NETCARE

Netcare Limited

Environmental, Social and Governance Report

for the year ended 30 September 2024

Our reporting suite

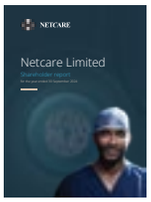
Integrated report

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)™ (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 covered[1]



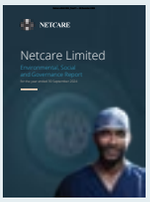
Shareholder report

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



THIS REPORT

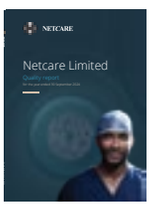
Environmental, social and governance report

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 Codes[3].

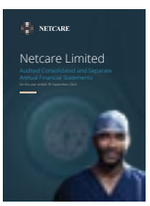
Strategic pillars covered



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 (in this report)*.
- *Notice of AGM and proxy form*.
- *Hospital listing (downloads tab).*

1. *Strategy icons are defined on page 9.*
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. *Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice (dtic Codes).*

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Navigating this report

This is an interactive report. It is best viewed in Adobe Acrobat for desktop, mobile or tablet.
The navigation tools are located at the top right-hand side of each page of the 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

All acronyms and abbreviations used in this report can be found in the glossary: *page 139*.

Common-use items are defined only in the glossary, with more unique items defined in footnotes and the glossary.

Note: for security purposes, signatures are not included in our reporting suite.

Our ESG report

Our purpose, values and promise

Our purpose, values, promise and strategy ensure that care for people and society is intrinsic to our decisions and actions, and that we achieve the most favourable balance between long-term value creation and short-term results.

Our purpose

Providing **YOU** with the best and safest care

Our values

Care | Dignity | Participation | Truth | Compassion

Our promise

We promise to care for **you** , and about **you**, in a manner that places **you** and your family at the centre of everything we do. We recognise that **you** are an individual with unique needs and expectations. We recognise the importance of your family and loved ones in your healing process. We are here to ensure that we provide **you** with the best and safest care, when **you** need it and in a way that we would wish for our loved ones.

Scope and boundary

Our ESG[1] report for the period 1 October 2023 to 30 September 2024 (FY 2024)[2], sets out in detail the Group's economic, social, and environmental impacts and the governance practices and approaches we use to ensure these are appropriately managed. While the report is aimed at all stakeholders, it is likely to be of particular interest to shareholders, analysts, regulators and broader society.

Our ESG report focuses primarily on human, social and relationship, and natural capital. A holistic view of the Group's strategy, performance and value outcomes is presented in our *integrated report*, while our *shareholder report* and *quality report* provide detailed accounts of key issues relating to governance, remuneration and financial performance, and clinical outcomes data respectively.

This report covers all Netcare hospitals, Netcare Akeso mental health facilities, Netcare Medicross medical and dental centres, Netcare 911 and all other Netcare subsidiaries. Further detail on our scope of reporting is provided in the environmental, social and governance sections of this report.

Changes to our reporting

Our reporting structure for 2024 remains largely aligned with previous reporting. Small but relevant changes include incorporating our remuneration-linked ESG performance in our strategy section (moving this to the front of the report), consolidating key metrics and reporting these in a dedicated key data section, and reducing the length of our performance overview sections (instead presenting these metrics in the relevant chapters of the report).

Reporting frameworks

Our ESG report has been prepared with consideration given to the principles of King IV, the GRI Standards, TCFD, the UN Global Compact and the UN SDGs. We acknowledge the importance of understanding and aligning with recent changes to global sustainability reporting. Closer alignment with the International Sustainability Standards Board's sustainability-related (IFRS S1) and climate change-related (IFRS S2) standards for capital markets will be a key objective over the coming years and will require changes to internal reporting processes.

Materiality

Our material matters *page 4* are those issues which could impact our ability to create and sustain value in the future. These are defined at Group level, with due consideration of ESG concerns and impacts.

These matters inform the Netcare strategy over the short term (FY 2025), medium term (FY 2026 to FY 2027) and longer term (FY 2028 and beyond). The material matters, together with leadership insight, provide stakeholders with useful information to assess our impacts and ability to create sustainable value over time, and inform the decisions they make about Netcare.

Using a double materiality lens, we consider the following when determining our material matters: global trends in healthcare, our operating environment and the associated risks and opportunities, our business model and strategy and how they impact the six capitals and the world around us, and material stakeholder interests. While this year's material matters remain broadly similar to those reported in FY 2023, they emphasise the Group's focus on embedding and operationalising the digital and data implementations that commenced in 2018.

— *GRI index*.

— *TCFD index: page 137*.

1. *Environmental, social and governance (ESG).*
2. *Material information up to Social and Ethics Committee approval is also included, where necessary.*

Double materiality

Financial materiality

How the economy, society and the environment impact Netcare's ability to create enterprise value.

Impact materiality

How Netcare impacts the economy, society and the environment.

Following the review and feedback from key Executive Committee members, the Board debated the material matters and approved them on 19 November 2024.

How we manage and respond to these material matters is discussed throughout our reporting suite.

Forward-looking statements

Certain statements in our report are forward looking. By their nature, these statements and forecasts are inherently speculative and involve risk and uncertainty as they relate to events and circumstances that may be beyond the Group's control and may impact our performance and expectations. Readers are advised to use caution when interpreting these types of statements. Our disclaimer on forward-looking statements is on *the inside back cover* of this report.

Process to compile this report

Executive management is responsible for the preparation and presentation of the report, led by the CFO. A specially convened Review Panel of select Executive Committee members (including the CFO) and the CEO review the report when it is near completion, followed by a final review by the Social and Ethics Committee chair. The Social and Ethics Committee, chairs of the Board and other relevant committees (including the Executive Committee) are also involved in the review and approval of the report and/or relevant sections of the report.

Internal management, strategy documents and Board reports[1]; interviews with the lead independent director, chair of the Social and Ethics Committee and the CEO; input from executive management and relationship owners on stakeholder expectations; and operating environment and sector trends research have been used to compile this report. Information excluded from this report is done so only on the basis that it is deemed immaterial at this time, is legally privileged, or is competitively sensitive.

Assurance

The reporting suite approval process and assurance obtained in line with our combined assurance model ensure the integrity of this report. The Audit Committee oversees the combined assurance model and Internal Audit's assessment of the Group's financial, operating, compliance and risk management control environment. This supports the integrity of information used in internal decision-making and our reporting to external stakeholders.

Assurance on financial information and certain non-financial performance indicators has been obtained in line with our combined assurance model, with feedback provided to the Group's Risk and Audit Committees and the Executive Committee. Non-financial information is assured by Internal Audit on a cyclical basis

Independent assurance provided includes:

- **The British Standards Institution:** ISO 9001:2015 certification.
- **Empowerdex (verification):** *B-BBEE scorecard* and rating.
- **Verify CO_2 (limited assurance):** energy, carbon footprint, waste generation and water usage.
- **Talbot and Talbot (limited assurance):** Netcare's CDP disclosures.
- **The Green House (limited assurance):** Scope 3 emissions quantification and verification.
- **Deloitte & Touche (unmodified assurance):** Group annual financial statements.

Approval

The chair of the Social and Ethics Committee is responsible for overseeing the preparation and presentation of the ESG report and ensuring its integrity. The chair approved the report on 6 December 2024.

Dr Roze Phillips
Social and Ethics Committee Chair

1. *Documents that are most likely to include the matters deemed most material in leading, governing and operating Netcare in relation to current economic, social and environmental realities.*

Our material matters

Our material matters are the issues most likely to influence the conclusions stakeholders may draw about Netcare's impact and our ability to create, preserve or erode value for them over time.

— *Materiality: page 2.*

The tables that follow outline our material matters and their coverage across our suite of reports.

ESG: This report **IR:** *Integrated report* **QR:** *Quality report* **SH:** *Shareholder report* **AFS:** *Annual financial statements*

Why this is material

Outstanding person centred health and care

To fulfil our purpose and deliver the best quality clinical outcomes, we must operate with the highest standards of patient safety and care, and abide by a strict clinical governance framework. Critical enablers of achieving the best and safest care are our workforce, digital and data implementations, and initiatives to protect the delivery of quality patient care against threats posed by poor municipal infrastructure in SA. Our innovations aim to engender patient and consumer loyalty to the Netcare ecosystem of services.

	IR	ESG	QR	SH	AFS
01 Consistent and measurably better quality of care	✓		✓		
• Patient safety and care, and consistently high overall patient satisfaction scores.	✓		✓		
• Rigorous clinical governance supported by data and digitisation.	✓		✓	✓	
• AI, predictive analytics and machine learning to enhance clinical outcomes and cost efficiency.	✓		✓		
• Highly skilled nursing and specialised staff.	✓	✓			
• Securing the supply of water and electricity.	✓	✓			
02 Digital engagement and digital health interventions	✓		✓		
• Convenience, access, and improved patient engagement.	✓		✓		

Why this is material

Recover and grow market share and long-term profitability

SA continues to experience constrained economic growth and high interest rates and inflation, adversely impacting consumer disposable income. In addition, high unemployment, inequality and high levels of corruption increase the risk of socioeconomic instability. Delivering measurable and sustainable financial results (revenue, EBITDA[1] and ROIC[2] growth), depends on our ability to maintain margins, operate an optimal capital structure, enhance our competitive differentiation, and drive ongoing efficiencies and tight cost control. This material matter has been elevated to second place (ranked fourth in FY 2023).

	IR	ESG	QR	SH	AFS
01 A challenging socioeconomic context	✓	✓			
02 Sufficient liquidity, access to funding and strong statement of financial position	✓			✓	✓
03 Competitive differentiation to grow market share	✓	✓			
• A diversified and resilient business model.	✓				
• Product development to capture new market segments.	✓				
• Strong ESG performance and a progressive environmental sustainability strategy.	✓	✓			
• Strategic expansion projects.	✓				
• Leveraging our growing data management maturity.	✓				
04 Demonstrate the financial, clinical and efficiency[3] benefits of the digitisation and data strategy	✓		✓	✓	✓
05 Defend against market share erosion through strategic funder engagement	✓		✓		

Why this is material

Attract, retain and invest in our employees and healthcare practitioners

The delivery of our strategy requires a skilled and empowered workforce, and strong partnerships with doctors who play a crucial role in attracting patients to our facilities and are therefore a key driver of revenue and organic growth. In an environment where there is fierce competition for skills, the Group strives to continually enhance the doctor and employee experience.

	IR	ESG	QR	SH	AFS
01 Attract and retain independent doctors	✓				
• Strategic engagement, recruitment drives, beneficial digital and data initiatives, well-maintained facilities, the latest technology and medical equipment, and increased participation in hospital networks.	✓				
02 Recruit and retain highly skilled and specialised employees	✓	✓			
• Employee engagement, wellbeing, recognition, development and career progression.	✓	✓	✓		
• A fair, ethical, inclusive, compassionate and safe working environment.	✓	✓	✓		
03 Effective employee relations processes and productive relationships with organised labour	✓	✓			
04 Digitised, optimised and integrated key HR processes and initiatives	✓	✓			

1. *Earnings before interest, tax, depreciation and amortisation (EBITDA).*
2. *Return on invested capital (ROIC).*
3. *Both clinical cost and operational efficiency.*

Our material matters continued

Why this is material

Accelerate transformation and access to quality health and care in SA

A number of factors are impacting the healthcare sector in SA and creating barriers to healthcare access for many South Africans. Collaborative and transparent planning and resourcing between the public and private sectors across a number of areas of the healthcare system are required to address these factors. Our transformation and CSI initiatives are directed to supporting SA's socioeconomic priorities, improving human lives, driving social cohesion and improving access to high-quality health and care – solidifying our vision to be a force for social good in SA.

	IR	ESG	QR	SH	AFS
01 Factors impacting the healthcare sector in SA	✓				
• Critical nursing skills shortage.	✓	✓			
• Collaboration with government and healthcare sector stakeholders.	✓	✓			
• Regulatory change and uncertainty regarding the healthcare system.	✓	✓			
• Financial health of medical schemes.	✓				
• Changing burden of disease.	✓		✓		
02 Doctor and workforce transformation and diversity	✓	✓			
03 Inclusive and diversified supply chains	✓	✓			
04 Employment creation	✓	✓			
05 Impactful socioeconomic development initiatives	✓	✓			

Why this is material

Effective leadership and responsible business conduct

Netcare's success and long-term sustainability depend on a diverse, empowered and skilled leadership team and Board with the experience, knowledge and capability to lead the Group in delivering the Netcare strategy. Continuity of effective leadership requires a strong succession pipeline, and robust talent management and leadership development programmes. Our leaders, ethical culture, robust governance practices and proactive stakeholder engagement ensure that our strategy and business activities create and preserve stakeholder value, and guard against value erosion.

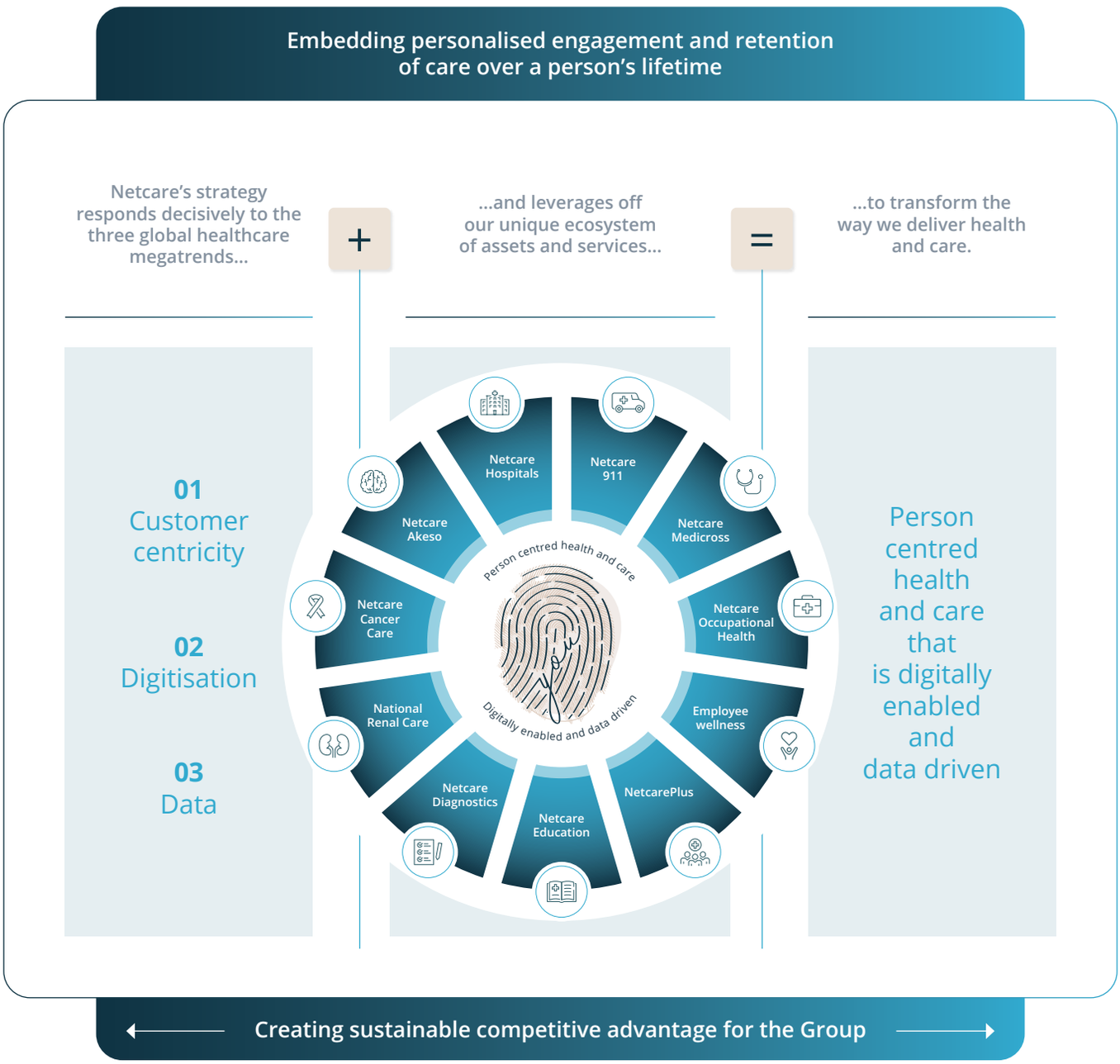
	IR	ESG	QR	SH	AFS
01 Leadership capability	✓	✓			
02 Effective ethics and governance processes and practices	✓	✓	✓	✓	
• Governance and ethics of AI.	✓	✓			
03 Stakeholder engagement	✓	✓	✓	✓	

Our business strategy and ESG

Our social transformation and environmental sustainability objectives are integrated into the Group's business strategy, ensuring that these remain key priorities with meaningful and measurable outcomes.

In 2018, Netcare embarked on a groundbreaking ten-year strategy to fundamentally transform the way we deliver health and care – termed 'person centred health and care, that is digitally enabled and data driven'. We are confident that our strategy will differentiate the patient experience and improve patient safety and quality of care outcomes, establishing a sustainable competitive advantage for the Group. It will also support our commitment to delivering efficiencies, realising growth opportunities, improving returns, and creating value for our stakeholders and society in the long term.

The Netcare strategy



Our business strategy and ESG continued

Phases of the Netcare strategy

1 Digitally enabled

Timeline
4 to 6 years to April 2024

Focus
- Operational efficiency.

Measure
- Margins.
- Returns.

Status
- Complete.

2 Data driven

Timeline
2 to 3 years from FY 2024

Focus
- Clinical efficiency.

Measure
- Patient safety and quality of care outcomes.
- Clinical research contribution.
- Doctor attraction.
- Market share.

Status
- In progress.

3 Person centred health and care

Timeline
3 to 4 years from FY 2024

Focus
- Patient acquisition, engagement and retention.

Measure
- Digital engagement.
- Embedded value of our offering[1].
- Share of healthcare Rand.
- Long-term health outcomes.

Status
- In progress.

Read a detailed account of the Netcare strategy and our progress in the integrated report: our strategy and overview of strategic progress.

1. *Embedded value indicates the extent to which patients are staying within our ecosystem.*

Strategic Priorities

Consistency of care

Delivering consistently excellent clinical services, ensuring the best and safest person centred care.

Transformation of our society

Continuing to invest in and develop our workforce and communities.

Disruptive innovation

Implementing medical technologies, digitisation and data solutions for the benefit of our business and patients.

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.

Integration

Creating strategic and synergistic partnerships between all divisions and functions.

Investment

Creating economic value and optimising capacity utilisation.

Environmental sustainability

Ensuring minimal environmental impact by managing our resources responsibly, efficiently, and to the benefit of the environment.

ESG-related elements of the Group BSC for FY 2024

Social

Patient experience

8.26

nursing compassion score.

BSC target: 8.25

Employee wellbeing

80.0%

of employees assessed and/or participated in health screening activities, including mental, physical, financial and emotional wellbeing programmes.

BSC target: 70.0%

Diversity, equity, inclusion and belonging

59.6%

of middle managers are black.

BSC target: 59.5%

Preferential procurement

91% (26.34 points)

of the total 29 points available achieved for preferential procurement, meeting the threshold target.

BSC target: 92%

— page 68.

Environment

Energy efficiency

2 300 tCO_2e

additional year-on-year tCO_2e avoided through energy efficiency projects.

BSC target: 2 000 tCO_2e

General waste

66.5%

reduction in general waste sent to landfill for the Hospital Division, exceeding the threshold target.

BSC target: 68.5% reduction

Renewable energy

1 847 tCO_2e

additional year-on-year tCO_2e avoided through renewable energy generation projects, exceeding the threshold target.

BSC target: 1 900 tCO_2e

Healthcare risk waste

15.0%

reduction in HCRW[2] sent to landfill for the Hospital Division.

BSC target: 12.8% reduction

Water savings

0.0%

reduction in overall water consumption per bed in use in the Hospital Division[1].

BSC target: 2.3% reduction

Reduced utility consumption also reduces operating costs and supports EBITDA and other financial indicators, including adjusted HEPS, ROIC and cash conversion.

