



NETCARE

Netcare Limited

Shareholder report

for the year ended 30 September 2024



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NAVIGATING THIS REPORT

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Hyperlinks are denoted through underlined text.

The following icons refer readers to additional information.



Information in this report.



Information online.

Click to download or update.

[Adobe Acrobat Reader](#)

Our reporting suite



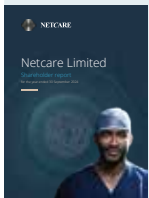
Integrated report

Our primary report to stakeholders, which provides material information on the Group's strategy to create a sustainable competitive advantage and deliberate social, economic and environmental value; in particular how Netcare creates and preserves enterprise value and mitigates its erosion over time, in relation to the six capitals. The integrated report contextualises and connects material information and data that is analysed in more detail in the supplementary reports.

Key regulatory and reporting frameworks applied:

- International <IR> Framework (January 2021).
- King Report on Corporate Governance for South Africa (2016)² (King IV)².
- Companies Act 71 of 2008, as amended (Companies Act).
- JSE Listings Requirements.
- International Financial Reporting Standards (IFRS)[®].
- United Nations Sustainable Development Goals (UN SDGs).

Strategic pillars covered¹



Shareholder report

Provides detailed disclosure on the Group's approach to corporate governance, its full remuneration policy and implementation report, and the summarised Group annual financial statements. The report is of particular interest to shareholders, investors, debt providers and regulators.

Key regulatory and reporting frameworks applied:

- King IV.
- Companies Act.
- JSE Listings Requirements.
- IFRS.

Strategic pillars covered



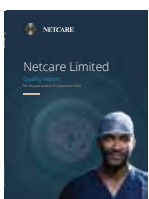
Environmental, social and governance report

Sets out in detail the Group's economic, social and environmental impacts and the governance practices and approaches that ensure they are appropriately managed. The report is of particular interest to shareholders, investors, analysts, regulators and broader society.

Key regulatory and reporting frameworks applied:

- King IV.
- Global Reporting Initiative (GRI) Standards.
- Task Force on Climate-related Financial Disclosures (TCFD).
- UN SDGs.
- UN Global Compact.
- Climate and water CDP.
- dtic Codes³.

Strategic pillars covered



Quality report

Sets out the Group's consistency of care strategy and includes clinical outcomes data and measurement requirements. The report is of particular interest to patients, doctors, private medical funders and regulators.

Strategic pillars covered



Annual financial statements

Sets out the Group's audited annual financial statements and includes the report of the independent auditor. The report complies with the JSE Listings Requirements and the Companies Act.

Key regulatory and reporting frameworks applied:

- King IV.
- IFRS.
- South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides.

Strategic pillars covered



Our reports can be accessed at www.netcare.co.za/Netcare-Investor-Relations or readers can use the links available on this page.

We welcome your feedback to enhance the quality of our integrated report and supplementary information. Please email your feedback to investor.relations@netcare.co.za.

Additional information

- [GRI content index](#).
- [TCFD content index](#).
- [Notice of AGM and proxy form](#).
- [Hospital listing](#).

1. Strategy icons are defined on page 2.
 2. King IV copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.
 3. dtic Codes: Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice.

Board of directors

Non-executive directors

- Audit Committee
- Nomination Committee
- Risk Committee
- Remuneration Committee
- Social and Ethics Committee
- Consistency of Care Committee



**A (Alex)
Maditse | 62**

Lead independent non-executive director

BProc, LLB, HDip Company Law, LLM Company and Labour Law (Pennsylvania, USA), LLM International Commercial Law (Harvard, USA)

Nationality: South African

Skills: Governance, general business management, global commerce, investment banking (mergers and acquisitions), legal, compensation.

Appointed: 7 June 2023

Tenure: 18 months

Board attendance: 4/4

Appointed as lead independent director effective 29 July 2024.



**B (Bukelwa)
Bulo | 47**

Independent non-executive director

BBusSci Hons, PGDA, CA(SA)

Nationality: South African

Skills: Governance, general business management, investment banking, financial services.

Appointed: 23 November 2015

Tenure: 9 years

Board attendance: 4/4

Retiring by rotation at the next AGM and is available for re-election to serve until 30 September 2025.



**L (Lezanne)
Human | 55**

Independent non-executive director

BSc Hons Operations Research (Cum Laude), MSc Applied Mathematics (Cum Laude), MBA (Cum Laude)

Nationality: South African

Skills: Governance, digital/large scale technology implementation, general business management, global commerce, financial services.

Appointed: 13 May 2019

Tenure: 5 years

Board attendance: 4/4

Retiring by rotation at the next AGM and is available for re-election.



**I (Ian)
Kirk | 66**

Independent non-executive director

CA(SA)

Nationality: South African

Skills: Governance, general business management, global commerce, financial services, strategy consulting, compensation.

Appointed: 1 January 2023

Tenure: 2 years

Board attendance: 4/4

Retiring by rotation at the next AGM and is available for re-election.



**Dr R (Roze)
Phillips | 54**

Independent non-executive director

MBChB, MBA, Dip Future Studies (USB)

Nationality: South African

Skills: Governance, digital/large scale technology implementation, general business management, strategy consulting, human capital (transformation).

Appointed: 1 January 2022

Tenure: 3 years

Board attendance: 4/4



**L (Louisa)
Stephens | 48**

Independent non-executive director

CA(SA) and chartered director

Nationality: South African

Skills: Governance, general business management, global commerce, investment banking, financial services.

Appointed: 1 January 2023

Tenure: 2 years

Board attendance: 4/4

Note: M (Mark) Bower retired as independent Board chair and from all committees on 30 September 2024.

Executive directors



**Dr R (Richard)
Friedland | 62**

Chief executive officer

BvSc, MBBCh (Cum Laude), Dip Fin Man, MBA

Nationality: South African

Skills: Governance, healthcare, digital/ large scale technology implementation, general business management, global commerce, financial services, human resources, compensation, environmental and sustainability management.

Appointed: 15 May 1997

Tenure: 27 years

Board attendance: 4/4



**K (Keith)
Gibson | 54**

Chief financial officer

BAcc, CA(SA)

Nationality: South African

Skills: Governance, healthcare, general business management, global commerce, investment banking, financial services, human resources, compensation.

Appointed: 10 November 2011

Tenure: 13 years

Board attendance: 4/4



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Governance report

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Linking governance to purpose

The Netcare Board of directors (the Board) sets the tone at the top for fulfilling Netcare's purpose – to deliver the best and safest care. At the highest level of governance, the Board upholds and expects ethical leadership; good corporate citizenship; financial, social and environmental sustainability; and the highest professional and operational standards.

The Board subscribes to the principles and recommended practices of King IV, which aims to promote enhanced transparency, an ethical culture, improved performance and value creation, effective control mechanisms to manage risks and ensure accountability, and legitimacy through operating in a socially responsible manner. The Board considers these governance outcomes to be pivotal to achieving Netcare's purpose. These outcomes also support the Group's achievement of the international sector-specific objectives of the **Quadruple Aim** – to balance the value of our services with their cost to society while supporting meaningful work for healthcare practitioners – the ultimate expression of our commitment to good corporate citizenship.

As Netcare transforms into a patient centred organisation that is digitally enabled and data driven, the Board plays a key role in our ability to create, protect and share value. It approves our strategy, and applies its guidance and oversight to how we execute the strategy and manage the trade-offs when making strategic decisions – ensuring that we mitigate against negative impacts and increase our positive impacts. The Board ensures

the sustainability of the Group's business model, assessing our operating environment, key risks and opportunities, and the availability of capital resources. It also sets policy, ensures capital prudence and oversees our governance frameworks and control environment, and keeps abreast of stakeholder concerns, needs and expectations, balancing these with the Group's interests. In this way, the Board maintains a transparent and effective governance process that instils confidence among our stakeholders that the Group is managed ethically, within acceptable risk parameters, in compliance with all applicable laws and conformance with international best practices.

The Board met four times during FY 2024 with additional ad-hoc meetings held to support and provide counsel to the executive team. The Board operates with a diversity of viewpoints, independent judgement, integrity and honesty, and collectively has the relevant skills mix and experience the Group requires of its leaders as it capitalises on the strategic investments made in the past seven years. Board meetings are characterised by robust deliberations that are guided by strategic considerations. All Board directors have an excellent attendance record.



King IV outcome: ethical culture

Ethics: King IV principles 1 and 2

Committees that assist the Board

Audit Committee | Risk Committee | Social and Ethics Committee | Consistency of Care Committee

Key Board activities in FY 2024

Reviewed:

- Incidents of reported unethical medical practice.
- The investigation findings of alleged fraud cases, the measures taken to address valid incidents and the recovery of financial losses incurred as a result of unethical business conduct.
- Board member and Executive Committee member declarations regarding their personal financial interests.

Monitored:

- Business ethics and conflicts of interest training across the Group.
- Divisional training on compliance with competition law.



— Compliance governance: [page 29](#).

Key outcomes for the Group in FY 2024

- 4 544 employees received ethics and anti-corruption and anti-bribery training (FY 2023: 3 696).
- 4 872 hours spent training 4 569 employees on human rights (FY 2023: 7 330 hours; 5 095 employees).
- The FY 2024 employee ethics survey¹ highlighted the need to update our policies and procedures, and improve compliance with policies and procedures through awareness and training, particularly our HR, IT and ethics-related policies.
- 297 incidents of alleged fraud and irregularities were reported (FY 2023: 206). 286 incidents have been investigated and closed with the remainder still under investigation.

Board opinion

The Board is satisfied that the Group's leadership leads with integrity and honesty, and that the Group employs best practice risk mitigating approaches to ensure ethical business conduct.

FY 2025 focus areas

- Enhance Board and Executive Committee knowledge around competition law.

More information

Integrated report.
Quality report.
ESG report.
Code of Conduct.
Anti-corruption policy (including whistle blowing).

Note: links to reports can be found in the reporting suite.

¹. The survey covers licensing, procurement practices, regulatory understanding and compliance, the ethical framework and IT controls, among others.

Ethics governing framework

The Board assumes ultimate responsibility for the Group's ethical performance. Its oversight of strategy rests on an ethical foundation and directors hold one another accountable for acting in the best interests of the Group. The Board monitors our initiatives to promote awareness of Netcare's commitment to doing business ethically, and ensures that we comply with and consistently apply the Netcare Code of Conduct. It also ensures that our business ethics programme is effective, with strict adherence to laws and regulations relating to the prevention of bribery, corruption, fraud and money laundering.

Management is responsible for modelling ethical behaviour and embedding the Code of Conduct across the Group.

Our values, policies and Code of Conduct provide the governing framework for ethical leadership and behaviour. Netcare's Code of Conduct guides the interaction between the Group and its stakeholders, including its partners and suppliers in the healthcare value chain. When conducting Netcare's business, all employees are expected to fulfil our commitment to high moral, ethical and legal standards as well as the code, principles and values of the HPCSA¹.

The Code of Conduct articulates Netcare's policy regarding conflicts of interest, gifts, confidentiality, fair dealings and the protection and appropriate use of Netcare's tangible and intangible assets. Employees are required to disclose potential conflicts of interest, gifts and invitations they may have received from a supplier or third party.

Ethics training and awareness initiatives

Training interventions, fraud awareness campaigns and an annual employee compliance and ethics survey entrench the Code's principles and help us maintain a values-based culture beyond compliance. The ethics survey assesses familiarity with

ethics policies and structures, and elicits employees' views of the Netcare culture and how our core values are lived in management's daily decision-making. Our induction training for new employees covers human rights and guarding against corruption.

Guarding against unethical behaviour

We take a zero-tolerance approach to theft, fraud and corruption, bullying, discrimination and racism. Forensic Services investigates all reported incidents of theft, fraud and corruption and all confirmed cases are reported to the South African Police Services and, where appropriate, to the applicable registered body such as the HPCSA. Civil recoveries are pursued when this is financially appropriate.

Mechanisms to report unethical behaviour

Netcare employees and the public are able to report irregularities and unethical behaviour, including unethical medical behaviour, through the Fraud and Ethics Hotline (available to those wanting to protect their anonymity), a dedicated email for fraud reporting, or direct communication. Victimization of whistle-blowers is not tolerated.

The anonymous toll-free SHOUT line allows employees to report alleged or perceived incidents of racism, sexism, discrimination, harassment, or any human rights violation. The service is delivered in partnership with Lyra² which operates a confidential call centre that provides support to affected parties.

Every incident reported through the above-mentioned mechanisms is investigated. Reports of alleged theft, fraud or unethical behaviour are logged in the defalcation register and reported to management every second month. A summary of the defalcation register, fraud trends and material incidents are periodically provided to the Audit, Risk, and Social and Ethics Committees.

Fraud and ethics reporting	2024	2023	2022
Incidents of alleged fraud and irregularities	296	203	113
Incidents of alleged unethical medical behaviour	1	3	-
Total incidents of alleged misconduct	297	206	113
Incidents investigated and closed ³	286	201	105
Reporting mechanism			
Fraud email reporting service	64	41	-
Fraud and Ethics Hotline	26	14	13
Direct communication with Forensic Services	132	89	
Incident management system	54	50	
Other mechanisms ⁴	21	12	100

1. HPCSA: Health Professions Council of South Africa.

2. Lyra Southern Africa, previously Independent Counselling and Advisory Services (ICAS) Southern Africa.

3. Open cases are still under investigation.

4. Other mechanisms include channels such as customer services.

Governance report continued

Most of the incidents reported in FY 2024 related to theft and various types of fraud, including medical aid fraud and document forgery (eg medical certificates). Most incidents were reported directly to Forensic Services either by telephone or email.

The financial losses incurred from unethical business conduct were 1% higher than the financial losses incurred in FY 2023. Of the financial losses for FY 2024, 24% had been recovered by year end.

The Fraud and Ethics Hotline facilitates anonymous reports of unethical behaviour.

0860FRAUD1 (0860 372 831)

If anonymity is not a concern, reports can be made to: fraud@netcare.co.za

Toll-free line to report incidents of discrimination: **0800 611 036**

Conflicts of interest

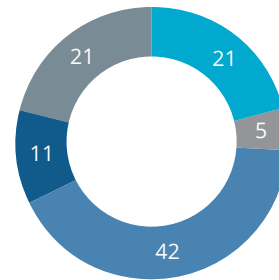
Directors are required to timeously inform the Board of actual or potential conflicts of interest regarding particular items of business or other directorships. In line with various legislation, directors, prescribed officers and certain senior managers submit a declaration of their material interests at least once a year, and more frequently should their circumstances change. The Audit Committee monitors and oversees significant related party transactions and relationships.

Share dealings

The directors' dealing policy governs directors' dealings in Netcare shares and is supplemented with additional guidance on how to manage price-sensitive information and the appropriate cautionary conduct required during a closed period. All directors, prescribed officers, directors of major subsidiaries and associates (as defined by the JSE listing requirements), and the company secretary must receive written approval from the Board chair prior to buying or selling Netcare shares. Directors' share dealings are disclosed to the Issuer Regulation Division of the JSE and are communicated through its electronic news service.

The Group operates a closed-period policy in line with the JSE Listings Requirements. During closed periods, directors, officers and directors of major subsidiaries and associates (as defined by the JSE Listings Requirements), and the company secretary are prohibited from dealing in Netcare shares. Parties who may have access to confidential or price-sensitive information are cautioned against the possibility of insider trading during these periods.

Nature of the incidents
(% of total financial losses)



- Theft of stock
- Fraudulent proof of payment
- Medical aid fraud
- Loss of consignment stock
- Other

FY 2023: theft of fuel (36%), fraudulent proof of payment (3%), medical aid fraud (40%), timecard fraud (7%) and other (14%).

Responsible corporate citizenship: King IV principle 3

Committees that assist the Board

Social and Ethics Committee | Consistency of Care Committee

Key Board activities in FY 2024

Monitored:

- The delivery of the consistency of care strategy.
- The Group's B-BBEE¹ initiatives and workplace DEI² plans.
- Programmes to embed DEI and belonging.
- Progress against the Group's 2030 environmental strategy

Reviewed:

- The results of the employee engagement dipstick survey.
- The Group's investment in learning and development to ensure it addresses the Group's skills need, and the creation of a diverse talent pipeline as well as contributes to the employability of young South Africans.
- The Group's competitiveness in terms of its B-BBEE rating.
- The Group's community upliftment initiatives, including ESD³ opportunities, disbursements to communities, clinical scholarships and the employment of persons with disabilities.
- The Social and Ethics Committee Trends Survey Report 2023.

Approved:

- A new youth development programme that is more tailored to Netcare's needs. The programme follows the same structure as the national job creation initiative – YES4Youth.

Key outcomes for the Group in FY 2024

- Netcare achieved good ESG ratings from several external benchmarking agencies.
- Maintained Level 3 B-BBEE rating with a score of 91.42 (FY 2023: 90.97).
- Achieved our FY 2024 BSC⁴ target for race diversity at middle management level.
- 55% of medical doctors with admission privileges are black (FY 2023: 54%).
- Wellness days and wellbeing initiatives provided employees with the support and information they need to look after their mental, physical and financial health, reaching 80% of the workforce.
- Recognised as the Health Care Climate Champion in Africa for the second consecutive year in the 2024 Health Care Climate Challenge⁵.
- Reached unconditional status in a power purchase agreement with NOA Group Trading for six Eskom-powered sites to receive up to 100% wind power by September 2026.

Board opinion

The Board is satisfied with the Group's progress on its key environmental and social priorities, and that environmental and social priorities are appropriately integrated in the Netcare strategy.

FY 2025 focus areas

- Monitor the Group's efforts to improve race diversity at senior management levels.
- Monitor initiatives to retain and attract talent and scarce skills.

More information

Integrated report.
ESG report.
Quality report.
B-BBEE scorecard.

Note: links to reports can be found in the reporting suite.

1. B-BBEE: broad-based black economic empowerment.

2. DEI: diversity, equity and inclusion.

3. ESD: enterprise and supplier development.

4. BSC: balanced scorecard.

5. Awards are presented to members of Global Green and Healthy Hospitals, an international network that promotes healthcare without harm. The network comprises over 2 000 members in 86 countries and more than 70 000 hospitals and health centres.

Social and environmental governing frameworks

The Board supports Netcare's intention to be a powerful force for social good and commitment to create, preserve and share value for current and future generations of South Africans. The Social and Ethics Committee monitors our corporate citizenship, ensuring that the Group employs fair labour practices and deliberately prioritises positive socioeconomic and environmental outcomes. The committee's mandate includes oversight of human rights, safety, developing and retaining a skilled and diverse workforce, and responding to the changing regulatory environment. The Consistency of Care Committee oversees some of the Group's employee wellbeing projects, occupational health and safety, and Hospital Division's waste reduction projects.



External assurance

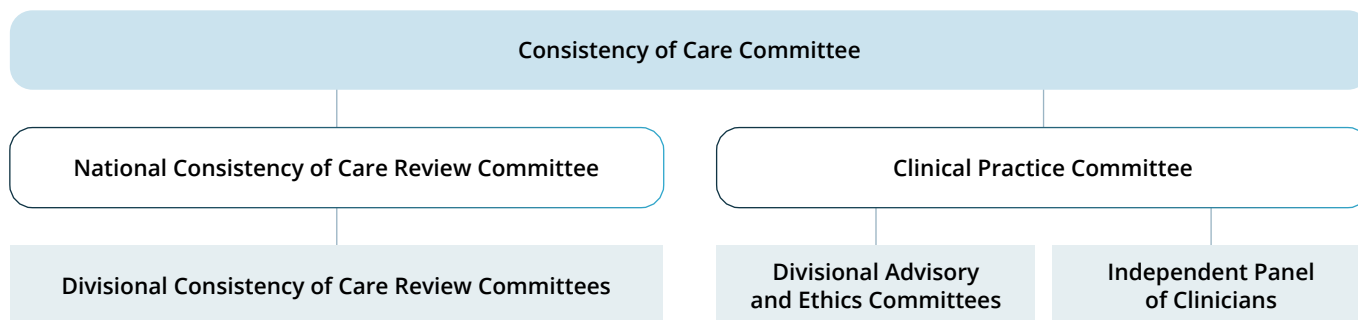
- B-BBEE Commission.
- Department of Trade, Industry and Competition.
- Department of Employment and Labour.
- Health and Welfare SETA.
- Trade unions.



External assurance

- Verify CO₂.
- The Green House.
- Talbot and Talbot.

Care governance and accountability structure



External assurance:

- British Standards Institution.
- Office of Health Standards Compliance.

The Sustainability and Operational Transformation Committees at management level are responsible for implementing the Group's environmental sustainability and transformation strategies, respectively.


We consider the UN¹ Universal Declaration of Human Rights, the principles of the International Labour Organization, the UN Sustainable Development Goals, and other voluntary codes, including the principles of the UN Global Compact, of which we are a member.

Our efforts to be a force for social good include the transformation of our employee profile, diversifying our supply chain, the medical procedures we provide to indigent patients, and our contribution to reforming SA's healthcare system so that it provides affordable access to healthcare for more

South Africans. We work openly and transparently with government, NGOs² and lobby groups. For example, we participate in the national 'Future of Nursing' Workforce Project, NHI³ discussions in sector and business forums, and various initiatives coordinated by the HWSETA⁴.

We recognise not only that climate change and a deteriorating environment place the wellbeing of entire populations at risk, but also that our sector and operations unavoidably contribute to the problem. The 2023 environmental sustainability strategy (first phase) was implemented in 2013, reducing energy intensity per bed by 39%, achieving cumulative operational savings and cost avoidance benefits of over R1.5 billion, and yielding an IRR⁵ of 40%. We have fully transitioned to the 2030 environmental sustainability strategy (phase two), which prioritises operational efficiency and requires less intensive capital investment. While our strategy was driven largely to secure the resources needed to provide optimal patient care, it has become the foundation to reach net zero carbon emissions by 2050.

Our targets to FY 2030

Zero Scope 2 emissions.	Zero waste to landfill.	20% reduction in water consumption.	Joined in 2021 
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Political contributions

We do not make, and have not made, contributions to political parties, government affiliates or candidates, whether in cash or in kind.

ESG reporting

Our ESG reporting aims to provide tangible, credible demonstrations of the Group's impact on the economy, society and the environment, and transparently report on the ESG-related risks and opportunities that we face. Our ESG performance is independently assessed and benchmarked annually by various global sustainability institutions.

