reputational damage to the group or a relevant business unit; the participant's material misconduct, a material corporate failure, or any other circumstances that the committee considers to be similar in their nature of effect.

In addition, the remuneration committee may also apply malus and/or clawback in certain extreme circumstances (including those listed above) for up to two years after the vesting date for LTIP awards and payment of cash bonus, and up to three years after the grant date for the DSBP award.

Prior to applying malus or clawback, the remuneration committee will take into account all relevant factors (including, where a serious failure of risk management or regulatory compliance or serious reputational damage has occurred, the degree of involvement of the employee in that failure or damage in question and the employee's level of responsibility) in deciding whether, and to what extent, it is reasonable to operate malus and/or clawback. The remuneration committee is satisfied that the above provisions provide robust safeguards against inappropriate payment of incentive awards.

Recruitment policy

In determining remuneration for new executive directors, the remuneration committee will consider all relevant factors, including the calibre of the individual and the external market, while aiming not to pay more than is necessary to secure the required talent. The remuneration committee would seek to act in what it considers to be the best interests of the group and its shareholders. Normally, the remuneration committee will seek to align the new executive director's remuneration package to the remuneration policy, as set out above.

Salary and benefits (including any retirement benefits) will be determined in accordance with the policy table above. In certain instances, the committee may decide to appoint an executive director to the board on a lower-than-typical salary, with the intention of gradually increasing the salary to move closer to the market level as they build experience in the role. Normally, benefits will be limited to those outlined in the policy table above, however there may be relocation benefits and other costs in relation to the appointment (eg legal fees) in certain circumstances, which may include a cash payment to cover reasonable expenses. Reimbursed expenses may include a gross-up to reflect any tax due in respect of the reimbursement.

The maximum level of variable pay (excluding any buyouts) that may be awarded to a new executive director will be limited to 350% of base salary in respect of any financial year, which is consistent with the policy table above. Incentives will normally be granted under the existing plans; however, where appropriate, the remuneration committee may tailor the award (eg time frame, form, performance criteria) based on the commercial circumstances.

The remuneration committee may 'buy out' remuneration terms a new hire has had to forfeit on joining the group. Buyout awards are intended to be of comparable commercial value and capped accordingly. The remuneration committee will take into account all relevant factors when determining the quantum and form/structure of any buyout, including any performance conditions attached to any forfeited awards, the likelihood of those conditions being met, and the proportion of the vesting/performance period remaining.

Other elements may be included in the following circumstances: (i) an interim appointment being made to fill an executive director role on a short-term basis; and (ii) if exceptional circumstances require that the chair or a non-executive director takes on an executive function on a short-term basis.

The service contracts for new appointments will be consistent with the policy described later in this report.

Where an executive director is appointed from within the organisation, the policy of the group is that any legacy arrangements would be honoured in line with the original terms and conditions. Similarly, if an executive is appointed following an acquisition of, or merger with, another company, legacy terms and conditions would be honoured.

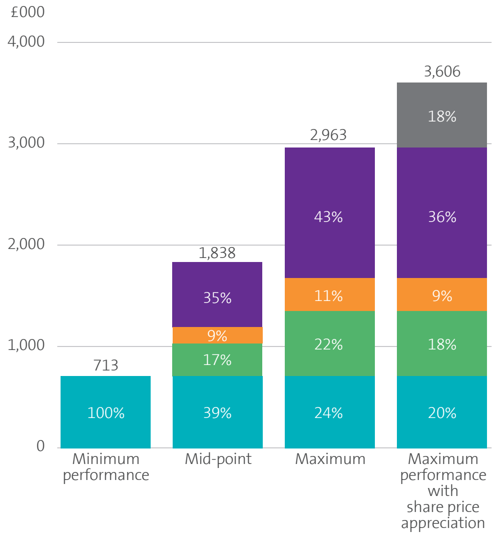
Illustration of the remuneration policy

The remuneration arrangements have been designed to ensure that a significant proportion of pay is dependent on the delivery of stretching short-term and long-term performance targets aligned with the group's objectives, and on delivering shareholder value. The remuneration committee considers the level of remuneration that may be received under different performance outcomes to ensure that this is appropriate in the context of the performance delivered and the value added for shareholders.

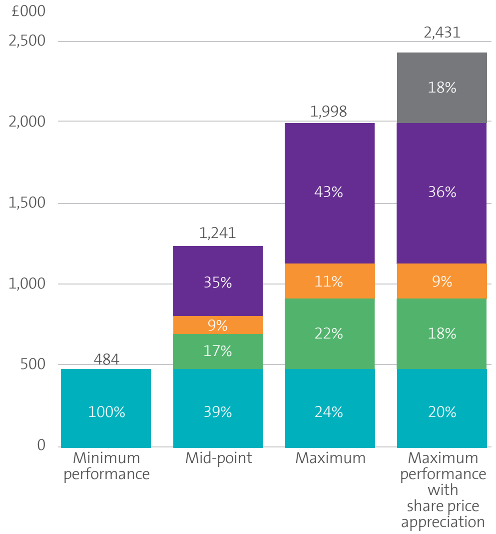
The chart below provides illustrative values of the annual remuneration package for the chief executive officer and chief financial officer under four assumed performance scenarios. This chart is for illustrative purposes only and actual outcomes may differ from those shown. In accordance with the disclosure regulations, share awards have been shown at face value, with no dividend accrual or discount rate assumptions and share price growth modelled in the final scenarios only.