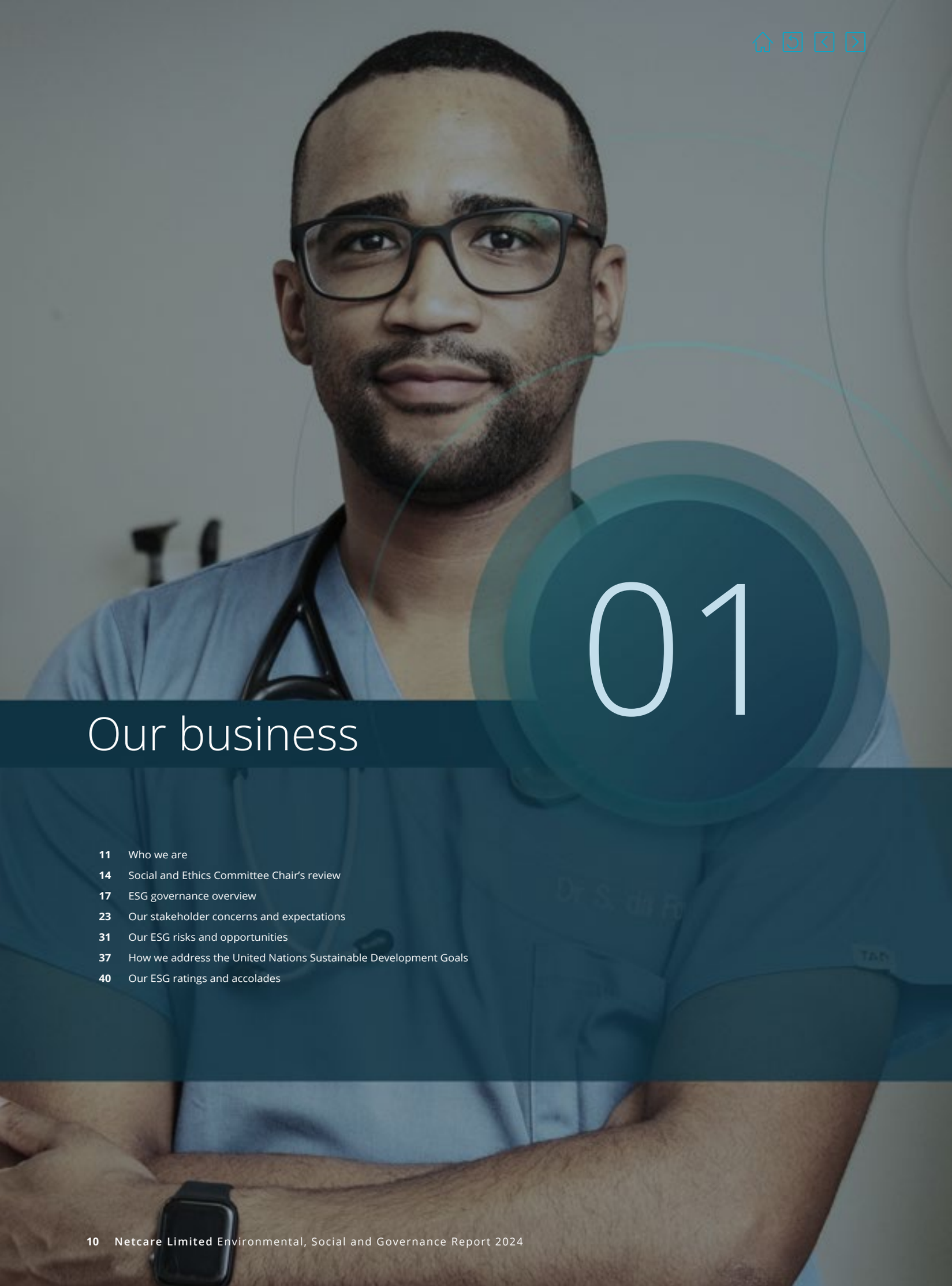
— page 42.

Our ESG-related performance and initiatives support the core ESG-related outcome of our strategy, **maintaining our social licence to operate**. We do this by meaningfully contributing to the national healthcare system, maintaining our B-BBEE rating, delivering the 2030 environmental sustainability strategy and maintaining a high level of stakeholder engagement and communication.

Read about our performance against the FY 2024 Group BSC in our shareholder report: Remuneration report.
Read about our leadership in delivering person centred health and care in the quality report.

Target met or exceeded. Progress made, but below target. Target not met.

1. *Overall water consumption per bed in use increased 0.8% for FY 2024. We are investigating key factors that may have played a role and continue to focus on enhancing water efficiency.*
2. *Healthcare risk waste (HCRW).*



01

Our business

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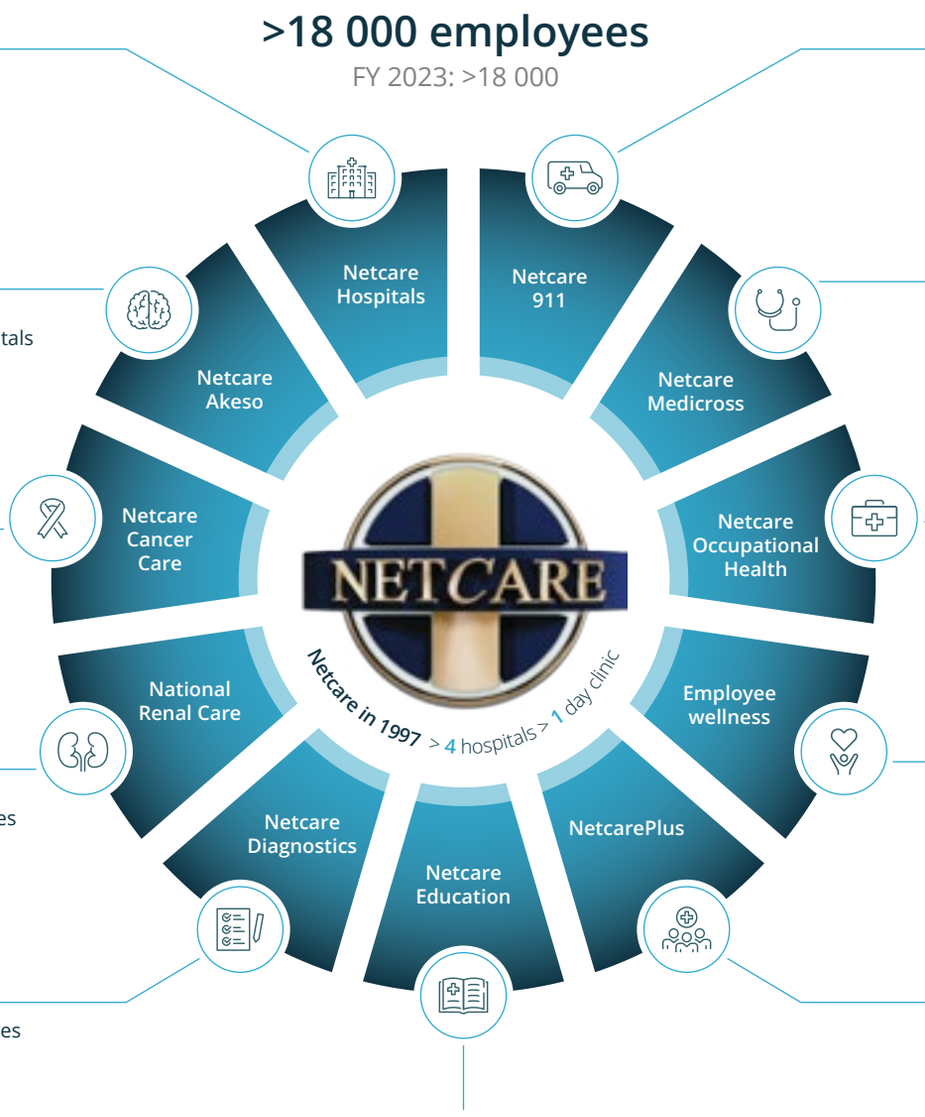
Who we are

The Netcare Group is a leading provider of private healthcare services in SA.

We provide acute services across our national network of hospitals and are the market leader in mental health services. We provide emergency, cancer care, diagnostic support, primary care and renal care services, as well as occupational health and wellness services. We improve access to affordable high-quality healthcare services through NetcarePlus. Netcare Education develops healthcare professionals in nursing and emergency medical services.

Our unique ecosystem of services



EMR[1]: CareOn
49 acute hospitals
FY 2023: 49
9 827 beds
FY 2023: 9 903
11 day clinics
FY 2023: 12

EMR: CareOn Akeso
14 mental health hospitals
FY 2023: 14
1 007 beds
FY 2023: 1 007

EMR: Aria
9 cancer care centres (radiation)
FY 2023: 8
8 haematology centres
FY 2023: 8

EMR: NephrOn
75 renal dialysis facilities
FY 2023: 73
1 013 dialysis stations
FY 2023: 996

228 point-of-care devices
FY 2023: 192

EMR: CareOn
93 emergency sites
FY 2023: 92

EMR: Medicross HEAL
63 primary healthcare facilities
FY 2023: 63

EMR: Care@Work
47 occupational health service contracts
FY 2023: 33

1 120 clients
FY 2023: 1 135
2.1m lives covered
FY 2023: 2.1m

Insurance products
Prepaid procedures
Prepaid healthcare vouchers

51 659 students since 1999

EMR: electronic medical record platforms implemented across the Netcare ecosystem – the Group's digital backbone.

Who we are continued

Private hospitals

NETCARE hospitals
NETCARE akeso
NETCARE cancer care
NETCARE Education
NETCARE pharmacy
NETCARE appointmed™

Services

- Multi-disciplinary acute medical institutions, including centres of excellence, cancer care, rehabilitation, day clinics for elective procedures and care, and emergency and trauma departments.
- Institutional pharmacies for direct supply, management and dispensing of medicine.
- An integrated multi-disciplinary mental health offering focusing on dialectical behavioural therapy.
- Netcare Akeso Crisis Line.
- A free telephonic appointment booking service to find doctors and specialists at Netcare hospitals and Netcare Akeso facilities.
- Nursing education and emergency and critical care colleges.

Emergency services

NETCARE 911 082 911 24HR EMERGENCY MEDICAL SERVICES

Services

- Pre-hospital emergency services:
  - Helicopter ambulances.
  - ICU ambulance service, including patient transfer between medical facilities.
  - An ICU-configured jet ambulance service (national and international patient transfer).
- National Emergency Operations Centre with geolocation capabilities.
- Contracted services to industrial clients and corporates for health, safety and risk management.
- Contracted to manage the emergency services of client medical schemes.

Primary care

NETCARE medicross
NETCARE occupational health
NETCARE appointmed™

Services

- Family medical and dental centres providing access to GPs, dentists, radiology, pathology, pharmacy and allied healthcare professionals.
- Occupational health, travel and wellness services to contracted employer groups.
- A free telephonic appointment booking service to find doctors and dentists at Netcare Medicross facilities.

Renal care

national renal care™

Services

- Dialysis services to patients with compromised kidney function.

NetcarePlus

NETCARE plus

Products

- Integrates funding solutions with the provision of care:
  - Prepaid vouchers for GPs, optometrists and dentists.
  - Prepaid all-inclusive in-hospital procedures.
  - Accident and trauma cover and gap cover.
  - Primary care insurance.
  - Baby care.

Diagnostics

NETCARE diagnostics

Services

- Supports Dr Esihle Nomlomo Inc. – a pathology practice that offers a broad range of digitised and integrated point-of-care testing, including routine diagnostic profiles in the form of general biochemistry, endocrinology, immunology, serology, haematology and coagulation.

Employee wellness

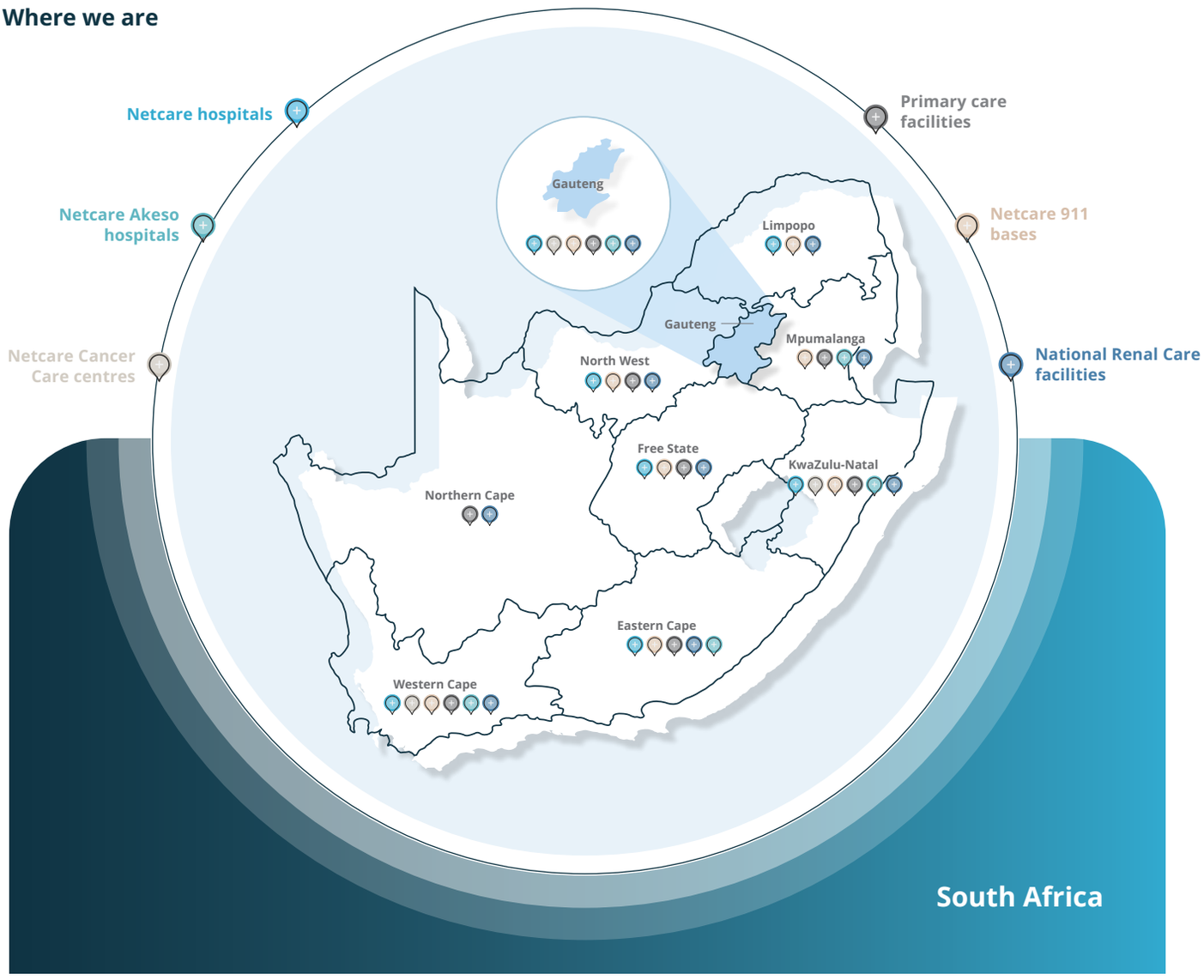
Lyra wellbeing Formerly ICAS

Services

- A holistic offering of people-focused solutions, preventative care and counselling services that mitigate risks and put business and employee wellbeing first.

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

Where we are



	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo
	2 hospitals (489 beds)	**4** hospitals (408 beds)	**26** hospitals (5 585 beds)	**10** hospitals (2 003 beds)	**1** hospital (200 beds)
	3 911 bases	**5** 911 bases	**25** 911 bases	**9** 911 bases	**12** 911 bases
	1 mental health hospital (72 beds)		**4** mental health hospitals (415 beds)	**3** mental health hospitals (176 beds)	
			8 cancer care centres	**3** cancer care centres	
	5 primary care facilities	**1** primary care facility	**20** primary care facilities	**15** primary care facilities	
	10 renal care facilities	**4** renal care facilities	**28** renal care facilities	**14** renal care facilities	**3** renal care facilities

	Mpumalanga	North West	Northern Cape	Western Cape
		1 hospital (211 beds)		**5** hospitals (931 beds)
	26 911 bases	**7** 911 bases		**6** 911 bases
	1 mental health hospital (75 beds)			**5** mental health hospitals (269 beds)
				3 cancer care centres
	2 primary care facilities	**2** primary care facilities	**2** primary care facilities	**16** primary care facilities
	1 renal care facility	**2** renal care facilities	**1** renal care facility	**12** renal care facilities

Social and Ethics Committee Chair's review

Netcare's strategy seeks to set us apart – to create sustainable competitive advantage or "widen the moat" in the words of Warren Buffet. But whereas we seek clear distinction from our peers, by transforming how health and care are delivered in SA, our strategy in no way makes Netcare an island. On the contrary, transforming our organisation to offer person centred health and care that is digitally enabled and data driven is markedly improving our value propositions to our patients and all stakeholders in the healthcare value chain.

As progress in its implementation gathers momentum, our strategy is strengthening the connections and contributions Netcare can make within the South African healthcare sector as a leader and an innovator, and a force for good. As such, our strategy creates both a moat to defend us against competition, and a bridge to enable greater value creation for our stakeholders.

In essence, the mandate of the SEC[1] is to ensure that these connections with our stakeholders and to our socioeconomic and natural ecosystems are healthy and well-maintained – as the providers and gatekeepers of the resources and relationships on which we depend, it is our stakeholders that bestow our licence to operate and to lead. The SEC is also tasked with challenging the organisation to embrace both the duty and opportunity of leadership, leveraging our position to participate, collaborate, contribute, advocate and innovate as a healthcare leader that protects and enriches the ecosystems in which our sustainability and our success are nested. Notably, we are also responsible for ensuring the necessary guardrails are in place to keep our innovative application of emerging technologies, such as AI and NLP[2], grounded in sound governance and impeccable ethics.

Allied to this, especially in tough markets and turbulent times, the SEC challenges management to always contextualise our strategic responses to immediate challenges within a long-term, integrated frame that encompasses the best interests of both current and future generations of stakeholders. It is accurate to say that ESG is 'baked in' to Netcare's strategy and approach to market leadership. The maturity – and hence the measurability – of Netcare's contributions are reflected in long-term strategies that preserve our ability to keep our promises to our stakeholders, and deliver significant cumulative benefit to society. Besides their measurable benefits, many of our programmes continue to garner independent accolades, both locally and internationally (page 40) – welcome endorsements of our commitment to sustainability leadership in our sector.

Our ESG report describes these strategies and programmes in detail and measures Netcare's progress against our longstanding commitments. It also discloses new commitments made in terms of our 2030 environmental sustainability strategy, which the Board approved in 2024. These commitments show our willingness to stretch ourselves and to set new benchmarks in our dedication to sustainability leadership in South African and indeed global healthcare.

To ensure that the Group deliberately and progressively improves its socioeconomic and environmental outcomes, ESG-related remuneration targets incentivising the delivery of our human capital, transformation and environmental sustainability goals account for 20% of the Group BSC (FY 2024 and FY 2025).

Sustainability leadership begins at home

Netcare's intention to be a sustainability leader in our sector and a powerful force for social good begins at home – within our organisation. The SEC oversees the Group's close focus and comprehensive initiatives to support a differentiated employee value proposition, centred on the wellbeing of all our people and especially those on the frontline of delivering care.

Psychosocial wellbeing is at the forefront of our human capital initiatives. We design programmes that embed a culture of care and compassion, and that offer appropriate support for our employees and their immediate families. We monitor and protect our employees' health through various initiatives, including our medical surveillance programme, major incident monitoring and rigorous quality assurance programme. During the last year, we extended our wellness offerings further and began developing a holistic, integrated programme to care for our people's diverse needs, including their financial wellbeing.

We continue to invest in our flagship Care4YOU programme to counter the stressors inherent to working in healthcare. This programme builds our people's resilience, enhances their wellbeing and improves our patients' experience. The programme recognises individuals for acting with compassion, and harnesses our employees' intrinsic motivation to care for others by equipping them to practice compassion for themselves and others. Pleasingly, our nursing compassion score improved to 8.26 this year, against the BSC target of 8.25. The statistically significant increase in nurse compassion achieved over the last three years is noteworthy in terms of the Group's commitment to support healing and restoration following the extraordinary pressure our people experienced during the COVID-19 pandemic.

1. *Social and Ethics Committee (SEC).*
2. *Natural language processing (NLP).*

Ultimately, our people management strategy aims to make Netcare an employer of choice, in the context of critical shortages in nursing and other healthcare skills, as well as fierce competition across the business sector for digital skills. In keeping with the Group's strategic emphasis on digitisation and data, we have begun the process of planning and implementing a digital platform that will enable our people to take ownership of their career journeys at Netcare. Once complete, MyNetCareer will provide a seamless, digital human capital experience that includes intelligent analytics for data-informed, responsive decision-making.

Netcare's contribution to the health of SA's socioeconomic ecosystem also begins at home – with a commitment to transform our own organisation, anchored in social justice frameworks aimed at addressing systemic inequalities. In 2024, we maintained our Level 3 B-BBEE rating for a third year, with pleasing improvements in our scores for management control, skills development, and preferential procurement. We continue to focus on deepening diversity at leadership levels, through clear development trajectories and succession planning, with recent management appointments demonstrating the Board's commitment in this regard. We also focus strongly on fostering an ethical and inclusive culture that shuns any form of discrimination.

In the coming year, we will seek to expand our procurement of services from EMEs[1] and QSEs[2], and further improve our ESD performance. These objectives recognise that efforts to address the critical national objective to create jobs must be weighted towards SMME development and nurturing a culture of entrepreneurship in the country.