1. UN: United Nations.
 2. NGOs: non-governmental organisations.
 3. NHI: National Health Insurance.
 4. HWSETA: Health and Welfare Sector Education Training Authority.
 5. IRR: internal rate of return.

ESG ratings and accolades for FY 2024

CDP

Global rating

Assesses climate change disclosure.

Last rating date:
December 2023
(valid to December 2024)

S & P Global Corporate Sustainability Assessment

Global rating

An investment index of emerging markets sustainability leaders.


Last rating date:
August 2024

MSCI ESG Research Inc.

Global rating

Provides ESG data, reports and ratings based on published methodologies.

Last rating date:
June 2024



Climate change

Scored B

Higher than the global (C) and Africa (B-) average scores.

2022: B
2021: B



Water

Scored B-

Higher than the global (C) and Africa (C) average scores.

2022: B
2021: B

We are targeting an A rating across both measures over the next two years (extended by one year).

Included in the Dow Jones Emerging Markets Index for the tenth consecutive year

Scored 94%

2023: 93%
2021/22: 81%¹

Governance and economics: 56
Health sector average: 27

Environmental: 77
Health sector average: 20

Social: 43
Health sector average: 22

Achieved

'AA' rating

The second highest awarded on a seven-point scale

2023: AA
2022: AA

Netcare has maintained AA rating for eight years.



Note: Netcare's market capitalisation as a small-cap means that we are no longer rated by the FTSE4Good Index Series.

Institutional Shareholder Services

Global rating

Provides investors with in-depth insight to incorporate sustainability into their investment decisions.

Last rating date:
September 2024

Achieved

B- rating...



Corporate ESG Performance

Prime

ISS ESG Absolute Rating

D- D D+ C- C C+ B- B B+ A- A A+

...and a very high transparency level

2023: B-
2022: B-

1. The S&P Global Corporate Sustainability Assessment for 2022 covered both 2021 and 2022.

Recognition for environmental performance

47 local and international awards for environmental sustainability since 2013, solidifying our standing as an environmentally conscious healthcare institution.

Health Care Without Harm

Recognised as the Health Care Climate Champion in Africa for the second consecutive year in the 2024 Health Care Climate Challenge¹.

Netcare achieved Gold in all three categories: climate mitigation, climate resilience and climate leadership.

Netcare was recognised as one of only seven awardees worldwide.



Association of Energy Engineers

Won the Corporate Energy Management Award in the 2024 AEE Regional Awards (sub-Saharan Africa).

Runner-up in the AEE International Corporate Energy Management category.

These awards celebrate organisations for their outstanding contributions in the field of energy.



Recognition for social performance

Students' Choice Awards

Recognised as the 2024 Students' Choice for the healthcare sector.

Voted by tertiary students as the place they want to work for. This year the awards recorded almost 6 000 submissions from students across SA.

My Walk Made with Soul

Won the Beyond Sustainability Project Award in the 2024 South African Breweries Beyond Awards.

The award recognises the most scalable, sustainable, integrated and transformative environmental, social and/or governance project on the African continent.

Won the 2024 Enviropaedia Eco-Logic Award for Environmental Sustainability, Circular Economy and Innovation.



Scan to donate

People with disabilities

For the third consecutive year, IRAS², in partnership with the National Coalition for and of Persons with Disabilities, recognised Netcare for having the highest disabled persons rate in the health and social work sector, and one of the top five disabled persons rates of all JSE-listed companies.



1. Awards are presented to members of Global Green and Healthy Hospitals, an international network that promotes healthcare without harm. The network comprises over 2 000 members in 86 countries and more than 70 000 hospitals and health centres.
2. Integrated Reporting and Assurance Services.

King IV outcome: good performance

Strategy: King IV principle 4

Committees that assist the Board

Audit Committee | Nomination Committee | Risk Committee | Social and Ethics Committee | Consistency of Care Committee

The Board approves and oversees Netcare's strategy and assesses both the positive and negative outcomes of the Group's business model. Progress against the Group's BSC of financial and non-financial measures is reviewed monthly by the Executive Committee, and at each quarterly Board meeting, and the Netcare strategy is reviewed annually in tandem with the budget approval process.

During the year, the Board deliberated and provided input on the Group's strategic direction, priorities and projects. It also focused on the Group's key risks and opportunities and their potential impact on strategy execution, and ensured that accountability for key risks is clearly assigned and that appropriate mitigating measures are in place. Where necessary, strategic priorities were revised in line with opportunities, attendant risks and uncertainties arising out of cyclical and structural trends in the healthcare, digital and financial services sectors.

In addition, the Board critically assessed the Group's investments (acquisitions, potential mergers and expansionary projects) to ensure they are value accretive and meet the reasonable expectations of stakeholders over time.

The Board's key focus areas for FY 2024 are set out below.

Operationalisation of the EMR¹ implementations

Following the completion of Phase 1 of the Netcare strategy to implement EMRs across all our clinical delivery platforms, the Board approved Phase 2 of the Netcare strategy – data driven clinical efficiency. Phase 2 will focus on developing the tools to analyse the wealth of data generated through the EMR platforms to enhance patient safety and the appropriateness of treatments to deliver improved quality of care outcomes and care at the most appropriate cost. This improved clinical efficiency will ultimately enhance our competitiveness in network tenders. As a key underpin of this phase, the Board approved the development of Netcare's Big Data analytics platform.

ONE Netcare ecosystem

The Board also approved Phase 3 of the strategy, together with the associated marketing strategy, to enhance the Netcare App to improve patient convenience when accessing Netcare's services, and improve the in-hospital and discharge patient

experience, ultimately growing the Group's e-commerce platform.

Growing market share

The Board reviewed a number of initiatives to support the growth of market share, including the doctor recruitment strategy, a review of the NetcarePlus strategy and the progress made in increasing the business' product sales, and approved a new facility (Netcare Akeso Montana) to expand our mental health offering as demand for these services remains high. The Board also considered the results of the Netcare Medicross consumer research survey, covering patients, GPs and dentists, and which provided good insight on where changes are needed across the Netcare Medicross business model to meet changing expectations. The Board requested management to provide it with a report on how Netcare is perceived by the market, an assessment of the level of doctor engagement and the feedback received, and a summary of clinical efficiencies raised by funders during tariff negotiations. It also reviewed initiatives to enhance our data analytics capability to improve clinical efficiencies and address potential risks in future contracting with funders.

Environmental sustainability

The Board oversaw and approved the renewable energy wheeling agreement, which reached unconditional status for six Eskom-powered sites to receive up to 100% wind power by September 2026. This is a key step towards reaching the environmental sustainability strategy's objective of 100% renewable energy by FY 2030.

Other

Other areas of business and operating context that received much focus from the Board during the year, were the Group's investments in facilities to improve patient experience (including a major refurbishment of the Netcare The Bay Hospital), health policy and the signing of the NHI² Act into law and the impacts for Netcare, the continuation of the buying down trend to cheaper medical scheme options with less comprehensive benefits, and the migration of healthcare services to less costly means of healthcare provision, including outmigration to day case and specialist in-room procedures, home care and nurse-led primary healthcare consultations.

Board opinion

The Board is satisfied that the Group's business model and strategy continue to be relevant, and that the successful implementation of the strategy will transform the business model to realise a sustainable competitive advantage.

FY 2025 focus areas

- Finalise the appointment of a new Group CEO³.
- Keep abreast of developments relating to NHI and UHC⁴.
- Monitor the progress made in implementing the Group's key strategic projects to deliver Phase 2 and Phase 3 of the Netcare strategy.

More information

Integrated report sections: our strategy, chief executive officer's review, overview of strategic progress.

Note: links to reports can be found in the reporting suite.

1. EMR: electronic medical record.
 2. NHI: National Health Insurance.
 3. CEO: chief executive officer.
 4. UHC: universal health coverage.

Reporting: King IV principle 5

Committees that assist the Board

Audit Committee | Social and Ethics Committee | Consistency of Care Committee

Key Board activities in FY 2024

Reviewed and approved:

- The Group's material matters, which form the basis for preparing the integrated and ESG reports.
- The 2024 integrated and ESG reports.

Oversaw:

- The fair presentation of the Group's annual financial statements and other shareholder information.
- The most recent thematic reports issued by the JSE to ensure compliance.

Audit Committee

- Reviewed the integrated reporting process with consideration given to any factors and risks that may impact the integrity of the integrated report.
- Reviewed and recommended the annual financial statements to the Board for approval.
- Monitored the internal financial controls.

Social and Ethics Committee

- Reviewed the ESG report and recommended it to the Board for approval.

Consistency of Care Committee

- Reviewed the quality of care outcomes for public reporting.

Key outcomes for the Group in FY 2024

- The 2024 integrated reporting suite (prepared according to applicable reporting frameworks reported on page 1) was published on Netcare's website in December 2024. All reports within the suite provide a fair and balanced account of the Group's performance against its material matters, supporting better decision-making both internally and for stakeholders.
- The 2023 Integrated Report ranked sixth in the EY Excellence in Integrated Reporting Awards.
- Assurance was obtained on financial information and certain non-financial performance indicators in line with the combined assurance model.



— Assurance: [page 33](#).

Board opinion

The Board is satisfied that the integrated reporting suite for FY 2024 provides a fair and balanced account of the Group's strategy, risks, performance, prospects and financial position, and address all material matters that impact or could impact the Group's capacity to create value in the short, medium and longer term.

FY 2025 focus areas

Ensure that:

- The Group's external reporting is meaningful, material and transparent.
- The integrated report includes sufficient forward-looking information.
- The necessary controls are in place to verify the integrity of the integrated report and other disclosures.

More information

*Integrated report.
ESG report.
Quality report.
Group annual financial statements.*

Note: links to reports can be found in the reporting suite.

King IV outcome: effective control

Responsibilities of the Board: King IV principle 6

The Board adequately applied its mind and oversight to its key responsibilities, which include overseeing the implementation of Netcare's strategy and guiding the Group through the current macroeconomic environment, as well as stakeholder inclusiveness, ethical business conduct, the integrity of reporting, Board and executive succession, attraction and retention of human capital, technology governance, risk and opportunity management, compliance, major capex¹ and transactions, and remuneration.

The King IV-aligned Board Charter is reviewed annually and updated when required to reflect prevailing good corporate governance. It outlines the policies and practices of the Board on matters such as directors' dealings in the securities of the company and declarations of conflicts of interest.

Board composition and performance evaluation: King IV principles 7 and 9

Committees that assist the Board

Nomination Committee

Key Board activities in FY 2024

Reviewed:

- The composition of the Board committees, including the diversity of members, and updated membership where required.
- The Board appointment and diversity policy and approved the changes proposed.

Assessed:

- The performance and independence of NEDs² who are standing for re-election. Factors considered include depth of knowledge of the nature of the business, past performance and contribution, support provided to new executives, and experience in the fast-changing global and competitive environment.
- The academic credentials of NEDs and the Executive Committee and performed thorough background checks.

Key outcomes for the Group in FY 2024

- High adherence to the principles of King IV both at Board level and across the Group.
- A high-performing and well-structured Board.
- Diversity of perspectives when making strategic decisions.
- Appointment of lead independent director, Alex Maditse, following the retirement of Mark Bower as chair of the Board.

Board opinion

The Board is satisfied with the independence, diversity and range of professional expertise and experience of its members, and that collectively it has the appropriate governance, finance, digital and legal skills. It is also satisfied that there is a good balance between institutional knowledge and new perspectives, as well as diverse perspectives, to support the nature, complexity and strategic demands of the Group. Board members are of the opinion that the Board functions well, with an appropriate level of attention given to the delivery of the Netcare strategy and a good understanding of the current operating context and long-term trends facing healthcare. Members are satisfied that the Board sufficiently adheres to the principles of King IV.

FY 2025 focus areas

- Improve the diversity of the Board.
- Appoint a new Board chair.
- Conduct an external evaluation of the performance of the Board and its governance committees.

More information

[Board appointment and diversity policy.](#)

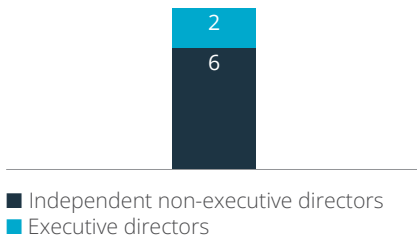
1. Capex: capital expenditure.
2. NED: non-executive director.

Board composition

at date of publication

The Board applies a unitary structure, and is chaired by an independent non-executive director (the lead independent director) whose role is separate from that of the CEO.

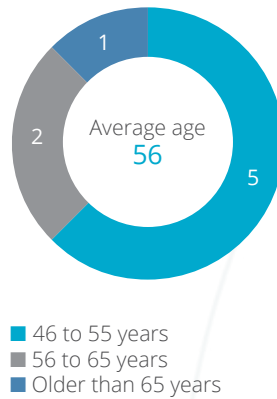
Independence (number)



Independent non-executive directors are re-elected every three years.

The Nomination Committee evaluates the continued independence of NEDs annually, considering factors that may impair their independence. The review is aligned to King IV's recommended practices. Other than the CEO and CFO¹, all Board members are considered independent.

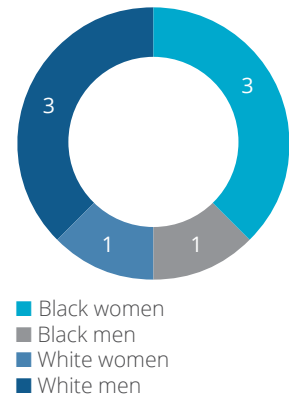
Age (number)



We seek to balance experience and institutional memory with youthful energy and fresh insight. The Board continuity programme addresses succession planning, ensuring that the Board functions effectively over time and that skill sets are retained when Board members retire.

The programme covers director selection and appointment, director induction and training, and the evaluation of director performance.

Diversity (number)



Black South African directors

50%

FY 2023: 44% FY 2022: 55%

FY 2024 target: 44%

Women directors

50%

FY 2023: 44% FY 2022: 55%

FY 2024 target: 44%

Black women directors

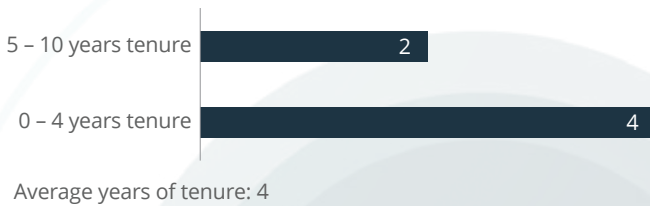
38%

FY 2023: 33% FY 2022: 45%

FY 2024 target: 33%

Our diversity targets for race and gender are considered during Board succession planning and when appointing new members. We follow a formal and transparent appointment process that considers age, skills and experience, and broader diversity aspects.

Tenure of non-executive directors (number)



Skill (% of directors with specified skill)



1. CFO: chief financial officer.



The Nomination Committee regularly reviews potential candidates to invigorate the capabilities of the Board with new experience and perspective, and ensures that valuable knowledge, skills and experience are retained to maintain continuity. Where gaps in knowledge or skills are identified, directors are provided with development training and/or new appointments are made. The Board has access to subject matter experts for matters requiring specialised guidance.

Board changes

The Nomination Committee manages director rotation and is guided by Netcare's Board appointment and diversity policy. Careful succession planning ensures that the Board remains relevant to the growth opportunities the Group has chosen to pursue and responsive to the shifts in our operating environment (emerging risks, threats and uncertainties). Mark Bower retired as Board chair, effective 30 September 2024, and Alex Maditse was appointed as lead independent director, effective 29 July 2024, and leads the Board in the interim period until a new Board chair is appointed.

Director induction

Our induction programme for new Board members familiarises them with the Group's operations, commercial risks, financial affairs and strategic position. The Board chair, the Group's company secretary, requisite reading material, and engagements with divisional and functional heads, as well as the internal and external auditors, all assist in briefing new directors on their fiduciary duties and responsibilities. New directors also receive information on the JSE Listings Requirements, King IV, the Companies Act and the obligations with which they are required to comply.

Performance evaluation

The Board's performance and effectiveness as well as that of its committees and individual directors is self-assessed annually. The chair of the Board (or the lead independent director) together with the Nomination Committee oversee this process. The evaluation covers the governance of financial, economic, quality, social and environmental issues, and includes a review of ethical outcomes.

Independent external evaluation of the Board and its governance committees is performed every second year. This evaluation was scheduled for FY 2024; however, given the number of changes to the membership of the Board's committees, the Board has decided to defer this evaluation to FY 2025.

Credential evaluation

Following the questions that have been raised publicly about former Netcare Board member Ms Thabi Leoka's PhD qualification, and the failure of the external verification process to bring any irregularities around this qualification to Netcare's

attention, the Board decided to conduct full background checks for all Board members, including the verification of their qualifications. The outcome of this exercise confirmed the authenticity and validity of the qualifications for all current Board members, with no key risks identified. The verification confirmed Mr M Bower's (former Board chair) B Com (cum laude) and BCompt (Hons) degrees and CA(SA). However, the verification of his BCompt degree was inconclusive at the time of his retirement. Mr M Bower was able to produce the academic transcript that gives evidence of his completion of certain modules of the BCompt degree, as a prerequisite for enrolment for the BCompt (Hons) at the University of South Africa, which he was awarded in 1978.

Netcare has engaged with the JSE Limited and has addressed the matter in the manner recommended.

Access to information and professional advice

Board directors have unrestricted access to management, and all Group information, records, documents and property. Information is distributed timeously prior to Board meetings to enable directors to adequately prepare and apply their minds. Directors are entitled, at the Group's expense, to seek professional advice regarding the affairs of the Group. This advice can be procured independently or coordinated through the company secretary.

Company secretary

All directors have access to the advice and services of company secretary, Charles Vikisi, who acts as a conduit between the Netcare Board and the Group, is responsible for the flow of information to the Board and its committees, and ensures compliance with Board procedures. In addition to various statutory functions, and while maintaining an arms-length relationship with the Board, the company secretary also provides directors and the Board collectively with guidance on their duties, responsibilities and powers as set out in the Companies Act. He also advises on issues of law, governance, and related matters, including the impact of legislative and regulatory developments.

The Board confirms that Mr Vikisi is suitably qualified, experienced and fit and proper to perform the function of company secretary, to provide independent advice to the Board, and has no affiliation or association to any single Board member nor holds any directorships.

Delegation of authority and operating committees: King IV principles 8 and 10

Committees that assist the Board

Audit Committee | Nomination Committee

Key Board activities in FY 2024

Monitored:

- Adherence of the Board and its committees to their terms of reference.

Reviewed:

- The succession plans for the Executive Committee.
- The competence and suitability of the CFO and company secretary.
- The Board and governance committees' terms of reference, and made amendments where required, to ensure compliance with the amended Companies Act.

Key outcomes for the Group in FY 2024

- The Board and its committees fully complied with their terms of reference in FY 2024, confirmed by the lead independent director and the company secretary.
- The Group has:
 - An appropriately skilled leadership team with the experience, knowledge and capability to deliver Netcare's strategy.
 - Key management functions that are led by competent and appropriately authorised individuals.
 - Functions that are adequately resourced.

Board opinion

The Board is satisfied that the delegation of authority framework supports the delivery of Netcare's strategy and compliance with relevant legislation and best practice governance, that the framework balances the interests of stakeholders, and that it is appropriately informed about the material matters facing the Group. It is also satisfied that adequate succession plans are in place for the Executive Committee and senior management, and that the Group's leadership development programmes are creating a leadership pool for future succession.

FY 2025 focus areas

- Review the limitations of authority across the Group and subsidiaries.
- Oversee succession planning for strategic leadership roles.

More information

[Committee terms of reference.](#)

Delegation of authority framework

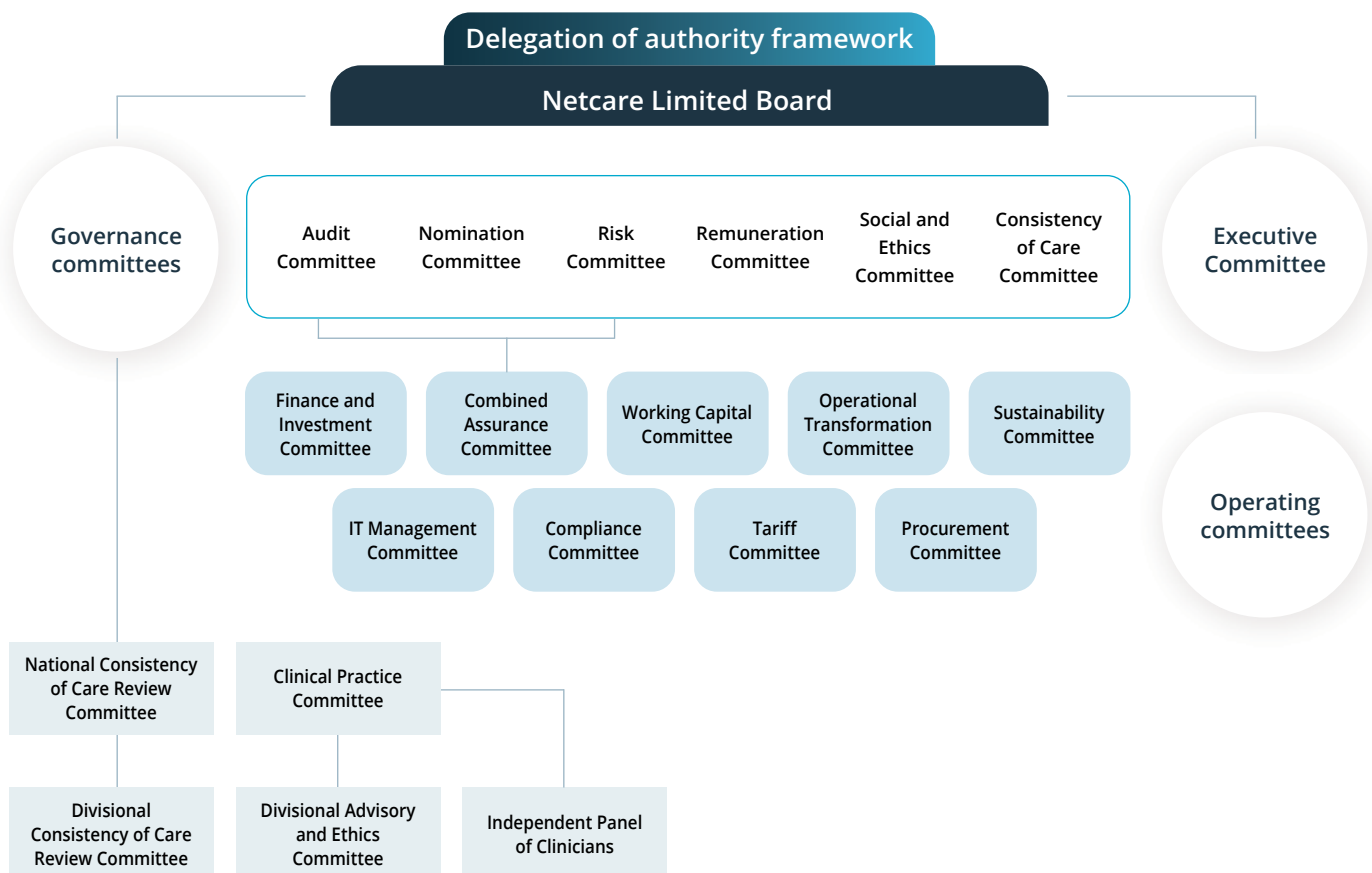
The Board is responsible for clearly defining roles and responsibilities within the Group. Our well-developed delegation of authority framework places the Board at the helm of the Group's governance structure and processes, giving effect to its strategic stewardship and oversight of all Group operations. The Board delegates duties to appropriate individuals, functions or its standing committees to assist in the discharge of its responsibilities.