	Assumed performance	Assumptions
Fixed pay	All performance scenarios	– Consists of total fixed pay, including base salary, benefits and retirement benefits – Base salary – salary effective as at 1 January 2024 – Benefits – based on 2023 values – Retirement benefits – 8% of 2024 salary
Variable pay	Minimum performance	– No pay-out under the annual bonus – No vesting under the LTIP
	Mid-point	– 50% of the maximum payout under the annual bonus. This represents 75% of base salary. A portion of the bonus is deferred into shares under the DSBP – 50% vesting under the LTIP. This represents 100% of base salary
	Maximum performance	– 100% of the maximum payout under the annual bonus. This represents 150% of base salary for both executive directors. A portion of the bonus is deferred into shares under the DSBP – 100% vesting under the LTIP. This represents 200% of base salary
	Maximum performance with share price appreciation	– Performance outcomes as detailed under the 'maximum performance' description above, assuming share price growth of 50% in respect of the LTIP award

Chief Executive Officer – Justin Ash



Chief Financial Officer – Jitesh Sodha



Salary/benefits Cash Bonus Deferred shares LTIP Share price appreciation

Remuneration policy report continued

Executive director service contracts and payments for loss of office

The key employment terms and other conditions of the current executive directors are set out below:

Notice period	Up to 12 months' notice by either the group or the executive director. This is also the policy for new recruits.
Benefits	The group may agree that certain benefits will be specified within the executive directors' service contracts. The current executive directors are contractually entitled to private medical cover (for the executive director and their family), income protection, life assurance, an annual health assessment (for the executive director and their spouse) and a car allowance.
Termination payment	The group may terminate employment by making a payment in lieu of notice (PILON) equivalent to (i) up to 12 months' base salary, and (ii) the cost of specific benefits (including retirement benefits). Upon termination by the group, the group can determine whether a PILON is made as a single lump sum or paid in instalments, subject to mitigation. Where the sum is paid in instalments, the executive director has a duty to use reasonable endeavours to secure alternative employment as soon as reasonably practicable. In the event the executive director commences alternative employment with a salary above a de minimis level, there will be a pro rata reduction in the PILON payments.
Immediate termination	The service contract of an executive director may also be terminated immediately and with no liability to make payment in certain circumstances, such as the executive director bringing the group into disrepute or committing a fundamental breach of their e mployment obligations.
External appointments	Executive directors may accept one position as a non-executive director of another publicly listed company that is not a competitor of the group, subject to prior approval of the board. External appointments to any other company (and treatment of any fees) are also subject to the prior approval of the board.

In the event that the employment of an executive director is terminated, any compensation payable will be determined in accordance with the terms of the service contract between the group and the employee, as well as the rules of any incentive plans in which they participate. Where appropriate, the company may also provide other benefits in connection with the departure, which may include making a payment in respect of outplacement costs, legal fees and the cost of settling any potential claims.

Where an executive director's employment with the group ceases prior to the payment of the annual bonus in respect of a financial year, the committee in its absolute discretion will determine whether any bonus should be paid (which will normally only be in 'good leaver' scenarios) and the extent to which deferral into shares should be applied. Any awards would normally be prorated. Malus and clawback provisions will also apply. For the avoidance of doubt, in the event the executive director is dismissed for misconduct, no bonus will be payable.

The treatment of share awards made by the company is governed by the relevant share plan rules. The following table summarises the leaver provisions of share plans under which executive directors may currently hold awards.

Plan	Leaver reasons where awards may continue to vest	Vesting arrangements
Deferred Share Bonus Plan (DSBP) and LTIP	Injury, ill health or disability. The transfer of the individual's employing company or business out of the group. Any other scenario in which the committee determines good leaver treatment is justified.	LTIP awards will vest to the extent determined by the remuneration committee, which, unless the remuneration committee determines otherwise, will be calculated on the basis of the achievement of any performance conditions at the relevant vesting date and, unless the remuneration committee determines otherwise, will be pro-rated for time. The vesting date for such awards will normally be the original vesting date, although the remuneration committee has the flexibility to determine that awards can vest upon cessation of employment or any other date no later than the original vesting date. Unless the remuneration committee determines otherwise, LTIP awards will normally continue to be subject to any holding period which applies to an award. DSBP awards will normally vest in full on the original vesting date, although the remuneration committee has the flexibility to determine that awards can vest earlier. DSBP and LTIP awards will continue to be subject to malus and clawback provisions.
	Death.	The LTIP awards will normally vest to the extent determined by the remuneration committee as soon as reasonably practicable following the date of death and the awards shall vest on that date, or any other date no later than the original vesting date. DSBP awards will normally vest in full as soon as reasonably practicable following the date of death.
	Any other reason.	Awards lapse in full to the extent that they have not vested.

Where executive directors participate in any HMRC-approved all-employee share plans, the leaver treatment will be consistent with the relevant legislation and on the same terms as all other employees.

Non-executive chairman and non-executive directors

The group seeks to appoint non-executive directors who have relevant professional knowledge and/or specific technical skills to support the current expertise of the board and to match the healthcare sector within which the group operates.

In the event of the appointment of a new non-executive chairman and/or non-executive director, remuneration arrangements will normally be in line with those detailed in the relevant table below.

Remuneration of non-executive directors, with the exception of the chairman, is determined by the chairman and the executive directors. The remuneration of the chairman is determined by the remuneration committee. Directors are not involved in any decisions in relation to their own remuneration.

The table below sets out the remuneration policy with respect to non-executive directors. Fees to non-executive directors will not include share options or other performance-related elements. Non-executive directors do not participate in the group's bonus arrangements, share incentive schemes or retirement benefit plans.