Noteworthy in terms of the worryingly high level of youth unemployment in our country is our participation as an anchor sponsor of the Presidential YES programme (YES4Youth), which places young people with limited or no work experience in internship positions. The success of this programme at Netcare is indicated by the 90% employment rate achieved among the approximately 1 200 candidates completing the programme over our commitment period of 2018 to 2023. We will seek to replicate that success in our new youth development programme, launched in 2024, by assisting our learners to find employment either at Netcare or elsewhere.

*Please read our people and transformation reports on **pages 72** and **93**, respectively, for more detail and data on our people management and transformation initiatives, performance and plans.*

Servant leadership within South Africa's healthcare ecosystem

As an integral and influential part of the national healthcare system and economy, we wholeheartedly accept our responsibility to build a more inclusive and equal nation for all, in every way we can. We are dedicated to working respectfully and collaboratively with policymakers, government, NPOs, NGOs, public healthcare authorities and healthcare associations to find solutions to strengthen the country's healthcare system and move to universal coverage, while addressing the wider inequalities in SA.

The current and potential impact on Netcare and the entire healthcare sector of the shortage of skilled nurses in SA remains of deep concern, especially considering the large proportion of experienced nursing professionals approaching retirement age. This shortage not only jeopardises the quality of care that the health system can provide, it also hampers Netcare's ability to transform the demographic composition of our company. Looking ahead, the shortage also needs to be seen within the context of the emerging need for nursing skills related to SA's drive for universal health coverage.

The SEC commends Netcare's management and representatives at industry and business forums, who have been unrelenting in highlighting this threat to government and regulators for several years, and offering viable solutions that leverage the competencies and capacity of the private sector.

We fully endorse Netcare's commitment to contribute significantly to training additional nursing professionals as the regulator empowers us to do so. While progress is being made, limitations on training in the private sector remain a bottleneck. Alongside the NDoH[3] and all private and public nursing education institutions in SA, we participated in creating a framework for a nursing and education training plan for 2025 to 2029. Additionally, through HASA[4], we continue to engage with the NDoH, SANC[5] and other statutory bodies to accelerate student intake numbers while fostering collaboration between the public and private sectors. This includes the Future of Nursing Project, driven by the Public Private Growth Initiative on behalf of the Presidency, which seeks to influence the skills pipeline.

Netcare's deep discomfort with health inequities in SA and our support for the introduction of universal health coverage are well documented. The signing of the NHI Act shortly before the May elections and the often-heated reactions to it have reinforced our commitment to identifying and supporting credible alternatives. For Netcare, such alternatives must set achievable targets for establishing a holistic health ecosystem capable of progressively realising the constitutionally enshrined health rights of all people living in SA. We remain resolutely committed to partnering with the government and all relevant stakeholders in a sensible, constructive and evidence-led way to create a universal health coverage solution that is a credible, viable alternative to the NHI as it currently stands.

The HASA proposal, which Netcare has been instrumental in conceiving and advocating, exemplifies a credible alternative approach that is well-tested and proven in other parts of the world, and based on over two decades of sound research by South African health policy experts. Importantly, HASA's plan considers the country's macroeconomic profile and can be phased in and started almost immediately. The proposal makes a strong case for mandatory medical coverage for formally employed individuals, and public-private collaboration to strengthen the healthcare system and free up public health funds to deliver quality care for the informally employed, unemployed and most vulnerable in our society.

We are encouraged by the government's recent discussions with the private sector regarding the NHI Act, which are set to continue through BUSA[6] of which HASA is a member. In the interim, we continue to focus on immediate opportunities for private sector collaboration with the government to help address critical healthcare gaps and improve access to quality care for all South Africans. It is worth noting that the early successes of the Government of National Unity have

1. *Exempted micro enterprises (EMEs).*
2. *Qualifying small enterprises (QSEs).*
3. *National Department of Health (NDoH).*
4. *Hospital Association of South Africa (HASA).*
5. *South African Nursing Council (SANC).*
6. *Business Unity South Africa (BUSA).*

demonstrated that collaboration between public and private sectors, even across ideological divides, is not only possible but the only way to improve SA's socioeconomic destiny, which must be founded on a sustainable healthcare sector.

To this end, Netcare's social investment programmes are carefully selected and managed to ensure that the resources we commit achieve maximum sustainable and systemic impact. Our CSI activities focus on improving access to quality medical care, supporting the health of newborns, and developing doctors that serve the broader population. Given the high rates of GBV[1] and femicide in SA, we also have a long and proud tradition of taking preventative and supportive action to support victims. We offer compassionate care to survivors of sexual assault nationwide, empowering them to reclaim their dignity and encouraging legal action against perpetrators.

*For more detail and data on our contribution to reform in the healthcare sector, and to SA's socioeconomic wellbeing, please read our Social report, starting on **page 68**.*

Leading our sector in environmental sustainability

Exemplifying the long-term, integrated thinking and planning that underpins Netcare's commitment to sustainability leadership, our environmental sustainability programme was initiated in 2013. While our strategy was driven largely by the need to secure the resources to provide the best and safest care to our patients, efficiently and without interruption, it has become foundational to our climate change response and long-term target of net zero emissions by 2050. In 2024, we fully implemented the next phase of the strategy, which sets emissions, water and waste reduction goals for 2030. Targets for energy efficiency, renewable energy, water savings, reducing general and HCRW[2] account for 10% of the BSC.

Our 2030 environmental sustainability strategy reaches for three long-term goals: cementing Netcare's reputation as a global leader in healthcare sustainability solutions; applying global best practices, including science-based targets and carbon budget goals; and driving long-term security, efficiencies and cost savings for the business through sustainable resource management. In 2024, our environmental sustainability efforts generated operational savings of some R26 million.

Alongside all South Africans, the SEC was relieved to see the stabilisation of grid electricity supply over the last several months. However, with the impact of rising energy costs on our company, communities and country and the compounding escalation of climate-related risks, we cannot become complacent about SA's energy situation or the country's pathway to a lower carbon economy. It is critical that South African leaders guard against complacency and redouble efforts to achieve energy resilience while realising a just transition to a new energy future.

Netcare is committed to the just transition, and eager to share our energy learnings. We will continue to set ambitious quantitative targets to improve our own environmental sustainability and hopefully inspire others with evidence of what is possible. Examples of what we have achieved include a 34% reduction in electricity use per bed per year since the inception of our environmental sustainability programme a decade ago; and for FY 2024, the avoidance of an additional year-on-year 2 300 tCO_2e through energy efficiency projects, and 1 847 tCO_2e avoided by using renewable energy sources. Most pleasingly, the work done this year to fully quantify our Scope 3 emissions enabled us to submit targets to the SBTi[3] – these have been approved and accepted.

Even more critically, there can be no complacency in addressing SA's water crisis, particularly in its economic heartland of Gauteng. As one of the driest countries in the world, and with climate change impacts increasing water scarcity, we face a water crisis exacerbated by failure to maintain and expand our water reticulation systems. But unlike electricity, we cannot fully substitute grid water supply with local generation, even at high cost. While SA is rich in renewable energy sources, water must urgently receive the attention our scarcest and most precious life source deserves.

Netcare has made steady progress in our water stewardship programme, based on best practice in water management and conservation awareness, and reducing and recycling the water we use. Despite narrowly missing our BSC target for reducing water consumption for the Hospital Division, significantly reduced consumption by the balance of SA operations meant that the Group achieved reductions in water intensity (down 2%) and total municipal water consumed (down 3%). We have enhanced our water monitoring capabilities, ensuring that all facilities' water consumption is measured and reported, including borehole water. We also set facility-level targets for and increased our focus on operational efficiencies to ensure minimal water wastage. Our 2030 strategy targets a 5% reduction in water consumption per bed per day, towards a significant reduction in Netcare's impact on freshwater sources.

We are pleased to report our progress against one of our most ambitious targets – zero waste to landfill by 2030. Over the course of the year, Netcare achieved a 23% decrease in total waste sent to landfill and a 49% decrease in general waste sent to landfill, a marked improvement on the prior year's performance and evidence that our improved segregation and source and diversion strategies are having the desired effects. While we narrowly missed our 2024 BSC target for recycling general waste at the Hospital Division, the amount of waste recycled reflected an 84% increase on FY 2023. To minimise waste for disposal, our strategy prioritises waste avoidance – reducing and reusing waste – over waste management, which entails the recycling, recovering and disposing of waste. This approach is active at all Netcare hospitals, with waste reduction targets set for each facility and established systems to monitor segregation at source, reduce waste and recover recyclables.

*For more detail and data on our environmental strategy and performance, please read our Environment report, starting on **page 42**.*

Appreciation

I am deeply thankful to my SEC colleagues, the management team, and all Netcare's people, who live our purpose to provide the best and safest care to our patients, every day, and who recognise that the wellbeing of people is inseparable from care for the wellbeing of society and the environment – the ethos at the heart of our commitment to sustainability leadership.

Dr Roze Phillips
Social and Ethics Committee Chair

1. *Gender-based violence (GBV).*
2. *Healthcare risk waste (HCRW).*
3. *Science Based Targets initiative (SBTi).*

ESG governance overview

The Board's integrated application of King IV's principles and recommended practices aim to achieve the intended governance outcomes of an ethical culture, good performance, effective control and legitimacy.

These outcomes are central to the Group's purpose – to deliver the best and safest care. They 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.

At the highest governance level, the Netcare Board oversees and sets the tone for ethical leadership, responsible corporate citizenship, environmental, social and financial sustainability, and high governance standards. It is ultimately responsible for ensuring that these elements are integrated into our strategy, considerations of risks and opportunities, and how we operate. The Board is committed to a transparent and effective governance process that provides stakeholders with a high degree of confidence that the Group is being managed ethically, within acceptable risk parameters and in compliance with all applicable laws and international best practices.

Our Board:

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.	Ensures the sustainability of the Group's business model, assessing our operating environment, key risks and opportunities, and the availability of capital resources.	Clearly defines roles and responsibilities within the Group and delegates its obligations to appropriate individuals, functions or committees.	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.

Note: The CEO and CFO sit on the Board as executive directors.

Board composition

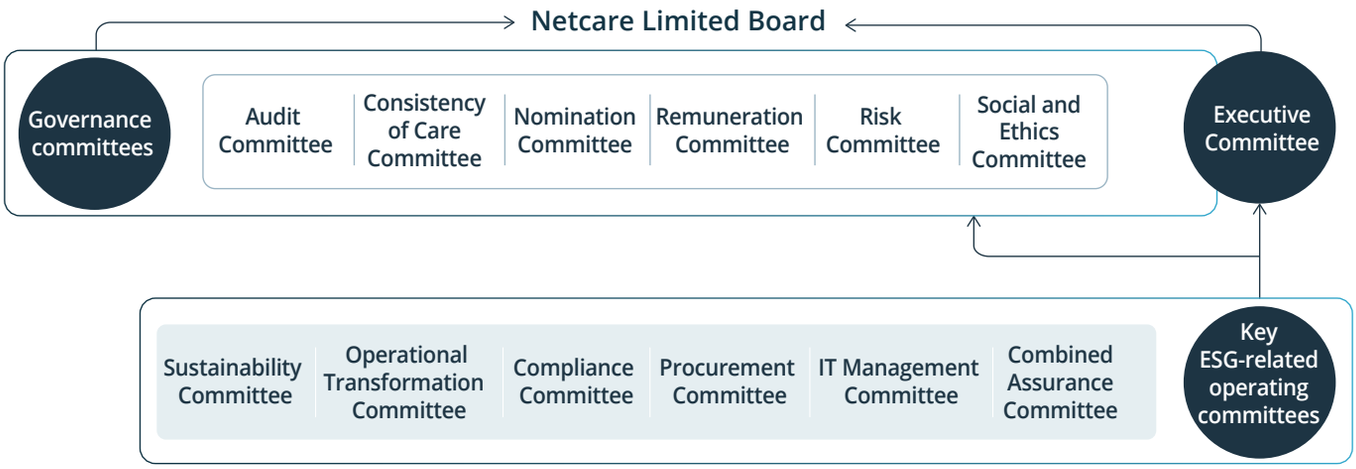
At date of publication, the Board comprises six independent and two executive directors who collectively have the diversity and range of professional expertise, skills and experience, appropriate sector knowledge, digital, finance and legal skills, and balance between institutional knowledge and new perspectives to support the nature, complexity and strategic demands of the Group as well as different perspectives in its strategic decision-making. The Board gives the appropriate level of attention to the delivery of the Netcare strategy and has a good understanding of the current operating context and long-term trends facing healthcare. The Board considers ESG matters on an ongoing basis and has access to management teams tasked with ensuring related performance and compliance.

Board oversight

We operate a well-developed governance and delegation of authority framework to progress the achievement of our strategy while ensuring we comply with legislation, practice good corporate behaviour, and balance the interests of our stakeholders. The detailed formulation and implementation of the Group's strategy and the day-to-day management of Netcare is assigned to key executives and senior management. 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.

ESG governance overview continued

Board oversight and accountability for our ESG impacts



Note: the **Finance and Investment Committee** supports our ESG programme by reviewing and approving capital and investment projects.

*Detailed information on our approach to governance, including our full delegation of authority framework, can be found in our **shareholder report**: Governance report.*
*Detailed information on our approach to clinical governance and the key role played by our Consistency of Care Committee can be found in our **quality report**: Governance.*

Responsible corporate citizenship

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 the Group's ethical performance, promoting awareness of Netcare's commitment to doing business ethically and ensuring compliance with and consistent application of the Netcare Code of Conduct. The committee also oversees human rights, safety, developing and retaining a skilled and diverse workforce, and responding to the changing regulatory environment. The Consistency of Care Committee oversees the Group's more strategic employee wellbeing projects. The Consistency of Care Committee oversees some of the Group's employee wellbeing, OHS and waste reduction projects.

We consider the UN Universal Declaration of Human Rights, UN SDGs, the principles of the International Labour Organization and other voluntary codes – including the principles of the UN Global Compact, of which we are a member – as part of our commitment to good corporate citizenship. We do not make, and have not made, contributions to political parties, government affiliates or candidates, whether in cash or in kind.

Environmental governance, accountability and impact management structures

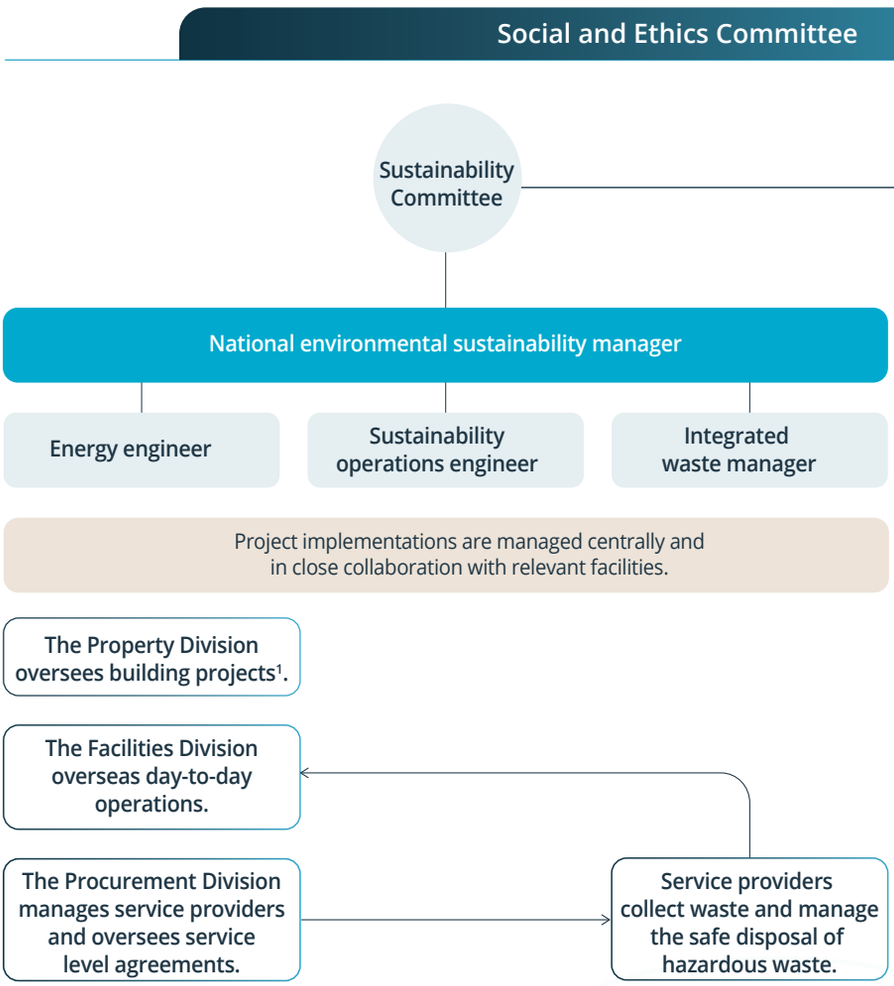
Environmental governance and accountability

External assurance: Verify CO_2; The Green House; Talbot and Talbot.

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. Phase 1 of our environmental sustainability programme (the 2023 strategy) was implemented in 2013, and we have since implemented phase 2 (the 2030 strategy), which sets emissions, water and waste reduction goals for FY 2030. While initially driven largely to secure the resources needed to provide optimal care, the programme has become foundational to achieving our long-term target of net zero emissions by 2050.

The Sustainability Committee is responsible for implementing the Group's environmental sustainability strategy at management level.

How we manage our environmental impacts



Chaired by the CEO, the committee leads our environmental sustainability strategy. The committee oversees key environmental initiatives designed to minimise the Group's impacts and optimise efficiencies.

Remuneration

Targets for energy efficiency, renewable energy, water savings, reducing general waste, and reducing HCRW[2] account for **10%** of the FY 2024 and FY 2025 Group BSCs.

Environmental policies

- *Environmental policy*
- *Energy policy*
- *General waste policy*
- *Water management policy*
- *Sustainable procurement policy*

1. Environmental impact assessments are conducted by specialists, where needed. All new construction is guided by the consultant guideline for green construction, which is updated regularly.
2. Healthcare risk waste (HCRW).

ESG governance overview continued

Social governance, accountability and impact management structures

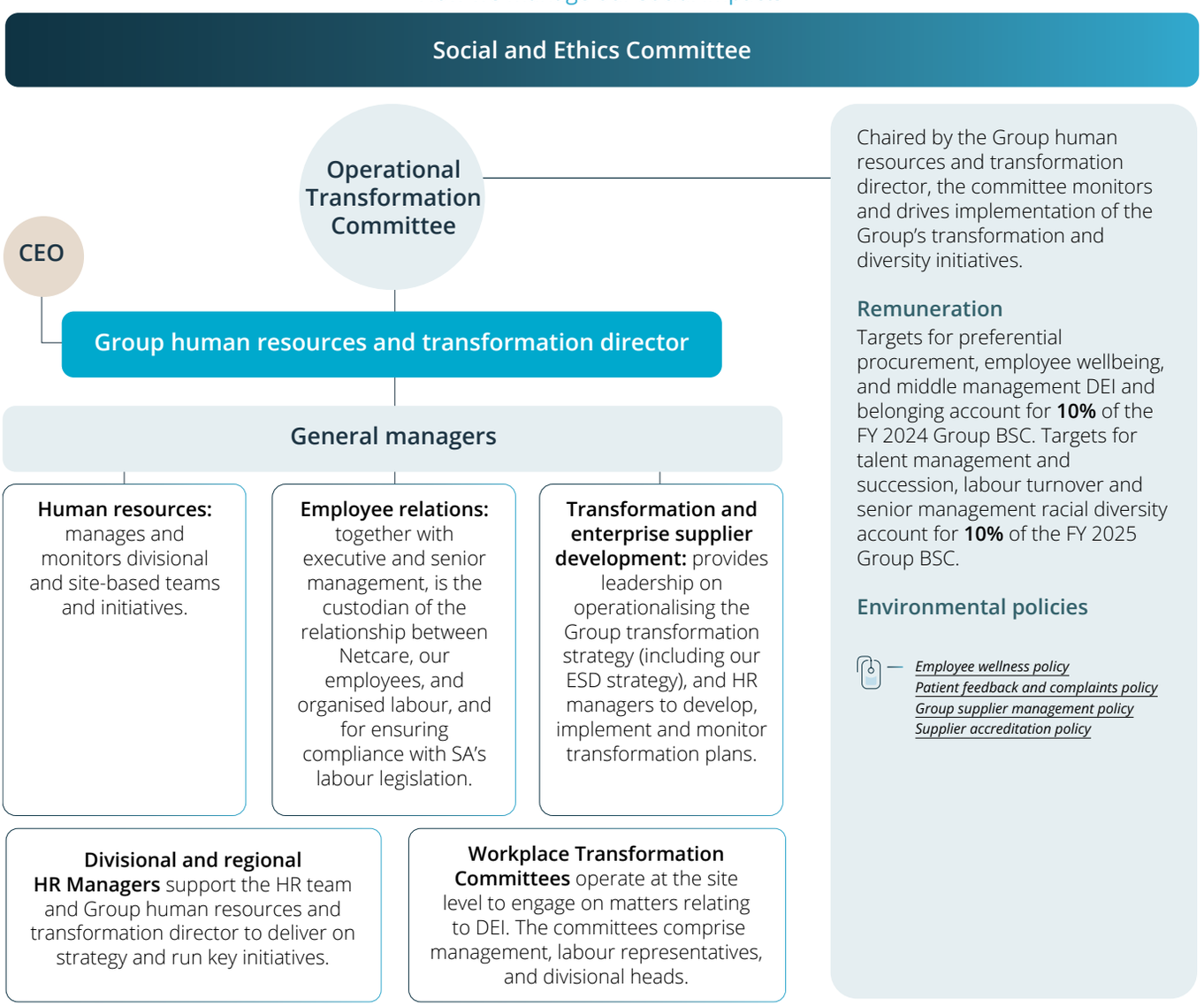
Social governance and accountability

Our efforts to be a powerful force for social good include the transformation of our employee profile, diversifying our supply chain, the medical procedures we support for indigent patients, and our contribution to reforming SA's health system so that it provides affordable access to healthcare for more South Africans. We work openly and transparently with government, NGOs and lobby groups. For example, we participate in the national 'Future of Nursing' Workforce Project, NHI discussions in sector and business forums, and various initiatives coordinated by the HWSETA.