The framework includes the subsidiary companies' governance framework, ensuring that there is an appropriate flow of information between the Group and its subsidiaries.

Governance report continued

The delegation of authority framework requires that the Board:

- Confirms and ensures that Netcare is appropriately resourced and that its delegation to management contributes to an effective arrangement through which authority and responsibilities are exercised.
- Ensures that its committees are appropriately constituted and have the appropriate skills and competencies to fulfil their mandates.
- Ensures that its arrangements for delegation within its committees promote independent judgement and assist with balance of power and the effective discharge of its duties.
- Ensures that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.
- Ensures that appropriate systems of internal controls are maintained.



Board committees

We adhere to the Board committees and membership recommended by King IV, the JSE Listings Requirements and the Companies Act. Formal terms of reference, approved by the Board, specify the responsibilities of each Board committee, with each committee responsible for overseeing specific aspects of governance in greater depth. Board committees ensure that good governance processes and procedures are appropriately embedded in the Group's business model.

Committee terms of reference are regularly reviewed to ensure they adhere to King IV's governance principles and recommended practices, applicable legislation and listings requirements, and where appropriate, international best practice.

The composition of Board committees and the distribution of authority between the chair and other directors is balanced to eliminate instances where an individual could dominate decision-making or undue dependency is created. Each Board committee is chaired by an independent non-executive director, with certain executives attending committee meetings by invitation. External and internal auditors attend Audit Committee meetings.

Audit Committee

- Assists the Board to ensure the integrity of the Group's annual financial statements, accounting policies and integrated reporting process.
- Provides the Board with independent and objective assurance on the effectiveness of the Group's internal controls, and governance and risk management systems.
- Oversees internal auditing, financial risk management, conflicts of interest, scope of combined assurance, and the governance, compliance and IT control environments.

3 scheduled meetings

100% independent non-executive directors

Members	Attendance	Membership changes
Chair: B Bulo Member: M Bower Member: I Kirk Member: L Stephens By invitation: R Friedland, K Gibson, external and internal audit	3/3 3/3 3/3	Mark Bower retired from the Board (effective 30 September 2024) and I Kirk appointed as a member of the Audit Committee (effective 30 September 2024).

Nomination Committee

- Sets the primary roles and responsibilities of the Board, and oversees the evaluation of the Board, governance committees and individual director performance.
- Determines and monitors the composition of the Board, director independence, director rotation and appointment, and Board succession planning.
- Oversees Executive Committee succession planning and reviews the competence and skills of the Executive Committee and senior management.

2 scheduled meetings

100% independent non-executive directors

Members	Attendance	Membership changes
Chair: M Bower Member: L Human Member: A Maditse Member: R Phillips By invitation: R Friedland and N Ndzwayiba	1/2 2/2 2/2 2/2	Mark Bower retired from the Board (effective 30 September 2024) and from 1 October 2024, and in his role as the lead independent director, A Maditse was appointed chair of the Nomination Committee.

Risk Committee

- Assists the Board in discharging its risk management responsibilities, sets the Group's risk management strategy, policy and plan, and ensures that the Group's risk management framework supports the Group's strategy and business model.
- Ensures there are adequate processes and systems to identify, manage, mitigate and report the Group's top business risks.
- Recommends to the Board where action or improvement is required to mitigate risk.
- Oversees the Group's ethics management, and compliance and IT control environments.

2 scheduled meetings

71% independent non-executive directors

Members	Attendance	Membership changes
Chair: I Kirk Member: M Bower Member: B Bulo Member: L Human Member: A Maditse Member: R Friedland Member: K Gibson	1/1 2/2 2/2 2/2 2/2 2/2	Mark Bower retired from the Board (effective 30 September 2024), I Kirk appointed chair of the Risk Committee (effective 1 January 2024) and A Maditse appointed as a member of the Risk Committee (effective 1 October 2024).

Remuneration Committee

- Oversees the development and implementation of the Group's remuneration policy, ensuring that our remuneration practices are responsible, fair and equitable, and externally competitive.
- Sets the financial and non-financial strategic targets of the Group's BSC.
- Determines the remuneration of NEDs and executive directors, prescribed officers and senior management, as well as the average increases for the workforce.
- Recommends for the Board's approval, any material changes to employee remuneration and benefits.

2 scheduled meetings

100% independent non-executive directors

Members	Attendance	Membership changes
Chair: L Stephens	2/2	Mark Bower retired from the Board (effective 30 September 2024), and L Stephens appointed as chair of the Remuneration Committee (effective 2 February 2024).
Member: M Bower	2/2	
Member: I Kirk	1/1	
Member: L Human	2/2	
By invitation: R Friedland and N Ndzwayiba		

Social and Ethics Committee

- Oversees and monitors the Group's initiatives to embed an ethical culture, including fair labour practices and human rights.
- Oversees and monitors legislative compliance, including initiatives to manage regulatory change.
- Oversees and monitors initiatives that support good and responsible corporate citizenship (health and safety, social and economic development, learning and development, DEI etc) and environmental sustainability.
- Reviews the governance of NPOs¹ with whom Netcare has a partnership, including the Netcare Foundation.
- Oversees the integrity of the ESG report.

3 scheduled meetings

75% independent non-executive directors

Members	Attendance	Membership changes
Chair: R Phillips	3/3	Mark Bower retired from the Board (effective 30 September 2024).
Member: M Bower	3/3	
Member: A Maditse	3/3	
Member: R Friedland	3/3	

Consistency of Care Committee

- Oversees the implementation of the consistency of care strategy, including our quality management systems, clinical governance and initiatives that support safe, high-quality, person centred health and care.
- Monitors clinical risks that could impact our quality and safety outcomes.
- Monitors clinical outcomes, patient experience and patient-reported outcomes.
- Oversees certain strategic employee wellbeing projects and waste management projects.
- Oversees the integrity of clinical outcomes reported in the Group's quality report.

2 scheduled meetings

67% independent non-executive directors

Members	Attendance	Membership changes
Chair: L Human	2/2	None.
Member: B Bulo	2/2	
Member: A Maditse	2/2	
Member: R Phillips	2/2	
Member: R Friedland	2/2	
Member: A Laubscher	2/2	

1. NPOs: non-profit organisations.

Management Committees

The Board delegates to the Executive Committee and senior management the detailed formulation and implementation of Netcare's strategy, as well as the day-to-day management of Netcare. Discussions between the Board and the executive team on governance, risk and operations are appropriately and constructively challenging and hold executive management to account for the interests and expectations of all Netcare's stakeholders.

The delegation of authority framework clearly defines the powers and matters reserved for the Board, and the responsibilities delegated to management via the CEO.

Executive succession

In line with our internal succession plan, a number of executive leadership changes have been made. Appointments include new managing directors of the Hospital Division (Dr Erich Bock; effective 1 October 2024) and Primary Care Division (Sara Nayager; effective 1 January 2025), a new deputy managing director for Netcare Akeso (Vuyokazi Maleki; effective 1 November 2024), and a new Group director of nursing (Mary Ann Nabbie; effective 1 September 2024).

In respect of CEO succession, the Board has selected a preferred external candidate for the role of CEO, further communication in this regard will follow in due course. Pursuant to the changes to the Netcare Board, coupled with the various appointments in executive leadership, as well as the launch of the final two phases of the Group's strategy and the evolving NHI deliberations, the Board requested that Dr Friedland extend his tenure as CEO to allow for a smooth transition and handover within the respective divisions.

The Board is committed to the careful management of these executive changes and to ensuring continued momentum on our critical strategic initiatives, while maintaining continuity during this pivotal period for the Group.

The operating committees that follow address specific business imperatives and support the Board committees and the Executive Committee.

Executive Committee

Responsibilities

Leads the implementation and execution of Netcare's strategy, policies and operational planning as well as the shaping of the Group's philosophies and practices.

Key activities in FY 2024

- Monitored the Group's new business development projects and key strategic projects.
- Monitored all divisional EMR platforms.
- Monitored regulatory developments, particularly the NHI and Certificate of Need.
- Reviewed divisional and operational performance.
- Reviewed the availability of skills.
- Considered key business risks and related mitigation measures.

Finance and Investment Committee

Responsibilities

Ensures that capex is managed within budgeted targets and allocated to achieve the most appropriate returns.

Key activities in FY 2024

- Ensured capital expenditure met defined hurdles and financial requirements.
- Reviewed adherence to the Group's transactions approval framework.
- Reviewed currency and interest rate risk.
- Approved various capex projects.
- Monitored treasury protocols.
- Reviewed the Group's WACC¹.
- Approved the Group's treasury policy.

Combined Assurance Committee

Responsibilities

Coordinates a framework of protocols and persons to provide assurance on top business risks.

Key activities in FY 2024

- Monitored the five levels of assurance model.
- Reported on high-risk issues and the level of assurance provided.

Working Capital Committee

Responsibilities

Monitors and reviews working capital requirements.

Key activities in FY 2024

- Oversaw working capital targets for FY 2024.
- Monitored economic risks to ensure that the Group is not unduly exposed.

1. WACC: weighted average cost of capital.

Operational Transformation Committee

Responsibilities

Guides, monitors, reviews and evaluates the Group's transformation progress, particularly the pillars of the B-BBEE scorecard.

Key activities in FY 2024

- Considered and approved the Group's transformation objectives for FY 2024.
- Reviewed progress against the requirements of the dtic Codes¹ and the Group's employment equity plan.
- Reviewed the Group's corporate social investment.

Sustainability Committee

Responsibilities

Leads the environmental sustainability strategy and oversees key environmental initiatives.

Key activities in FY 2024

- Monitored the environmental sustainability programme and performance against targets.
- Reviewed energy, water and waste optimisation opportunities.
- Engaged with key stakeholders on environmental sustainability matters.

IT Management Committee

Responsibilities

Manages IT risk and provides IT-related strategic and governance direction across the business.

Key activities in FY 2024

- Assessed the Group's control environment in relation to privacy and information security.
- Monitored the performance of CareOn.
- Oversaw the implementation of strategic and continuous business improvement projects.

Compliance Committee

Responsibilities

Monitors the legislative landscape and assesses the potential impact of new laws and regulations on the Group.

Key activities in FY 2024

- Oversaw the roll out of the ethics survey.
- Approved the Netcare 2024/25 privacy strategy.

Tariff Committee

Responsibilities

Provides direction on negotiations with funders.

Key activities in FY 2024

- Engaged funders on current and future alternative reimbursement models.
- Engaged in value-based contracting negotiations.
- Set annual tariff negotiation mandates.
- Reviewed restricted network tenders.

Procurement Committee

Responsibilities

Enhances procurement processes and reviews the supplier base, including ethics in the supply chain.

Key activities in FY 2024

- Negotiated preferential pricing aligned with bulk purchasing.
- Provided input into the ESD initiatives in support of the various Group entities.
- Oversaw the successful implementation of an automated source-to-contract digital platform.

1. dtic Codes: Department of Trade, Industry and Competition Codes of Good Practice for B-BBEE.

Governance of risk and opportunity: King IV principle 11

Committees that assist the Board

Audit Committee | Risk Committee | Social and Ethics Committee | Consistency of Care Committee

Key Board activities in FY 2024

Approved:

- The Group's top business risks.

Oversaw:

- The restructuring of the insurance risk management programme.

Reviewed:

- The process and results of strategies to mitigate and manage risks with a particular focus on fraud, the supply of electricity and water, availability and quality of skills, the funder regime, and sector regulations.
- The results of financial, risk and governance control assessments, and the action plans to correct issues identified and improve effectiveness.
- The top business risks against the Group's five levels of assurance.



— Information and technology governance: [page 27](#).
 Compliance governance: [page 29](#).
 Assurance: [page 33](#).

Key outcomes for the Group in FY 2024

- A risk-aware culture embedded throughout the Group, which enables informed and consistent decision-making within our risk tolerance levels.
- An agile risk management framework able to manage multiple risks, and quickly identify and implement controls to mitigate risks.
- Adequate protection against short-term risks to electricity and water supply, and initiatives in place to ensure long-term environmental sustainability and self-sufficiency.

Board opinion

The Board is satisfied that our risk management framework is sound, effective and supports the Group's business model and strategy, and that the appetite for risk is appropriate and risks are managed accordingly. It is also satisfied that it is appropriately informed about the top business risks facing the Group, and that existing insurance cover is adequate and appropriate.

FY 2025 focus areas

- Monitor the impact of the NHI Act and other sector regulations on the Group.

More information

*Integrated report.
 ESG report.*

Note: links to reports can be found in the reporting suite.

Governance report continued

Risk management framework

The Board is directly responsible for the governance of risk and ensuring that risks and opportunities are considered when formulating the Group's strategy. It approves the risk management policy that gives effect to our risk appetite. The policy affirms that the over-arching aim of effective risk management is to protect and grow sustainable value for all stakeholders by embedding risk management into strategic decision-making.

The Board ensures that risk management systems and processes are implemented according to accepted risk management frameworks and guidelines. The Audit and Risk Committees oversee the implementation of clearly defined processes to identify and effectively manage risks. The Audit Committee plays an integral role, providing the Board with independent and objective assurance on the effectiveness of the Group's internal control, governance and risk management systems.

Netcare's risk management framework – embedded in its business activities, decision-making processes and stakeholder engagements – ensures that the actions taken to achieve the Netcare strategy fall within our risk appetite and tolerance levels. The framework defines how we identify, understand and mitigate risks and realise opportunities.

Identifying top business risks

Operational and executive management teams across Netcare's divisions identify the key risks affecting their operations – both business and operational risks¹. These risks are evaluated based on their impacts, likelihood and materiality, the Group's potential exposure (low, medium, high and significant), and the resultant impact on our ability to achieve our strategic priorities. The attention required from the Board and executive teams to manage a risk is also considered.

Working with the Group's leadership and Risk and Audit Committees, the risk management team identifies the top business risks for the Group. Top business risks are the risks that affect Netcare's strategy, sustainability and/or intangible assets like the competence and commitment of our leaders and employees, the competitive strength of our brands and the perceptions of our stakeholders, which collectively determine the health of our reputation. Business risks can be short, medium or long term in nature.

We ensure that our risk disclosure to stakeholders is comprehensive, timely, relevant, accurate and accessible, without compromising privileged or sensitive information.

Managing risks

Netcare's systems and processes of managing risk consider the following:

- Changes in the external and internal operating context.
- Organisational resilience.
- Nature and potential impact of risks and the likelihood that they may materialise.
- Categories of risks and their impact that are regarded as acceptable.
- Ability to reduce the impact on the business if a risk materialises.
- Effectiveness of our risk response plans.
- Cost of our risk response plans and processes relative to the exposure and benefits obtained.
- Expectations and concerns of key stakeholders.

Top business risks are managed in accordance with our appetite for each risk and in tandem with our strategy, not only to mitigate negative impacts but also to optimise competitive advantage. The Risk Committee reviews and approves the top business risks, which are also presented to the Audit Committee. The top business risks include matters over which Netcare exerts limited influence.



¹ Operational risks are those risks arising from the execution of business functions, including loss due to inadequate or failed internal processes, people and systems. By their nature, operational risks can be mitigated by management's actions.

Information and technology governance: King IV principle 12

Committees that assist the Board

Audit Committee | Risk Committee | Consistency of Care Committee

Key Board activities in FY 2024

Monitored:

- Digital and data projects to ensure that cost and schedule overruns were avoided.
- The use of AI¹ in the security operations centre.

Approved:


- An AI governance policy.

Reviewed:

- Our cybersecurity initiatives and disaster recovery plans, including interventions to manage information management and data security.
- The results of the cybersecurity self-assessment.
- The data governance and data management policy.

Assessed:

- The results of internal and external verification of our cybersecurity controls.

 — Compliance governance: [page 29](#).

Key outcomes for the Group in FY 2024

- EMR platforms rolled out across seven delivery platforms within timelines and budget.
- Core system metrics for performance, uptime and availability exceeded established benchmarks.
- A robust cybersecurity and data protection framework with effective disaster recovery plans.
- Removal of employee access rights for those who fail to complete their cybersecurity awareness training.
- Employee engagement with cybersecurity training and awareness programmes was at 85% (FY 2023: 25%).
- No incidents of material data loss from a cybersecurity event.

Board opinion

The Board is satisfied that the governance of information and technology is properly managed and aligned with business needs and strategy, and that the disaster recovery programme will support the continuity of critical business processes.

FY 2025 focus areas

- Implement a governance framework for the use of AI.
- Oversee the operation of Netcare's Big Data analytics platform and associated projects.

More information

*Integrated report.
ESG report.*

Note: links to reports can be found in the reporting suite.

1. AI: artificial intelligence.

Governance report continued

IT governance structures

Information and technology span across all aspects, components and processes of our business, being operational enablers as well as an important strategic asset to create opportunities and gain competitive advantage.

The Board, together with the Audit and Risk Committees, oversee the governance of IT and are kept comprehensively updated on the progress of the EMR and data-related implementations. Several management committees provide oversight on information and technology governance, including the Executive Committee, the IT Management Committee (headed by the chief information officer), the Information Security Management Committee, the POPIA¹ Steering Committee, the Change Advisory Board and the Group Compliance Committee, among others. During the year, we established a Data Governance Forum, with attendees from the Executive Committee and senior managers in IT, data management and analytics, and business representatives, to start developing a governance framework for the use of AI across the Group. An AI Governance Committee is being established and will meet for the first time in FY 2025; its primary task being to assess our AI solutions to ensure they align with the Group's core values.

The Data Council guides the data governance programme, oversees data governance projects and initiatives, approves Group-wide data policies and standards, and provides ongoing support, understanding and awareness of data.

IT governance framework

The IT Management Committee is integral to the IT governance framework, having overall responsibility for recommendations and decisions regarding IT priorities, funding and other IT and security requirements. It also reviews IT risk and opportunity management.

Netcare's robust IT governance framework covers IT risk and compliance, and carefully manages risk exposure to acceptable levels. The guidelines of the framework and the IT operating model are measurable, ensuring that the governance of IT processes and resources is effective and efficient, and that the integrity, continuity, confidentiality and availability of information are managed cost-effectively.

Protection of personal information

The protection of personal information in the Group's day-to-day business operations is fundamental. We maintain a sound approach to the implementation of privacy protection measures across all business operations, aligned to applicable privacy and data protection laws. The cybersecurity and privacy frameworks ensure that the Group is able to effectively monitor, govern and enforce best practice policies as well as appropriately respond to and recover from cyber-related incidents and prevent or minimise data loss.



1. POPIA: Protection of Personal Information Act.

Compliance governance: King IV principle 13

Committees that assist the Board

Audit Committee | Risk Committee | Social and Ethics Committee | Consistency of Care Committee

Key Board activities in FY 2024

Approved:

- The 2024/25 privacy strategy.

Reviewed:

- Regulatory, policy and guideline updates and kept abreast of regulatory developments that may create risk exposure for the Group.
- The Health Policy Report and discussed the key procedural and substantive constitutional issues relating to the NHI Act.
- Material litigation matters.
- Policies relating to the protection of private information, covering access, information security and confidentiality.
- Incidents of privacy breaches.

Oversaw:

- Various partnerships and strategic initiatives to ensure compliance with applicable legislation.
- Updates to standards and operating procedures, where required, to ensure compliance.

Monitored:


- The Group's many initiatives to embed data privacy in the way employees work.
- Compliance with licensing requirements across the Group's divisions.

Assessed:

- The results from the third-party data privacy risk survey.

Noted:

- The new amendments¹ to the Companies Act, signed into law, relating to transparency on the earnings gap.

 — Ethics: [page 6](#)
Reporting: [page 15](#)

Key outcomes for the Group in FY 2024

- No material penalties, sanctions or fines for contraventions of, or non-compliance with, regulatory obligations were incurred during FY 2024.
- Improved compliance controls to support a robust compliance governance framework that identifies, manages and minimises legal and compliance risks.
- 60 privacy breaches reported to the Information Regulator. 11 have been closed. None pose a material reputational threat to Netcare.
- Satisfactory levels of compliance with POPIA among our suppliers.

Board opinion

The Board is satisfied that there is no current or pending legal action that will materially affect the Group's operations, and that the Group complies with all applicable legislation.

FY 2025 focus areas

- Monitor the automation of POPIA incident reporting.
- Monitor initiatives to improve data privacy control within the Hospital Division.

More information

*Integrated report.
ESG report.*

Note: links to reports can be found in the reporting suite.

1. Companies Amendment Bill and Companies Second Amendment Bill.

Governance report continued

Compliance framework

All divisions, business units, operational and administrative business areas and subsidiaries are required to comply with all applicable legislation. The Board, with the assistance of various committees, ensures that the Group complies with applicable laws, regulations, codes and standards. Adherence to non-binding rules is considered an integral part of doing business. All Board committees are regularly updated on the Group's underlying policies and processes to govern compliance.

Compliance risk is monitored by the Risk Committee. The Compliance Committee and the Compliance function monitor the legislative landscape and assess the potential impact of new laws and sector developments on the Group, keeping the Board

and its committees apprised of material developments. Process changes are delegated to management and must be achieved within defined timeframes. The implementation of changes is overseen by the Compliance Committee and the Compliance function.