Approach to setting remuneration for non-executive directors	Opportunity
Fees are set at appropriate levels to ensure non-executive directors are paid to reflect the individual responsibility taken, as well as the skills and experience of the individual. Fees are reviewed periodically. When setting fee levels, consideration is given to a number of factors, including responsibilities and market positioning. Where appropriate, benefits to the role may be provided. Travel and other reasonable expenses (including fees incurred in obtaining professional advice in the furtherance of their duties and any associated taxes) incurred in the course of performing their duties may be paid by the group or reimbursed to non-executive directors.	The total fees paid to non-executive directors will remain within the limit stated in the Articles of Association of the company. Individual fees reflect responsibility and time commitment, as well as the skills and experience of the individual. Additional fees may be paid for further responsibilities, such as chairmanship of committees. Any benefits provided will be reasonable in the market context and take account of the individual circumstances and benefits provided to comparable roles. Expenses reasonably incurred in the performance of the role may be reimbursed or paid for directly by the group, as appropriate, including any tax due on the benefits. Non-executive directors will also be covered by the group's indemnity insurance. The current fee arrangements are set out in the Annual Report on Remuneration.

Non-executive chairman and non-executive directors' letters of appointment

The non-executive chairman and non-executive directors have letters of appointment that set out their duties and responsibilities. They do not have service contracts with either the group or any of its subsidiaries.

The key terms of the appointments are set out in the table below. This is the policy for current and any new non-executive directors.

Provision	Policy
Period	In line with the UK Corporate Governance Code, the chair and all independent non-executive directors are subject to annual re-election by shareholders at each annual general meeting. After the initial three-year term, the chair and the non-executive directors are typically expected to serve a further three-year term.
Termination	The appointment of the chair is terminable by either the group or the director by giving up to 12 months' notice. The appointment of the deputy chairman is terminable by either the group or the director by giving three months' notice. The appointment of any independent non-executive director is terminable by either the group or the director by giving two months' notice. The non-executive director nominated by Mediclinic International PLC or any other shareholder representative is pursuant to the terms of any relationship agreement and is currently terminable without notice.

Further detailed provisions

The DSBP and LTIP will be operated in accordance with the relevant plan rules. The remuneration committee may adjust or amend awards only in accordance with the provisions of the relevant plan rules. This includes making adjustments to awards to reflect one-off corporate events, such as a change in the group's capital structure. In accordance with the plan rules, awards may be settled in cash rather than shares, where the remuneration committee considers this appropriate.

The performance conditions applicable to incentive awards may be amended on an appropriate basis determined by the remuneration committee, if an event occurs or circumstances arise that cause the remuneration committee to consider the performance condition is no longer a fair measure of performance.

In addition, the remuneration committee has the discretion to adjust the formulaic outturns of incentive awards where it considers that the outcome of the award is not a fair reflection of the underlying performance of the company or participant over the relevant performance period. When making such judgement the remuneration committee may take into account any such factors that are deemed relevant.

Under the DSBP and LTIP, participants may receive an additional amount, in cash or shares, to take account of the value of dividends the participant would have received on the shares that vest. This amount may assume the reinvestment of dividends and may include or exclude special dividends.

In the event of a change of control of the company, LTIP awards may vest to the extent that the remuneration committee determines, taking into account the extent to which any performance conditions have been satisfied, and such other factors as the remuneration committee considers relevant in the circumstances, provided that, unless the remuneration committee determines otherwise, awards will be pro-rated for time; DSBP awards will normally vest in full. Alternatively, awards may be exchanged for equivalent awards in the acquiring company.

The remuneration committee may make any remuneration payments (including vesting of incentives) and payments for loss of office, notwithstanding that they are not in line with the policy set out above, where the terms of that payment were either agreed: (i) during the term of, and were consistent with, any previous policy approved by shareholders; or (ii) at a time when the relevant individual was not a director of the company and, in the opinion of the remuneration committee, the payment was not in consideration for the individual becoming a director of the company.

The DSBP and LTIP rules incorporate dilution limits. These limits are 10% in any rolling 10-year period for all plans and 5% in any rolling 10-year period for discretionary share plans.

The remuneration committee may make minor amendments to the policy set out above for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation without obtaining shareholder approval for that amendment.

Remuneration arrangements throughout the company

The policy for our executive directors is designed in line with the remuneration philosophy and principles that underpin remuneration across the group. When making decisions in respect of the executive directors' remuneration arrangements, the committee takes into consideration the pay and conditions for employees throughout the group. As set out on page 111, the committee chair also met with a number of Spire Healthcare's senior leaders as part of the remuneration policy review.

As stated in the policy table, salary increases are, in practice, normally determined taking into account the salary increases received by the general employee population. Consideration is also given to how incentive design and outcomes cascade through the organisation.

Details of how the company engages with its colleagues are described on page 55.

The remuneration of the wider employee population is based on the same reward philosophy, while the components of remuneration vary with seniority. All employees, including executive directors, receive a salary and role-appropriate benefits. Role-specific annual bonus arrangements are operated across the group. Only senior individuals who can have significant influence on the performance of the group as a whole are invited to participate in the long-term incentive plans. This provides those individuals with an incentive to help achieve the group's medium and long-term objectives and create shareholder value, while ensuring their remuneration varies to the extent these goals are achieved. As noted above, retirement benefits for executive director are set by reference to arrangements in place for wider employees.

Consideration of shareholder views

Since admission, the remuneration committee has regularly engaged with shareholders regarding its approach to remuneration and remains mindful of shareholders' views and emerging market and best practice when evaluating and setting future remuneration strategy. During the year the remuneration committee consulted with major shareholders regarding the key terms of the new policy and the feedback received was generally supportive.