The Operational Transformation Committee is responsible for implementing the Group's transformation strategy at management level.

External assurance: B-BBEE Commission; Department of Trade, Industry and Competition; Department of Employment and Labour; Health and Welfare Sector Education and Training Authority; Trade unions.

How we manage our social impacts



Chaired by the Group human resources and transformation director, the committee monitors and drives implementation of the Group's transformation and diversity initiatives.

Remuneration

Targets for preferential procurement, employee wellbeing, and middle management DEI and belonging account for **10%** of the FY 2024 Group BSC. Targets for talent management and succession, labour turnover and senior management racial diversity account for **10%** of the FY 2025 Group BSC.

Environmental policies

Employee wellness policy
Patient feedback and complaints policy
Group supplier management policy
Supplier accreditation policy

*Read about how our Procurement Committee ensures ethics in the supply chain as well as how we manage related environmental and social impacts: **page 123**.*

Care governance and accountability structure

External assurance: British Standards Institution; Office of Health Standards Compliance.

— Detailed information on our approach to clinical governance and the key role played by our Consistency of Care Committee can be found in our quality report: Governance.

The Combined Assurance Committee provides assurance on top ESG-related business risks.

ESG-related roles and responsibilities of key governance committees

Audit Committee
Met three times during FY 2024

- Reviews the combined assurance model to ensure appropriate alignment with King IV.
- Assists with overseeing and monitoring compliance to Netcare's Code of Conduct and reviews adherence to the Group's compliance and business ethics programme.
- Works with the Social and Ethics Committee to ensure strict adherence to anti-bribery and corruption, fraud and anti-money laundering laws and regulations.
- Reviews and evaluates the effectiveness of the Group's risk Risk Management and Compliance functions.
- Reviews Risk Committee reports relating to cybercrime and cybersecurity, including cyber liability insurance.

Consistency of Care Committee
Met twice during FY 2024

- Oversees the implementation of the consistency of care strategy, including our quality management systems, clinical governance, and performance against quality measures that support safe, high-quality, person centred health and care.
- Oversees strategic employee wellbeing and waste management projects.

Nomination Committee
Met twice during FY 2024

- Reviews the Group's approach to talent management and ensures that key talent with ESG-related skills (among others) are recruited.

Remuneration Committee
Met twice during FY 2024

- Oversees the development of the Group's remuneration policy and its implementation, both of which incorporate ESG-related KPIs.
- Sets the financial and non-financial strategic targets of the Group's BSC, including ESG-related targets.

ESG governance overview continued

ESG-related roles and responsibilities of key governance committees continued

Risk Committee
Met twice during FY 2024

- Reviews the Group's ESG practices and assessments, including plans to deal with availability and quality of skills, electricity outages, water shortages, fire and civil unrest.
- Oversees the Group's ethics management, and compliance and IT control environments.

Social and Ethics Committee
Met three times during FY 2024

- Oversees and monitors the Group's initiatives to embed an ethical culture, including fair labour practices and human rights.
- Oversees and monitors initiatives that ensure legislative compliance and manage regulatory changes.
- 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 NPOs with whom Netcare has a partnership, including the Netcare Foundation.
- Oversees the integrity of the ESG report.

Key ESG-related activities undertaken by the Board and its committees in FY 2024
The Board met four times during FY 2024

Monitored:
- Delivery and implementation of the consistency of care, social transformation and 2030 environmental sustainability strategies.
- The Group's B-BBEE initiatives and DEI and belonging plans, and the implementation of key data and digital projects.

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; the Social and Ethics Committee reviewed the ESG report and recommended it for approval to the Board.
- ESG-related remuneration targets for environmental sustainability and human capital and transformation.
- The establishment of an Artificial Intelligence Governance Committee for FY 2025.
- The Board appointment and diversity policy.

Reviewed:
- The process and results of strategies to mitigate and manage risks, with a particular focus on the supply of electricity and water, availability and quality of nursing and data skills, the funder regime and sector regulations.
- Regulatory, policy and guideline updates and kept abreast of regulatory developments that may create risk exposure for the Group.
- The results of financial, risk and governance control assessments, and the action plans to correct issues identified and improve effectiveness.
- The Group's investment in learning and development to ensure it addresses the Group's skills needs, creates a diverse talent pipeline and contributes to the employability of young South Africans.
- The Group's community upliftment initiatives, including ESD opportunities, disbursements to communities, clinical scholarships and the employment of persons with disabilities.
- The Group's engagement initiatives, including the results of the employee engagement dipstick survey.
- Incidents of reported unethical medical practice, findings of alleged fraud cases and measures taken to address valid incidents, and Board and Executive Committee member declarations regarding their personal financial interests.
- Board diversity and Executive Committee succession plans.

Considered:
- The results of the Group vertical income and annual income (gender) differential analyses.

Oversaw:
- The interventions to manage cybersecurity, information management and data security (including the cybersecurity self-assessment).
- The systems and processes to identify, manage and monitor fraud-related risks.
- Ethics, competition law awareness and conflicts of interest training across the Group.

Our stakeholder concerns and expectations

Strong stakeholder relationships support our purpose to provide the best and safest care for our patients, deliver on strategy and support our commitment to being a force for social good – building a more inclusive and equal SA for all.

Meaningful and sufficiently frequent engagement with our stakeholders provides insight into how our business activities impact and are impacted by them. We have various mechanisms in place to ensure that we can understand and respond to stakeholders' legitimate concerns and expectations as well as any risks that may impact the quality of our stakeholder relationships.

Our patients

Medically insured, self-pay, government-funded and foreign patients.

Environment

- Ability to receive care without disruption resulting from utility or service outages (water and electricity) during municipal infrastructure failures or load shedding.

Social

- Consistently excellent quality and safety of care.
- An excellent and engaging patient experience.
- Competent, compassionate and professional healthcare practitioners.
- Affordable healthcare services.

Governance

- Data privacy and protection of highly sensitive personal data.
- High levels of medical ethics from all healthcare practitioners.
- Clear communication about services and products offered.

How we engage

- Person centred care teams.
- Digital patient feedback surveys (quantitative and free-text responses).
- Summary of Care reports across seven divisions.
- CareNet, our complaint management system with dashboards that refresh every 30 minutes for every hospital.
- MyNetcare Online (patient portal).
- Various digital initiatives that enhance patient experience, cost and perception of care.
- Patient focus groups and listening forums.
- NetcarePlus service centre and outsourced call centres.
- 'ONE Netcare' website and social media platforms.

*— Read about how we address patients' needs, concerns and interests in the **integrated report** and in the **quality report**.*

Our stakeholder concerns and expectations continued

Our people

Nurses, paramedics, pharmacists, IT specialists, support and management teams, the teams that facilitate our operational management systems, contracted employees, and the labour unions that represent our employees.

Environment

- Ability to provide outstanding care, even during outages.
- The Group's approach to addressing climate change and preparing for its impact on our operations.

Social

- A safe, caring, compassionate and enabling working environment, and a culture that supports employee wellbeing, diversity and unity.
- Equal training, development and career progression opportunities that allow all employees to reach their full potential.
- Being empowered to provide the best and safest care.
- The impact of digitisation and automation.
- Fair and transparent labour practices.
- Financial wellbeing support in a challenging economic environment.
- Trusted and supportive leadership.
- Working for a responsible corporate citizen.
- Trade unions: remuneration, employee medical benefits, the Group's financial position and our transformation and environmental sustainability initiatives.

Governance

- Training on how to meet evolving regulatory requirements.
- Access to systems for reporting unethical behaviour.
- Working for a well-governed, ethical and socially responsible organisation.

How we engage

*How we engage with our people: **page 79**.*
*How we engage with trade unions: **page 83**.*

Doctors and allied healthcare professionals

Doctors refers to independent specialists across all clinical disciplines, including physicians, surgeons, GPs, psychiatrists, anaesthesiologists, radiologists, dentists, nephrologists, pathologists and other specialists. Allied healthcare professionals include psychologists, radiographers, dental hygienists, occupational therapists etc.

Environment

- The ability to provide care without disruption caused by municipal infrastructure failures or load shedding.

Social

- Qualified and experienced nurses and a collaborative working environment.
- Enterprise development support and marketing.
- Availability of medicines and consumables through sustainable and effective supply chain management.

Governance

- Partnering with a well-governed, ethical and socially responsible organisation.
- Data privacy and protection of highly sensitive personal and clinical data.

How we engage

- Doctor engagement surveys.
- Online doctor portal.
- Hospital Division: various structures that support the sharing of information on quality of care.
- Netcare Akeso: clinical governance engagements.
- Primary Care Division: Netcare Medicross Managing Practitioners Forum, Practitioner Advisory Board, and Medical and Dental Practitioners Association meetings.
- National Renal Care: national relationship manager.

*Read about how we address doctors' and allied health professionals' needs, concerns and interests, particularly how we address the critical matter of Netcare's inclusion in restricted provider networks in the **integrated report**.*

Our stakeholder concerns and expectations continued

Private medical funders

National and international private medical funders, together with the Compensation Fund for Occupational Injuries and Diseases.

Environment

- Efficiency and optimisation initiatives.

Social

- High-quality and cost-effective care delivered by expert healthcare teams.

Governance

- Ensuring high levels of medical ethics, and combatting medical fraud, waste and abuse.
- Partnering with a well-governed, ethical, and socially responsible organisation.
- Data protection and privacy.

How we engage

- Day-to-day interventions on patient coding and case management.
- Dedicated relationship managers.
- Quarterly quality of care reports as per contractual agreements.
- Contract and tariff negotiations.

*— Read about how we address funders' needs, concerns and interests, particularly cost-effective care (clinical efficiency and optimisation initiatives) in the **integrated report**.*

Our suppliers

Suppliers of medicines, equipment and consumables, IT systems, digital products and services, and outsourced services including consultants and construction companies.

Environment

- Collaboration to reduce environmental impacts in the supply chain, particularly GHG emissions.
- Supplier-focused environmental management strategies.

Social

- Long-term, mutually beneficial relationships.
- Fair and transparent negotiations.
- Supply chain diversification and localisation, including preferential procurement from B-BBEE compliant and black-owned suppliers.
- ESD support, including early payment arrangements for SMMEs.
- Digitisation of the procurement cycle to enhance efficiencies.

Governance

- Netcare's procurement, social, environmental and data protection policies.
- Partnering with a well-governed, ethical and socially responsible organisation.

How we engage

- Our digitised source-to-contract procurement platform that provides access to various resources, including supplier surveys[1] and our risk mitigation and sustainability programmes.
- Review meetings with key suppliers (quarterly) and strategic commodity suppliers (monthly).
- Development support and mentorship opportunities, particularly for smaller suppliers.
- Tender processes and contract negotiations.
- Service level agreements.
- Supplier assessments, both prior to entering Netcare's supply chain and later against KPIs.
- Medical conferences, exhibitions and webinars.

1. *Supplier surveys are also available online.*

Our stakeholder concerns and expectations continued

Regulators and government

Authorities that regulate healthcare providers, funders and the sector.

Environment

- Addressing disruptions caused by failing electricity and municipal infrastructures.

Social

- Solutions to the nursing skills shortage in SA.
- Increasing pressure on the public healthcare system.
- The cost of and access to quality healthcare.
- The private healthcare sector's role in providing sustainable universal health coverage.
- Alternative solutions to achieving universal health coverage.
- Employment equity performance and skills development.
- Socioeconomic reconstruction and youth employment.

Governance

- Compliance with laws and regulations governing our operations.
- Potential impact of new healthcare-related regulations.

How we engage

- Direct engagement and engagement through sector and business association memberships.
- Bilateral engagements.
- Submissions to draft policy and regulations.
- Certification audits.
- Office of Health Standards Compliance inspections.
- Our participation in national initiatives to support SA's development and address transformation challenges.

Investors

Shareholders and the investment community.

Environment

- Our environmental sustainability programme and performance.
- The impact of future load shedding and water and electricity supply disruptions on operating costs.

Social

- Consumer fragility and the challenging socioeconomic context in SA.
- Effective leadership and succession planning.
- Appropriate remuneration and targets (including ESG-related metrics in the Group BSC).
- The uncertainty created by the NHI Act, and the potential impact of the Government of National Unity on national healthcare reform.

Governance

- Our approach to ESG.
- ESG reporting practices and indices.
- Ethical and effective governance.

How we engage

- Investor roadshows, meetings and site visits.
- Capital markets day.
- Annual reporting suite and interim reporting.
- SENS announcements.
- Various investor healthcare and general investor conferences.
- ESG ratings agencies.

Our stakeholder concerns and expectations continued

Society

The aggregated interests of current and future generations (media and academia being proxy for these interests), communities, sponsorship partners and NPOs.

Environment

- Minimising negative environmental impacts.
- Providing access to facilities that reduce the public's environmental impacts (eg EV[1] charging infrastructure development).

Social

- Active participation in creating better, more sustainable communities through community upliftment initiatives, particularly for marginalised communities.
- Affordable and accessible quality health and care.
- Action to redress inequality (including health inequality), unemployment and poverty.

Governance

- Ethical and effective governance.

How we engage

- Sector and business association memberships.
- Our participation in national initiatives.
- The Netcare Foundation.
- The HPFL[2] trusts.
- Academia and research institutions.
- Social media platforms.

*Read more about our stakeholders, their interests, how we engage with them, and how we address their needs in our **integrated report**: Social and relationship capital.*
*Read more about our approach to stakeholder engagement and inclusion in our **shareholder report**: Governance report.*
*Read more about how we meet our patients' needs and expectations in our **quality report**: Perception of care.*

1. *Electric vehicle (EV).*
2. *Health Partners for Life (HPFL).*

Our ESG risks and opportunities

Considerations of our ESG risks and opportunities are integrated into our embedded risk management framework which ensures that the decisions we make to achieve the Netcare strategy fall within our risk appetite and tolerance levels, while supporting our commitments to deepening the socioeconomic value we create for stakeholders and society and minimising the environmental impacts of our business activities and operations. The framework defines how we identify, understand and mitigate risks, and realise their related opportunities.

Our approach to identifying, managing and governing risks and opportunities

Governance and oversight

The Board has direct responsibility for governing risk and ensuring that risks and opportunities are considered when developing the Group's strategy. It approves the risk management policy that gives effect to our risk appetite; risk tolerance varies for each risk. 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** provides the Board with independent and objective assurance as to the effectiveness of the Group's internal control, governance and risk management systems. The Social and Ethics Committee ensures that the Group's codes of conduct and social and ethics policies address key social and ethical risks and sets a strategy for managing ethics that is informed by the related risks faced by the Group.

Identifying risks

Strategic risk assessments are conducted at least twice a year before Risk Committee meetings.

Operational and executive teams across the Group identify key business and operational[1] risks, evaluating their impact, likelihood, and materiality, the Group's exposure, and the attention required from leadership to manage them.

The **risk management team**, with **leadership** and the **Risk and Audit Committees**, identifies the top business risks affecting the Group's strategy, sustainability and intangible assets, like leadership competence and commitment, brand strength and stakeholder perceptions.

We ensure c**omprehensive, timely, relevant, accurate and accessible risk disclosure** to stakeholders, without compromising sensitive information.

Managing risks

Our **systems and processes for managing risk** include changes in the external and internal operating context; organisational resilience; the nature and potential impact of risks and the impact of risks and the likelihood they may materialise; the extent and categories of risks regarded as acceptable; our ability to reduce the incidence and impact to the business should a risk materialise; the effectiveness of risk response plans; the cost of risk response plans and processes relative to the exposure and benefits obtained; and the 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 impact but also to optimise competitive advantage. These inter-related risks include matters over which Netcare exerts limited influence.

The Group has **zero-tolerance for unethical behaviour**, including fraud, corruption, discrimination and racism, and no appetite for legal and regulatory non-compliance. New growth and investment opportunities must align with the Netcare strategy and meet one or more of the Netcare litmus test criteria: market growth; improving our margins and returns; differentiating our service, care and quality of care outcomes; and increasing the embedded value of our offering[2].

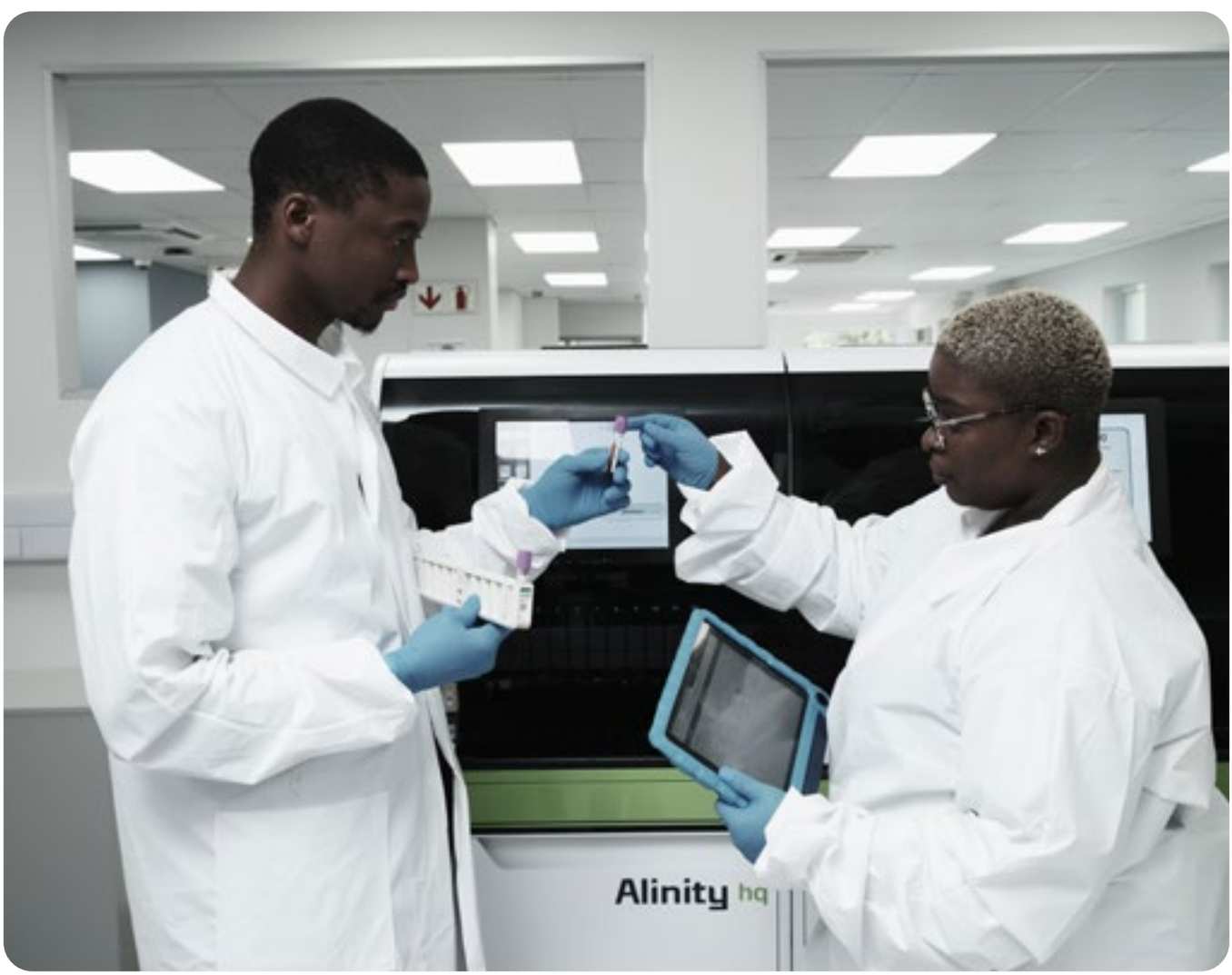
1. *An operational risk is a risk arising from the execution of our business functions, including loss due to inadequate or failed internal processes, people, and systems. Operational risks can be mitigated by management actions.*
2. *Embedded value indicates the extent to which patients are staying within our ecosystem.*

Five levels of assurance

The combined assurance model optimises all assurance services and functions to support an effective control environment, decision-making processes and the integrity of Netcare's external reporting.