We use a risk-based approach to review the Group's policies. Each area conducts an annual governance, compliance, legislative and contractual risk review, and evaluates the regulatory environment impacting the Group and the healthcare sector. During FY 2024, we implemented a single Group-wide digital contracts management system to manage legal contracts, simplify their drafting and track their approval from inception to closure.



Key legislation, regulations and standards applicable to the Group's strategic pillars

Strategic pillars	Key legislation
 <p>Consistency of care Delivering consistently excellent clinical services and experiences, ensuring the best and safest person centred care.</p>	<ul style="list-style-type: none"> National Health Act. Mental Health Act. Occupational Health and Safety Act. Waste Management Act.
 <p>Disruptive innovation Implementing medical technologies, digitisation and data solutions for the benefit of our patients and business.</p>	<ul style="list-style-type: none"> POPIA. Electronic Communications and Transactions Act. General Data Protection Regulation. Cyber Crime Act.
 <p>Transformation of our society Continuing to invest in and develop our workforce and communities.</p>	<ul style="list-style-type: none"> B-BBEE. Companies Act and Regulations. Universal Declaration of Human Rights. International Labour Organization. UN Global Compact. UN Sustainable Development Goals.
 <p>Organic growth Driving strategic engagements with doctors and funders, investing to maintain the quality of our facilities and developing new products and services to promote sustainability, inclusivity and access.</p>	<ul style="list-style-type: none"> Competition Act. Long-term Insurance Act. Short-term Insurance Act. Financial Advisory and Intermediary Services Act. National Health Insurance Act. Certificate of Need regulations.
 <p>Integration Creating strategic and synergistic partnerships between all divisions and functions.</p>	<ul style="list-style-type: none"> Competition Act.
 <p>Investment Creating economic value and optimising capacity utilisation.</p>	<ul style="list-style-type: none"> Competition Act. ESG indices. Organization for Economic Co-operation and Development.
 <p>Environmental sustainability Ensuring minimal environmental impact by managing our resources responsibly, efficiently and to the benefit of the environment.</p>	<ul style="list-style-type: none"> National Environmental Management Act. ESG indices. TCFD. UN Global Compact. UN Sustainable Development Goals.

Litigation and legal

The company secretary, who is also the general counsel, is responsible for overseeing the Compliance and Legal functions. Although the outcomes of legal proceedings, claims and actions instituted against the Group cannot be predicted, the Group is suitably resourced to manage this process. Detailed legal reports are provided to the Risk Committee and the chair of the Risk Committee reports to the Board on any material legal matters.

The Group's insurance policy insures directors and officers against liabilities they may incur in carrying out their duties.

Remuneration governance: King IV principle 14

Committees that assist the Board

Remuneration Committee

Key Board activities in FY 2024

Approved:

- The outcome of the wage negotiations for FY 2024/25.
- The FY 2025 BSC.
- The King IV-aligned remuneration report for FY 2024.

Awarded:

- Annual salary increase criteria and incentive payments in line with the rules of the Single Incentive Plan.
- Higher salary increases for employees in non-managerial roles compared to the increases for executives and senior managers.

Monitored:

- Compliance with the remuneration policy.

Evaluated:

- The results of a vertical income analysis of the Group's top 5% earners against the bottom 5% earners and the gender income disparity analysis.

Considered:

- The proposed adjustments to NED remuneration for FY 2025.
- The valuable feedback from shareholders in its remuneration deliberations and decisions.
- Market practice on pay gap reporting.

Key outcomes for the Group in FY 2024

- A remuneration policy and implementation process that aligns with the Group's strategic imperatives and ensures that the Group creates value for stakeholders in a fair, balanced and sustainable manner.
- 91.9% (FY 2023: 85.1%) and 91.8% (FY 2023: 87.0%) of shareholders voted in favour of the remuneration policy and the implementation report respectively at the 2024 AGM.
- A commitment to progressively narrow the income gap between the Group's highest and lowest income earners.
- A remuneration policy that is competitive and effective at attracting and retaining high-quality talent and recognises and rewards employees for their performance in a fair, equitable and consistent manner.
- Sustainable employee costs.

Board opinion

The Board believes that the remuneration policy strikes a fair balance between rewarding executives for achieving stretching, but motivational short-term objectives linked to long-term strategy, talent retention and the delivery of shareholder value.

FY 2025 focus areas

- Align remuneration reporting to the requirements of the Companies Amendment Act.
- Approve updated terms of reference for the Remuneration Committee to align with the requirements of the Companies Amendment Act.

More information

Remuneration report: [page 40](#).

The Board, assisted by the Remuneration Committee, ensures that executive directors, prescribed officers and employees are remunerated fairly, responsibly, transparently and in line with industry standards, to attract and retain the talent required to achieve the Group's strategy and create sustainable value. The Remuneration Committee engages proactively with shareholders on changes to the remuneration policy and the implementation report.

Assurance: King IV principle 15

Committees that assist the Board

Audit Committee

Key Board activities in FY 2024

Approved:

- The Internal Audit Charter¹.
- The risk-based audit plan and ratified revisions to the audit plan quarterly.
- The appointment of the external auditor and confirmed their independence.
- The audit and non-audit fees of the external auditors.

Reviewed:

- The valuation of goodwill, property, plant and equipment, loans, and receivables and investments to identify potential impairments.
- The quality of earnings and recoverability of deferred taxation assets.
- Key judgment areas and material matters arising from the external audit.
- All aspects of financial reporting.
- The Group's assurance universe.
- The combined assurance model to ensure its alignment with King IV.



Reporting: [page 15](#).

Key outcomes for the Group in FY 2024

- A professional and well-functioning Internal Audit division that is a trusted advisor to the business.
- The Group's sound financial position and access to sufficient borrowing facilities to meet our funding requirements for the foreseeable future.
- An adequate and effective control environment that supports the integrity of reporting for better decision-making both internally and for stakeholders.
- No key governance or control failures experienced in FY 2024.
- Nothing has come to Internal Audit's attention to suggest that the Group's system of internal financial controls does not form a sound basis for the preparation of reliable financial statements; and no qualitatively or quantitatively material matters have come to Internal Audit's attention to suggest that Netcare's governance, risk management and control processes are not effective.
- The independent external quality assessment review confirmed that Internal Audit 'generally conforms'² with the IIA³ Standards and the Code of Ethics.

Board opinion

The Board is satisfied that the external auditor for FY 2024 is independent and that no non-audit services that may impair their independence were performed.

FY 2025 focus areas

- Review of the Group governance framework.

More information

*Integrated report.
Annual financial statements.*

Note: links to reports can be found in the reporting suite.

1. The Internal Audit Charter is approved annually and aligns to the recommendations of King IV and the International Standards for the Professional Practice of Internal Auditing as determined by the Institute of Internal Auditors (IIA).
 2. 'Generally conforms' is the highest level of compliance.
 3. IIA: Institute of Internal Auditors.

Governance report continued

Going concern

The annual financial statements are based on appropriate accounting policies and the external auditors independently examine them in accordance with International Standards on Auditing. The Group's annual financial statements have been prepared on a going concern basis.

Independent external quality assessment review

The International Standards for the Professional Practice of Internal Auditing requires that an external quality assessment of Internal Audit be conducted at least once every five years by a qualified, independent assessor from outside the organisation. Internal Audit underwent its latest independent external quality assessment review during FY 2024 (previous review performed in FY 2019).

Internal control and internal audit

The Board is responsible for ensuring that an appropriate system of internal controls is maintained to provide reasonable assurance that:

- Netcare's assets are appropriately safeguarded and managed.
- Losses arising from fraud and/or other illegal acts are minimised.
- Accounting records, financial statements and operating information are accurate, complete and fairly presented.

The Board delegates these responsibilities to the Audit Committee and Internal Audit assists the committee by fulfilling an assurance and consulting function, and providing independent and objective assurance over Netcare's systems of internal controls. The Audit Committee chair meets regularly in separate sessions with management, external audit and Internal Audit.

Internal Audit conducts independent financial, IT and operational process and control effectiveness reviews using a systematic and disciplined approach, supported by a data analytics tool. In addition to highlighting process improvements, Internal Audit's activities provide assurance to Netcare's stakeholders that the Group operates responsibly.

To ensure that Internal Audit remains independent and sufficiently objective, and meets its responsibilities, the head of the department reports functionally to the Audit Committee's chair and administratively to the CFO. Internal Audit has unrestricted access to all company records and employees, including the CEO, the Board chair and the chair and members of the Audit Committee.

The Internal Audit team is appropriately qualified and experienced. Team members hold a Bachelor of Commerce, as a minimum qualification, and the majority have signed off SAICA¹ articles. All team members sign an annual Code of Ethics declaration (based on the IIA Standards).



1. SAICA: South African Institute of Chartered Accountants.

Combined assurance

Our combined assurance model is underpinned by the delegation of authority framework, aligned to King IV, and designed to effectively address the Group's key risks and material matters through a combination of the five levels of assurance outlined below.

Level 1 assurance

Assurance provided to the Board by its governance committees.

Audit Committee

Nomination Committee

Risk Committee

Remuneration Committee

Social and Ethics Committee

Consistency of Care Committee

Level 2 assurance

Non-independent internal assurance providers

Line management, including elements of strategy implementation, performance measurement and continuous monitoring mechanisms.

Management

- Accountable to the Board for identifying and assessing risks.
- Responsible for developing, implementing, maintaining and reporting on the internal policies and control procedures to mitigate identified risks, without compromising the Group's ability to achieve its strategic priorities.
- Submits quarterly statements of assurance to the Executive Committee.
- All major divisions, business units and operational and administrative business areas conduct at least three management self-assessments each year. The results are reported to the Audit Committee. The self-assessment process enhances overall risk management practices and supports a culture of ownership over internal control procedures.

Level 3 assurance

Non-independent internal assurance providers

Specialist functions independent from management, which facilitate and oversee risk management and compliance.

Risk Management function

- Acts as the custodian of the risk management policy and plan.
- Coordinates risk management activities throughout the Group, including reporting to the Risk Committee.
- Benchmarks the systems and processes of risk management against local and international standards and best practices.

Quality assurance reviews

- All Netcare facilities and services are reviewed against comprehensive clinical quality and risk management criteria. Facility, divisional and Group level reports highlight any high-risk areas.
- Independent subject matter experts conduct verification reviews. A standardised tool is used, which incorporates the NDoH's¹ Core Standards, criteria from the OHSC² Private Hospital Inspection Tools, Netcare's additional standards, and specific criteria based on trends and risks identified by quality outcomes data. Risk-based policies and standard operating procedures support quality assurance.

Data Council

- Prioritises data initiatives and implements Group-wide data definitions and standards of critical datasets to ensure data integrity and continuous data monitoring.

Clinical Data Council

- Coordinates the collection of clinical data across all divisions, ensures that clinical data collection, reports and analyses align, and ensures the accuracy and completeness of datasets.

1. NDoH: National Department of Health.
2. OHSC: Office of Health Standards Compliance

Level 4 assurance

Independent internal assurance

Independent internal assurance providers.

Internal Audit

- Provides independent and objective assurance to the Audit and Consistency of Care Committees on the effectiveness of internal control and risk management systems and recommends improvements.

Level 5 assurance

Independent external assurance

Independent external assurance providers.

British Standards Institution

- Conducts annual surveillance audits on sample facilities across all divisions to ensure Netcare remains compliant with the ISO 9001:2015 certification standards.

Office of Health Standards Compliance

- Audits our facilities on their compliance with the NDoH's Core Standards. Compliance certificates are valid for four years.

B-BBEE

- Empowerdex verifies the Group's B-BBEE scorecard and rating.

Environmental sustainability

- Verify CO₂ provides limited assurance on the Group's energy, carbon footprint, waste generation and water usage¹.
- The Green House provides limited assurance on the Group's Scope 3 emissions.
- Talbot and Talbot provides limited assurance on Netcare's CDP disclosures.

Deloitte & Touche

- Audits our annual financial statements.

Note: not all assurance providers are covered in the table.

Combined Assurance Committee

The Combined Assurance Committee assesses the skills and experience of assurance providers as well as the nature and extent of the assurance work provided. The committee meets twice a year (or as required) and reports to the Audit Committee. The chair of the Audit Committee approves the Combined Assurance Committee's terms of reference.

¹ Verification is performed in accordance with the principles of the WBCSD/WRI GHG Protocol Corporate Accounting Standard, 2nd Edition, 2004 and ISO 14064-3 (2006).

King IV outcome: legitimacy

Stakeholder inclusion: King IV principle 16

Committees that assist the Board

All committees

Key Board activities in FY 2024

Monitored:

- The roll out of Summary of Care reports and CareNotes™, providing patients with information relating to their care at Netcare.
- The continued roll out of Care4YOU across the Group to embed a culture of compassion.
- Initiatives rolled out to address areas of improvement highlighted in the FY 2022 employee engagement survey.
- Engagement with private medical funders on our clinical efficiency initiatives.
- Engagement with sector and business associations on issues such as the nursing shortage, the NHI Act and UHC.

Reviewed:

- The Group's initiatives to improve patient experience and drive person centred health and care.
- The results of the data modelling on the Hospital Division patient feedback survey.
- Enhancements made to the doctor credentialling process.
- The results of the Netcare Medicross consumer research survey, covering patients, GPs and dentists.
- Engagements with various ESG rating agencies.

Key outcomes for the Group in FY 2024

- An average nurse compassion score of 8.26 out of ten (FY 2023: 8.18).
- The employee engagement dipstick survey in FY 2024 showed improvements in employee engagement in four of five dimensions.
- Launched two new webinar platforms to enhance doctor engagement.
- Released 3 906 PCI¹ reports to doctors (FY 2023: 1 992).
- Issued secure advanced CareOn electronic signatures to relevant doctors.
- 96.7% of healthcare practitioners across six divisions were credentialled (FY 2023: 92% in five divisions).

Board opinion

The Board is satisfied that the Group's stakeholder engagement strategy is appropriate and effective, and supports Netcare's strategy and ESG imperatives.

FY 2025 focus areas

- Review the stakeholder engagement policy.
- Oversee the roll out of the stakeholder engagement programme.
- Monitor the progress made to enhance the Netcare App.

More information

*Integrated report.
ESG report.*

Note: links to reports can be found in the reporting suite.

1. PCI: personalised clinical information tools that support one-on-one engagement with doctors.

Approach to stakeholder engagement

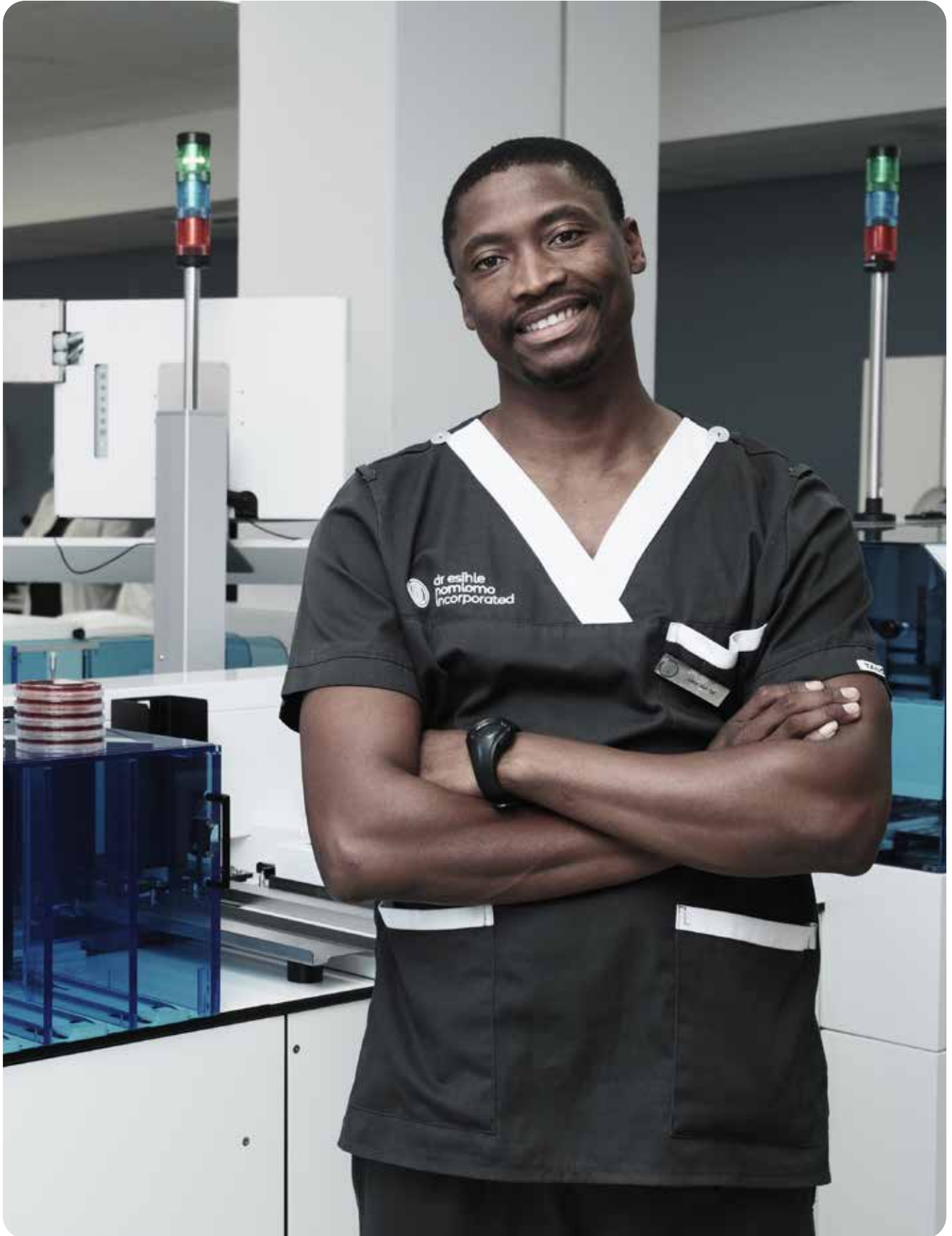
The Board monitors the effectiveness with which the Group manages its stakeholders, and delegates responsibility for proactive, ethical and transparent stakeholder engagement to management. Relationship owners are responsible for ensuring that their engagement with stakeholders is effective, inclusive, sufficiently frequent and aligned to our strategic priorities. Issues raised by stakeholders that are of strategic concern are elevated through the Executive Committee to the Board.

We ensure that the right mechanisms are in place for stakeholders to raise their concerns, needs and expectations. We prioritise the stakeholder groups who are most likely to have an impact on our ability to deliver the Netcare strategy to understand how their needs, expectations and interests relate to our top business risks, strategic priorities and material matters. Through this understanding, we are able to address stakeholder concerns, needs and expectations, and provide the information that they need to make decisions about Netcare.

The frequency of engagement varies, ranging from a single event to engage on a specific issue, ongoing dialogue, and targeted engagement through mechanisms such as investor roadshows and presentations, complaint management processes, patient feedback and employee engagement surveys.

Our EMR platforms across the Netcare ecosystem underpin how we engage with our patients, doctors, allied healthcare professionals and funders. As these systems start to integrate with one another, our engagement with these stakeholder groups will become more strategic based on the insights gained from data analytics. Sector and business association memberships, trade union relationships and NGO partnerships are key underpins of our engagement with employees, government, regulators and broader communities.

King IV principle 17 does not apply to the Netcare Group.





02

Remuneration report

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Report by the Remuneration Committee chair

Dear shareholders,

On behalf of the Remuneration Committee (the committee), I am pleased to present the Netcare Group remuneration report for the financial year ended 30 September 2024 (FY 2024). The report outlines the Group's performance against FY 2024 targets, discloses the FY 2025 financial and strategic non-financial targets linked to Netcare's long-term strategy, and provides an account of the Remuneration Committee's key decisions for the year under review.

Netcare's remuneration report:

- Aligns with the principles and recommended practices of King IV™ and applies the three-part structure required by King IV™ Principle 14.
- Meets the JSE Limited Listings Requirements.
- Meets, to the extent applicable, the requirements of the Companies Act.
- Requests support through a non-binding advisory vote for the remuneration policy and implementation report.
- Includes feedback from shareholder engagement on remuneration.
- Sets out our approach to fair and responsible remuneration.

The committee has exercised its primary responsibility to ensure that Netcare retains a strong link between pay and performance – this means making sure that Netcare's remuneration arrangements for its executives and senior management are aligned with the delivery of the Group's short-, medium- and long-term strategies; and that they produce value for stakeholders in a fair, balanced and sustainable manner.

In FY 2024, Netcare delivered a solid financial performance and achieved most of the non-financial strategic goals across the consistency of care, digitisation, environmental sustainability, and people and transformation pillars, despite a volatile and challenging macroeconomic environment characterised by geopolitical turbulence, prolonged inflationary pressures, slow economic growth and high unemployment. Medical scheme membership growth remained stagnant, while the insured population maintained the trend of opting for cheaper and less comprehensive options, resulting in higher growth within restricted network schemes. Despite these challenges and seasonal inconsistencies that resulted in a weaker first half of FY 2024, Netcare managed its cost base exceptionally well with targeted efficiency activities that resulted in excellent operating leverage.

In April 2024, the Group completed the roll out of EMRs¹ across the entire ecosystem, spanning seven clinical delivery platforms: hospitals, primary care, mental health, emergency services, renal care, cancer care and occupational health. With this achievement, Netcare cemented its position as the market leader in digital healthcare innovation on the African continent, and received recognition as the winner of the prestigious Digital Innovation Award at the International Quality Awards held in London, achieving 1st place out of 87 entries from 19 countries. In the 2024 calendar year, the Group received 11 environmental sustainability awards, bringing its total of national, regional and global environmental sustainability awards to 47 since commencing its 'green' strategy in 2013. Health Care Without Harm chose Netcare as the 2024 African Health Care Climate Champion, confirming our position as a market leader in

reducing carbon emissions in the healthcare sector. Netcare also received the Graduate's Choice Award as the healthcare employer of choice for SA's top students.