This remuneration policy will be presented to shareholders for approval at the 2024 AGM.

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 2023. This comprises the total remuneration in respect of the full year from 1 January 2023 to 31 December 2023.

	Justin Ash		Jitesh Sodha	
(£000)	2023	2022	2023	2022
Salary	**643.0**	630.5	**432.6**	424.2
Benefits	**18.5**	10.3	**17.0**	20.3
Retirement benefits	**51.4**	113.5	**34.6**	76.4
Total fixed pay	**712.9**	754.3	**484.2**	520.9
Annual bonus[1]	**727.3**	496.2	**489.3**	329.5
Long-term incentives[2,3]	**1,217.2**	1,609.5	**819.0**	1,033.7
Total variable pay	**1,944.5**	2,105.7	**1,308.3**	1,363.2
Total	**2,657.4**	2,860.0	**1,792.5**	1,884.1

1. 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.
2. Both executive directors were participants of the 2021 LTIP awards, which are due to vest in 2024. For the purposes of this table, the value of awards is based on the average share price during the final quarter of 2023 (£2.22). The share price used to determine the number of shares under the 2021 LTIP Awards was £1.641 being the average of the mid-market closing share price over the five trading days ending on 17 March 2021. Based on the average share price of last quarter of 2023 of £2.22, there has been a 35% share price growth during the three-year performance period. Therefore, 26% of the value shown is attributable to share price appreciation.
3. The 2020 LTIP awards have been restated to reflect the actual share price on vesting of £2.135.

Additional notes to the table

Salary

Taking into account the impact of the wider macroeconomic trends on colleagues, salary increases of 5.5% were awarded to the majority of permanent colleagues. There was no salary increase for the executive directors. The salaries for the executive directors remain unchanged from 1 September 2022.

- 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, car allowance and income protection cover.

Retirement benefits

The amount set out in the table represents the group contribution to the executive directors' retirement planning at a rate of 8% of base salary which is aligned with the wider workforce.

Annual bonus

For the 2023 financial year, the maximum bonus opportunity for Justin Ash and Jitesh Sodha was 150% of base salary. Awards were measured 60% on adjusted EBITDA, 20% on free cash flow and 20% against individual strategic objectives.

All bonuses in the group, including those payable to executive directors, were subject to a minimum EBITDA trigger of £190m and a minimum quality trigger. Both hurdles were achieved for 2023, 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 2023 were as follows:

	0% of element	50% of element	65% of element	100% of element	Outcome	Outcome (% of element)
Adjusted EBITDA						
60%	£190m	£220.7m	£231.0m	£236.5m	£231.5m	68.2%
Free cash flow						
20%	£15m	£35m	£41m	£55m	£48m	82.5%

EBITDA for the purpose of bonus was adjusted to reflect certain items including the impact of Vita Health Group. 25% of the EBITDA measure would have vested for achievement of £203.5m.

Annual report on remuneration continued

For 2023, 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 executive directors 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
Chief executive officer		
1. Deliver second year plan of the five-year strategy presented at Capital Markets Day	Strong strategic progress largely resulting from successful acquisition of Vita Health Group	5/5
2. Deliver next phase of transformation programme savings	Spire Healthcare's efficiency programmes have delivered the target savings of £15m in 2023	5/5
3. Develop and implement phase one of reward framework	The reward framework has been well developed however, implementation has been delayed as Spire Healthcare prioritised the annual salary review of 5.5% for majority of permanent colleagues given the cost of living and inflationary pressures	3/5
4. Successful implementation of PSIRF and preparations for new CQC assessment framework	PSIRF has been very well introduced at Spire Healthcare and extensive training undertaken to prepare for CQC's new assessment framework	5/5
Total bonus achieved against individual strategic targets		18%
Chief financial officer		
1. Deliver second year plan of the five-year strategy presented at Capital Markets Day	Strong strategic progress largely resulting from successful acquisition of Vita Health Group	5/5
2. Deliver next phase of transformation programme savings	Spire Healthcare's efficiency programmes have delivered the target savings of £15m in 2023	5/5
3. Finance process improvement	Successful execution of the plan to improve free cash flow (cash conversion now at 98%). Process improvement systems due to be implemented in 2024	3/5
4. ROCE improvement	Successful improvement in ROCE group-wide and particularly in low ROCE sites	5/5
Total bonus achieved against individual strategic targets		18%

Based on the assessment above, the overall outcome is 75.4% of the maximum bonus for the chief executive officer and the chief financial officer.

Taking into account overall performance during the year and strategic progress made, the remuneration committee is satisfied that the outcomes are appropriate and no discretion has been applied.

For Justin Ash, 50% of the 2023 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 2021 ended on 31 December 2023. Awards were made to executive directors at 175% of salary against 200% of salary as per the remuneration policy. The share price at which the awards were granted was materially higher than the prior year. This award was based on targets linked to ROCE, relative TSR and operational excellence measures. Justin Ash and Jitesh Sodha both participated in this award.

The performance targets for this award were disclosed in the 2021 directors' remuneration report and the result at the conclusion of the three-year performance period was as follows:

	25% vests	50% vests	100% vests	Outcome	Percentage outcome
TSR v FTSE 250 (excluding investment trusts) (35%)	Median[1]		Upper quartile	Above upper quartile	35%
Return on capital employed (35%)	6.0%[1]	7.2%	9.6%	7.5%	19.69%
Regulatory rating (15%)	82% achieve 'Good' or above[1]	86% achieve 'Good' or above	90% achieve 'Good' or above	98% achieve 'Good' or above	15%
Employee engagement (15%)	76%[1]	79%	82%	81%	12.5%
					82.19%

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

Overall the committee is satisfied that the outcomes from this award are supported by improvements in underlying performance over the period and the experience of our shareholders as reflected in the TSR performance. 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 15 March 2023. 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 2025. The maximum award granted to executive directors was equivalent to 200% of base salary.