Level 1	Assurance provided to the Board by governance committees	Audit Committee, Risk Committee, Social and Ethics Committee and Consistency of Care Committee.
Level 2	Non-independent assurance	Management, quarterly statements of assurance (all operations), and management self-assessments on financial metrics (at least three a year for all operations).
Level 3	Non-independent assurance	Risk Management function, quality assurance reviews, Data Council and Clinical Data Council.
Level 4	Independent assurance	Internal Audit function.
Level 5	Independent assurance	British Standards Institution, Office of Health Standards Compliance, Deloitte & Touche, Empowerdex, Verify CO_2, Talbot and Talbot, and The Green House.

*Not all assurance providers are covered here. More detail on internal and independent assurance is provided per top business risk in the **integrated report**: Our risks and opportunities.*
*Detailed disclosure in the full governance report in the **shareholder report**.*



Environment

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Climate

Physical risks (short to medium term)

- Extreme weather events could disrupt supply chains, damage our facilities and life saving equipment, and prevent patients from accessing care when it is needed most.
- Higher temperatures can negatively impact infection control and facilities' abilities to maintain the temperature control required for certain procedures, increasing the amount of energy used for cooling.
- Higher temperatures and lower rainfall impact the length and severity of droughts and could further disrupt access to critical utilities, particularly water.
- Climate change negatively impacts human health, increasing demand for care, potentially increasing strain on employees and other resources, and resulting in errors, delays or loss of care.

Transition risks (short to medium term)

- Carbon taxes will require us to invest in increasing operational efficiencies and reducing emissions to minimise impacts on operating costs.
- Non-compliance with regulatory changes could expose the organisation to fines and/or declines in investor confidence.
- Failure to sufficiently curb GHG emissions, minimise our environmental impacts and communicate our progress could negatively impact our reputation and value as an organisation.

Opportunities and mitigation

- Our 2030 environmental sustainability strategy to eliminate Scope 2 emissions by achieving 100% renewable energy and to reduce Scope 1 and 3 emissions, waste sent to landfill and water consumption.
- Data and analytics capabilities to increase efficiencies and support cost-saving measures.
- Demonstrating our commitment to environmental sustainability through our strategy and performance.
- Various solutions to secure the supply of water and backup supplies of water and emergency electricity generation capacity for short-term supply disruptions.
- Major disruption, incident and blackout plans, as well as well-entrenched relationships with preferred diesel and water suppliers[1].
- Agreements for private firefighting services, fire water designs incorporated in new hospital builds and major expansions, and fire infrastructure upgrade projects based on relevant fire risk analyses for remaining hospitals.

Critical issues:

While intensified by (but not solely caused by) climate change, utility interruptions (including water and energy supply disruptions) limit our ability to provide high-quality health and care, negatively impacting our competitiveness, investor confidence and patient satisfaction.

Critical issues: climate change: ***page 47***.

Critical issues: municipal infrastructure failures: ***page 48***.

Link to the Group's top business risks:

BR3 | Water security
BR7 | Availability of electricity supply

Our FY 2024 performance:

Environment report: ***page 42***.

1. *Netcare's major incident plan includes the development of specific actions to mitigate the unique risks and challenges presented by most major incidents.*

Social

Page 68

Our people

- Competition for scarce skills drives up salary demands and costs to retain talented individuals, making it challenging to attract highly skilled professionals.
- The nursing skills shortage has the potential to place existing nursing employees under greater pressure and constrain our ability to provide the best and safest care, ultimately threatening the sustainability of the South African healthcare sector if left unresolved.
- Nursing training restrictions adversely impact our ability to invest in our people, limiting our overall B-BBEE skills development performance.
- Our need for data analytics skills is intensifying as our digital capabilities mature. Competition for these skills is fierce and they are in high demand (both locally and internationally).
- Stress and mental health challenges are impacting the productivity and wellness of workforces worldwide, particularly in the healthcare sector.

Opportunities and mitigation

- A compelling employee value proposition; a caring, ethical and inclusive working environment that responds to employee feedback; and professional development opportunities that support career growth.
- An integrated and holistic employee wellbeing programme and initiatives designed to promote self-care and compassion (eg Care4YOU).
- Digital platforms that reduce administrative burden for nurses, enabling more time to provide care.
- Rewarding outstanding contributions to strategic, operating and financial performance.
- Our employee retention strategy for specialised, skilled and talented employees.
- Six-month in-service training to keep nursing skills current despite nurse training constraints.
- A five-year plan to increase the number of nurses we can train for Netcare.
- Accredited nursing agencies to fill vacancies for specialised registered nurses.
- Exploring alternative staffing models to shift the skills mix (eg flexible staffing and healthcare attendants for non-clinical tasks).

Critical issues:

— *Critical issues: the nursing skills shortage: **page** 73.*

— *Fair, responsible and competitive remuneration and retention: **page** 90.*

Link to the Group's top business risks:

BR2 | Availability and quality of skills

Our FY 2024 performance:

— *Our people: **page** 72.*

Socioeconomic

- National elections, the formation of the Government of National Unity, and recent interest rate relief indicate a positive trajectory for SA; however, consumers remain under financial pressure in the short term.
- Affordability has slowed self-pay activity, stagnated medical scheme membership growth, and entrenched 'buying down' trends from comprehensive benefit options to more affordable networks or discounted plans, constraining access to healthcare[1].
- Establishing and entrenching consultative processes in government will take time and effort. Failure in key areas could give rise to social unrest, impacting consumer and investor confidence and potentially delaying the implementation of necessary structural reforms. In its most severe forms, social unrest also has the potential to negatively impact workforce and patient safety, could disrupt business operations, and may result in physical damage to our property and assets.
- Income inequality, poverty levels and unemployment (particularly for young people) remain high, further increasing the risk of social unrest.

Opportunities and mitigation

- The Netcare strategy, regularly assessed for relevance and effectiveness, to create a sustainable competitive advantage.
- Our documented and tested major incident plan is based on global best practices in major incident medical management and disaster management. It covers the specific actions to be taken and procedures to be followed in response to a major incident, including civil unrest.
- Collaborating with public and private stakeholders to find solutions that address the systemic and structural inequalities in SA, including universal access to healthcare.
- Our transformation strategy to support inclusive societal, economic and labour markets.
- Ensuring our strategic suppliers (medication, security, cleaning, catering etc) have robust business continuity plans.
- CSI initiatives that provide healthcare access to those who qualify.

Critical issues:

— *Critical issues: the South African socioeconomic environment: **page** 95.*

Link to the Group's top business risks:

BR4 | Economic environment and demand for private healthcare

BR10 | Failing state and civil unrest

BR11 | Competitor activity

Our FY 2024 performance:

— *Our social transformation imperatives: **page** 93.*

1. *Network options mean that using a hospital outside of the network requires a co-payment.*

Social continued

Page 68

Supply chain diversity

- Supply chain challenges relating to medicine and medical device procurement have the potential to impact the quality of care we provide to patients.
- The challenging operating environment in SA can hamper SMME growth and the country's economic development prospects.
- Negative environmental or social impacts arising from our supply chain could result in reputational damage, causing financial loss.

Opportunities and mitigation

- Driving greater localisation through our procurement strategy and targeted ESD initiatives focused on supporting black, young and women entrepreneurs.
- Our structured ESD beneficiary support programme.
- Ensuring ethics in our supply chain, including monitoring environmental and social impacts.

Link to the Group's top business risks:

BR10 | Failing state and civil unrest

Our FY 2024 performance:

— *Driving socioeconomic inclusion in our sector:* ***page*** 106.

Transformation, diversity, inclusion, equity and belonging

- Our B-BBEE status and ability to meet transformation targets impact our competitiveness, sustainability, relevance and reputation.
- Our organisational culture impacts our ability to attract and retain a diverse workforce.

Opportunities and mitigation

- A transformation strategy rooted in a social justice framework that supports inclusive societal, economic and labour markets.
- Initiatives and development programmes to align our workforce with the national economically active population and cultivate a sense of belonging for all employees.
- Continued engagement with key regulators on meeting targets.

Link to the Group's top business risks:

BR10 | Failing state and civil unrest

Our FY 2024 performance:

— *Cultivating a diverse and inclusive workplace:* ***page*** 100.

Governance

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Regulatory and compliance

- The regulatory environment remains in flux and uncertain, affecting private healthcare providers, with potential impacts on business models, operations and processes, resulting in an increased risk exposure for the Group.
- Non-compliance with sector-related, environmental, labour or health and safety regulations could undermine our reputation, result in penalties and fines and negatively impact productivity.
- Sector regulations and healthcare policy can limit organisational growth.
- Challenging economic environments and associated economic hardship can increase the likelihood of fraud, corruption and misconduct by employees and stakeholders in our supply chain.

Opportunities and mitigation

- Provide constructive input on health policy formulation and the realisation of a sustainable NHI through our business forum and sector association memberships.
- Collaborate to find solutions to the structural challenges faced by SA's healthcare system.
- Maintain governance structures capable of ensuring ethical business conduct and detecting unethical conduct.

Critical issues:

— *Critical issues: Sustainable universal healthcare:* ***page 96****.*

Link to the Group's top business risks:

BR8 | Sector regulations

Our FY 2024 performance:

— *Governance: upholding our values and principles* ***page*** 116*.*

Cybercrime, cybersecurity and protecting personal information

- Breaches of information systems and/or loss of personal or corporate information could result in business disruption, litigation, penalties and/or fines for non-compliance, as well as reputational damage and financial loss.
- Increases in the complexity, severity and frequency of cyberattacks require greater investment in sophisticated defence systems, increasing the cost of doing business.
- Increasing reliance on third-party service providers to support our digital transformation and data enablement poses a risk to cybersecurity and personal data protection.
- Given the volume of personal data we process, we have legal and regulatory exposure to new privacy laws[1], where instances of negligence carry substantial penalties – the Information Regulator continues to increase its enforcement activities.

Mitigation

- A risk-based cybersecurity strategy, 24/7 security operations centre and cybersecurity control framework, which monitors cybersecurity KPIs to inform our cyber risk exposure.
- A hybrid approach that applies the experience and knowledge of our internal cybersecurity team and the market expertise of external service providers (cybersecurity services, assessments and testing).
- Best-of-breed technologies, including endpoint detection and response systems.
- Continuous security event monitoring and analysis.
- Benchmarking our cybersecurity performance against industry and global peers.
- Detailed cybersecurity response playbooks, outlining the steps to be taken in the event of a security incident.
- Cybersecurity awareness training for employees and the Board.
- Our privacy strategy and privacy compliance framework to protect personal information and handle it with the utmost confidentiality.
- Rigorously monitoring and assessing third-party compliance with our privacy framework and control measures.
- Protection of personal information training and awareness initiatives.

Link to the Group's top business risks:

BR5 | Cybercrime and cybersecurity

Our FY 2024 performance:

— *Protecting our data and our stakeholders' privacy:* ***page*** 124*.*

— *Environmental and social governance, accountability and impact management structures:* ***page*** 18*.*

— *Our business risks and opportunities in the* ***integrated report****.*

1. *For example, the Protection of Personal Information Act (POPIA).*

How we address the United Nations Sustainable Development Goals

Our strategic priorities and ESG-related initiatives make a material and impactful contribution to key global challenges identified by the UN SDGs.

Environment

Page 42

Our environmental sustainability programme has been in place since 2013 and is recognised for its progressive and ambitious approach to reducing our negative impact on the environment while improving operational efficiencies. Our environmental sustainability projects target reductions in GHG emissions, water use and waste sent to landfill through:

- Purchasing and generating renewable energy.
- Engaging with suppliers on their environmental impacts, particularly emissions.
- Water and energy efficiency initiatives.
- Treating, recycling and safely re-using water.
- Reducing the waste we generate by selecting reusable devices and products where practicable.
- Recycling and repurposing the waste we generate.

These initiatives in combination with shorter-term risk mitigation strategies strengthen our resilience and ability to adapt to climate-related hazards and natural disasters.

Targets
6.3 | 6.4

Targets
7.2 | 7.3

Target
12.5

Target
13.1

FY 2024 highlights

Installed a **water recycling plant** at our central laundry facility – this will recycle **80%** of water used.	Installed **EV**[1] **charging stations** at Netcare Waterfall City and Netcare Margate hospitals.	Began to **recycle condemned linen** (in addition to our other HCRW[2] recycling initiatives).	Fully **quantified and verified our Scope 3 emissions,** enabling us to develop and submit emissions reduction targets to the SBTi[3].

Social

Page 68

By providing outstanding person centred care to our patients, we improve health outcomes in the communities we serve. Our employee wellbeing and medical surveillance programmes seek to monitor and address the physical, mental, emotional and financial health concerns of our employees. Our socioeconomic development and CSI initiatives provide free access to healthcare services that would otherwise be inaccessible to those who cannot afford them. Our affordable healthcare initiatives (eg NetcarePlus) are designed to increase accessibility to high-quality health and care.

Targets
3.1 | 3.2 | 3.3 | 3.4 | 3.8

Netcare Education, in tandem with our learnership, scholarship and professional development programmes, offers affordable access to quality technical, vocational and tertiary education for our employees, young South Africans and for persons with disabilities. Our skills development, socioeconomic development and CSI initiatives also provide funding for medical doctors to further develop their research capabilities. In line with national objectives, our learning interventions prioritise black people and women.

Targets
4.3 | 4.4 | 4.5

We are committed to advancing gender equality in leadership and decision-making roles, and to actively monitoring and addressing any gender pay disparities in our workforce. We also monitor policy and practice-related barriers to gender equality in the workplace, implementing affirmative action measures when needed.

Target
5.5

1. *Electric vehicle (EV).*
2. *Healthcare risk waste (HCRW).*
3. *Science-based Targets initiative (SBTi). As of December 2024, these targets have been approved and accepted.*

How we address the United Nations Sustainable Development Goals continued

Social continued

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Our digital transformation initiatives enhance efficiencies and productivity, support our efforts to reduce our impact on the environment, and enable improved health outcomes for our patients. Through our environmental sustainability programme initiatives, we continually strive to decouple economic growth from environmental degradation, with particular focus on resource intensity (page 45). As an equal opportunity employer, we focus on aligning our workforce and leadership with the national economically active population and support the development of historically marginalised groups, including black people, black women, young people and persons with disabilities. Our ESD programme for local businesses (including SMMEs) supports their growth, sustainability and their ability to create jobs in SA. Our internships and learnerships (particularly our Sinako and youth development and employment programmes) provide workplace experience and skills development opportunities to young South Africans and persons with disabilities to enhance their employability – we also provide opportunities to work at Netcare. We are committed to protecting labour rights and providing safe and secure working environments for all our employees, as well as those working for third-party service providers.

Targets
8.2 | 8.3 | 8.4 | 8.5
8.6 | 8.8

Our ESD programme provides access to financial and non-financial support for small, local businesses, integrating these into our supply chain and offering opportunities (and support) for them to provide their services and products to other large organisations.

Target
9.3

FY 2024 highlights

Opened a **new human milk bank** at Rahima Moosa Mother and Child Hospital (a public hospital).	Piloted the first and only **universal newborn hearing screening programme** in the SA public health sector.	**Digitised** our source-to-contract and preferential procurement platform.	Rolled out our **holistic and integrated wellbeing programme.**
Celebrated our **majority-women workforce** and ran internal and public social media campaigns affirming our belief in human dignity and rights.	A number of EMEs[1] grew sufficiently to **graduate to QSE**[2] status and a number of QSEs generated revenue in excess of R50 million, **graduating to generic enterprise** status.	Conducted a **vertical income analysis** comparing the total remuneration of the Group's top 5% of earners with that of the bottom 5%.	Introduced the final module of our **living and working compassionately journey** (Care4YOU).

*Read about how we provide our patients with the best and safest care and how our digital strategy improves patient outcomes in our **quality report**.*
*Read about how our digital strategy enables productivity in our **integrated report**: digital transformation and data.*
*Read about our governance structures and approach to stakeholder engagement in our **shareholder report**: Governance report.*

*Detailed descriptions of the UN SDG targets: **page** 139.*

1. *Exempted micro enterprises (EMEs). Annual turnover <R10 million.*
2. *Qualifying small enterprises (QSEs). Annual turnover R10 million to R50 million.*

Governance

Page 116

We have structures, policies and reporting initiatives in place to support effective, accountable and transparent governance of our business operations; tackle and prevent fraud, corruption and bribery in our operations and across our supply chain; and to ensure that our key stakeholders and their legitimate concerns are represented in our decision-making processes, material matters and impacts, risks and opportunities. Our integrated, shareholder and ESG reports publicly disclose key elements of our performance, strategy, governance, remuneration, policies and impacts. We are committed to protecting the personal information of our patients and have appropriate structures, policies and processes in place to do so effectively (we report significant data breaches, should these occur).

Targets
16.5 | 16.6
16.7 | 16.10

FY 2024 highlights

Engaged with suppliers on our 2030 environmental strategy and their environmental performance.

Rolled out a **digital awareness campaign on fraud** reporting mechanisms.

The Board and its committees considered **amendments to their terms of reference** in preparation for the implementation of the Companies Amendment Act.

Established the **AI Governance Committee –** the committee's first meeting is scheduled for the second quarter of FY 2025.

ESG ratings and accolades

CDP

Global rating

Assesses climate change disclosure.

Last rating date:

December 2023
(valid to December 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).

S & P Global Corporate Sustainability Assessment

Global rating

An investment index of emerging markets sustainability leaders.

Last rating date:

August 2024

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

MSCI ESG Research Inc.

Global rating

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

Last rating date:

June 2024

Achieved

'AA' rating

The second highest awarded on a seven-point scale

2023: AA

2022: AA

Netcare has maintained AA rating for eight years.

MSCI ESG RATINGS AA

CCC B BB BBB A AA AAA

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 Challenge[1].

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.

MY WALK MADE WITH SOUL

Scan to donate

People with disabilities

For the third **consecutive year**, IRAS[2], 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 (IRAS).*

02 Environment

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Minimising our impact on our planet for a better future for all

External commitments, frameworks and standards

- King IV Report on Corporate Governance for South Africa (2016)
- United Nations Global Compact[1]
- United Nations Sustainable Development Goals
- Task Force on Climate-related Financial Disclosures[2]
- Climate and Water CDP[3]
- ISO[4] 14064-3:2019 (Specification with guidance for the verification and validation of greenhouse gas statements)
- WBCSD/WRI Greenhouse Gas Protocol Corporate Accounting Standard, 2nd Edition, 2004[5]

Key legislation

- Climate Change Act 22 of 2024
- Electricity Regulation Amendment Act 38 of 2024
- National Environmental Management Act 107 of 1998
- South Africa's Just Energy Transition Investment Plan
- Waste Management Act 59 of 2008

United Nations Sustainable Development Goals[6]

Targets 6.3 | 6.4

Targets 7.2 | 7.3

Target 12.5

Target 13.1

GRI Standards[7]

302-1 and 3 to 4 / 303-1 to 5 / 305-1 to 5 / 306-1 to 5

Scope of reporting

Our environmental data covers all Netcare hospitals, Netcare Akeso mental health facilities, Netcare Medicross medical and dental centres and laundry and hospital vehicle transport. All metrics, unless otherwise specified, exclude National Renal Care. The following are included in the scope for emissions, energy and water consumption, and waste generation:

- Public private partnerships;
- Joint venture operations; and
- Netcare 911 facilities located at Netcare hospitals.

Assurance

Our energy, carbon footprint, waste generation and water usage reported in the ESG and integrated reports have been independently verified by Verify CO_2 and our Scope 3 emissions reporting is assured by The Green House. Our CDP disclosures have been independently assured by Talbot and Talbot and our compulsory emissions reporting is assured by Verify CO_2. Verification is undertaken at a limited level of assurance.

1. *Our 2024 Communication on Progress is available on the United Nations Global Compact website.*
2. *Our Task Force on Climate-related Financial Disclosures index: page 137.*
3. *Home | CDP (https://www.cdp.net/en).*
4. *International Organization for Standardization (ISO).*
5. *Used for assurance purposes.*
6. *Detailed descriptions of these targets: page 139.*
7. *Global Reporting Initiative (GRI). A GRI index covering our full reporting suite is available on the Netcare investor relations website.*

Environmental performance overview

Our environmental sustainability programme (since 2013)

Awards

47

local and international awards received since 2013 for outstanding environmental performance, climate leadership and climate resilience[1].

Investment and savings

Cumulative benefits delivered to date equate to

264%

of capex invested.

Cumulative financial results of our environmental sustainability programme at FY 2024 (Rm)

	Capex			Opex		
	To 2023	2024	2025	To 2023	2024	2025
Total	624	87	86	123	13	14

Our FY 2024 environmental sustainability performance

Energy intensity

8% increase

in electricity usage per bed per year to **18 679 KWh** – a **34% reduction** since the inception of our environmental sustainability programme (FY 2013).