These excellent results were made possible by our resilient, compassionate and highly engaged people to whom we owe huge gratitude. During the year, we continued to place the wellbeing and development of our passionate people at the epicentre of our strategic priorities. We invested R69 million in human capital development to build the talent pipeline and bench strength for our core clinical functions, and to grow the management and leadership pipeline. We also rolled out a plethora of employee wellbeing initiatives, reaching 80% of our workforce. These initiatives encompassed mental health awareness and support, financial wellbeing, breast cancer screening, free flu vaccines, and BMI and cardiovascular checks, among many others. We also advanced the roll out of our compassion-based programme, Care4YOU, with the aim of embedding the culture of mindfulness and self-care. We believe that internalised and practiced self-compassion overflows into all aspects of one's life, and nurtures a harmonious workplace with a positive effect on the quality of care received by our patients. The results of our FY 2024 dipstick employee engagement survey and the Hospital Division's nurse compassion score (calculated from the results of the patient feedback survey), confirm the efficacy of this compassion-based programme. The nurse compassion score increased to 8.26 from 8.18 in FY 2023. Pleasingly, our employees received thousands of gratitude cards for their display of compassion from patients and their families, increasing the cumulative number of cards received to 82 555 since implementation in FY 2021 (FY 2023 cumulative: 53 797).

On behalf of the committee, we extend our gratitude to management and the people of Netcare for their efforts and these results, which culminated in favourable outcomes for all stakeholders, including our shareholders, patients, employees, suppliers and society.

1. EMR: electronic medical record.

Overview of Group performance for FY 2024

The Group delivered strong financial and operational performance in FY 2024. Most financial and non-financial strategic performance metrics were met and/or exceeded, noting the following highlights:

- Normalised EBITDA¹ margin: 18.0% (FY 2023: 17.4%).
- Adjusted HEPS²: 113.7 cents (FY 2023: 105.7 cents).
- ROIC³: 11.7% (FY 2023: 10.8%⁴).
- Cash conversion ratio: 96.5% (FY 2023: 100.5%⁵).
- Successfully completed the CareOn roll out in the Hospital Division, marking the completion of all EMR implementations across the Group.
- Surpassed the target for electronic doctor orders, reaching 80.8% adoption and exceeded the target for doctor e-scripting, achieving 85.6% adoption.
- Granted admitting privileges to 152 new specialists in the Hospital Division, surpassing our outperform target of 120 doctors, with a net gain of 112 doctors.
- Achieved further reduction in year-on-year carbon emissions and general waste generation across all facilities but missed our water utilisation target.
- Improved the representation of black people in our middle management echelons, meeting our FY 2024 BSC⁶ target for employment equity.
- Met and exceeded targets for preferential procurement spend with ≥51% black-owned suppliers, ≥30% black women-owned suppliers and black designated group suppliers; met the threshold target for QSEs⁷; and spend with EMEs⁸ tracked close to threshold.

Overview of executive remuneration for FY 2024

In light of this performance, the Remuneration Committee determined that the formulaic outcome under the Group's SIP⁹ BSC was 69.1% compared to the possible maximum of 150.0%. There were no adjustments to the formulaic outcome, which was based on previously approved performance conditions.

The committee carefully considered the overall performance of the Group and each executive, and approved incentives based on the aggregated score prescribed in the SIP. The SIP requires each executive to achieve 60% on their divisional and/or individual BSC to qualify for an incentive. The SIP rules also prescribe that the incentive must not exceed 8% of EBIT, exclusive of catch-up awards.

Catch-up awards were awarded to close the gap that arose due to the deferral and subsequent cancellation of Forfeitable Share Plan 4, caused by the emergence of COVID-19. The SIP incentive for FY 2024, excluding catch-up awards, amounted to 4.2% of EBIT, and including catch-up awards, amounted to 5.0% of EBIT.

The incentive will be settled in cash (20%) and deferred shares (80%) in line with the SIP. At 0.6%, the number of deferred shares awarded fell below the 1% annual award safeguard of total issued shares. The deferred shares will vest over a five-year period for executives, with MSRs¹⁰ applicable (outlined on [page 57](#)). This ensures that executives are exposed to share price performance and shareholder objectives, while offering them a competitive value proposition.

Structure of the report

This report comprises three parts:

- **Part 1:** provides an overview of the committee's oversight role, the key decisions taken during FY 2024 on executive remuneration, and our engagement with shareholders.
- **Part 2:** provides an overview of our SIP and rules, and the financial and non-financial strategic performance targets for FY 2025.
- **Part 3:** details how we have implemented our current remuneration policy and performance against FY 2024 targets.

Closing

The Remuneration Committee believes that the remuneration policy achieves a fair balance between rewarding executives for achieving stretching, but motivational, short-term objectives linked to long-term strategy, talent retention and the delivery of shareholder value.

The remuneration policy and implementation report will be tabled for approval at the AGM¹¹ to be held on 7 February 2025.

Ms Louisa Stephens

Remuneration Committee chair

1. EBITDA: earnings before interest, tax, depreciation and amortisation.

2. HEPS: headline earnings per share.

3. ROIC: return on invested capital.

4. Reported for one financial year and not the combined FY 2022 and FY 2023 ROIC of 9.8% reported in the 2023 integrated report.

5. Reported for one financial year and not the combined FY 2022 and FY 2023 cash conversion of 106.5% reported in the 2023 integrated report.

6. BSC: balanced scorecard.

7. QSEs: qualifying small enterprises.

8. EMEs: exempted micro-enterprises.

9. SIP: Single Incentive Plan.

10. MSR: minimum shareholding requirement.

11. AGM: annual general meeting.

Part 1: Background

Role of the Remuneration Committee

The Remuneration Committee's main role is to ensure that remuneration policy, practice and arrangements for executive directors and executive leadership are aligned to Netcare's short-, medium- and long-term strategies and performance; and that these deliver shareholder value in a fair, consistent and sustainable manner. The committee ensures that a strong link exists between pay and performance in line with the approved Group remuneration policy. Accordingly, it considers, approves and reviews performance against the appropriate annual financial and non-financial strategic targets that are linked to long-term strategy, ensuring that we reward superior performance linked to stakeholder expectations, and at the same time attract, retain and motivate senior executives to deliver superior results and drive Netcare's long-term growth and success.

The committee also reviews the remuneration of the Board chair, the Board of directors and related Board sub-committees, and proposes fee adjustments to shareholders for approval at the AGM. Additionally, it reviews and recommends to the Board for approval any material changes to employee remuneration and benefit structures, ensuring that the Group's remuneration practices are responsible, internally equitable and externally competitive.

The committee ensures that Netcare's remuneration reporting is straightforward, comprehensive and transparent, and it recognises the need for continuous improvement in this regard. As such, we review and approve the remuneration disclosures in the integrated and shareholder reports, and any other disclosures required by King IV™, the Companies Act and the JSE Listings Requirements. The committee also considers the results of the non-binding vote on the remuneration policy and the implementation report, and responds meaningfully to feedback from Netcare's shareholders.

Committee composition

The Remuneration Committee is duly constituted in accordance with the JSE Listings Requirements and King IV™. In the year under review, it comprised the following four independent non-executive directors:

- Ms L Stephens (appointed to the committee effective 1 January 2023 and as the chair of the committee effective 2 February 2024).
- Ms L Human (appointed to the committee effective 1 January 2023).
- Mr I Kirk (appointed to the committee effective 1 January 2024).
- Mr M Bower (retired from the committee on 30 September 2024).

All Netcare Board members are entitled to attend committee meetings as observers.

Netcare's company secretary acts as the secretary of the committee. The CEO¹, CFO² and director for human resources and transformation, as well as external advisors, may be invited to attend committee meetings, as and when appropriate. No member of the Executive Committee is allowed to attend meetings that relate to their own remuneration outcome.

1. CEO: chief executive officer.
2. CFO: chief financial officer.

Remuneration report continued

Key decisions of the Remuneration Committee in FY 2024

The Remuneration Committee met twice during the year to provide strategic guidance and approvals as reported below.

2024 salary adjustments	<p>Approved above CPI¹-linked (higher) salary increases for employees in non-managerial roles. The Executive Committee and senior managers received varying CPI-linked salary increases. This intentional lower salary increase for executives and senior managers reflects our continued commitment to progressively narrow the income gap between the Group's highest and lowest income earners.</p>	 Page 59
Salary adjustments and special allowances for critical skills	<p>Due to the nursing shortage, continued to offer nursing staff higher salary adjustments than non-nursing employees, including skills allowances. Higher salary increases were given to qualified registered nurses working in high care as well as ICU², theatre, recovery, maternity and emergency department nursing staff. The skills allowances for nurses in scarce and critical specialist roles were increased, and meal allowances were increased across the board.</p>	 Page 58
Professional registration fees for scarce and critical skills	<p>Paid the SANC³ annual professional registration fees for all practicing nurses in our employment, as well as the HPCSA⁴ annual professional fees for certain permanent employees in emergency services and permanent dental assistants.</p>	 Page 46
Wage negotiations	<p>Endorsed the mandate and the outcome of the wage negotiations for FY 2024/25. For the third consecutive year, we successfully concluded wage negotiations and reached agreement on terms and conditions of employment with all three recognised trade unions without disputes. To promote fairness and enhance pay parity, the same wage increments and terms and conditions of employment concluded with the three recognised trade unions were extended to other employees in non-bargaining units.</p>	 Page 58
Vertical income inequalities	<p>Conducted a vertical income analysis using the total remuneration of the top 5% of the Group's earners divided by the total remuneration of the bottom 5% of the Group's earners. We conducted this exercise in response to the Companies Amendment Act (effective date yet to be announced), which requires companies to disclose vertical income inequalities, although principle and methodological questions have been raised on this upcoming requirement. The results of our analysis show that the remuneration earned by the top 5% is 9.2 times that of the bottom 5%.</p>	 Page 58
Executive directors' remuneration	<p>Conducted an interim⁵ external benchmarking of the CFO's remuneration to determine whether the higher salary adjustments granted over the past two years have narrowed the previously identified gap in pay. The results confirm that the CFO's salary now compares well to industry benchmarks.</p>	 Page 50
Non-executive directors' remuneration	<p>Considered the outcome of an independent benchmarking exercise and proposed adjustments to NED⁶ remuneration for FY 2025, which will be presented for approval at the next AGM.</p>	 Page 50
Group and Executive Committee performance	<p>Reviewed and approved the Group BSC performance for FY 2024, and the BSC performance of each Executive Committee member. Based on achievements against targets, the committee approved the award of incentives in line with the rules of the SIP.</p>	 Page 61
Short-term incentives and long-term incentives	<p>Considered and approved the financial and non-financial strategic BSC targets for FY 2025, taking into account the shareholder feedback received on the FY 2024 remuneration policy and implementation report.</p>	 Page 55

1. CPI: consumer price index.

2. ICU: intensive care unit.

3. SANC: South African Nursing Council.

4. HPCSA: Health Professions Council of South Africa.

5. Executive director remuneration is benchmarked every two years.

6. NED: non-executive director.

Shareholder engagement

The Remuneration Committee is committed to enhancing Netcare's remuneration practices, and ensuring that our remuneration reporting is comprehensive, transparent and meets shareholder expectations. Accordingly, the committee chair and certain members of the Executive Committee met with shareholders in November 2023 and January 2024 to discuss Netcare's remuneration policy and report. Shareholders provided valuable feedback to which the committee has given due consideration.

Below is a summary of salient feedback and our response.

Shareholder feedback	Netcare's response
Shareholders required assurance that Netcare has the right systems to adequately vet Board member credentials.	The circumstances surrounding the appointment of a former Board member whose qualifications were publicly questioned in 2024 were explained. The director in question resigned from the Netcare Board in 2022. The Remuneration Committee chair assured shareholders that our processes and controls to credential Board members have since been strengthened; shareholders were comfortable with this assurance.
Shareholders questioned whether the shares for the SIP would be bought back in the market, and requested confirmation that no new shares will be issued to prevent permanent dilution.	The scheme's rules prevent the issue of new shares for this purpose. Our remuneration report clearly stipulates that "the shares required to settle deferred share awards are purchased in the market as soon as possible after their award or treasury shares are allocated, but no new shares are used for this purpose" (see  pages 52 to 54).
Shareholders observed that the HEPS growth target for FY 2024 appeared lacking relative to EBITDA margin targets.	While we aim to increase margins in line with the published targets, our tax rate is likely to normalise to a level slightly higher than the SA corporate tax rate. In addition, the higher interest rate environment is expected to continue for some time, impacting our finance costs.
Some shareholders expressed the view that the SIP limits performance measurement to a single year, which could result in the prioritisation of short-term outcomes at the expense of long-term strategy. They also felt that the SIP is inaccurate in its evaluation of a five-year period against a one-year period.	<p>While our BSC targets are set for a one-year timeframe, their significance extends far beyond the immediate horizon. Aligned with the Group's overarching long-term strategy and capital allocation policy, our targets are strategically set to contribute to the sustained enhancement of ROIC and other crucial financial metrics over time. We ensure that every milestone achieved connects to Netcare's vision and supports our commitment to delivering Netcare's strategy and long-term strategic objectives.</p> <p>In addition, the SIP is settled in cash and deferred shares for executive directors, Executive Committee members and prescribed officers. The cash portion is settled in December of each year and the balance in deferred share awards, which vest at 20% per annum over five years for this group of employees. Importantly, these executives are required to hold shares in the company and retain vested shares awarded to align the interests of executives with those of shareholders. These MSR's have been benchmarked against our peers. Executives must build up to the target MSR, following which a new measurement date is set on a rolling basis, against which the target MSR will be measured.</p>
Shareholders requested clarity on why Sun International and Vukile were added to the benchmarking peer group.	There are limited local healthcare comparator groups within the South African market, more so since the delisting of Mediclinic. Within the benchmarking peer group, we needed comparators that are smaller than Netcare to balance the impact of the larger comparators and ensure that the median size of the comparators is closer to that of Netcare. Having explored a range of companies to add, we settled on Sun International and Vukile, despite them not being part of the healthcare sector, as they share the characteristics of managing a large complex portfolio of property, human capital resources and equipment to provide services to their customers.
Shareholders wanted to know how often Netcare benchmarks Board member fees. While shareholders acknowledged the 0% year-on-year increase, it was felt that the current fees are high relative to the broader market.	In FY 2022, the Remuneration Committee decided to extend the benchmarking period for NED fees to every two years with no benchmarking conducted for FY 2023. As Netcare's NED fees are recognised as being higher than the market median, the committee has not awarded fee increases to NEDs since FY 2019, except for certain committees which benchmarked below the market median. The same approach was taken in FY 2024.

Shareholder feedback	Netcare's response
<p>At present, ROIC targets are slightly higher than WACC¹. Shareholders asked management how they envision the ROIC target progressing over time.</p>	<p>Netcare's ROIC has shown steady recovery since COVID-19's negative impact. It is important to note that strategic costs are not added back when calculating ROIC or other financial metrics included in the BSC. These operational strategic costs of R258 million for FY 2023 (FY 2022: R249 million; FY 2021: R172 million) have weighed on the Group's margins, earnings and ROIC. The estimated impact of these costs on ROIC was 1.0% in both FY 2022 and FY 2023. Additionally, WACC has increased with rising interest rates. However, as reflected in the FY 2024 scorecard, the minimum threshold for ROIC is set equal to WACC and WACC + 0.5% is required to achieve an on-target performance. Our focus is to drive ROIC upwards over time.</p>
<p>Shareholders observed that the payment of professional fees seems to have become a widespread practice across the industry and wanted to understand how Netcare differentiated staff remuneration elements that resulted in such an impressive decline in staff turnover.</p>	<p>In a scarce skills market, both locally and globally, competing on remuneration alone is insufficient to drive the significant reduction in staff turnover that Netcare has achieved. In addition to our competitive remuneration, increased skills allowances for certain specialised roles and professional fee payments, we have been intentional about embedding the organisational culture of care and compassion as the key differentiator to drive employee engagement and retention. Care4YOU, which targets permanent, fixed-term, and third-party workers, embeds the culture of care, psychological safety and compassion; and the gratitude programme has enhanced the sense of visibility and recognition felt by employees. We have also driven a culture of DEI² and belonging, maintained our focus on employee wellbeing, introduced greater flexibility in how employees structure their benefits, and enabled employees to access their variable pay before pay day. All of these initiatives have sent a positive message to our employees that we do care.</p>
<p>Shareholders wanted to understand the reason for the different adoption rates for e-scripts and clinical orders. In FY 2023, an adoption rate of 82.4% was achieved for e-scripts and 76.5% for clinical orders.</p>	<p>Prescriptions and clinical orders are distinctly different in a clinical setting. Standard practice is that doctors write out a prescription for medication, and nurses capture these orders. The CareOn implementation has caused a surprising shift in behaviour, with doctors willing to place orders themselves given the ease of doing so. As a result, this metric has improved and continues to steadily climb, edging closer to the levels achieved for e-script adoption.</p>
<p>Given that an adoption rate of 82.4% was achieved for e-scripts in FY 2023, shareholders wanted to know why a threshold level of 80% was deemed appropriate for FY 2024.</p>	<p>In normal clinical practice, there will always be an expected and acceptable level of telephonic or transcribed prescriptions – estimated to be around 15% to 20% (case type or hospital related). There are various reasons for this, for example, doctors being offsite after hours or surgeons being scrubbed in for theatre and unavailable. Hence, this metric can never reach 100%. However, the measure continues to be a useful proxy for adoption, and any score in excess of 80% represents voluntary and willing adoption beyond standard practice in a paper-based environment. Once again, CareOn has shifted behaviour, with doctors prescribing medicine remotely and even choosing to use an iPad to write a prescription rather than dictate it to a nurse over the telephone. This accounts for the steady climb in this metric to over 80%, and in some facilities goes beyond 90%. While impressive, this metric largely depends on individual behaviours and approaches to clinical practice – with or without CareOn.</p>

1. WACC: weighted average cost of capital.
 2. DEI: diversity, equity and inclusion.

Shareholder feedback	Netcare's response
Shareholders questioned whether the nurse compassion on-target and outperform targets for FY 2024 were sufficiently stretching, given that they remain broadly similar to FY 2023 despite the improvement seen from 8.11 in FY 2022 to 8.18 in FY 2023.	<p>The methodology used to calculate the nurse compassion for FY 2024 has been changed to reflect only acute hospital data given that global patient experience research recognises that acute hospitals routinely have lower patient satisfaction scores than sub-acute and day facilities. To establish our target, we used a methodology that calculates the highest achievable score based on historical data, ensuring the target is statistically sound while also appropriately ambitious. This approach aligns with globally recognised quality improvement and research standards, balancing scientific rigor with operational feasibility.</p> <p>We also considered the improvement we were able to achieve from FY 2022 to FY 2023, and set the FY 2024 target to the same percentage improvement as was achieved over the previous period. The threshold target represents 50% and the outperform target represents 150% of the improvement seen in FY 2023.</p> <p>Finally, patient feedback scores follow a logarithmic curve rather than a linear curve, meaning that a change from 8.1 to 8.2 is harder to achieve by a significant degree of magnitude than a change from 8.0 to 8.1.</p>
Shareholders asked what the targeted DEI and belonging percentage was over time.	Overall, our workforce is closely aligned to the national EAP ¹ ; however, we remain behind the national EAP at middle management and above. We are committed to transforming these management levels to reflect SA's economically active demographics. Black people (African, Indian and Coloured) collectively comprise around 90% of the national EAP.
Shareholders asked for clarification on Netcare's WACC.	In FY 2024, WACC was 12.3% (FY 2023: 11.9%; FY 2022: 10.7%).
Shareholders wanted to know what the Group expected diesel costs to be for FY 2024.	We had expected diesel costs to be approximately R92 million for FY 2024; however, due to Eskom's sustained electricity generation and supply for the year, the actual costs were lower at R47 million (FY 2023: R124 million).

The Remuneration Committee is satisfied that it has responded comprehensively to shareholder feedback and expectations. Pleasingly, 91.9% of shareholders voted in favour of our remuneration policy (FY 2023: 85.1%) and 91.8% voted in favour of our implementation report (FY 2023: 87.0%).

	2024			2023		
	Votes in favour	Votes against	Abstentions	Votes in favour	Votes against	Abstentions
Remuneration policy (%)	91.9	8.1	0.1	85.1	14.9	6.0
Implementation report (%)	91.8	8.2	0.1	87.0	13.0	–
NED remuneration (%)	94.4	5.6	0.1	97.2	2.8	–

Non-binding advisory votes

Both the remuneration policy and implementation report for FY 2024 will be presented for separate non-binding advisory votes from shareholders at the AGM to be held on 7 February 2025. The related resolutions are set out in the 2024 AGM Notice.

Should the remuneration policy and/or implementation report be voted against by 25% or more of the voting rights exercised at the 2024 AGM, we will engage with shareholders to fully understand the reasons for dissenting votes and to address legitimate and reasonable objections raised.

Board approval

The Remuneration Committee reviewed and approved the remuneration report on 10 December 2024.

1. EAP: economically active population.

Part 2: Remuneration policy

Subject to non-binding advisory vote at the AGM to be held on 7 February 2025

FY 2024 marked the third year since the adoption of the SIP. It is also the last year of the catch-up awards, granted in FY 2022, FY 2023 and FY 2024, to close the gap that arose due to the deferral and subsequent cancellation of Forfeitable Share Plan 4, caused by the emergence of COVID-19. The catch-up awards have been used to ensure that, over time, the affected employees receive the intended LTI¹ awards that are market-aligned, provided they meet the required performance conditions.

The SIP ensures that our remuneration is responsive to the difficulties around forecasting targets in a volatile market. It is designed to ensure we offer a competitive value proposition for high-performing executives and senior managers, and that we set stretching, but realistic, annual performance targets that are linked to the delivery of Netcare's long-term strategy. The annual SIP targets are comprehensive and encompass both financial and non-financial strategic objectives. They create alignment between our annual performance, executive incentives, shareholder value creation and stakeholder expectations. The SIP combines STIs², given to employees based on their performance, and long-term value provided through earned deferred shares, which supports employee retention and links further employee reward to Netcare's share price, aligning their interests with the long-term success of the Group.

The SIP is externally benchmarked to drive and reward a high-performance culture that supports Netcare's strategy of providing person centred health and care that is digitally enabled and data driven, underpinned by the strategic priorities listed below.



1. LTI: long-term incentive.
2. STI: short-term incentive.

The remuneration policy aims to achieve a fair balance between a competitive annual guaranteed package and incentive remuneration. It also includes MSRs and malus and claw-back provisions to mitigate the risk of adverse events that could materially harm Netcare and/or its stakeholders.