Annual report on remuneration continued

The full details of the performance conditions applying to the 2023 awards are set out below.

	25% vests	50% vests	100% vests
Relative TSR (35%)	Median[1]	–	Upper quartile
Return on capital employed (35%)[2]	7.3%[1]	8.6%	10.0%
Regulatory ratings (15%)[4]	84% achieve 'Good' or above[1]	88% achieve 'Good' or above	94% achieve 'Good' or above
Employee engagement (15%)	76%[1]	80%	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 2025.
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 2023, 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[1]	End of performance period
Justin Ash	Conditional Share Award (in the form of nil-cost options)	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
		15 March 2023	541,661	£2.374	£1,285,904	31 December 2025
Jitesh Sodha	Conditional Share Award (in the form of nil-cost options)	18 March 2021	447,843	£1.641	£735,000	31 December 2023
		14 March 2022	365,853	£2.296	£840,000	31 December 2024
		15 March 2023	364,448	£2.374	£865,200	31 December 2025

1. The face value of awards made in 2023 was equivalent to 200% of base salary. The share price used to determine the number of shares under the 2023 award was based on the average of the mid-market quotation at close of business over the 30 trading days ending on 14 March 2023 (£2.374). The face value of awards made in 2021 and 2022 were equivalent to 175% and 200% of base salary respectively.
2. The 2021, 2022 and 2023 awards are subject to relative TSR, ROCE and Operational Excellence conditions. Further detail on specific targets is set out in the 2021 and 2022 Directors' Remuneration Reports.

The following table provides details of all outstanding awards, as at 31 December 2023, 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)	25 March 2019	694,444	321,181	373,263	25 March 2024
		6 April 2020	1,028,046	274,180	753,866	6 April 2025
Jitesh Sodha	Conditional Share Award (in the form of nil-cost options)	25 March 2019	446,025	206,287	239,738	25 March 2024
		6 April 2020	660,289	176,100	484,189	6 April 2025

The following table provides details of awards granted to the executive directors during 2023 under the Deferred Share Bonus Plan, which relate to bonuses payable in respect of 2022 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)	15 March 2023	116,473	£2.13	£248,089
Jitesh Sodha	Conditional Share Award (in the form of nil-cost options)	15 March 2023	51,569	£2.13	£109,842

These awards will be released in 2026 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 2023.

(£000)	2023 Fees	2023 Benefits[1]	2023 Total	2022 Fees	2022 Benefits[1]	2022 Totals
Sir Ian Cheshire	**230.0**	**2.0**	**232.0**	230.0	0.9	230.9
Adèle Anderson[2]	**24.2**	**0.7**	**24.9**	65.6	4.5	70.1
Martin Angle	**150.0**	**18.4**	**168.4**	150.0	10.5	160.5
Paula Bobbett[3]	**56.7**	**–**	**56.7**	9.4	–	9.4
Tony Bourne[2]	**24.2**	**0.4**	**24.6**	65.6	–	65.6
Natalie Ceeney[4]	**44.2**	**0.4**	**44.6**	–	–	–
Professor Dame Janet Husband	**95.6**	**15.7**	**111.3**	71.2	6.9	78.1
Jenny Kay	**56.7**	**0.9**	**57.6**	55.6	–	55.6
Simon Rowlands[2]	**20.6**	**–**	**20.6**	54.7	–	54.7
Professor Cliff Shearman	**56.7**	**2.0**	**58.7**	55.6	1.3	56.9
Dr Ronnie van der Merwe[5]	**50.0**	**–**	**50.0**	50.0	–	50.0
Debbie White[6]	**63.7**	**2.1**	**65.8**	–	–	–
Total	**872.6**	**42.6**	**915.2**	807.7	24.1	831.8

1. 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.
2. Adele Anderson, Tony Bourne and Simon Rowlands did not seek re-election at the company's annual general meeting held on 11 May 2023 and stepped down from the board from this date.
3. Paula Bobbett was appointed an independent non-executive director on 1 November 2022.
4. Natalie Ceeney was appointed an independent non-executive director on 1 May 2023.
5. 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 Group Limited group.
6. Debbie White was appointed an independent non-executive director on 1 February 2023. She became the company's senior independent director on 12 May 2023.

Non-executive directors

There was no increase to the independent non-executive directors' basic fees during 2023. With effect from 1 January 2024, the non-executive chairman and independent non-executive directors' fees were increased by 3%. Fee levels are as follows.

- Non-executive chairman: £236,900
- Deputy chairman: £154,500
- Senior independent director: £77,250
- Vice chair: £103,000
- Basic fee for independent non-executive directors: £58,350
- Basic fee for non-independent non-executive directors: £50,000
- Chairs of audit and risk committee and remuneration committee: £10,300

Martin Angle, Deputy Chairman, does not receive a fee to chair the audit and risk committee.