FY 2023: 17 325 kWh

FY 2013: 28 442 kWh

2 300

additional year-on-year tCO_2e avoided through energy efficiency projects.

FY 2024 BSC target: 2 000 tCO_2e

FY 2023: 1 324 tCO_2e

Renewable energy

15.1 GWh

renewable energy generated.

FY 2023: 14.6 GWh

1 847

additional year-on-year tCO_2e avoided from utilising renewable energy sources.

FY 2024 BSC target: 1 900 tCO_2e

FY 2023: 1 081 tCO_2e

Scope 1 and 2 emissions[2]

5% decrease

in Scope 1 and Scope 2 emissions to **221 000 tCO_2e**.

FY 2023: 233 603 tCO_2e

Scope 2 emissions

4% decrease

in Scope 2 emissions over FY 2024 to **180 280 tCO_2e**[3].

FY 2023: 188 129 tCO_2e

Scope 3 emissions

5% increase

in Scope 3 emissions to **545 612 tCO_2e**.

FY 2023: 519 107 tCO_2e[4]

Waste generation

23% decrease

in total volume of waste sent to landfill to **6 161 tonnes**.

FY 2023: 7 989 tonnes

49% decrease

in general waste sent to landfill to **1 555 tonnes**.

FY 2023: 3 026 tonnes

Waste recycling and diversion

77% increase

in waste recycled to **3 150 tonnes**.

FY 2023: 1 780 tonnes

Water intensity

2% decrease

in total water consumption per bed per day to **416 litres**.

FY 2023: 426 litres

Water consumption

3% decrease[5]

in municipal water consumed to **1 646 889 kl**.

FY 2023: 1 695 949 kl

In its first year, the 2030 environmental sustainability strategy has generated **operational savings of R26 million**.

Note: 2025 values are forecasts and subject to change.

1. *From the Global Green and Healthy Hospitals network, Association of Energy Engineers and the South African Energy Efficiency Confederation.*
2. *Emissions were calculated using the Department of Forestry, Fisheries and the Environment (DFFE) emissions factor published in 2022 of 0.931 kg CO_2 per kWh - these are more accurate than those supplied by Eskom.*
3. *Purchased electricity increased from 180 893 MWh to 193 641 MWh, however, the use of the more accurate DFFE emissions factor resulted in a decrease in reported Scope 2 emissions.*
4. *Restated from 108 118 tCO_2e due to improved reporting (full quantification and verification): page 53.*
5. *For all facilities with water meters installed.*

Our environmental sustainability programme

Our environmental sustainability programme continues to deliver tangible financial savings, reduce our environmental impacts, and plays a vital role in reducing our exposure to an unstable national electricity grid, as well as mitigating water security risks.

The programme focuses on enhancing efficiencies across our facilities, risk mitigation, addressing regulatory changes and resource scarcity, and on minimising the Group's negative environmental impacts. All of these will play a key role in ensuring our long-term sustainability.

After closing out phase 1 of our sustainability programme last year (the 2023 environmental sustainability strategy[1]), we have fully transitioned to phase 2, the 2030 environmental sustainability strategy. The new strategy prioritises operational efficiency and requires less intensive capital investment. It is aligned with and enabled by the Just Energy Transition Investment Plan and supports the 1.5-degree pathway specified by the COP21[2] Paris Agreement.

Over FY 2024, we fully quantified and verified our Scope 3 emissions, enabling us to develop and submit emissions reduction targets to the SBTi[3] – these were accepted and approved in December 2024. This will move us closer to our goal of improving our CDP reporting to an A rating for climate.

Our 2030 environmental sustainability strategy

Our 2030 environmental sustainability strategy is premised on three primary long-term goals: becoming global leaders in healthcare sustainability solutions; complying with 2030 global best practices (including science-based targets and carbon budget goals); and driving long-term security, efficiencies and cost savings for the business through sustainable resource management. All of these support our over-arching, longer-term goal of achieving net zero emissions by 2050.

We originally set our 2030 targets using FY 2021 as the baseline year for the majority of our targets, with FY 2013 set as the baseline year for our energy intensity target. We have since amended the baseline to FY 2023 and adjusted our targets to reflect the progress made in the interim. The baseline was reset to reflect the closing out of the 2013 to 2023 environmental sustainability strategy and to ensure that the pandemic did not impact our baseline measures.

	Target remains the same	Target has changed due to baseline adjustment to FY 2023
Emissions	Achieve **zero** Scope 2 emissions. Reduce Scope 1 and Scope 2 emissions by a combined **84%**.	Original target: reduce Scope 3 emissions by 6%. **Interim progress: Scope 3 quantification and verification.** Revised target: significantly reduce Scope 3 emissions against the FY 2023 baseline.
Energy	**100%** renewable energy.	Original stretched target: reduce energy intensity by 35% against the FY 2013 baseline – this was updated to 40% when we achieved the stretched target. **Interim progress: reduced energy intensity by 39% between FY 2013 and FY 2023.** Revised target: reduce energy intensity by 1% against the FY 2023 baseline. (measured in KWh per bed per year)
Waste	**Zero** waste to landfill.	Our long-term zero waste to landfill target remains unchanged.
Water	**Significantly reduce** impact on the limited freshwater sources in SA.	Original target: reduce Group water intensity by 20%, from an averaged 500 litres per bed per day to 400 litres per bed per day. **Interim progress: reduced water intensity by 15% by FY 2023 to 426 litres per bed per day.** Revised target: reduce water intensity by 5% against the FY 2023 baseline. (measured in litres per bed per day)

1. *We exceeded our targets for this strategy and achieved cumulative operational savings and cost avoidance benefits over R1.5 billion, yielding an IRR of 40%.*
2. *UN Climate Change Conference (COP21), Paris, 2015.*
3. *Science Based Targets initiative (SBTi).*

Our environmental sustainability programme continued

Meeting our commitments

We have set operational efficiency targets for all acute hospitals across the Group, aligning these with our energy, water and waste reduction objectives. To do so, we categorised facilities according to factors relevant to their energy, water and HCRW[1] demands, computed averages for these categories, and assigned targets based on each site's current performance – setting more ambitious targets for acute hospitals performing above average and lower targets for those performing below. We also set targets for performance at Group level. Dashboards track progress against our energy, waste and water targets at Group and site level, and an initiative tracker provides facilities with a list from which they can select operational efficiency initiatives for implementation to improve performance. To ensure our data are representative, site-level baselines are regularly evaluated to eliminate or account for anomalies (eg leaks and/or upgrades) and are statistically adjusted when necessary.

We have established a review process and committee to track performance against our 2030 targets. Outliers are identified and investigated monthly, and the committee meets monthly to conduct an in-depth review of Group and site-level performance. Environmental sustainability performance is elevated to leadership via multiple engagement forums, including the Sustainability Committee, the Hospital Division's Executive Committee and regional Executive Committee meetings, the Consistency of Care Committee, and various technical meetings.

The Hospital Division is the initial focus for all our efficiency and sustainability initiatives as it accounts for the bulk of our environmental impact.

During FY 2024, **406** operational efficiency initiatives were implemented across the Group.

Return on environmental sustainability projects

All environmental sustainability capex projects are reviewed 12 months after completion using the SANS 50010 measurement and verification standards, and comparing performance against our original predictions. Reviews conducted on projects with a cumulative capex of **R484 million** indicate a net present value of **R181 million** against a predicted **R139 million**, demonstrating that our projects are achieving greater savings than originally anticipated. Payback periods continue to shorten as utility costs increase.

As our baseline for the 2030 strategy is FY 2023, optimisation impacts and savings are not yet clearly evident. However, based on increasing tariffs and the performance of the 2013-2023 environmental strategy, we anticipate that these will accrue over time, becoming more evident with each year that the new strategy is in effect. We will resume reporting on the optimisation impact of energy, waste and water initiatives when the 2030 strategy is more mature.

Our Enterprise Sustainability Platform

The ESP[2] gathers sophisticated data on our energy and water consumption, enabling us to establish baselines, benchmark our facilities and set clear targets per facility. The platform has proven a critical first step in detecting inefficiencies early and guiding improvement initiatives (eg switching to lower electricity tariff structures, accurately billing our tenants for electricity consumption and rectifying incorrect billing for electricity, water and waste), resulting in significant financial savings. As of FY 2024, more than **98%** of the Group's energy and water consumption is monitored by our fully digital ESP. This includes more than **815** meters across **109** sites, providing us with more than **12 000** data points to track, and enabling us to evaluate the real-time consumption of each one of our energy assets.

Measurement and monitoring

Energy

We measure energy consumption through electricity purchased and calculate reductions against our performance at baseline. Meters are critical for establishing accurate baselines against which to measure, verify and report energy reductions, as well as to accurately record our tenants' usage. Electricity meters cover **100%** of the hospital network, **75%** of Primary Care and **100%** of Netcare Akeso facilities' electricity expense. We have also installed meters on generators and diesel tanks – these allow us to track real-time generation and fuel consumption, enabling us to timeously identify low fuel levels. National audits enable us to identify opportunities to reduce our electricity consumption, as well as additional projects for implementation.

Waste

Waste governance is managed on SafeCyte (the Group SHEQ[3] information management system), and a data management dashboard is used to track waste volumes at hospitals. Our audits of waste service providers cover compliance with waste management regulations, training, competency of staff, waste information systems, control and security, transportation, monitoring, environmental impact and health and safety. Waste is measured by collecting and weighing the waste collected for each waste stream.

*— Read more about SafeCyte in our **quality report**: Governance.*

Water

Water consumption is measured via water meter readings. Water meters are installed at all Netcare hospitals, Netcare Akeso facilities and National Renal Care units. Data from utility accounts is used to determine water usage at Netcare Primary Care sites.

1. *Healthcare risk waste (HCRW).*
2. *Enterprise Sustainability Platform (ESP).*
3. *Safety, health, environmental sustainability and quality management (SHEQ).*
4. *Due to cost savings initiatives implemented at Group level.*

Digitising asset management

In FY 2024, we successfully piloted our new mobile work management app at two facilities. Early results are promising and demonstrate notable improvements in efficiency, workflow optimisation, decision-making and resource allocation, while also reducing paper usage. Group-wide rollout of the app is temporarily on hold, but we remain confident that – when implemented – the project will deliver significant long-term benefits.

Critical issues: climate change

As of 2024, 195 countries are signatories to the Paris Agreement[1] and 72[2] have set net zero targets via policy documents or legislation. Limiting global temperature increase to 1.5 °C requires a 45% reduction in emissions by 2030 (compared to 2010 levels). The global Climate Action Tracker[3], however, indicates that the world's current efforts are not sufficient to meet the 1.5°C target, and that only the most optimistic scenarios predict an increase below 2.0°C[4]. In fact, if current national plans for the Paris Agreement signatories are implemented, a 9% increase compared to the 2010 baseline is predicted[5]. The need for urgent action is highlighted by the fact that 2023 was the hottest year on record by some margin[6], and also marked a record year for the average amount of carbon dioxide present in the atmosphere[7].

Climate change and healthcare

The healthcare sector is a major emitter of pollutants and contributes significantly to climate change, with around 5% of GHG emissions attributable to the sector[8]. At 44%, the proportion of biotech, healthcare and pharmaceuticals organisations without any emissions targets is also particularly high[9].

Affecting the physical environment as well as socioeconomic conditions and healthcare systems, climate change is a fundamental threat to human health. The WHO cautions that, without mitigating strategies, climate change-mediated health hazards are estimated to cause 250 000 premature deaths per year between 2030 and 2050 as well as direct damage costs to health totalling between USD2 and USD4 billion each year by 2030[10].

For the healthcare sector, responding to the growing climate crisis requires us to respond to the impacts of climate change on our operations, treat those made ill by the climate crisis, and turn our immediate focus to finding ways to reduce our own emissions.

Climate change in South Africa

The impact of climate change on SA is already becoming evident and will intensify as global temperature rises. As one of the driest countries in the world[11], both the intensity and frequency of droughts are expected to increase. This is one of the most pressing climate-related concerns facing the country at present, particularly in light of our water system's inability to meet increasing demands. Water shortages increase the risk of waterborne disease outbreaks, resulting in greater need for healthcare. Heatwaves are also expected to become hotter and more frequent, increasing the risk of deadly heat stress, particularly for those who work outside[12]. Drought, heat, flooding and other extreme weather events pose risks to the health of South Africans, while also potentially undermining job, food and water security; raising the cost of living; and driving greater socioeconomic and health inequalities.

Recent developments

The Climate Change Act signed into law in July 2024, sets out a national climate change response, including mitigation and adaptation actions.

The Electricity Regulation Amendment Act, signed into law in August 2024, sets out far-reaching reforms of SA's electricity sector, including the establishment of a competitive electricity market.

The Just Energy Transition Investment Plan is now in full effect. The proposed legislative changes and policies will further enable our transition to renewable energy sources, while also ensuring that the transition does not further amplify inequalities in access to energy.

1. *The Paris Agreement | United Nations (https://www.un.org/en/climatechange/paris-agreement).*
2. *Net Zero Stocktake 2023 | Net Zero Tracker (https://zerotracker.net/analysis/net-zero-stocktake-2023).*
3. *An independent scientific project that tracks government climate actions, measuring this against the globally agreed Paris Accord aim of "holding warming well below 2°C and pursuing efforts to limit warming to 1.5°C".*
4. *Climate Action Tracker (https://climateactiontracker.org/).*
5. *Net Zero Coalition | United Nations (https://www.un.org/en/climatechange/net-zero-coalition).*
6. *State of the Global Climate | World Meteorological Organization (https://wmo.int/publication-series/state-of-global-climate).*
7. *Climate Change: Atmospheric Carbon Dioxide | NOAA Climate.gov (https://www.climate.gov/news-features/understanding-climate/climate-change-atmospheric-carbon-dioxide).*
8. *The 2020 report of The Lancet Countdown on health and climate change: responding to converging crises | The Lancet (https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)32290-X/abstract).*
9. *Net Zero Stocktake 2023 | Net Zero Tracker (https://zerotracker.net/analysis/net-zero-stocktake-2023).*
10. *Climate change | World Health Organization (https://www.who.int/news-room/fact-sheets/detail/climate-change-and-health).*
11. *AR6 Synthesis Report: Climate Change 2023 | IPCC (https://www.ipcc.ch/report/ar6/syr/).*
12. *New report: What climate change means for South Africa and its people | CSAG (https://www.csag.uct.ac.za/2024/02/28/new-report-what-climate-change-means-for-south-africa-and-its-people/).*

Our environmental sustainability programme continued

Critical issues: municipal infrastructure failures

We depend on stable electricity and water supplies to provide care to patients 24 hours a day, 365 days a year. Breakdowns, load shedding and water cuts disrupt normal business operations and can result in sub-optimal quality patient care and increase operating costs. Load shedding, along with increasing electricity prices also place pressure on the Group's margins.

Electricity

SA has not been subject to load shedding since 26 March 2024 and Eskom has maintained an EAF[1] above 60% between May and November 2024 (2023: 55%)[2], indicating improved power plant performance. However, in August 2024, the Minister of Electricity and Energy warned against premature assumptions that load shedding has passed[3]. While the situation is improving, the public electricity utility still faces significant challenges, including navigating planned maintenance this summer.

Eskom's poorly maintained and aging infrastructure continues to pose a challenge to uninterrupted access to electricity, and power outages are commonplace and can take hours to days to resolve.

Electricity prices also continue to increase, with the cost of electricity increasing by 937% between 2007 and 2024, well above inflation for the same period (155%)[4]. Over 2025, prices may escalate even further, with a proposed 36% increase for direct Eskom customers and a 44% increase in municipal tariffs[5]. Rampant cost escalations are hastening procurement of renewable and reliable sources of energy for industry and households, reducing Eskom's customer base.

Numerous renewable energy projects are registered to supply the national grid; however, at least 14 000 kilometres of high-voltage power lines are needed by 2032 to connect and transmit the solar and wind energy generated to the grid, costing around R390 billion[6].

While diesel generators are needed during power outages, they are also detrimental to the environment, increase our Scope 1 emissions and cost around 3.5 times more than electricity sourced from the national grid.

Mitigation

- Our 2030 environmental sustainability strategy.
- Emergency generation and backup capacity, enabled by uninterrupted power supplies and a fleet of **150** backup diesel generators that support all facilities across the Group. This includes full island generation capacity for the majority of acute, day and psychiatric hospitals. More than half of acute and day hospitals are equipped with additional generation capacity to ensure patient safety (by providing dual redundancy for critical functions).
- Load capacity analysis ensures generators can handle peak demand without compromising energy efficiency.
- **27** hospitals currently benefit from full or partial load shedding exemption.
- **74** solar PV systems installed.
- A **20-year** renewable energy supply agreement covering **six** Eskom-supplied sites (effective September 2026) and negotiations for agreements for further municipal-supplied sites: page 51.
- The Netcare Medicross BESS[1] project: page 54.

1. *Battery energy storage system (BESS).*

1. *Energy availability factor (EAF).*
2. *Monthly Eskom Generation capacity breakdown - Eskom Data Portal | Eskom (https://www.eskom.co.za/dataportal/outage-performance/monthly-eskom-generation-capacity-breakdown/).*
3. *SAnews | South African Government News Agency (https://www.sanews.gov.za/south-africa/eskom-delivering-exceptional-performance-minister-remains-cautious).*
4. *2024 update: Eskom tariff increases vs inflation since 1988 (with projections to 2026) | PowerOptimal (https://poweroptimal.com/2024-update-eskom-tariff-increases-vs-inflation-since-1988-with-projections-to-2026/).*
5. *The National Energy Regulator of South Africa (NERSA) (https://www.eskom.co.za/the-national-energy-regulator-of-south-africa-nersa-publishes-eskoms-revenue-application-for-the-next-three-financial-years-fy-2026-to-2028/).*
6. *Plans to upgrade transmission lines in SA taking shape - ESI-Africa.com (https://www.esi-africa.com/southern-africa/plans-to-upgrade-transmission-lines-in-sa-taking-shape/).*

Water

SA's water supply network is complex, and water demand is met by transporting water between water catchment areas (and provinces) via hydraulic systems. These systems and water infrastructure in SA are aging and receive insufficient maintenance and investment, resulting in frequent outages and deteriorating water quality. Currently, an estimated 98% of 115 wastewater treatment systems and around 47% of 958 water supply systems are in poor or critical condition, and approximately 35% of municipal water is lost to leakage[1]. Electricity disruptions also impact the country's water-processing and distribution networks, leading to water cuts in affected areas.

As is demonstrated by persistent water shortages in major metropolitan municipalities, failure to adequately address strains on SA's water infrastructure can have severe consequences for its citizens and businesses. The water crisis is particularly pronounced in Gauteng, where most of our hospitals are located. In March 2024, 50% of the Johannesburg water supply was affected by a disruption lasting 11 days. Maintenance work currently underway on the Lesotho Highlands Water Project tunnel will place further strain on water supply in the greater Johannesburg area.

Mitigation

- The majority of Netcare hospitals have at least **24 hours** backup water supply (some have **48 hours** of backup supply). Our water conservation mode allows us to double the period of our backup water supply in the event of water supply disruptions.
- Our borehole and potable water risk-adjusted strategies: we have **36** boreholes[1] and **seven** filtration plants, with **14** additional boreholes planned. Our risk-adjusted potable water strategy for the Hospital Division secures our ability to operate should a water-related disaster occur.
- A desalination plant at Netcare Christiaan Barnard Memorial Hospital is equipped to supply additional water to all Western Cape facilities.
- The Netcare Milpark Hospital and Netcare Garden City Hospital reservoirs can supply around **one million litres** of water.

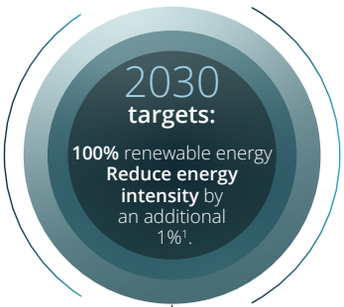
1. *Seven boreholes are currently in use. We await licensing for the remainder.*

Read about environmental risks: ***page 31****.*

1. *DWS Green Drop Report 2022; DWS Blue Drop Report 2023; 2023 Water Market Intelligence Report.*

Reducing our carbon footprint

Reaching net zero by 2050 will require agility, adaptability, experimentation and innovation as we evaluate, pilot and implement emerging technologies and solutions that deliver on our goal to reduce our emissions while also providing accurate and reliable performance monitoring data.



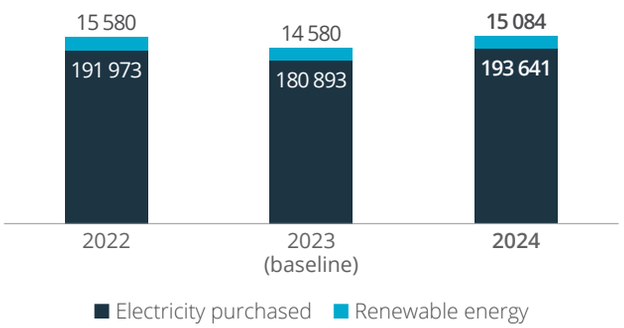
Group energy consumption

Our energy efficiency and 100% renewable energy initiatives are designed to reduce our environmental impact and reliance on the national power grid, while generating cost savings for the Group. Reducing coal and/or diesel-sourced energy consumption and energy intensity also positively impacts our Scope 1 and Scope 2 emissions.