Remuneration policy objectives

Attract, retain and grow

Recruit, retain and grow high-quality compassionate employees to achieve Netcare's strategic priorities.

Reward

Ensure that all employees are recognised and rewarded for their performance in a fair, equitable and consistent manner.

Competitive remuneration

Ensure that remuneration and benefits are competitive within the healthcare industry.

Financial wellbeing

Recognise the basic needs of employees and ensure that compensation levels consistently address the cost of living and inflation.

Set goals

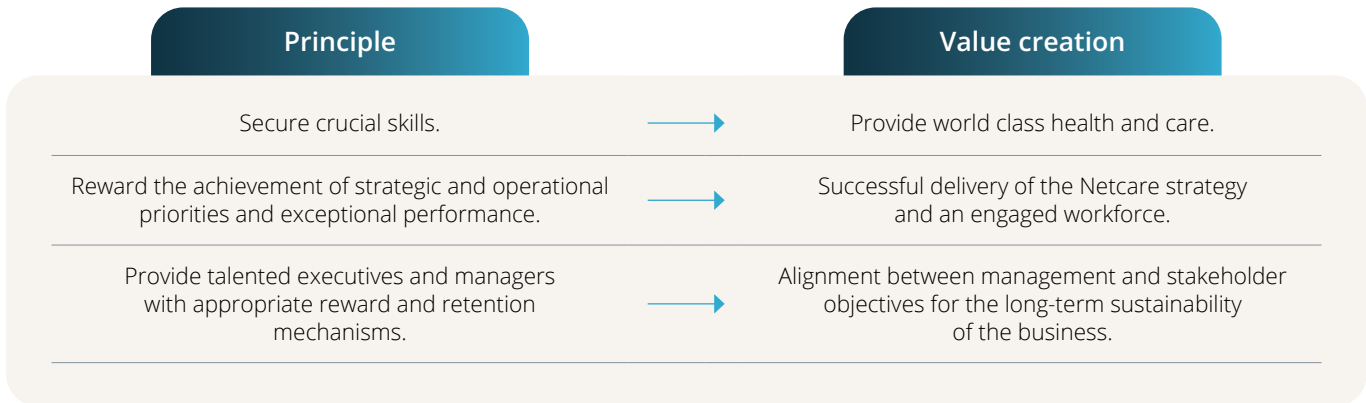
Reward employees for achieving predetermined business and personal performance targets, and ensure that remuneration is aligned to documented performance targets.

Sustainability

Ensure that employee costs are within budget as determined by the Executive Committee and approved by the Board, and are therefore sustainable.

Remuneration philosophy

Our remuneration philosophy is to ensure that our employees are fairly, reasonably, responsibly and competitively rewarded for their contribution to the Group's strategic, operating and financial performance. It guides our remuneration policy and supports our ability to attract and retain talent at every level of the organisation while complying with the applicable laws and codes of good practice.



Benchmarking

Our remuneration policy and practices, including structured packages, STIs, LTIs and benefits, are periodically benchmarked against the broader market and industry to ensure that our remuneration trends are internally equitable and externally competitive, and take into account factors affecting the Group's financial position, the industry and the South African economy.

Benchmarking of NED fees

The Remuneration Committee engaged Bowmans to conduct the external benchmarking of NED fees; the outcome confirming that the Board's decision to freeze NED fee increases since FY 2019 has been effective in aligning NED fees more closely to the market median.

For FY 2025, the committee proposes to continue the freeze on fee increases for the Board chair, Board members and members of the Nomination Committee, Risk Committee, Remuneration Committee and Social and Ethics Committee, as these benchmark above the market median. The committee also proposes a CPI-linked adjustment of 4.5% in NED fees for the members of the Audit Committee and Consistency of Care Committee as well as the chairs of the Nomination Committee, Risk Committee, Remuneration Committee, Social and Ethics Committee and Consistency of Care Committee. A fee adjustment above CPI is proposed for the chair of the Audit Committee (see page 66).

Benchmarking of executive directors' remuneration

We externally benchmark executive director remuneration every two years. The last benchmarking, conducted in FY 2023, showed that the CEO's 'on-target' total remuneration at the standard policy level, without catch-up awards, closely aligned to the market median at 99% and, inclusive of catch-up awards, at 135%. The CFO's total 'on-target' remuneration on a normalised basis (excluding catch-up awards) fell below the tolerance band, but aligned closer to the market median at 97% inclusive of catch-up awards. The Remuneration Committee subsequently approved a higher salary adjustment for the CFO in FY 2023 and FY 2024, and conducted another external benchmark this year to assess the extent to which the gap had been narrowed. Bowmans conducted the benchmarking, with results showing that the CFO's remuneration is now well-aligned with the market.

Benchmarking comparator groups

We selected an appropriate comparator group of South African listed companies for benchmarking both the NED and CFO's remuneration. Mediclinic, previously included in the benchmarking as a direct competitor, has since delisted. It has been replaced with Growthpoint, and Redefine replaced Vukile to rebalance the comparator group sizing. Discovery Health is not included due to its growing global complexity and it being in a different business sector, even though it is in the health value chain. The comparator group, shown on the next page, has been carefully selected based on market capitalisation, revenue, total assets and number of employees.

Company	Industry
Adcock Ingram	Pharmaceuticals
Life Healthcare	Private healthcare
Dischem	Retail pharmacy
Clicks	Retail pharmacy
Aspen	Pharmaceuticals
Sun International	Hotel and leisure
Redefine	Property
Growth Point	Property

Executive remuneration structure

The remuneration packages for executive directors, prescribed officers and senior executives for the year ended 30 September 2024 comprised fixed remuneration (AGP¹) and variable remuneration (STI and LTI) awarded in line with the SIP.

Annual guaranteed package (fixed remuneration)

Objective	Reflect individual contribution and market value relative to role and to recognise skill and experience.
Basis for determination	Guaranteed pay includes salary and benefits. It is determined based on the complexity of the role, market value, the ongoing review of personal performance, and contribution to Netcare's overall performance and values. Guaranteed remuneration is reviewed annually, and increases become effective in March. Annual increases consider factors such as prevailing economic conditions, inflation, Group performance and affordability, change in responsibilities, internal and external benchmarks, and average salary increases.
Delivery	Monthly payment after deducting contributions for statutory taxes, retirement funding and the medical scheme. The Group also makes contributions to group life assurance cover, funeral cover and disability insurance.

1. AGP: annual guaranteed package.

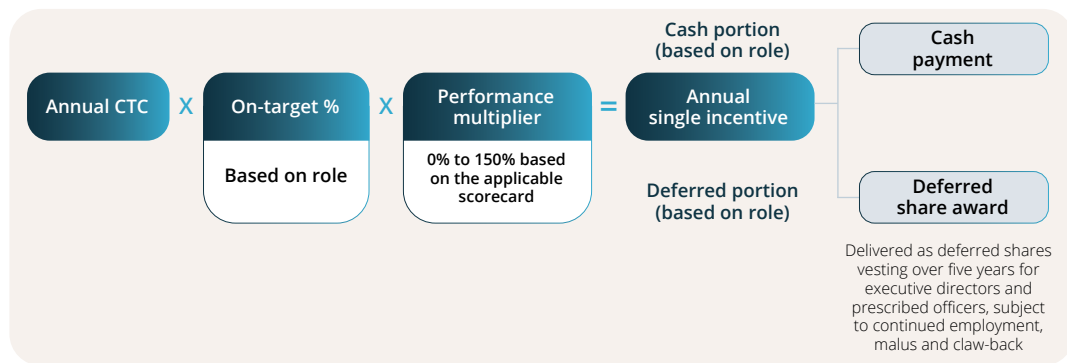
Single Incentive Plan (variable pay)

Objective

- Reward, in cash and deferred shares, Group performance and individual contribution in the short and long term.
- Align with shareholder interests and other important stakeholder objectives.
- Provide a competitive value proposition for loyal, high-performing employees and build wealth for them over the longer term.
- Achieve simplification and consistency across the organisation to enhance understanding and administration.
- Develop flexible and customised performance criteria to drive the required business outcomes and performance on an annually reviewed basis, balanced across financial and non-financial performance.

Eligibility Executive directors, prescribed officers, senior executives and managers.

Basis of determination The SIP is calculated by multiplying the individual's annual CTC¹ by an on-target percentage (this being the total incentive for which the individual qualifies when meeting objectives) and the performance multiplier based on BSC achievement for the measured period as illustrated below.



The on-target percentage for the catch-up period (FY 2022, FY 2023 and FY 2024) for the eligible participants is illustrated in the table below.

Executive leadership	On-target	Cash payment	Deferred share award
CEO	200%	20% of the total	Balance in deferred shares (over five years)
CFO and managing director Hospital Division	165%	20% of the total	Balance in deferred shares (over five years)
Executive Committee	125%	20% of the total	Balance in deferred shares (over five years)

From FY 2025 onwards, on-target percentages for all eligible participants will normalise as illustrated in the table below.

Executive leadership	On-target	Cash payment	Deferred share award
CEO	120%	33% of the total	Balance in deferred shares (over five years)
CFO and managing director Hospital Division	100%	33% of the total	Balance in deferred shares (over five years)
Executive Committee	75%	33% of the total	Balance in deferred shares (over five years)

1. CTC: cost-to-company.

Single Incentive Plan (variable pay) continued

Basis of determination continued

Performance multiplier

- Below threshold: 0%
- Threshold: up to 50%
- On-target: up to 100%
- Outperform: up to 150%

Linear interpolation is applied for performance between threshold and on-target, and on-target and outperform.

The annual value of the performance multiplier is determined based on Group and functional scorecards. This ensures that the scorecards for different roles drive the performance of the relevant entity/division/function, while retaining a minimum level of exposure to Group outcomes for all participants to avoid 'siloed' behaviour.

CEO: Group BSC 100%

CFO: Group BSC 80% and divisional BSC 20%

Executives (F band): Group BSC 60% and divisional BSC 40%

A score of 60% is required on the BSC at Group, divisional and/or personal and business unit levels to qualify for an incentive.

Delivery

The SIP is settled in cash and shares for executive directors and prescribed officers. The cash portion is settled annually in December of each year. The balance, in deferred share awards, vests at 20% per annum over five years for the members of the Executive Committee and prescribed officers. The deferred awards are governed by a set of plan rules in line with the salient features described below and are issued in December of each year.

While this formulaic determination provides the quantum of eligibility each year, the Remuneration Committee has discretion to determine the final award.

Salient features of the deferred shares

- The deferred shares are forfeitable shares that are procured as soon as possible after the award date, or treasury shares are allocated, and held in escrow for the benefit of the participants.
- The shares qualify for ordinary dividends and voting rights, but special dividends must be used to acquire further shares that are subject to the same terms as the underlying awards.
- In the case of fault termination of employment, including resignation, retirement before normal retirement date and dismissal for disciplinary reasons, all unvested awards will be forfeited or cancelled. If the Remuneration Committee decides that the circumstances surrounding the termination warrant the retention of deferred shares in terms of the DSP¹, then the committee may indicate in writing to such participant that they may retain their award, in full or in part, notwithstanding that they are no longer employed by the Group.
- In the case of no-fault terminations of employment, including, disability, retirement at normal retirement age and termination of employment due to operational reasons, the awards will vest on the original vesting dates, without acceleration. In the case of death, the awards will vest as soon as practically possible.
- In the case of change of control, a portion of the awards will vest, on a time pro-rated basis to reflect the portion of the applicable vesting period served, with the balance continuing in force on the original terms or replaced by awards of similar value, if this is not possible.
- In the event of a change of capital structure, the Remuneration Committee may make changes to the awards so that they have materially the same value before and after the transaction.
- The aggregate costs of the SIP were benchmarked against the costs of continuing the LTI (Forfeitable Share Plan) and STI scheme. The costs for on-target performance under the SIP are broadly similar over a five-year period.

1. DFS: Deferred Share Plan.

Single Incentive Plan (variable pay) continued

Other deferred share awards	<p>The SIP permits the granting of awards of deferred shares that are not part of the annual SIP, including:</p> <ul style="list-style-type: none">• Sign-on awards included in the employment agreement for new employees, generally to compensate them for awards from a previous employer that are forfeited on resignation; and• Specific retention or counter-offer awards, which are not generally made to executive directors and prescribed officers. <p>Such awards are motivated by the CEO and approved by the Remuneration Committee.</p>
Discretion and safeguards	<p>The annual single incentive is subject to the discretion of the Remuneration Committee, which is applied to reduce the overall quantum of the single incentive, in certain circumstances such as:</p> <ul style="list-style-type: none">• The aggregate value of the SIP for the year (including the cash and deferred portion, but excluding the additional transition and/or catch-up awards) is more than 8.0% of EBIT; and• The total number of deferred share awards for the year is more than 1.0% of shares in issue.
Procurement of deferred shares	<p>The shares required to settle deferred share awards are purchased in the market as soon as possible after their award, or treasury shares are utilised and no new shares are used for this purpose.</p>

Group BSC FY 2025

Area	Weighting	Measure	Weighting	Target range		
				Threshold	On-target	Outperform
Financial results	60%	EBITDA margin: growth on FY 2024	15.0%	18.0%	18.0% + 0.2%	18.0% + 0.5%
		Adjusted HEPS: growth on FY 2024	15.0%	113.7 cents + CPI + GDP + 0.5%	113.7 cents + CPI + GDP + 2.0%	113.7 cents + CPI + GDP + 4.0%
		ROIC	15.0%	WACC	WACC + 0.5%	WACC + 1.0%
		Cash conversion	15.0%	90.0%	97.5%	107.5%
			60.0%			
Consistency of care	10%	Perception of care measured in 'overall satisfaction score - composite score': positively impact on overall satisfaction as measured through a composite set of scores	5.0%	8.22	8.27	8.42
		Doctor partnership: increase digital booking of theatre cases through our bespoke theatre resource planning tool, resulting in more comprehensive clinical information included in the Summary of Care reports	5.0%	25% of all elective surgical cases booked digitally	50% of all elective surgical cases booked digitally	80% of all elective surgical cases booked digitally
			10.0%			
Digitisation and application of clinical data	10%	CareOn: sustain and improve CareOn adoption among doctors by measuring the percentage of orders placed by doctors on CareOn	2.5%	80.0%	81.5%	84.0%
		Digitally enabled clinical decision support: implement predictive AI ¹ algorithms that inform clinical decision-making at the bedside, resulting in improved quality, safety and efficiency of care	2.5%	1 prediction model	2 prediction models	3 prediction models
		Data: enrich Netcare's Big Data analytics platform with new data domains to facilitate clinical efficiency	2.5%	4 new data domains added to existing 6 (10 in total)	6 new data domains added to existing 6 (12 in total)	10 new data domains added to existing 6 (16 in total)
		Data: establish self-sustaining satellite business units with direct access to Netcare's Big Data analytics platform to identify, plan and monitor data driven improvement opportunities and to support clinical research	2.5%	4 new units	6 new units	12 new units
			10.0%			
Environmental sustainability	10%	Energy efficiency: additional tCO ₂ e ² avoidance from new projects implemented	2.0%	4 300	4 700	5 100
		Renewable energy: additional tCO ₂ e avoidance from new projects implemented	2.0%	1 100	1 300	1 500
		Water savings: additional water recycled and reduced consumption	2.0%	14 000 kl	17 000 kl	19 000 kl
		General waste: reduction in Hospital Division waste to landfill	2.0%	67.5%	75.0%	80.0%
		HCRW ³ : reduction in Hospital Division HCRW to landfill	2.0%	16.6%	20.0%	25.0%
			10.0%			
Human capital and transformation	10%	Talent and succession: percentage of strategic management and leadership roles with identified talent ready to transition within a period of between 12 to 24 months	5.0%	50.0%	70.0%	100.0%
		Labour turnover	2.5%	12.0%	11.8%	11.0%
		Improve racial representation at senior management level	2.5%	48.0%	50.0%	52.0%
			10.0%			
100%		Total	100.0%			

1. AI: artificial intelligence.
 2. tCO₂e: tonnes of carbon dioxide emissions.
 3. HCRW: healthcare risk waste.

Remuneration report continued

FY 2025 financial targets

The financial metrics for FY 2025 remain unchanged. The related targets reflect further improvement in operational performance against a background of cautious optimism for the recovery of SA's economy. While the business is expected to benefit from digital efficiencies and operational improvements, there are countervailing pressures in terms of a stagnant medically insured pool, with consumers tending to favour more affordable restricted network plans. This is reflected in the targets set for EBITDA margin, which anticipate moderate margin expansion. The adjusted HEPS target reflects a commitment to continued earnings growth. This, combined with a consistent dividend in line with our payout policy of 50%-70%, should generate a total return in line with the typical pension fund benchmark for equity portfolios.

FY 2025 non-financial targets

Our FY 2025 targets for the four key non-financial strategic priorities demonstrate the progressive maturation of our consistency of care, digitisation and data analytics, environmental sustainability, and people and social transformation strategies.

Consistency of care – we have embedded the culture of compassion in our care as measured through the nurse compassion score on the Hospital Division's PFS¹. In FY 2025, we will advance these efforts and leverage Big Data and innovative analytics to monitor, deliver and improve overall clinical efficiency, clinical outcomes, patient safety and the quality of our care. Hence, we have selected a consistency of care performance measure that focuses on the overall experience and satisfaction of patients based on a composite score. The composite score is an objective measure that reflects the weighted average score of six drivers of overall patient satisfaction. The second performance measure is aimed at providing more accurate and comprehensive clinical information in the Summary of Care reports to patients. This will be measured by the appropriate and increased use of our bespoke digital booking of theatre cases and embedded clinical coding tool.

Digitisation – having completed the roll out of the Hospital Division's EMR system, CareOn, EMR systems are now in place and operating across all of our delivery platforms. Our aim now is to embed CareOn in the business and improve doctor adoption. This will be measured through further improvement in the percentage of orders initiated by doctors on CareOn. Our strategy is pivoting towards maximising predictive AI and data analytics to inform better clinical decision-making at the bedside, as we strive for continual improvement in consistency of care. Our targets are therefore geared towards enriching Netcare's Big Data analytics platform with new data domains to facilitate key improvement projects and clinical efficiency; and providing business units with direct access to the platform to identify, plan and monitor data driven clinical improvement opportunities and research.

Environmental sustainability – we have set aggressive targets to advance our energy, water and waste objectives to ultimately meet our 2030 strategic objectives of reaching zero waste to landfill, zero Scope 2 emissions and an additional 20% water intensity reduction. Due to the progress made between FY 2021 and FY 2023, the close out of the 2023 environmental strategy, and to prevent the lingering impacts of COVID-19 from affecting our targets, we reset our 2030 environmental sustainability strategy baselines to FY 2023, adjusting our targets to reflect the progress made in the interim. For example: our original target was to reduce water intensity by 20% from an averaged 500 litres per bed per day to 400 litres per bed per day, in the interim we reduced water intensity by 15%, and the updated target for water intensity is now a 5% reduction on FY 2023.

For FY 2025, our energy-specific targets relate to reducing our carbon emissions for the year, particularly through our new energy efficiency and renewable energy projects. To drive the diversion of waste from landfill, we have set targets for the Hospital Division to recycle 75% of its general waste and 20% of its HCRW. For water, we will focus on obtaining the necessary water licences needed to recycle and re-use water onsite.

Human capital and transformation of society – our people and the normalisation of our society through meaningful transformation remain central to the delivery of our strategy. Our FY 2025 targets aim to advance our investment in talent growth to build a strong pool of successors across key strategic leadership roles, viewing this as mission critical for organisational growth, stability and sustainability into the future. Our DEI and equity plans have yielded positive results so far in broadening diversity at entry level to middle management level, with a workforce profile that largely resembles our national demographics. In FY 2025, we will focus on transitioning and building greater diversity at senior management level (E band on the Patterson grading system) with a target of 50% of our senior managers being black (African, Coloured and Indian). Labour turnover increased sharply in FY 2024, driven in part by financial pressures and changes to pension fund legislation (Two-Pot Retirement System²). In FY 2025, we aim to curb this trend and bring labour turnover back into the 11.5% to 11.8% range.

1. PFS: patient feedback survey.

2. This system enables access to only a small portion of retirement savings (prior to retirement) for emergencies, with the bulk of savings preserved until retirement. The high levels of financial pressure faced by South Africans led employees to resign, access their vested funds, work for Netcare through an agency until their funds are paid, and then reapply for their roles (or similar roles).

Minimum shareholding requirements

Netcare executives are required to hold shares in the company and retain vested shares awarded under the SIP to ensure alignment between the interests of executives and shareholders. We have benchmarked our MSRs against peers, and the subsequent changes made and the MSR policy were approved by the Remuneration Committee, with the minimum shareholding targets reflected in the table below.

Executive leadership	Minimum shareholding requirement
CEO	200% of CTC
CFO	150% of CTC
Other Executive Committee members	100% of CTC

The policy requires the MSRs to be reached in year five from the date of approval of the SIP, or within five years from the date that the committee designates executives to be eligible for the SIP. Measurement may be reset to a further five years from the prevailing measurement date at the discretion of the Remuneration Committee.

Executives must build up to the target MSR, following which a new measurement date will be set, on a rolling basis, against which the target minimum shareholding will be measured.

Executives may use personal investment shares or committed shares to satisfy the target minimum shareholding. Once the target minimum shareholding has been achieved, we expect executives to maintain their level of shareholding until termination of employment.

All executives are on-track to meet their MSRs.

Malus and clawback

The malus and clawback clauses of Netcare's remuneration policy, approved in 2019/20, are explained below.

Malus (pre-vesting)

All LTI awards and the deferred shares issued under the SIP to executive directors, prescribed officers and senior executives made after 1 January 2020 are subject to malus provisions. The vesting levels of these awards may be reduced, including to nil, in the following (but not limited to these) instances:

- Deliberately misleading the Group, the market and/or shareholders in relation to the Group's financial performance; and
- Misconduct, incompetence or gross negligence regarding financial reporting or performance of the Group.

Clawback (post-vesting)


Clawback clauses apply to any variable remuneration awarded from 1 January 2020. In the case of the LTI and SIP, the Remuneration Committee may apply clawback at any time during the three-year period from the date on which variable remuneration vests, if there is reasonable evidence of material misconduct in line with the malus provisions above.