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
	As at 31 December 2023	As at 31 December 2022	Proportion of shareholding guideline achieved[1]
Non-executive chairman			
Sir Ian Cheshire	**8,846**	8,846	
Executive directors			
Justin Ash	**578,268**	418,962	235.9%
Jitesh Sodha	**134,058**	53,802	155.0%
Non-executive directors			
Martin Angle	**–**	–	
Paula Bobbett	**–**	–	
Natalie Ceeney[2]	**–**		
Professor Dame Janet Husband	**10,231**	10,231	
Jenny Kay	**4,911**	4,911	
Professor Cliff Shearman	**–**	–	
Dr Ronnie van der Merwe	**–**	–	
Debbie White[2]	**–**		

1. Calculated based upon the closing share price on 31 December 2023 of £2.265. Unvested DSBP shares and vested LTIP awards subject to a holding period are only are taken into account on a net of tax basis for the purpose of the guidelines. As noted above during 2024, shares relating to the 2021 LTIP will vest for both executive directors.
2. Debbie White and Natalie Ceeney were appointed independent non-executive director on 1 February 2023 and 1 May 2023 respectively. Neither held any shares in the company on appointment.

There have been no changes to directors' shareholdings between 31 December 2023 and the date this report is signed off.

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 2023. Unvested awards are structured as nil-cost options.

	Options	Shares		
	Unvested and not subject to performance conditions[1]	Unvested and subject to performance conditions[2]	Unvested and not subject to performance conditions[3]	Vested and not subject to performance conditions[4]
Non-executive chairman				
Sir Ian Cheshire	–	–	–	–
Executive directors				
Justin Ash	1,818	1,751,017	308,731	1,127,129
Jitesh Sodha	1,818	1,178,144	140,626	723,927
Non-executive directors				
Martin Angle	–	–	–	–
Paula Bobbett				
Natalie Ceeney[5]	–	–	–	–
Dame Janet Husband	–	–	–	–
Jenny Kay	–	–	–	–
Professor Cliff Shearman	–	–	–	–
Dr Ronnie van der Merwe	–	–	–	–
Debbie White[5]	–	–	–	–

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. Debbie White and Natalie Ceeney were appointed independent non-executive directors on 1 February 2023 and 1 May 2023 respectively.

Letters of appointment

Non-executive director	Date of appointment	Notice period	Date of expiry
Martin Angle	14 March 2019	3 months	No later than 30 June 2024
Paula Bobbett	1 November 2022	2 months	No later than 30 June 2025
Natalie Ceeney[1]	1 May 2023	2 months	No later than 30 June 2025
Sir Ian Cheshire	4 March 2021	12 months	No later than 30 June 2026
Dame Janet Husband	24 June 2014	2 months	No later than 30 June 2026
Jenny Kay	1 June 2019	2 months	No later than 30 June 2025
Professor Cliff Shearman	1 October 2020	2 months	No later than 30 June 2026
Dr Ronnie van der Merwe[2]	24 May 2018	n/a	No later than 30 June 2024
Debbie White[1]	1 February 2023	3 months	No later than 30 June 2025

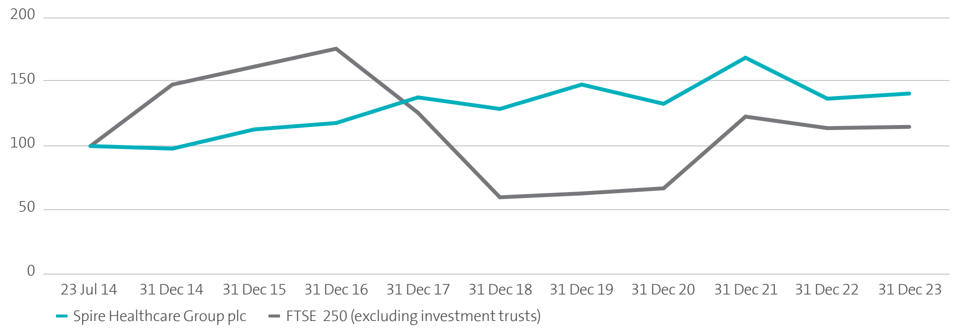
1. Debbie White and Natalie Ceeney were appointed independent non-executive directors on 1 February 2023 and 1 May 2023 respectively.
2. Pursuant to the relationship agreement dated 22 June 2015 between the company and Mediclinic Jersey Limited, under which Mediclinic Jersey Limited is entitled to nominate 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.

Service contracts

After appointment, executive directors will put themselves up for re-election at each annual general meeting. 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.



Annual report on remuneration continued

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	2023
Chief executive's single figure remuneration (£000s)[1,2]	6,223.1	1,095.8	320.5	128.2	732.4	1,010.1	1,251.7	2,129.3	2,860.0	2,657.4
Annual bonus payout (% of maximum)	34%	0%	0%	0%	0%	30%	35%	48.4%	53.0%	75.4%
LTIP vesting (% of maximum)[3]	n/a	n/a	n/a	n/a	n/a	n/a	18.9%	53.75%	73.33%	82.19%

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 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.