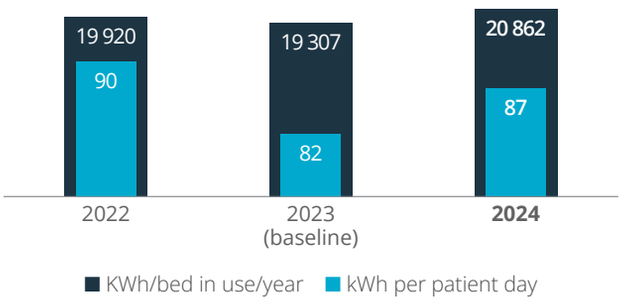
Investing in renewable energy and optimising efficiencies

Ambient temperatures were higher in FY 2024, negatively impacting electrical energy consumption. However, reduced load shedding decreased the amount of diesel consumed running our backup generators and increased the amount of electricity purchased from the grid. While these factors resulted in overall energy consumption for FY 2024 being lower than the prior year (**945 675 GJ** compared to 1 011 723 GJ in FY 2023), they also increased the indirect energy intensity of our operations causing regression against FY 2023 baseline performance.

Energy consumption (MWh)



Energy intensity on monitored facilities



Note 1: this graph reflects our energy intensity of beds that are in use only. The intensity ratio reported below is calculated on all beds.
Note 2: KWh/patient/day for FY 2022 restated from 19 220 due to reporting error.

Energy efficiency

2 300
additional year-on-year tCO_2e avoided through energy efficiency projects, a **74%** year-on-year increase.
FY 2024 BSC target: 2 000 tCO_2e
FY 2023: 1 324 tCO_2e

Energy intensity

8% increase
in electricity usage per bed per year to **18 679 KWh**.
FY 2023: 17 325 KWh

Renewable energy

1 847
additional year-on-year tCO_2e avoided from utilising renewable energy sources.
FY 2024 BSC target: 1 900 tCO_2e
FY 2023: 1 081 tCO_2e

15.1 GWh
renewable energy generated through our **74 solar** PV installations. These installations have a total generating capacity of **15.2 MWp**.
FY 2023: 14.6 GWh

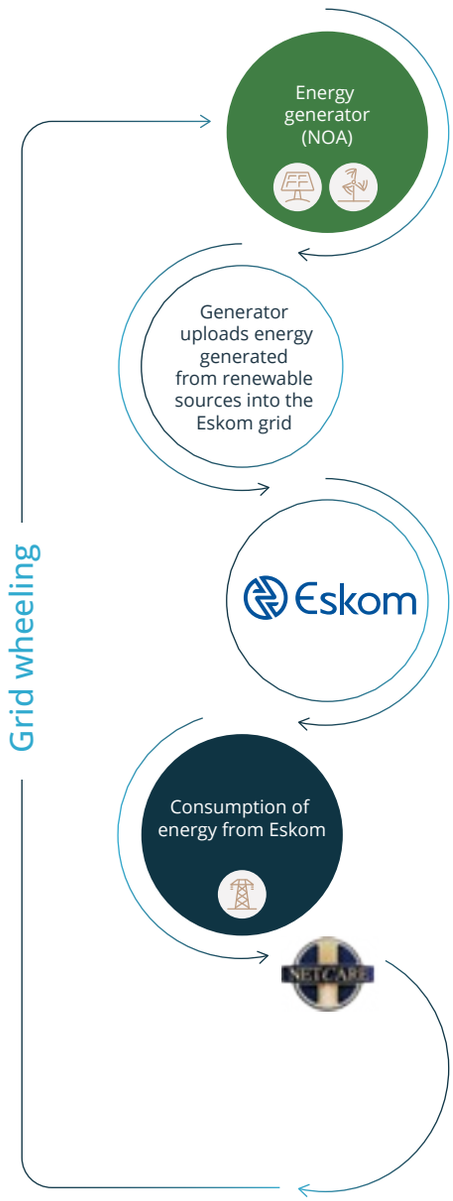
1. *Targets were originally set using FY 2021 as a baseline year. We have since amended the baseline to FY 2023 and adjusted our targets to reflect the progress made since FY 2021. Original target: 35% reduction in energy intensity since FY 2013. Updated target: 40% reduction since FY 2013, or a 1% reduction against our updated FY 2023 baseline.*
2. *Includes purchased electricity and other fossil fuels but excludes renewable energy. Electricity meters cover 100% of the hospital network and Netcare Akeso facilities' and 75% of Primary Care facilities' electricity expense.*

Financial impact

For the first time in **four** years, tariff increases (up **12.4%**) were below actual year-on-year costs which increased **21.3%** to **R509 million.** This is attributable to various causes, but primarily relates to the factors noted previously. Our footprint also expanded due to the addition of the new Netcare Akeso Gqeberha facility.

Diesel costs for the year were **R47 million**, lower than the projected **R92 million** and well below costs for FY 2023 (R124 million). This is largely attributable to reduced load shedding over the course of the year.

We invested **R11 million** in our renewable energy programme during FY 2024. Our solar PV installations achieved a **R38 million** cost saving for the year (FY 2023: R34 million).



Our 100% renewable energy programme

Achieving 100% renewable energy will enable the Group to access the market at scale, maximise our ability to reduce Scope 2 emissions, and lower our operational costs. Our primary means for achieving this is through our grid wheeling initiative which focuses on securing power-purchasing agreements with energy traders to wheel[1] renewable wind turbine and solar energy to our facilities. While our solar PV rollout also supports this goal, our ability to secure our own solar infrastructure is constrained by the amount of space that can be dedicated to onsite solar installations.

Key renewable energy initiatives

- Phase 1: entered a 20-year power purchasing agreement with an energy trader to purchase grid wheeled renewable energy for **six** sites representing around **12%** of the Group's annual electricity consumption[2]. We anticipate that these sites will receive up to **100%** wind power by September 2026 (pending site development and construction).
- Phase 2: exploring viable renewable energy wheeling solutions for **12-15** municipal-connected facilities; during FY 2024, we initiated negotiations for **12** facilities.
- Increasing our solar PV footprint. This year, we installed **two** additional PV systems, including an additional carport system at Netcare Pretoria East Hospital. A further **two** PV systems are planned for FY 2025.

Key Achieved In progress/continuous

1. *Wheeling is best described as a financial transaction where electrical energy produced by a generating facility or power producer is wheeled through the grid, allowing the independent power producer to sell the electrical energy to the energy consumer without a direct or physical connection between the parties.*
2. *The agreement, concluded in 2023, reached unconditional status for all sites.*

Reducing our carbon footprint continued

Energy efficiency

Our energy efficiency projects work in synergy with our renewable energy programme, reducing total energy demand and accelerating shifting of the Group's energy mix, while simultaneously reducing the capital investment required to supply our energy demands via onsite and offsite renewables.

Key energy efficiency initiatives

- HVAC is the main driver of electricity consumption in our facilities. We lower its impact by using waste heat for zone heating and hot water generation, driving off-duty cycles in theatres, and installing time and movement sensors on split units (cleaning and replacing these when needed to improve efficiency).
- Commencing phase 2 of the national energy efficient lighting rollout – the initiative involves replacing previously installed efficient lighting with more efficient LED alternatives.
- Using energy efficient heat pumps to generate hot water, reclaim heat from our HVAC systems or from solar or heat pumps, and insulate pipes to reduce heat loss. This year, we installed energy efficient domestic hot water systems at three facilities.
- Maintaining and optimising cooling towers and chillers.
- Ensuring that unoccupied theatres, wards and units do not draw unnecessary power.
- Setting geyser, freezer and refrigerator thermostats to effective and efficient temperatures.
- Procuring energy efficient equipment and new technologies; for example, occupancy sensors in plantrooms, reducing energy consumption.
- Identifying plant consolidation opportunities and reducing redundancies
- Using tinting to reduce heat load through windows.
- Reviewing and building a case for replacing old technologies.
- Engaging with employees and doctors on energy efficiency. .
- Using our plant monitoring platform to identify inefficient plants in need of repair

Key Achieved In progress/continuous

Electric vehicle charging stations

In partnership with Chargify[1] and Mercedes Benz, we recently installed EV[2] charging stations at Netcare Waterfall City and Netcare Margate hospitals – a first for hospitals in SA. The stations draw power from the hospitals, which are reimbursed at cost plus **10%**. The EV stations come at no capital or operational cost to Netcare. A further **six** stations are currently under construction.

The stations are aligned with our goal of reducing emissions, providing patients and/or employees greater access to EV infrastructure, and supporting a more sustainable environmental footprint. In future, these types of initiatives have the potential to reduce our Scope 3 emissions (eg employee commuting and downstream transportation and distribution).

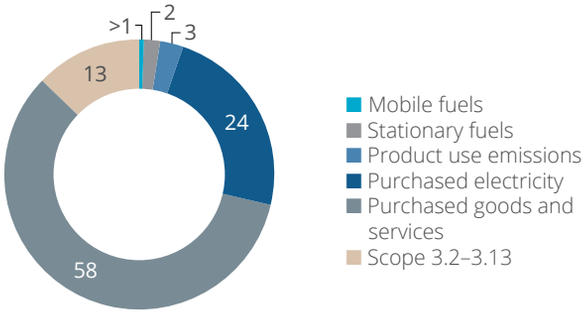
1. *A leading provider of EV charging solutions in SA.*
2. *Electric vehicle (EV).*

Our greenhouse gas emissions

Our 2030 environmental strategy and targets are designed to build a solid foundation for achieving our long-term ambition of net zero emissions by 2050. We have identified Scope 2 emissions as those over which we have the highest degree of control and have therefore set the most ambitious target for these. Our energy efficiency and 100% renewable energy programmes will enable us to reduce our coal-sourced purchased electricity to zero, eliminating Scope 2 emissions by 2030. We also have specific Scope 1 emission reduction initiatives in place. Our Scope 3 emissions, on the other hand, are more challenging to quantify and control. During FY 2024, we fully quantified these emissions for the first time and found they comprise the bulk of our carbon footprint (page 56). Based on these results, we have restated both our Scope 3 emissions and carbon footprint for FY 2023 and are confident these are more representative than numbers reported in previous years.

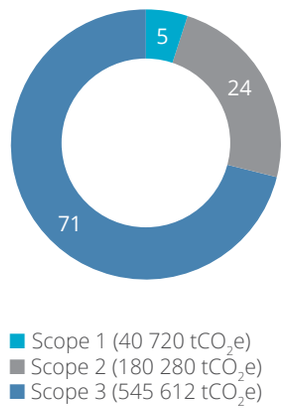
Our carbon footprint

Scope 1, 2 and 3 GHG emissions breakdown (%)



Note 1: our carbon footprint excludes 2 269 tCO_2e emissions falling outside the Kyoto Protocol, accounting for 0.3% of total emissions.
Note 2: based on improved calculation and reporting of Scope 3 emissions, we have restated our carbon footprint and Scope 3 emissions for FY 2023. We previously reported a carbon footprint of 341 721 tCO_2e, inclusive of 108 118 tCO_2e Scope 3 emissions. Enhanced calculations estimate our Scope 3 emissions for FY 2023 at 519 107 tCO_2e.
Note 3: the 2022 Department of Forestry, Fisheries and the Environment (DFFE) CO_2 emissions factor of 0.931 kg CO2/kWh was used to calculate emissions.

Carbon footprint (%)



2% increase

in Scope 1, 2 and 3 emissions for FY 2024 to **766 612 tCO_2e**.

FY 2023: 752 710 tCO_2e

Reducing our Scope 1 and 2 emissions

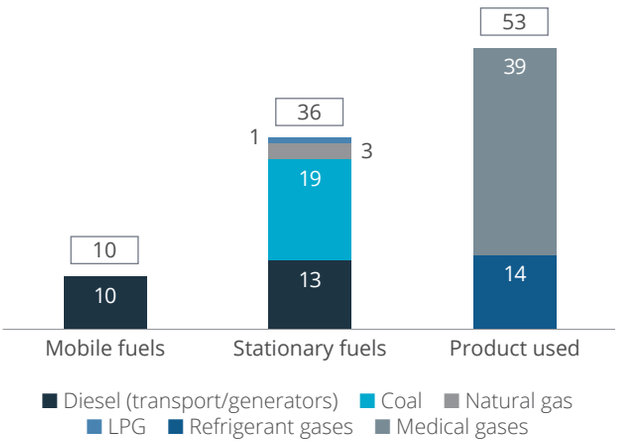
Our Scope 1 emissions[1] are impacted by external factors, including supply interruptions that increase generator fuel usage, patient needs that drive medical gas usage, and road and air ambulance services that rely primarily on fossil fuel use. While reducing these is challenging, we continue to closely monitor market trends, innovate, and develop products to secure alternative solutions as they become available. Our Scope 2 emissions[2] relate exclusively to purchased electricity.

1. *Includes: mobile fuels (diesel, petrol and aviation fuel), stationary fuels (natural gas, diesel for generators, LPG and coal), fugitive emissions (medical and refrigerant gases). Measured by converting volume data from actual purchases from suppliers into equivalent CO_2 emissions.*
2. *Assessed by measuring the amount of electricity used at each of our facilities, converting this into equivalent CO_2 emissions based on how the electricity was generated.*

Reducing our carbon footprint continued

Scope 1 emissions

Scope 1 GHG emissions breakdown (%)



Note: stationary fuels include petrol at less than 1%.

11% decrease

in absolute Scope 1 emissions to **40 720 tCO_2e**.

FY 2023: 45 474 tCO_2e

Reduced load shedding over the course of FY 2024 decreased diesel generator usage by **63%**, positively impacting our Scope 1 emissions.

Key Scope 1 reduction initiatives

- Implemented generator load curtailment to decrease diesel consumption during load shedding[1].
- Fully automated the laundry boiler system, reducing coal and electrical energy consumption.
- Installed BESS[2] solutions at **20** Netcare Medicross centres – the systems are integrated into the sites' solar PV systems, reducing reliance on diesel generators during load shedding, generating cost savings and minimising our environmental impact .
- Continuing to convert our remaining domestic hot water systems from onsite natural gas boilers to alternative energy efficient sources (eg heat pumps).
- Began piloting the use of biodiesel as generator fuel (an alternative to diesel generated through fossil fuels) at one facility. Should the pilot prove successful, the initiative will be rolled out across the Group.
- Exploring ways to reduce Netcare 911 emergency ambulance services fleet emissions by sourcing electric ambulances and biofuel[3].

Key Achieved In progress/continuous In future

Note: total diesel usage decreased by 47% over FY 2024.

Our rented fleet of 241 petrol and diesel vehicles, four helicopters and five jets distributed across 93 sites is essential to providing quality, emergency care for patients, including by providing free care to those who cannot afford to pay for these services. Presently, however, the diesel emissions produced by the fleet do contribute significantly to our Scope 1 emissions.

1. *For example, by reducing use of high-consumption and non-critical equipment during load shedding. This initiative remains ready for re-activation should load shedding resume.*
2. *Battery energy storage systems (BESS). Feasibility studies for these installations indicate that, even under Stage 1 load shedding conditions, the projects will perform favourably (measures: IRR, NPV and environmental impact). The projects are expected to provide additional cost advantages by storing energy in off-peak periods and discharging in peak periods.*
3. *This initiative remains in its very early stages and implementation is likely to commence in the medium to long term.*

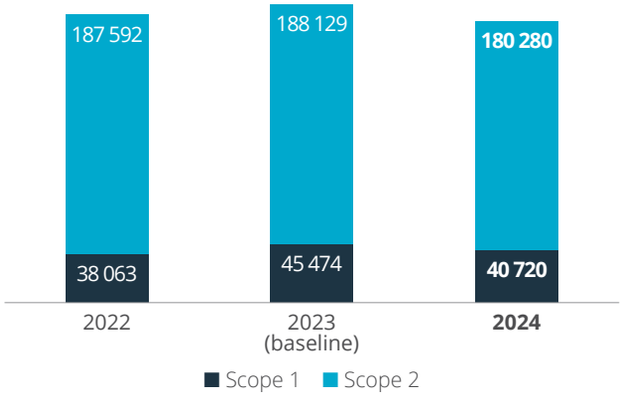
2030 targets:

Reduce Scope 1 and 2 emissions by a combined **84%**

Reduce Scope 2 emissions to **zero.**

Scope 1 and 2 emissions

Scope 1 and Scope 2 emissions breakdown (tCO_2e)



5% decrease

in absolute Scope 1 and Scope 2 emissions to **221 000 tCO_2e**.

FY 2023: 233 603 tCO_2e

5% decrease

in Scope 1 and Scope 2 emissions per bed per year to **20.4 tCO_2e.**

FY 2023: 21.4 tCO_2e

Energy purchased in FY 2024 **increased 7%,** however the use of the more accurate DFFE[1] emissions factor resulted in a **4% reduction** in our Scope 2 emissions to **180 280 tCO_2e.**

FY 2023: 188 129 tCO_2e

Lower levels of load shedding decreased diesel generator usage and increased energy purchased.

Our Scope 1, energy efficiency and 100% renewable energy initiatives also reduce our Scope 1 and Scope 2 emissions.

1. *Department of Forestry, Fisheries and the Environment (DFFE).*

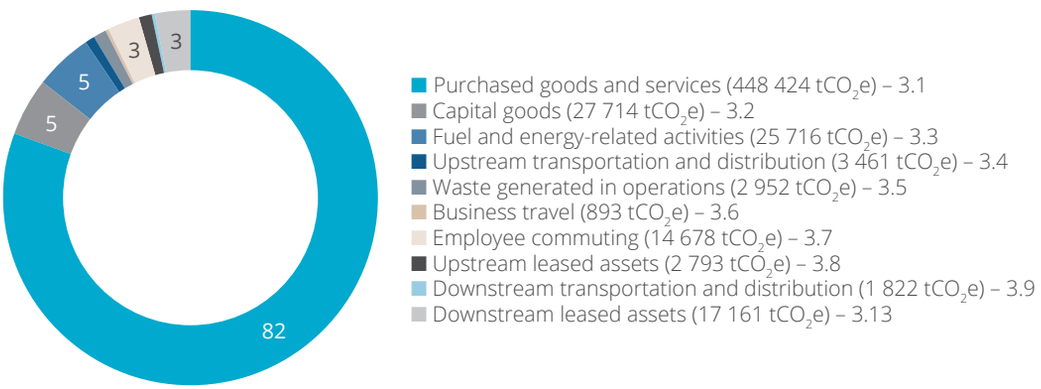
Reducing our carbon footprint continued

Accurately quantifying and setting targets for our Scope 3 emissions

During FY 2024, we engaged specialist consultants to calculate our Scope 3 emissions in accordance with the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Our Scope 3 calculations now cover all Netcare hospitals (including training, laboratory, laundry and administration facilities), Netcare 911, Netcare Akeso facilities, Netcare Medicross centres, and National Renal Care units. Of the 15 Scope 3 categories specified, ten apply to Netcare and are detailed below. Procurement spend, capex, employee numbers, patient days, tenant water and electricity use, and data from Scope 1 and Scope 2 GHG inventories were used to calculate our Scope 3 carbon footprint. Employee commuting emissions were calculated based on provincial averages reporting in the 2020 National Households Travel Survey.

Scope 3 emissions

Scope 3 GHG emissions breakdown (%)



Note: 3.4, 3.5, 3.6, 3.8 and 3.9 all at > 1%

Originally, we reported **108 118 tCO_2e** Scope 3 emissions for FY 2023, however, after enhancing our Scope 3 reporting, this increased significantly to **519 107 tCO_2e** – a value that more accurately captures our total Scope 3 emissions. Our Scope 3 emissions for FY 2024 were **545 612 tCO_2e**, a year-on-year increase of **5%.**

Key Scope 3 reduction initiatives

- Fully quantified our Scope 3 emissions and set science-based emissions targets via SBTi[1].
- As purchased goods and services have a profound impact on the Group's carbon footprint, we have set a target to engage our top suppliers on emissions and the Netcare strategy and objectives.
- Identifying areas for intervention and decarbonisation (eg suppliers who contribute significantly to our Scope 3 emissions).
- Our zero general waste strategy, water saving initiatives and energy efficiency drives that reduce tenant water and electricity use.
- Driving local procurement.
- Our renewable energy strategy will reduce Scope 3 emissions by providing our onsite tenants access to 100% renewable energy.

The Scope 3 quantification exercise was also used as a basis for better understanding how Netcare could evaluate its biodiversity impact and plastics footprint. We are committed to improving our environmental disclosures and aim to begin reporting on both of these in the short to medium term.