Fair and responsible employee remuneration

Netcare is committed to ensuring that our remuneration policy and practices are externally competitive, fair, responsible and free of any unfair discrimination and prejudice. To give effect to this commitment, we use a reputable job grading system to ensure equal pay for work of equal value. We benchmark salaries against other healthcare companies and non-healthcare companies of similar size to ensure our remuneration is competitive.

We also conduct an income differential analysis annually, with the FY 2024 analysis reaffirming that our established practice to ensure that there are no unfair pay differentials based on gender, race or any other social demographics for work of equal value has been maintained. Where differentials exist, we investigate the underlying reasons. Typically, these reasons relate to education levels, work experience and length of service in the role.

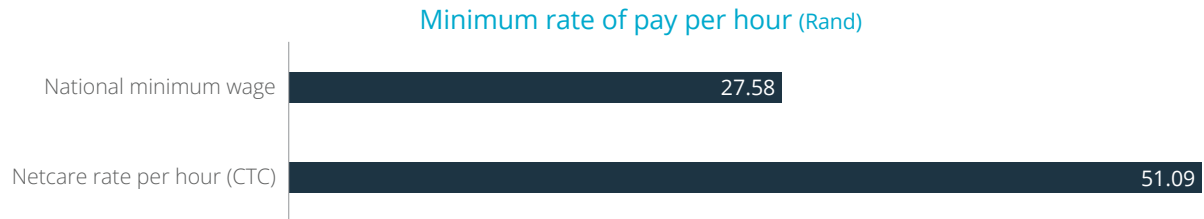
Netcare is a gender-empowered organisation, with women comprising 80% of the total workforce and accounting for 78% of total payroll for FY 2024. Women earn between 5% and 25% more than men in roles at junior management level and below, with males earning between 7.5% and 11.7% higher than women at middle and senior management levels.

In considering King IV™ Principle 14 on remuneration governance, the global challenge of income gaps between the highest and the lowest earners, and the social inequalities in SA as one of the most unequal societies in the world, the measures on  page 58 have been implemented to progressively narrow the gap.

Narrowing the income gap

During the year, we conducted a vertical income analysis using the total remuneration of the top 5% of the Group's earners divided by the total remuneration of the bottom 5% of the Group's earners. The results show that the remuneration earned by the top 5% is 9.2 times that of the bottom 5%.

Effective from 1 March 2024, SA's new minimum wage increased from R25.24 to R27.58 for each ordinary hour worked. Netcare's minimum wage of R51.09 per ordinary hour exceeds this level, being almost double the updated legislated national minimum wage.



Netcare's established practice is to offer higher annual salary adjustments for employees at the lower end of the pay scale with corresponding lower salary increments for executive directors, prescribed officers and senior executives.

Permanent employees at non-managerial levels are remunerated based on their structured package plus benefits, which include employer contributions to retirement fund, medical scheme membership, group life cover, funeral cover and disability benefits. They also receive a guaranteed 13th cheque for each completed 12-month period worked, paid to employees in service on 31 December of each year. Employees at non-managerial levels also have the flexibility to access variable pay ahead of pay day.

In October 2019, all employees below executive level were each allocated 3 000 Netcare shares as part of our B-BBEE¹ Employee Share Ownership Scheme.

We offer enhanced maternity and parental leave benefits compared to those prescribed in the Basic Conditions of Employment Act. Our four-month paid maternity leave benefit is at 33% of structured package, and allows the option of a fifth month without pay (the Act legislates four months unpaid maternity leave). We also offer ten days of paid parental leave compared to the legislated ten days unpaid parental leave.

Uniform allocations are made every 18 months at no cost to employees, and we provide subsidised meals to employees while on duty.

1. B-BBEE: broad-based black economic empowerment.

Part 3: Implementation report

Subject to non-binding advisory vote at the AGM to be held on 7 February 2025

This section of our remuneration report explains how the remuneration policy was implemented in FY 2024. It includes disclosure on the CPI-linked increases in guaranteed packages, the performance outcome against the FY 2024 BSC, and the total single incentive approved for executive directors and prescribed officers. Also disclosed is the total figure remuneration and a schedule of the forfeitable shares held by executive directors and prescribed officers¹ and the remuneration of NEDs².

Annual increases

The Remuneration Committee considered the outcome of the Executive Committee member and prescribed officer benchmarking against Old Mutual's RemChannel, excluding executive directors (the CEO and CFO). The benchmark showed that the AGPs of the Executive Committee members are well-aligned with the market median. After considering the prevailing market conditions, affordability and shareholder expectations, the Remuneration Committee approved lower average salary adjustments for executives, senior managers and prescribed officers, and higher average adjustments for employees, depending on scarcity of skills (agreed within the bargaining units).

BSC performance for FY 2024

The Group delivered a resilient financial performance, despite a challenging market. SA continues to face macroeconomic challenges with weak GDP growth, which in turn, places constraints on growth within the private healthcare sector. Medical scheme membership remains stagnant and funders continue to drive hospital network plans. Against this backdrop, Netcare has managed its cost base well with targeted efficiency activities that resulted in operating leverage.

Overview of financial performance

EBITDA margin improved by 60 basis points from 17.4% in FY 2023 to 18.0%, above the threshold of 17.9% but below the on-target EBITDA margin of 18.4%. Adjusted HEPS increased by 8.0 cents to 113.7 cents (7.6% up) compared to FY 2023; however, the threshold of 117.3 cents was not met. ROIC of 11.7% increased by 90 basis points compared to the prior year (FY 2023: 10.8%), but did not meet the threshold of 12.3%. The cash conversion ratio of 96.5% is above the threshold of 90% but below on-target of 100%.

Overview of non-financial performance

The Group made good progress on strategic non-financial priorities that operationalise Netcare's long-term strategy. These priorities are carefully selected for their ability to position Netcare to take advantage of and benefit from the long-term dynamics that drive healthcare demand. Detailed information on our progress in these areas can be found in the Group's 2024 integrated and ESG reports.

Consistency of care – continual improvement in the quality of our patient care and clinical outcomes is a Group imperative. Progress made during the year included the deepening of the compassion culture measured by patient ratings of the nurse compassion score on the Hospital Division PFS, the roll out of Summary of Care reports across seven delivery platforms, and the increased number of specialists granted admitting privileges. The nurse compassion score increased to 8.26 against an on-target of 8.25, and the roll out and availability of Summary of Care reports on the Netcare App was successfully completed in June 2024; this provides our patients with the digital discharge information pertaining to their recent care at Netcare, empowering them to use this information to engage with their next of kin and with other healthcare providers, most importantly their referring GP. Admitting privileges were granted to 152 new specialists in the Hospital Division, surpassing our outperform target of 120.

Digitisation – FY 2024 was a year of significant achievement, with the successful completion of the Hospital Division's CareOn implementation, marking the completion of all EMR implementations across Netcare. As CareOn transitioned from project mode to business-as-usual mode, we surpassed our doctor adoption targets with clinical orders surpassing the on-target at 80.8%, and e-scripting surpassing the outperform target delivering 85.6%.

1. In line with the applicable King IVTM requirements.
2. As required by King IVTM and the Companies Act.

Remuneration report continued

Environmental sustainability – we set five ambitious goals in FY 2024 to reduce our year-on-year carbon emissions, water utilisation and waste generation across the Group in support of our 2030 environmental sustainability strategy, and good progress has been made. For energy efficiency, we avoided 2 300 tCO₂e, reaching our outperform target; and we recycled 15.0% of our HCRW, exceeding our outperform target of 13.6%. Threshold targets were achieved for renewable energy (1 847 tCO₂e; threshold target: 1 700 tCO₂e) and general waste (66.5%; threshold target: 65.5%). Despite significant effort to optimise water use across the Hospital Division, our water savings targets could not be achieved, but we are confident that the water savings initiatives and awareness campaigns implemented in FY2024 will deliver benefits for our FY 2025 performance. The FY 2025 environmental targets aim to address existing gaps and continuously transition the Group toward a more sustainable future.

Human capital and transformation of society – our plethora of wellness interventions reached 80% of the workforce, and our DEI and belonging efforts facilitated increased representation of black managers at middle management to 59.6%, meeting the on-target goal. Our investments in supply chain diversification resulted in our preferential procurement spend exceeding dtic¹ thresholds on preferential procurement spend with ≥51% black-owned suppliers (57.1% of measurable spend against dtic target: 50.0%) and ≥30% black women-owned suppliers (40.2% of measurable spend against dtic target: 12.0%). QSE spend improved to 10.7% of measurable spend (dtic target: 15%), marginally missing our internal target of 11.0% (actual performance fell between the threshold target and on-target for remuneration purposes). EME spend grew to 8.3% of measurable spend (dtic target: 15%), marginally missing our internal target of 9.0% (which equates to the threshold target).

Group performance outcome

The Group achieved an overall performance score of 69.1% against the maximum 150.0% possible for outperformance. This qualified for payment of the SIP (inclusive of catch-up awards² and the cost of the second and third year of deferred shares from FY 2022 and FY 2023 performance) equivalent to 7.4% of EBIT. Exclusive of the catch-up awards and inclusive of the cost of the second and third year of deferred shares from FY 2022 and FY 2023 performance, the SIP incentive amounted to 5.7% of EBIT.

The performance scores relating to the financial results are extracted from the audited annual financial statements on which Deloitte & Touche has issued an unmodified audit opinion. Verify CO₂ independently verified our carbon emissions declarations and Empowerdex verified our B-BBEE scores.

The outcomes reported above are reflected in the FY 2024 BSC on  page 61.

1. dtic: Department of Trade, Industry and Competition.

2. Awarded to close the gap that arose due to the deferral and subsequent cancellation of Forfeitable Share Plan 4, caused by the emergence of COVID-19.

Group BSC FY 2024

Target range

	Measure	Weighting	Threshold	On-target	Outperform	Actual	Score achieved
Financial results 60%	EBITDA margin	15.0%	17.9%	18.4%	18.9%	18.0%	9.0%
	Adjusted HEPS	15.0%	117.3	119.4	121.6	113.7	0.0%
	ROIC	15.0%	12.3%	12.8%	13.8%	11.7%	0.0%
	Cash conversion	15.0%	90.0%	100.0%	110.0%	96.5%	12.5%
Consistency of care 10%	Patient experience: continued improvement in the nurse compassion score of the PFS for the Hospital Division	5.0%	8.21	8.25	8.36	8.26	5.2%
	Summary of Care reports: implementation across all applicable divisions	2.5%	Pilot phase completed across all divisions by end April 2024	Full roll out across all divisions by end May 2024	Available on Netcare App by end June 2024 for all divisions	Available on Netcare App by end June 2024 for all divisions	3.8%
	Specialists: gross number of new specialists granted admitting privileges in the Hospital Division	2.5%	97	102	120	152	3.8%
Digitisation 10%	CareOn EMRs: additional number of beds in the Hospital Division linked to CareOn by April 2024	2.5%	678	849	943	943	3.8%
	CareOn adoption by doctors: adoption of e-scripts	2.5%	80.0%	82.5%	84.0%	85.6%	3.8%
	CareOn adoption by doctors: adoption of clinical orders	5.0%	77.0%	79.5%	81.5%	80.8%	6.6%
Environmental sustainability 10%	Energy efficiency: additional year-on-year tCO ₂ e avoidance as a result of energy efficiency projects implemented	3.0%	1 800	2 000	2 300	2 300	4.5%
	Renewable energy: additional year-on-year tCO ₂ e avoided as a result of renewable energy generation projects	3.0%	1 700	1 900	2 275	1 847	2.6%
	Water savings: reduction in overall water consumption per bed in use in the Hospital Division	2.0%	2.0%	2.3%	3.0%	0.0%	0.0%
	General waste: reduction in waste to landfill as % of Hospital Division general waste	1.0%	65.5%	68.5%	80.0%	66.5%	0.7%
	HCRW: reduction in HCRW to landfill as % of Hospital Division HCRW	1.0%	12.1%	12.8%	13.6%	15.0%	1.5%
Human capital and transformation 10%	Preferential procurement: support small and medium enterprises through improved procurement spend on EMEs and QSEs with overall improvement rating as a % of points available for procurement on B-BBEE scorecard	2.5%	91.0%	92.0%	93.0%	91.0%	1.3%
	Employee wellbeing: % of employees assessed and/or participating in mental, physical, financial and emotional wellbeing programmes measured against the total workforce	5.0%	60.0%	70.0%	80.0%	80.0%	7.5%
	DEI and belonging: increased inclusion of black managers at middle management as a % of all middle managers	2.5%	58.5%	59.5%	60.5%	59.6%	2.5%
		100.0%					69.1%

Remuneration report continued

Remuneration of executive directors and prescribed officers for FY 2024

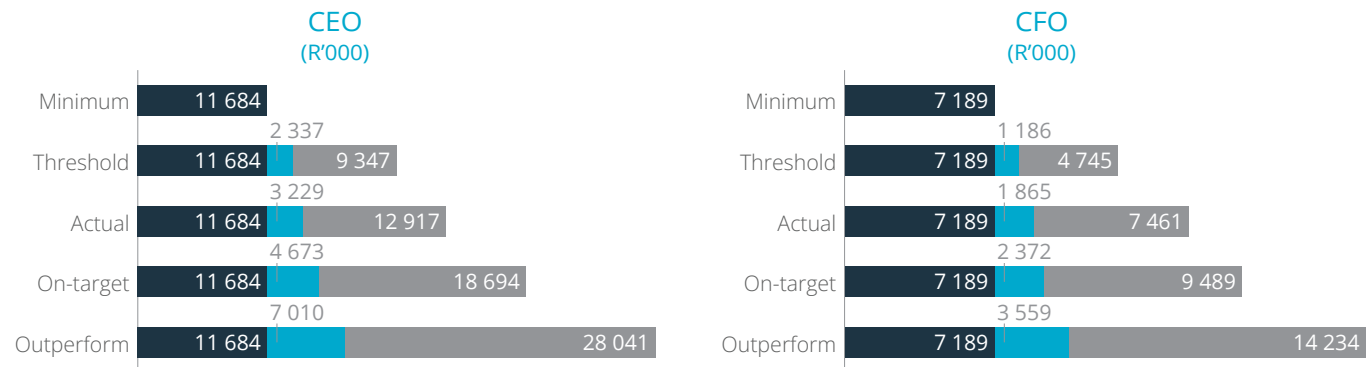
Based on this performance, as well as potential eligibility and weighted BSC results for each director, the Board, on the recommendation of the Remuneration Committee, acknowledged the efforts of management and approved the payment of the SIP based on the formula below.



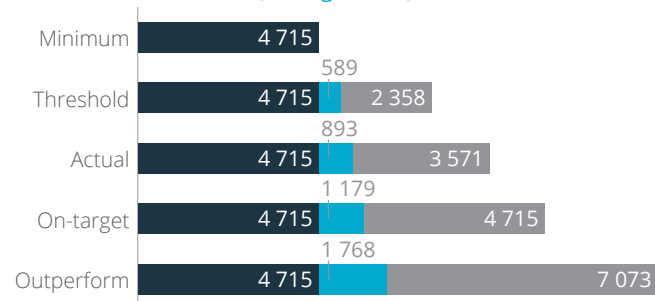
The table below outlines the approved total SIP for executive directors and prescribed officers.

Name	Annual CTC (R)	On-target	Performance multiplier	Annual single incentive (R)	% cash	Cash (R)	% shares	Shares (R)	Vesting period
R Friedland	11 683 670	200%	69.1%	16 146 832	20.00%	3 229 366	80.00%	12 917 466	5 years
K Gibson	7 188 985	165%	78.6%	9 325 767	20.00%	1 865 153	80.00%	7 460 614	5 years
T Akaloo	4 247 887	125%	73.6%	3 906 994	20.00%	781 399	80.00%	3 125 595	5 years
M Da Costa	5 245 574	125%	88.2%	5 781 934	20.00%	1 156 387	80.00%	4 625 547	5 years
C Grindell	4 598 647	125%	74.5%	4 280 191	20.00%	856 038	80.00%	3 424 153	5 years
W van der Merwe	4 769 126	125%	65.5%	3 902 338	20.00%	780 468	80.00%	3 121 870	5 years

The graphs below disclose the FY 2024 pay mix for the executive directors and prescribed officers.



Other members of the Executive Committee (average R'000)



■ Guaranteed package ■ Single incentive cash ■ Single incentive deferred shares

The tables below outline the executive directors' and prescribed officers' remuneration in terms of total single figure remuneration¹.

FY 2024

	Annual guaranteed package			Single incentive			Total	Incentive paid in 2024	
	Salary and benefits	Retirement fund savings and contributions	Guaranteed package	Cash portion	Deferred share portion	Total single incentive	Total single-figure remuneration	Incentive paid in cash	Incentive paid in deferred shares
Executive directors									
R Friedland	11 457 218	595 641	12 052 859	3 229 366	12 917 466	16 146 832	28 199 691	3 229 366	12 917 466
K Gibson	6 825 983	378 546	7 204 529	1 865 153	7 460 614	9 325 767	16 530 296	1 865 153	7 460 614
	18 283 201	974 187	19 257 388	5 094 519	20 378 080	25 472 599	44 729 987	5 094 519	20 378 080
Prescribed officers									
T Akaloo	4 021 263	235 811	4 257 074	781 399	3 125 595	3 906 994	8 164 068	781 399	3 125 595
M Da Costa	4 972 130	273 444	5 245 574	1 156 387	4 625 547	5 781 934	11 027 508	1 156 387	4 625 547
J Du Plessis ²	2 652 123	143 103	2 795 226	-	-	-	2 795 226	-	-
C Grindell	4 361 735	253 627	4 615 362	856 038	3 424 153	4 280 191	8 895 553	856 038	3 424 153
W van der Merwe	4 524 888	253 649	4 778 537	780 468	3 121 870	3 902 338	8 680 875	780 468	3 121 870
	20 532 139	1 159 634	21 691 773	3 574 292	14 297 165	17 871 457	39 563 230	3 574 292	14 297 165

FY 2023

	Annual guaranteed package			Single incentive			Total	Incentive paid in 2023	
	Salary and benefits	Retirement fund savings and contributions	Guaranteed package	Cash portion	Deferred share portion	Total single incentive	Total single-figure remuneration	Incentive paid in cash	Incentive paid in deferred shares
Executive directors									
R Friedland	10 907 442	577 116	11 484 558	5 229 834	20 919 335	26 149 169	37 633 727	5 229 834	20 919 335
K Gibson	6 052 367	343 407	6 395 775	2 562 378	10 249 511	12 811 889	19 207 664	2 562 378	10 249 511
	16 959 810	920 523	17 880 333	7 792 212	31 168 846	38 961 058	56 841 391	7 792 212	31 168 846
Prescribed officers									
J Du Plessis	5 156 920	279 022	5 435 942	2 263 263	9 053 053	11 316 316	16 752 258	2 263 263	9 053 053
C Grindell	4 155 114	245 206	4 400 320	1 323 753	5 295 012	6 618 765	11 019 085	1 323 753	5 295 012
M Da Costa	4 735 686	260 097	4 995 783	1 467 511	5 870 045	7 337 557	12 333 340	1 467 511	5 870 045
T Akaloo	3 830 143	227 874	4 058 017	1 056 916	4 227 662	5 284 578	9 342 595	1 056 916	4 227 662
W van der Merwe	4 310 090	245 452	4 555 542	1 370 102	5 480 407	6 850 509	11 406 051	1 370 102	5 480 407
	22 187 953	1 257 651	23 445 604	7 481 545	29 926 179	37 407 724	60 853 328	7 481 545	29 926 179

1. As required by King IVTM and in line with the guideline note issued by the Institute of Directors South Africa and the South African Reward Association.

2. J Du Plessis resigned with effect 30 June 2024.

Remuneration report continued

Single Incentive Plan

The table below discloses the deferred shares held by executive directors and prescribed officers at 30 September 2024.

Number of deferred shares	1 October 2023	Granted	Shares forfeited during the year	Vested	30 September 2024
Executive directors					
R Friedland	1 584 514	1 566 991	-	(316 902)	2 834 603
K Gibson	686 889	767 754	-	(137 377)	1 317 266
Prescribed officers					
T Akaloo	308 424	316 679	-	(61 684)	563 419
J Du Plessis	607 448	678 131	(1 164 090)	(121 489)	-
C Grindell	341 529	396 630	-	(68 305)	669 854
M Da Costa	440 839	439 704	-	(88 167)	792 376
W van der Merwe	391 433	410 517	-	(78 286)	723 664
	4 361 076	4 576 406	(1 164 090)	(872 210)	6 901 182

Health Partners for Life

The HPFL¹ Trust was established in 2005 through the transfer of 160 million Netcare shares valued at R1 billion. It comprises four trusts including our employee share ownership scheme, and trusts that support clinical skills development and community-based health and wellness initiatives.

The table below discloses the HPFL share options held by directors and prescribed officers at 30 September 2024.

Number of options	Grant date	1 October 2023	Exercised	30 September 2024
Executive directors				
K Gibson	2 Oct 2006	1 041	-	1 041
Weighted average exercise price		12.34		12.34
Prescribed officers				
C Grindell	25 Oct 2005	1 200	-	1 200
Weighted average exercise price		6.42		6.42
		2 241	-	2 241

No HPFL share options were granted in FY 2024 (FY 2023: nil) as this scheme has since been concluded.

2 241 Health Partners for Life share options had vested at 30 September 2024 (FY 2023: 2 241).

1. HPFL: Health Partners for Life.

Non-executive director remuneration

NEDs are paid a fixed fee for their services as directors and for services provided as members of Board committees. These fees vary depending on their committee roles. Fees are set at levels that will attract and retain the calibre of directors necessary to contribute to a highly effective Board. Non-executive directors do not qualify for participation in any of Netcare's share or incentive schemes.

Board and governance committee meeting attendance

The table below shows the number of Board meetings and committee meetings held as per the Group's MOI¹. In addition, various additional or ad hoc meetings were held during FY 2024 to support and provide counsel to the executive team.