	2023			2022			2021			2020		
	Salary/fee FY23 vs FY22	Benefits FY23 vs FY22	Annual Bonus FY23 vs FY22	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
Chairman												
Sir Ian Cheshire[1]	**0%**	**122.2%**	**–**	0%	100%	–	–	–	–	–	–	–
Garry Watts[2]	**–**	**–**	**–**	–	–	–	–	–	–	(4.5)%	(61.7)%	–
Executive directors												
Justin Ash	**2.0%**	**79.6%**	**46.6%**	1.0%	45.1%	9.5%	1.0%	2.9%	40.4%	(4.5)%	(0.1)%	16.7%
Jitesh Sodha	**2.0%**	**(16.3%)**	**48.5%**	1.0%	20.1%	(3.6)%	5.8%	0%	65.2%	(4.5)%	0%	16.7%
Non-executive directors												
Adèle Anderson[4]	**0%**	**(84.4)%**	**–**	0.9%	–	–	0%	–	–	0%	(100.0)%	–
Martin Angle	**0%**	**72.2%**	**–**	0%	400.0%	–	0%	(64.4)%		0%	(59.0)%	–
Paula Bobbett[3]	**0%**	**–**	**–**	0%	–	–	–	–	–	–	–	–
Tony Bourne[4]	**0%**	**100.0%**	**–**	0%	–	–	–	–	–	–	–	–
Natalie Ceeney	**0%**	**–**	**–**	–	–	–	–	–	–	–	–	–
Dame Janet Husband	**34.3%**	**127.5%**	**–**	1.7%	137.9%	–	0%	(60.3)%	–	0%	(67.6)%	–
Jenny Kay	**1.98%**	**100.0%**	**–**	1.1%	–	–	0%	–	–	0%	(100)%	–
Simon Rowlands[4]	**0%**	**–**	**–**	9.4%	–	–	0%	–	–	0%	–	–
Professor Cliff Shearman	**2.0%**	**53.85%**	**–**	1.1%	100.0%	–	–	–	–	–	–	–
Dr Ronnie van der Merwe	**0%**	**–**	**–**	0%	–	–	0%	–	–	0%	–	–
Debbie White	**0%**	**–**	**–**	–	–	–	–	–	–	–	–	–
Average employee	**4.7%**	**5.1%**	**60.0%**	4.4%	11.8%	(1.4)%	2.3%	11.2%	4.4%	5.3%	2.7%	75.7%

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, Natalie Ceeny and Debbie were appointed independent non-executive director on 1 November 2022, 1 May 2023 and 1 February 2023 respectively. To provide a meaningful comparison of percentage increase Paula's fee for 2022 and Natalie and Debbie's fees for 2023 have been considered on a full-time equivalent basis.
4. Adèle Anderson,Tony Bourne and Simon Rowands stepped down from the Board on 11 May 2023. To provide a meaningful comparison of percentage increase their fees for 2023 have been considered on a full-time equivalent basis.

Relative importance of spend on pay

£(m)	2023	2022	% change
Total remuneration	**477.2m**	418.4m	14.1%
Distributions to shareholders	**2.0m**	0	100%

CEO pay ratio for 2023

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 2023, consistent with the Regulations.

Year	Method		P25 (LQ)	P50 (Median)	P75 (UQ)
2019	A	Pay Ratio	50:1	35:1	25:1
2020	A	Pay Ratio	61:1	45:1	31:1
2021	A	Pay Ratio	92:1	66:1	42:1
2022	A	Pay Ratio	122:1	89:1	62:1
2023	A	Pay Ratio	107:1	81:1	55:1

Spire Healthcare has compared the total remuneration of the chief executive officer to UK employees for the 12 months ending 31 December 2023 on a full-time equivalent basis. The company has determined the P25, P50 and P75 individuals with reference to a ranking of total remuneration.

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, while 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.

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 CEO pay ratio is lower in 2023 as the 2022 pay ratio was more materially impacted by share price appreciation. There is no discernible trend between the period from 2019 to 2023. Removing the impact of share price growth on the 2021 LTIP would reduce the median CEO to employee ratio to 71:1. For colleagues, the year-on-year change in remuneration reflects the exceptional annual salary review of 5.5% for majority of permanent colleagues (in comparison to no increase for executive directors).

Notes to the calculation

- The 2023 total remuneration for the colleagues identified at P25, P50 and P75 are as follows: £24,911, £32,876, £48,233
- The 2023 base salary for the colleagues identified at P25, P50 and P75 are as follows: £22,454, £30,877, £47,230
- 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 2023
- Option A is selected as it is considered to provide the most transparent approach to calculation
- Vita Health Group is excluded from the 2023 calculation as they were not part of Spire Healthcare 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 2023
- In accordance with the regulations, employees and bank workers have been included, while non-executive directors, contractors and medical consultants we contract with in our hospitals and clinics have not been included
- A total of 13,747 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 2023 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 2023 is included in the total remuneration figure including the portion deferred into shares

Annual report on remuneration continued

Departure terms for Jitesh Sodha

As set out on page 112, Jitesh Sodha will step down from the board and his role as chief financial officer upon conclusion of the 2024 annual general meeting. After stepping down from the board, Jitesh will initially support his successor with transition before focusing on a number of strategic initiatives for the remainder of his 12 month notice period.

While Jitesh remains an employee, he will continue to receive his base salary and benefits. Healthcare benefits will cease 12 months after the end of his notice period. As Jitesh will continue to work his notice period, he will not receive any payment in lieu of notice or any other termination payment. He will also be provided with professional fees in relation to legal and career transition support of up to £55,000.

In light of Jitesh's performance and contribution during his tenure, he has been treated as a 'good leaver' for incentive plan purposes. Outstanding deferred bonus awards and LTIP awards subject to a holding period will be released at the normal time. LTIP awards that are unvested at cessation of employment will be pro-rated for time and will remain subject to performance assessed at the end of the relevant performance period. Jitesh will not be granted a further LTIP award in respect of 2024. In line with our normal practices, to the extent that Jitesh works his notice period, he will remain eligible for a bonus. Any bonus earned in respect of 2024 will be paid in Spring 2025 in line with other bonus participants.

The post-employment shareholding requirement as set out in the annual report on remuneration will apply for a period of two years from the date he steps down from the board.