Director	Board	Audit	Risk	Nomination	Remuneration	Consistency of Care	Social and Ethics
M Bower ²	C 3/4	M 3/3	M 2/2	C 1/2	M/C 2/2		M 3/3
B Bulo	M 4/4	M/C 3/3	M/C 2/2			M 2/2	
R Friedland	M 4/4	B	M 2/2	B	B	M 2/2	M 3/3
K Gibson	M 4/4	B	M 2/2				
L Human	M 4/4		M 2/2	M 2/2	M 2/2	C 2/2	
I Kirk ³	M 4/4		M/C 1/1 ⁴		M 1/1		
A Maditse ⁵	M 4/4			M 2/2			M 3/3
R Phillips	M 4/4			M 2/2		M 2/2	C 3/3
L Stephens	M 4/4	M 3/3			M/C ⁶ 2/2		

C - chair

M - member

B - attendance by invitation

Members

3. I Kirk appointed to the Audit Committee effective 30 September 2024.

Chairs

2. M Bower retired as chair of the Board effective 30 September 2024.

4. I Kirk appointed as chair of the Risk Committee effective 1 January 2024.

5. A Maditse appointed as lead independent director effective 29 July 2024 and chair of Nomination Committee effective 1 October 2024.

6. L Stephens appointed as chair of the Remuneration Committee effective 2 February 2024.

Fees paid to non-executive directors

(based on Board, committee and ad hoc committee attendance)

R'000	Board	Audit	Risk	Nomination	Remuneration	Consistency of Care	Social and Ethics	Finance and Investment	2024 total	2023 total
M Bower	1 491	188	151	404	153		126	352	2 865	2 290
B Bulo	685	281	167			195		352	1 680	1 501
L Human	685		151	348	132	247			1 563	1 304
I Kirk	685		161		99				945	513
A Maditse	685			99		195	126		1 105	270
R Phillips	685			348		195	188		1 416	1 131
L Stephens	685	188			195				1 068	742
Total	5 601	657	630	1 199	579	832	440	704	10 642	9 857

1. MOI: Memorandum of Incorporation.

Remuneration report continued

Proposed non-executive directors' fees

The Remuneration Committee has proposed a variable increase in non-executive directors' fees (exclusive of VAT) for FY 2025. The increases remain subject to shareholder approval at the AGM to be held on 7 February 2025. The fees that have been adjusted have been referenced accordingly and the balance of fees remain at current levels.

Based on the findings of the Bowmans benchmarking, the following fee adjustments are tabled for approval by shareholders at the AGM.

R'000	Proposed 2025	% increase	Actual 2024
Board			
Chair	1 491	0%	1 491
Member	685	0%	685
Audit Committee			
Chair	309	10.0%	281
Member	196	4.5%	188
Nomination Committee			
Chair	196	4.5%	188
Member	132	0%	132
Risk Committee			
Chair	225	4.5%	215
Member	151	0%	151
Remuneration Committee			
Chair	226	4.5%	216
Member	132	0%	132
Social and Ethics Committee			
Chair	196	4.5%	188
Member	126	0%	126
Consistency of Care Committee			
Chair	258	4.5%	247
Member	204	4.5%	195
Payable per meeting			
Ad hoc committees (including the Finance and Investment Committee)	46	4.5%	44

Note: values exclude VAT.





03

Summarised Group annual financial statements

for the year ended 30 September 2024

Summarised Group annual financial statements

for the year ended 30 September 2024

These summarised Group annual financial statements comprise a summary of the complete audited Group annual financial statements for the year ended 30 September 2024 that were approved by the Netcare Board on 21 November 2024. The summarised Group annual financial statements do not contain sufficient information to allow for a complete understanding of the results of the Group, as would be provided in the audited Group annual financial statements. These summarised Group financial statements, and the audited Group annual financial statements from which they have been derived, were compiled under the supervision of KN Gibson CA(SA), Chief Financial Officer of the Group.

The summarised Group annual financial statements comprise:

- Summarised Group statement of profit or loss.
- Summarised Group statement of comprehensive income.
- Summarised Group statement of financial position.
- Summarised Group statement of cash flows.
- Summarised Group statement of changes in equity.
- Headline earnings.
- Summarised segment report.

The directors are responsible for the preparation and fair representation of the Group annual financial statements in accordance with the requirements of the Companies Act No. 71 of 2008 and in compliance with the Company's Memorandum of Incorporation.

The complete audited Group annual financial statements are available at www.netcare.co.za/Netcare-Investor-Relations/Reports/Financial-Results.

Operating activities

The activities of the Group's operating segments are described below:

- Hospital and emergency services, further disaggregated into Hospital and pharmacy operations and nonacute services, which include the provision of emergency services, mental health services, cancer care, diagnostics support services and the sale of healthcare products and vouchers.
- Primary Care offers comprehensive primary health care services, employee health and wellness services, and administrative services to medical and dental practices.

Going concern

The directors have reviewed the Group budget and cash flow forecasts and have satisfied themselves that the Group is in a sound financial position and has access to sufficient borrowing facilities to meet foreseeable cash requirements.

On the basis of this review, the Netcare directors have concluded that there is a reasonable expectation that the Group will continue to meet its financial covenants and its obligations as they fall due for at least the next 12 months from the date of approval of these financial statements. The directors consider it appropriate to adopt the going concern basis in preparing the Group annual financial statements.

Accounting policies

The accounting policies and methods of computation applied in the preparation of the Group annual financial statements are in accordance with IFRS. All policies are consistent in all material respects with those applied in the audited Group annual financial statements for the year ended 30 September 2024.

Certain new or amended standards became applicable for the current financial year. The adoption of these standards did not have a material impact on the Group.

Report of the independent auditor's

These summarised Group annual financial statements for the year ended 30 September 2024 have been extracted from the complete audited Group annual financial statements on which the auditors, Deloitte & Touche, have expressed an unmodified audit opinion.

The directors take full responsibility for the preparation of the summarised Group annual financial statements, which have been extracted from and are consistent in all material respects with the Group's annual financial statements.

Financial capital

Summarised Group annual financial statements

Summarised Group statement of profit or loss

for the year ended 30 September

Rm	2024	2023
Revenue¹	25 202	23 699
Cost of sales	(12 746)	(11 937)
Gross profit	12 456	11 762
Other income	546	466
Administrative and other expenses	(9 638)	(9 371)
Impairment of financial assets	(205)	(141)
Operating profit	3 159	2 716
Investment income	205	144
Finance costs	(1 269)	(1 064)
Other financial (losses)/gains – net	(8)	2
Attributable (losses)/earnings of associates	(4)	2
Attributable earnings of joint ventures	55	38
Impairment of long-term interests and investment in associates	—	(31)
Profit before taxation	2 138	1 807
Taxation	(591)	(471)
Profit for the year	1 547	1 336
Attributable to:		
Owners of the parent	1 436	1 271
Preference shareholders	63	50
	1 499	1 321
Non-controlling interests	48	15
	1 547	1 336
Cents		
Basic earnings per share	110.4	94.5
Diluted earnings per share	108.9	93.5

Strategic costs of R131m (FY 2023: R258m) and generator diesel costs of R47m (FY 2023: R124m)

Increased financial expenses reflective of higher cost of debt

Higher effective tax rate of 27.7% (FY 2023: 26.1%)

1. Refer to segment report on page 78 for detail on the disaggregation of revenue.

Summarised Group statement of comprehensive income

for the year ended 30 September

Rm	2024	2023
Profit for the year	1 547	1 336
Items that will not subsequently be reclassified to profit or loss	—	53
Remeasurement of post-employment benefit obligation	—	72
Taxation on items that will not subsequently be reclassified to profit or loss	—	(19)
Items that may subsequently be reclassified to profit or loss	(33)	(6)
Effect of cash flow hedge accounting	(45)	(8)
Amortisation of cash flow hedge accounting reserve	(27)	(27)
Change in fair value of cash flow hedges	(18)	19
Taxation on items that may subsequently be reclassified to profit or loss	12	2
Other comprehensive income for the year	(33)	47
Total comprehensive income for the year	1 514	1 383
Attributable to:		
Owners of the parent	1 403	1 318
Preference shareholders	63	50
Non-controlling interests	48	15
	1 514	1 383

Financial capital

Summarised Group annual financial statements continued

Summarised Group statement of financial position

at 30 September

Rm	2024	2023
Assets		
Non-current assets		
Property, plant and equipment	14 413	13 887
Right of use assets	4 418	4 073
Goodwill	1 606	1 606
Intangible assets	314	267
Equity-accounted investments, loans and receivables	544	606
Financial assets	26	63
Deferred lease assets	20	19
Deferred taxation	668	854
Total non-current assets	22 009	21 375
Current assets		
Loans and receivables	22	27
Financial assets	17	15
Inventories	550	556
Trade and other receivables	3 940	3 542
Taxation receivable	51	9
Cash and cash equivalents	1 802	2 279
Total current assets	6 382	6 428
Total assets	28 391	27 803
Equity and liabilities		
Capital and reserves		
Ordinary share capital	4 233	4 297
Treasury shares	(4 306)	(3 926)
Other reserves	563	526
Retained earnings	9 799	9 479
Equity attributable to owners of the parent	10 289	10 376
Preference share capital and premium	644	644
Non-controlling interests	39	21
Total shareholders' equity	10 972	11 041
Non-current liabilities		
Long-term debt	5 505	6 057
Long-term lease liabilities	4 810	4 334
Financial liabilities	15	—
Post-employment healthcare benefit obligations	526	495
Deferred taxation	265	254
Provisions	35	19
Total non-current liabilities	11 156	11 159
Current liabilities		
Trade and other payables	3 786	3 657
Short-term debt	1 603	1 249
Short-term lease liabilities	731	658
Financial liabilities	14	12
Taxation payable	129	26
Bank overdrafts	—	1
Total current liabilities	6 263	5 603
Total equity and liabilities	28 391	27 803

Summarised Group statement of cash flows

for the year ended 30 September

Rm	2024	2023
Cash flows from operating activities		
Cash received from customers	24 689	23 338
Cash paid to suppliers and employees	(20 315)	(19 203)
Cash generated from operations	4 374	4 135
Interest paid on debt	(679)	(516)
Interest paid on lease liabilities	(511)	(454)
Taxation paid	(345)	(374)
Ordinary dividends paid by subsidiaries	(50)	(47)
Ordinary dividends paid	(850)	(808)
Preference dividends paid	(63)	(50)
Distribution paid to beneficiaries of the HPFL B-BBEE ¹ trusts	(7)	(6)
Net cash from operating activities	1 869	1 880
Cash flows from investing activities		
Advances from/(to) associates	27	(25)
Advances from/(to) joint ventures	58	(20)
Payments for acquisition of property, plant and equipment ²	(1 463)	(1 443)
Payments for additions to intangible assets	(56)	(64)
Proceeds on disposal of property, plant and equipment and intangible assets	40	101
Repayments from/(payments to) investments and loans	7	(45)
Interest received	205	144
Dividends received	28	46
Net cash from investing activities	(1 154)	(1 306)
Cash flows from financing activities		
Proceeds on disposal of treasury shares	—	49
Acquisition of treasury shares	(722)	(510)
Debt raised	2 600	2 080
Debt repaid	(2 814)	(1 174)
Payments for equity interests in subsidiaries	—	(8)
Payment for acquisition of non-controlling interests	—	(2)
Proceeds from disposal/issue of shares to non-controlling interests	3	—
Payment of principal elements of lease liabilities	(258)	(226)
Net cash from financing activities	(1 191)	209
Net (decrease)/increase in cash and cash equivalents	(476)	783
Cash and cash equivalents at the beginning of the year	2 278	1 495
Cash and cash equivalents at the end of the year	1 802	2 278
Consisting of		
Cash on hand and balances with banks	1 802	2 279
Bank overdrafts	—	(1)
	1 802	2 278

1. Health Partners for Life Broad-based Black Economic Empowerment.

2. Included in payments for acquisition of property, plant and equipment is R25 million of capitalised borrowing costs.

Financial capital

Summarised Group annual financial statements continued

Summarised Group statement of changes in equity

for the year ended 30 September

Rm	Ordinary share capital	Treasury shares	Cash flow hedge accounting reserve
Balance at 1 October 2022	4 297	(3 504)	31
Sale of treasury shares	—	78	—
Transfer ¹	—	10	—
Purchase of treasury shares	—	(510)	—
Share-based payment reserve movements	—	—	—
Preference dividends paid	—	—	—
Ordinary dividends paid	—	—	—
Reserve movements – other	—	—	—
Distributions to beneficiaries of the HPFL B-BBEE ² trusts	—	—	—
Tax recognised in equity	—	—	—
Changes in equity interests in subsidiaries	—	—	—
Total comprehensive income for the year	—	—	(6)
Profit for the year	—	—	—
Other comprehensive income	—	—	(6)
Balance at 1 October 2023	4 297	(3 926)	25
Shares cancelled during the year	(64)	282	—
Transfer ¹	—	60	—
Purchase of treasury shares ²	—	(722)	—
Capital gains tax attributable to the sale of treasury shares	—	—	—
Share-based payment reserve movements	—	—	—
Preference dividends paid	—	—	—
Ordinary dividends paid	—	—	—
Dividends withholdings tax	—	—	—
Reserve movements – other	—	—	—
Distributions to beneficiaries of the HPFL B-BBEE ³ trusts	—	—	—
Changes in equity interests in subsidiaries	—	—	—
Total comprehensive income for the year	—	—	(33)
Profit for the year	—	—	—
Other comprehensive income	—	—	(33)
Balance at 30 September 2024	4 233	(4 306)	(8)

1. Transfer of treasury shares and share-based payment reserve in respect of vested shares.

2. During the current financial year 60 334 578 treasury shares were acquired by a subsidiary at an average price of R11.93 per share.

3. Health Partners for Life Broad-based Black Economic Empowerment.

Share-based payment reserve	Retained earnings	Equity attributable to owners of the parent	Preference share capital and premium	Non- controlling interests	Total share- holders' equity
442	8 980	10 246	644	54	10 944
—	(29)	49	—	—	49
(39)	29	—	—	—	—
—	—	(510)	—	—	(510)
98	—	98	—	—	98
—	—	—	(50)	—	(50)
—	(808)	(808)	—	(47)	(855)
—	(8)	(8)	—	—	(8)
—	(6)	(6)	—	—	(6)
—	(3)	(3)	—	—	(3)
—	—	—	—	(1)	(1)
—	1 324	1 318	50	15	1 383
—	1 271	1 271	50	15	1 336
—	53	47	—	—	47
501	9 479	10 376	644	21	11 041
—	(218)	—	—	—	—
(60)	—	—	—	—	—
—	—	(722)	—	—	(722)
—	(10)	(10)	—	—	(10)
130	(1)	129	—	—	129
—	—	—	(63)	—	(63)
—	(850)	(850)	—	(50)	(900)
—	(14)	(14)	—	—	(14)
—	(16)	(16)	—	—	(16)
—	(7)	(7)	—	—	(7)
—	—	—	—	20	20
—	1 436	1 403	63	48	1 514
—	1 436	1 436	63	48	1 547
—	—	(33)	—	—	(33)
571	9 799	10 289	644	39	10 972

Financial capital

Summarised Group annual financial statements continued

Headline earnings

for the year ended 30 September

Rm	2024	2023
Reconciliation of headline earnings		
Profit for the year	1 547	1 336
<i>Adjusted for:</i>		
Dividends paid on shares attributable to the Single Incentive Plan and HPFL B-BBEE ¹ Trust units	(24)	(14)
Preference shareholders	(63)	(50)
Non-controlling interest	(48)	(15)
Profit for the purposes of basic and diluted earnings per share	1 412	1 257
<i>Adjusted for:</i>		
Profit on disposal of property, plant and equipment and intangible assets	(13)	(23)
Loss on disposal of property, plant and equipment and intangible assets	13	9
Recognition of net impairment of property, plant and equipment in operating profit	38	130
Recognition of impairment of investment in associate	—	2
Tax effect of headline adjusting items	(5)	(32)
Headline earnings	1 445	1 343

1. Health Partners for Life Broad-based Black Economic Empowerment.

Headline earnings continued

for the year ended 30 September

Rm	2024	2023
Adjusted headline earnings		
Headline earnings	1 445	1 343
<i>Adjusted for:</i>		
Amortisation of cash flow hedge accounting reserve	—	3
Modification loss	—	7
Impairment of financial assets	—	27
De-designation of portion of hedging instrument	—	(2)
Impairment of short-term associate loans	3	31
Fair value loss on derivative financial instruments	4	—
Ineffectiveness losses on cash flow hedges	4	—
Net reversal impairment of short-term joint venture loans	(1)	—
Tax effect of headline adjusting items	(1)	(3)
Adjusted headline earnings	1 454	1 406
Cents		
Headline earnings per share	113.0	101.0
Diluted headline earnings per share	111.4	99.9
Adjusted headline earnings per share	113.7	105.7
Diluted adjusted headline earnings per share	112.0	104.5

Adjusted headline earnings per share is an alternative non-IFRS measurement used by the chief operating decision maker as a key measure of sustainable earnings from trading operations and used in setting the dividend to be paid to shareholders. The calculation of adjusted headline earnings per share excludes non-trading and/or non-recurring items, and is based on the adjusted profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. Non-IFRS measures are not defined by IFRS Accounting Standards nor a JSE Listing Requirement, and may not be uniformly defined by others resulting in non-comparability directly to similarly labelled measures and disclosures.

Adjusted headline earnings represent headline earnings which have been adjusted for specific items of a non-trading and/or non-recurring nature, including:

- Gains or losses on financial instruments;
- Impairments and reversal of impairments on loans;
- Acquisition costs;
- Regulatory inquiry costs;
- Onerous lease provisions;
- Significant restructuring costs;
- New business development costs;
- Realisation of reserves through profit or loss;
- B-BBEE transaction costs;
- Changes in tax rates;
- Other non-trading items; and
- Other non-recurring items.

Summarised Group annual financial statements continued

Summarised segment report

for the year ended 30 September

Hospital and emergency services

This segment is further disaggregated into Hospital and pharmacy operations, covering our private acute hospital network and day clinics, and non-acute services. The non-acute services include the provision of emergency services, the operation of private mental health clinics, cancer care, diagnostics services and the sale of healthcare products and vouchers.

Primary Care

This segment offers comprehensive primary healthcare services, employee health and wellness services, and administrative services to medical and dental practices.

Rm	Hospital and pharmacy operations	Non-acute services	Hospital and emergency services	Primary Care	Inter-segment elimination ¹	Total
30 September 2024						
Statement of profit or loss						
Revenue	22 807	1 699	24 506	712	(16)	25 202
EBITDA ²	4 228	115	4 343	148	—	4 491
Depreciation and amortisation	(1 067)	(178)	(1 245)	(87)	—	(1 332)
Operating profit/(loss)	3 161	(63)	3 098	61	—	3 159
Additional segment information						
Cost of sales (excluding direct payroll) ³	(6 419)	(330)	(6 749)	(70)	16	(6 803)
Direct payroll ³	(5 136)	(641)	(5 777)	(166)	—	(5 943)
Property rental received ³	394	19	413	22	—	435
Indirect payroll (including executive directors) ³	(3 366)	(225)	(3 591)	(180)	—	(3 771)
Net impairment of property, plant and equipment	(16)	(6)	(22)	(16)	—	(38)

Rm	Hospital and pharmacy operations	Non-acute services	Hospital and emergency services	Primary Care	Inter-segment elimination ¹	Total
30 September 2023						
Statement of profit or loss						
Revenue	21 472	1 578	23 050	663	(14)	23 699
EBITDA ²	3 661	168	3 829	161	—	3 990
Depreciation and amortisation	(1 046)	(142)	(1 188)	(86)	—	(1 274)
Operating profit	2 615	26	2 641	75	—	2 716
Additional segment information						
Cost of sales (excluding direct payroll) ³	(6 090)	(269)	(6 359)	(65)	14	(6 410)
Direct payroll ³	(4 874)	(505)	(5 379)	(148)	—	(5 527)
Property rental received ³	372	18	390	21	—	411
Indirect payroll (including executive directors) ³	(3 299)	(243)	(3 542)	(171)	—	(3 713)
Impairment of property, plant and equipment	(118)	(5)	(123)	(7)	—	(130)

1. Relates to revenue earned in the Hospital and emergency services segment.

2. Earnings before interest, tax, depreciation and amortisation.

3. Based on the current year assessment, additional disclosure has been added in the segment report. The comparative amounts have been updated.

Corporate information

Netcare Limited

Registration number: 1996/008242/06
(Incorporated in the Republic of South Africa)
JSE ordinary share code: NTC
ISIN: ZAE000011953
JSE preference share code: NTCP
ISIN: ZAE000081121
A2X share code: NTC
Listed on the JSE and the A2X Exchanges
("Netcare" or "the Company" or "the Group")

Registered office

76 Maude Street (corner West Street),
Sandton 2196, Private Bag X34
Benmore, 2010

Executive directors

RH Friedland (Chief Executive Officer),
KN Gibson (Chief Financial Officer)

Non-executive directors

A Maditse (Lead Independent Director), B Bulu, L Human,
I Kirk, R Phillips, L Stephens

Company Secretary

CM Vikisi

Sponsor

Nedbank Corporate and Investment Banking, a division
of Nedbank Limited
135 Rivonia Road
Sandown, 2196

Transfer secretaries

CTSE Registry Services
The District Building, Office B6,
6th Floor, 41 Lowry Road,
Woodstock, Cape Town,
7925
+27 (0)11 100 8352

Investor relations

investor.relations@netcare.co.za

Shareholders' diary

Annual general meeting	7 February 2025
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Reports

Interim results announcement	May
Final results announcement	November

Dividends

Ordinary dividends	Declared	Paid
Interim	May	July
Final	November	January

Preference dividends

Interim	April	May
Final	October	November

Disclaimer

Certain statements in this document constitute 'forward-looking statements'. Forward-looking statements may be identified by words such as 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'intend', 'project', 'target', 'predict' and 'hope'. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause the actual results, performance or achievements of the Group, or the healthcare sector to be materially different from any results, performance or achievement expressed or implied by such forward-looking statements. Forward-looking statements are not guarantees of future performance and are based on assumptions regarding the Group's present and future business strategies and the environments in which it operates now and in the future. No assurance can be given that forward-looking statements will prove to be correct and undue reliance should not be placed on such statements.

Any forward-looking information contained in this report has not been audited and reported on by the Company's external auditor.

Forward-looking statements apply only as of the date on which they are made, and Netcare does not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise.

The normalised information has been prepared for illustrative purposes only, which is the responsibility of the directors. It has not been reviewed or reported on by the auditor because of its nature, and may not fairly represent Netcare's financial position, changes in equity, results of operations or cash flows.