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 £84,800 (2022: £65,750). During 2023, 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 people 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 2023 annual general meeting

The following table sets out the voting in respect of the resolutions to approve the company's directors' remuneration policy (voted on by shareholders in 2022) and 2022 directors' remuneration report put to shareholders at the company's annual general meeting held on 11 May 2023:

Resolution at 2023 AGM	Votes for	% of vote	Votes against	% of vote	Votes withheld
Approve the 2022 Directors' Remuneration Report	330,080,521	96.15%	13,232,242	3.85	32,281

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 9 May 2024. 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 28 February 2024.

Details of all resolutions passed at the annual general meeting held on 11 May 2023 can be found on page 94.

Natalie Ceeney
Chair, Remuneration Committee

28 February 2024

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 2023.

Certain disclosure requirements for inclusion in this directors' report have been incorporated by cross reference to the strategic report on pages 1 to 63 and the directors' remuneration report on pages 111 to 128, 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 in the sustainability report on page 36, engagement with stakeholders on page 60 and TCFD reporting on page 75
- Employees, which can be found in our strategy on page 27, sustainability report from page 44 and engaging with stakeholders on page 55
- The corporate governance report on pages 89 to 94
- Our strategy on pages 20 to 35

A description of the group's exposure and management of risks is provided in the risks section on pages 64 to 74.

Information regarding the company's gender pay gap reporting and charitable donations can be found in the sustainability report from page 36 and in engaging with stakeholders on page 60.

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 9 May 2024. Full details of shareholder attendance at the meeting will be provided in the 2024 notice of annual general meeting and at www.spirehealthcare.com/AGM.

At the meeting, resolutions will be proposed to receive the 2023 annual report and financial statements, approve a final dividend, approve the directors' remuneration report and the directors' remuneration policy, 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) and approve amended rules for its executive share plans. 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 2023 of 2.1 pence per ordinary share. Subject to shareholders approving the recommendation at the annual general meeting, the final dividend will be paid on 21 June 2024 to shareholders on the register as at 24 May 2024.

Board of directors

The following changes were made to the board of directors between 1 January 2023 and signing of this report:

- Debbie White was appointed an independent non-executive director on 1 February 2023. Debbie became Spire Healthcare's senior independent director on 12 May 2023
- Natalie Ceeney was appointed an independent non-executive director on 1 May 2023
- Adèle Anderson, Tony Bourne and Simon Rowlands stepped down from the Board and ceased to be independent non-executive directors at the conclusion of the Company's annual general meeting held on 11 May 2023

A list of the current directors of Spire Healthcare Goup plc can be found on pages 96 and 97.

The UK Corporate Governance Code provides for all directors of FTSE companies to stand for re-election by shareholders every year. Accordingly, all members of the board, with the exception of Jitesh Sodha who will step down as a director, will retire and seek re-election at this year's annual general meeting. Full biographical details of all of the directors can be found on pages 96 and 97.

Further information on the contractual arrangements of the executive directors is given on pages 125. 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 92 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 facility 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 from page 27 and engagement with stakeholders on page 55.

Directors' report continued

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 54 to 60.

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 404,130,113 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 312,160 ordinary shares of 1 pence each (2022: 26,704). Further details can be found in note 21 on page 161.

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 160. 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 161.

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 2024 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 124.

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's 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 28 February 2024, 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	29.9
Toscafund Asset Management	18.1
FIL Limited	5.9
Bridgemere Securities	4.1
Melquart Opportunities Master Fund Limited	3.8

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 111 to 128. 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.

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 2023 at the references set out above.

Information required	Location in Annual Report 2023
Long-term incentive schemes	Directors' Remuneration Report pages 122 to 123
Equity securities allotted for cash	Note 21 on page 160
Parent and subsidiary undertakings	Note 16 on page 157-158
Subsisting significant agreements	Page 130
Controlling shareholder relationships	Page 130

Financial risk

The group's disclosure regarding financial risk is disclosed in note 31 of the financial statements.

Events after the reporting period

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

Going concern

The group assessed going concern risk for the period through to 30 June 2025. As at 31 December 2023 the group had cash of £49.6m, a Senior Loan Facility of £325m and an undrawn Revolving Credit Facility of £60m. An RCF drawing of £50m was used for the October 2023 acquisition of Vita Health Group with £10m of this being repaid by the end of the year. On 3 March 2023, the group successfully extended the senior loan facility by a further year. The financial covenants relating to this new agreement are materially unchanged.

The group has undertaken extensive activity to identify plausible risks which may arise and mitigating actions, which in the first instance would include management of working capital and constrained levels of capital investment. Based on the current assessment of the likelihood of these risks arising by 30 June 2025, together with their assessment of the planned mitigating actions being successful, the directors have concluded it is appropriate to prepare the accounts on a going concern basis. In arriving at their conclusion, the directors have also noted that, were these risks to arise in combination, it could result in a liquidity constraint or breach of covenant, however, the risk of this is considered remote.

The group has also assessed, as part of its reverse stress testing, what degree of downturn in trading it could sustain before it breaches its financial covenant. This stress testing was based on flexing revenue downwards with a consistent percentage decline in variable costs, whilst maintaining the forecast of fixed costs. The testing did not allow for the benefit of any action that could be taken by management to preserve cash. This testing suggested that there would have to be at least a 21% fall in annual revenue before the group breaches its financial covenant, we believe that the risk of an event giving rise to this size of reduction in revenue is remote.

It should be noted that we are in a period of material geo-political and macro-economic uncertainty. Whilst the directors continue to closely monitor these risks and their plausible impact, their severity is hard to predict and is dependent upon many external factors. Accordingly, the actual financial impact of these risks may materially vary against the current view of their plausible impact.

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

28 February 2024

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

28 February 2024

Jitesh Sodha
Chief Financial Officer

28 February 2024