Key Achieved In progress/continuous In future

Additional FY 2024 performance

- **Ten** facilities have fresh air pre-treatment cooling units installed as of FY 2024 (FY 2023: 6).
- Continue to test our medical air compressor monitoring initiative at **21 sites** – roll out to further hospitals will be assessed following an additional monitoring period.
- **22** additional energy meters were installed this year.
- Recovered costs for **18 MWh** from tenants (FY 2023: 18 MWh).

*For additional detail on our performance, see the key data section: **page 129**.*

Looking ahead

Our key focus areas for the short to medium term include working closely with suppliers to reduce their emissions and Netcare's Scope 3 emissions, and continuing to drive operational efficiencies across the Group. All our FY 2025 BSC targets for energy relate to reducing our carbon emissions for the year, particularly through our new energy efficiency and renewable energy projects.

1. *Science Based Targets initiative (SBTi).*

Reducing waste sent to landfill

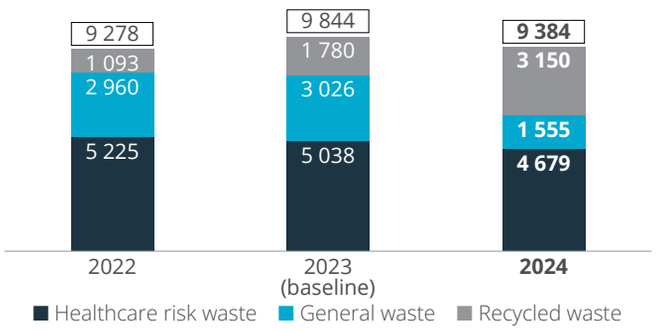
Achieving our zero waste to landfill target will reduce the Group's environmental impact and carbon footprint while decreasing costs, ensuring resource recovery, minimising wastage of scarce natural resources, creating employment opportunities, and contributing to a less polluted and greener SA.

2030 targets: zero waste to landfill.

We are transitioning from a linear to circular economy model of waste management through waste minimisation, waste segregation at source, re-use, refurbishment, recycling and waste beneficiation initiatives.

Group: total waste generation and breakdown

Waste volumes (tonnes)



23% decrease

in total volume of waste sent to landfill to **6 161 tonnes[1].**

FY 2023: 7 989 tonnes

Note: total provided for healthcare risk waste (HCRW) includes incinerated HCRW.

Healthcare risk waste

The most expensive category of waste to dispose of. Includes sharps, gloves, used medical items like bandages and infectious waste (including highly infectious or isolation waste) as well as anything anatomical. Given legislative controls and our focus on this waste stream, our HCRW is accurately reported.

7% decrease

in HCRW treated and landfilled to **4 606 tonnes.**

FY 2023: 4 963 tonnes

Note: excludes incinerated HCRW

General waste

Includes all waste sent to landfill (and excludes HCRW). This is currently the focus of our measurement enhancement efforts and zero waste strategy. Eliminating general waste sent to landfill will significantly reduce our environmental impact and costs.

49% decrease

in general waste sent to landfill to **1 555 tonnes.**

FY 2023: 3 026 tonnes

Recycled waste

Recycling reduces our Scope 3 emissions, limits our exposure to unpredictable waste cost escalation, and converts our waste streams to value streams that support ESD.

77% increase

in waste recycled to **3 150 tonnes.**

FY 2023: 1 780 tonnes

Treated and landfilled HCRW and general waste sent to landfill decreased due to improved segregation at source and improved HCRW treatment and diversion strategies. Recycling continues to increase year on year due to our various recycling and diversion initiatives.

1. *Total waste landfilled or incinerated is 6 234 tonnes (FY 2023: 8 064 tonnes).*

Hospital Division

15.0% (664 tonnes)

of **4 413 tonnes** of HCRW diverted from landfill.

FY 2024 BSC target: 12.8%

FY 2023: 457 of 4 833 tonnes[1]

1.89 kg

of HCRW per patient day.

FY 2024 target: 2.03 kg

FY 2023: 2.07 kg

23% increase

In total general waste generated (including recycled waste) to **4 622 tonnes**.

FY 2023: 3 759 tonnes

General waste increased due to better segregation of HCRW – this led to waste previously identified as HCRW now being categorised and recycled as general waste.

66.5% (3 074 tonnes)

of general waste recycled, a year-on-year increase of **84%.**

FY 2024 BSC target: 68.5%

FY 2023: 1 667 tonnes

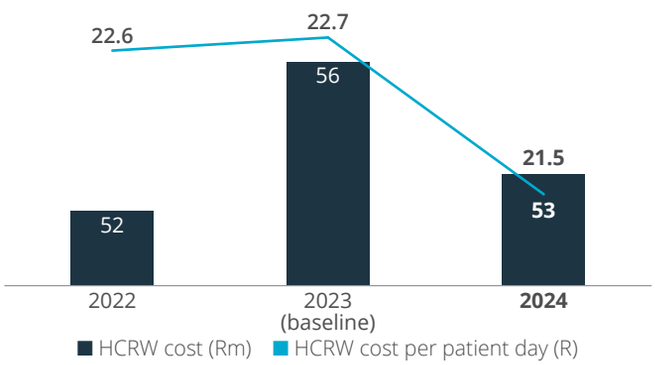
While we did not reach our general waste recycling target this year, we did exceed our threshold target of **65.5%** and significantly improved from the **1 667 tonnes** (**44%**) recycled in FY 2023.

1. *Restated from 452 of 4 881 tonnes. Previously reported numbers were scaled numbers (used for internal reporting) as opposed to unscaled numbers typically reported.*

Financial impact

While the year-on-year cost of HCRW decreased **4.9%,** the balance of waste disposal costs increased **10.2%** due to the re-categorisation and better segregation of HCRW at source.

HCRW cost and cost per patient day



Our zero general waste to landfill strategy

With landfill space in SA rapidly decreasing and the high environmental burden of waste disposal via landfill, general waste diversion is currently a top priority for Netcare. Our zero general waste to landfill strategy targets zero general waste certification for the Group[1] by FY 2027 (provided logistical and legal factors do not cause delay). The strategy is guided by the waste hierarchy which prioritises waste avoidance approaches[2] over waste management[3], resulting in minimal waste for disposal via landfills. This initiative is now implemented at all acute hospitals – waste reduction targets have been set for each facility and all have established systems to monitor segregation at source, reduce waste and recover recyclables.

General waste service providers are appointed at all acute hospitals and have agreed to specified waste diversion targets for FY 2024. They have also committed to prioritising diverting 100% of specific waste streams from landfill, including electronic waste, such as electronic medical equipment; food and garden waste; plastic and paper packaging; shredded confidential paper waste; and glass steel, metal and aluminium waste.

Agreements are in place for the recovery of residual and non-recyclable waste. This is diverted from landfill to energy production.

1. *Beginning with rollout to the Hospital Division.*
2. *Reducing and reusing waste.*
3. *Recycling, recovering and disposing of waste.*

Reducing waste sent to landfill continued

Zero general waste initiatives

Organic waste composting and recovery

Offsite composting solutions are used to reduce the volume of organic and wet waste (including garden waste, food waste, used oil and dry compostables) diverted to landfill. The compost is sold or donated to small-scale farmers. Composting and anaerobic biodigestion solutions (capable of treating 50 tonnes of organic wet waste per day) are now in place for all Netcare hospitals.

1 159 tonnes

of organic waste diverted from landfill over FY 2024.

FY 2023: not previously reported[1]

Electronic waste recycling

Electronic waste and batteries are recycled in partnership with Kyocera, Hazco Green Solutions and Desco Electronic Recyclers.

6 tonnes

of electronic waste diverted from landfill over FY 2024.

FY 2023: 4 tonnes

Food waste to energy: anaerobic digestion plants

After completing extensive feasibility assessments, we have received approval for piloting a food waste and wastewater to energy project at Netcare Milpark Hospital[2]. This is in addition to the food waste to energy pilot approved for Netcare Alberton Hospital.

Anaerobic digestion plants will be used to break down organic waste (ie food waste collected from the hospital kitchen and NetCafé) into compostable material, producing biogas as a byproduct at both sites. At the Netcare Milpark Hospital site, an additional blackwater recovery plant will be used to treat wastewater to the purity and quality standards of drinking water while also producing biogas for fuel. The biogas will be used as an energy source for cooking and/or water heating.

We are currently in the design phase of these initiatives and anticipate that these plants will be complete by FY 2025/26, subject to securing relevant approvals from local authorities.

46

hospitals assessed.

Netcare Milpark Hospital

selected for the combined food waste and wastewater treatment plant due to higher yields.

Netcare Alberton Hospital

was selected for the food waste treatment plant due to high food waste yields.

Appointed an expert consultant

to assist with the engineering, procurement and construction contract and approvals.

Additional general waste initiatives

- Paper: reduce printing; recover paper waste for recycling; shred and recycle confidential paper waste.
- Plastic: increase supplier awareness; phase out disposable cutlery; use reusable containers; recover and recycle bed screens and other plastic waste.
- Garden waste: compost in collaboration with an accredited partner.
- Redundant/unused furniture: refurbish; donate; recover for recycling.
- Extending recycling initiatives to more departments (eg theatres, intensive care units and emergency departments).
- Operational efficiency initiatives (eg better enforcement of source segregation initiatives).

1. *Previously only food waste was reported under this category.*
2. *A food waste to energy project was originally planned for Netcare Milpark Hospital, but this has since been expanded to include a wastewater (blackwater) treatment plant.*

Healthcare risk waste diversion

Diverting HCRW reduces operational costs and significantly reduces waste volumes sent to landfill; however, this is contingent on the waste being treated to a standard that allows for repurposing. The majority of our diversion initiatives focus on finding innovative ways to treat and process waste, transforming it into useful secondary products like fuel, energy products, furniture and school shoes for children. Several of the providers participating in this programme are also enterprise development beneficiaries (page 106).

Healthcare risk waste beneficiation

HCRW is treated to a low-risk, sterile standard that poses no risk to human handling or the environment. A variety of uses for the transformed waste are being investigated, including whether it can be used to produce fuel cells for market or sold as a raw material for making secondary products (eg pallets, school desks and benches). 11 hospitals participate in this initiative which is run in partnership with the Council for Scientific and Industrial Research, Tech4Green and Buhle Waste[1].

We also remove clinical glass from participating hospitals and treat this to a low carbon coal product. This is donated to the cement and building industries where it is used as a coal supplement (reducing their emissions). The initiative has now been rolled out to all hospitals in the Western Cape and additional hospitals in KwaZulu-Natal. It is active at 20 hospitals. It is run in partnership with Netcare HCRW service providers.

84 tonnes

of HCRW treated and converted to refuse-derived fuel.

FY 2023: 76 tonnes

292 tonnes

of HCRW treated and converted to planks, pallets, planters and benches.

FY 2023: 212 tonnes

172 tonnes

of clinical glass treated and converted to refuse-derived fuel.

FY 2023: 109 tonnes

Healthcare risk waste container recycling

Single-use cardboard sets, plastic liners and single-use sharps containers are recycled, reducing plastic and cardboard waste sent to landfill. Reusable containers are also used at various Netcare hospitals, reducing plastic waste sent to landfill (as well as needlestick injuries). All KwaZulu-Natal and inland hospitals are currently participating in this initiative, run in partnership with Compass Medical Waste.

61 tonnes

of single-use HCRW container waste diverted from landfill over FY 2024.

FY 2023: 61 tonnes

Reusable containers accounted for **391 kg** of the total diverted from landfill.

FY 2023: 621 kg

Polyvinyl chloride waste

As part of our My Walk Made with Soul initiative, high-quality single-use PVC waste is used to make waterproof, recyclable school shoes: page 62.

37 tonnes

of PVC waste diverted via My Walk Made with Soul.

FY 2023: 26 tonnes

Freeflex drip bags

We recycle freeflex drip bags, converting drip bag residue into refuse-derived fuel that is used to run the boiler at the waste treatment plant. This project is active at 28 hospitals.

32 tonnes

of polypropylene and polyethylene waste diverted by recycling freeflex drip bags.

FY 2023: 26 tonnes

Disposable ward curtains

Disposable curtains used in hospital wards are shredded and sent to plastic manufacturers where they are used to make plastic products (eg plastic bags and pallets). The project is active at all hospitals, barring three PPPs.

5 tonnes

of polypropylene waste diverted by recycling disposable ward curtains.

FY 2023: 8 tonnes

1. *A 100% black-owned company.*

Reducing waste sent to landfill continued

Condemned linen

Netcare's CSI team in collaboration with Netcare laundries collect, sanitise and divert condemned linen from Netcare facilities, donating this for re-use, recycling and repurposing. 26 hospitals participate in this initiative.

42 tonnes

of linen waste diverted from landfill over FY 2024.

FY 2023: not previously reported

Sterile medical theatre wrap

The wrap is recycled and used to make plastic products like pallets and tiles. The initiative was implemented in late FY 2023, resulting in far more theatre wrap being recycled for FY 2024. This project is active at all hospitals, barring three PPPs.

22 tonnes

of theatre wrap diverted in FY 2024.

FY 2023: 3 tonnes

Additional healthcare risk waste initiatives

- Better segregation of HCRW and general waste at source.
- Progressive elimination of single-use HCRW items.
- Waste container management (eg placement and sizing).
- Collaborating with waste service providers on training and capacity-building.
- Monthly tracking of financial savings resulting from our HCRW diversion initiatives.

My Walk Made with Soul

My Walk Made with Soul is an environmental and social transformation initiative (founded by Netcare and Adcock Ingram Critical Care) that uses Netcare's single-use high-quality PVC waste to make waterproof, recyclable school shoes for underprivileged children.

Participating Netcare hospitals dispose of non-hazardous, uncontaminated PVC drip bags, oxygen masks and tubing into dedicated My Walk bins. A designated service provider collects and sorts the products before transporting them to the My Walk recycling plant, where the waste products are cleaned. The materials are then granulated, melted and injection moulded to make shiny, durable and comfortable school shoes.

The solution benefits society by supporting education, job creation and enterprise development, and reducing GHG emissions. The initiative adds to a child's wellbeing, bolstering confidence and self-esteem, which impacts school experience, academic performance and participation in sports.

>125 tonnes of uncontaminated, non-hazardous healthcare waste collected and diverted from landfill since 2018.

19

Netcare hospitals participate in the initiative.

20

drip bags make one pair of school shoes.

>200 000

pairs of shoes manufactured and donated since inception.

13

jobs supported by the entrepreneurial businesses involved in the initiative.

Two awards

for 2024, the South African Breweries Beyond Awards (category: Beyond Sustainability Project[1]) and the Enviropaedia Eco-Logic Award for Environmental Sustainability, Circular Economy and Innovation.

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

Additional FY 2024 performance

- All untreated effluent is discharged into municipal sewer systems.
- There were no significant spills in FY 2024.
- Our pilot studies investigating opportunities for using pyrolysis to convert treated HCRW into secondary materials and the feasibility of using plasma gasification to treat various HCRW streams (transforming HCRW residue into a gas that can be used for energy) are ongoing.

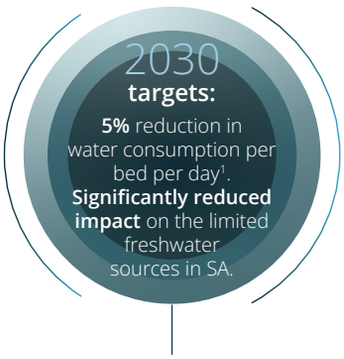
*For additional detail on our performance, see the key data section: **page 129**.*

Looking ahead

We are exploring various measures for implementation in the medium to long term to ensure that we meet our 2030 targets. These include food waste prevention and reduction, eliminating single-use items, recycling non-contaminated personal protective equipment, green procurement, conducting audits to evaluate our progress, exploring further opportunities for converting waste into energy, exploring onsite composting approaches, and capacity building. Targets for reducing general waste and HCRW sent to landfill for the Hospital Division are included in the FY 2025 BSC.

Minimising our impact on South Africa's freshwater reserves

Given that water security is a critical and likely escalating risk in SA, and that a continuous supply of water is necessary for providing our patients with the best and safest care, our 2030 environmental sustainability targets include reductions in water intensity and overall impact.



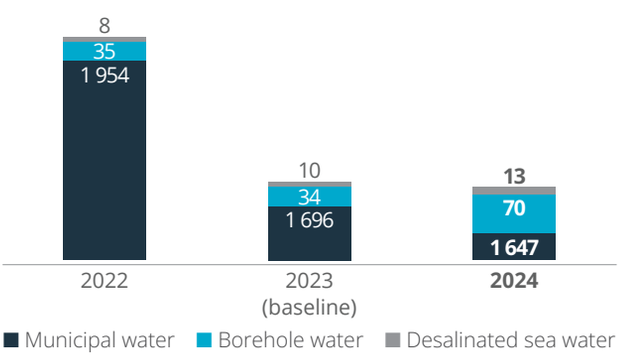
We have put key initiatives in place to ensure that we meet this goal, including our water stewardship programme and our potable water risk-adjusted strategy. We also continue to investigate wastewater treatment options as they remain the most comprehensive and beneficial solution for supplementing and securing our water supply while reducing our environmental impact and demand on the national water supply.

Water stewardship programme and water saving initiatives

Our stewardship programme drives best practice water management and raises awareness on conservation and our water saving initiatives. During FY 2024, we enhanced our water monitoring capabilities, ensuring that all facilities' water consumption is measured and reported, including borehole water consumption. We also set facility-level targets for and increased our focus on operational efficiencies to ensure minimal wastage for the Hospital Division. In the medium term, we will introduce new water policies that are aligned with international best practice and increase our focus on recycling water.

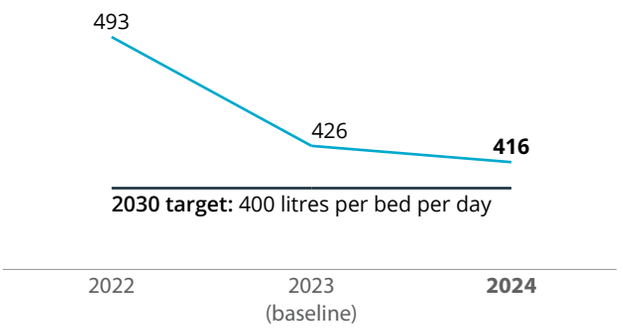
Water saving initiatives and FY 2024 performance

Water consumption by source (megalitres)



Note: numbers for desalinated seawater for FY 2022 and FY 2023 have been restated from 12 and 8 megalitres respectively. Prior numbers were based on billing impact estimations. Updated numbers reflect metered consumption. Municipal water for FY 2022 updated from 1 953 due to rounding.

Water reduction (litres per bed per day)



Water consumption	Water intensity	Water recycling
3% decrease in municipal water consumed to **1 646 889 kl[2].** FY 2023: 1 695 949 kl	**2% decrease** in total water consumption per bed per day to **416 litres**. FY 2023: 426 litres	**24% increase** in water processed by our desalination plant to **12 683 kl** due to repairs conducted over 2023. FY 2023: 10 204 kl

A marginal increase in Hospital Division water consumption was offset by significantly reduced consumption by the balance of SA operations, resulting in reduced water consumption for the Group.

Note 1: excludes re-use and borehole water. All hospitals have water meters.
Note 2: full water recycling efforts were not tracked this year. Previously they were tracked as part of the BSC for National Renal Care. We will resume tracking in FY 2025 and expect that our FY 2025 water recycling initiatives will start to gain momentum as water recycling plants are approved.
1. *Original target: 20% reduction in water intensity from an averaged 500 litres per bed per day. Updated target: 5% reduction to account for the 15% reduction achieved by 2023.*
2. *For all facilities with water meters installed.*

Hospital Division

As a major contributor to Group water consumption and intensity, we set specific targets for this division. For FY 2024, we missed the targeted decrease in water consumption per bed in use and are investigating key factors that may have played a role (eg increased ambient temperatures and new infection control procedures introduced during the year).

0.2% increase

in municipal water consumed to **1 195 130 kl.**

FY 2023: 1 192 741[1]

0.8% increase

in overall water consumption per bed in use to **121 kl**.

FY 2024 BSC target: 2.3% decrease

FY 2023: 120 kl/bed in use (not previously reported)

Note: excludes re-use and borehole water. All hospitals have water meters.

Key water saving initiatives

- Operational efficiency initiatives (eg repairing and replacing all leaking taps and fittings).
- Harvesting rainwater for irrigation.
- Low-flow fittings and fixtures.
- Efficiently managing onsite laundry facilities and recycling initiatives at our central laundry facility.
- Engaging on water initiatives at facility level and with cleaning and catering suppliers.
- Converting our water-intensive HVAC cooling towers to alternative energy efficient technologies that do not require water.

In the medium term, we aim to pilot a cooling tower monitoring initiative to better understand related water consumption and temperature, trends and potential wastage. This will enable us to identify any opportunities for further efficiencies .

Financial impact

Over FY 2024, total water costs decreased year on year by **11%** primarily because municipal billings estimations inflated costs for FY 2023.

Potable water risk-adjusted strategy

The Hospital Division uses municipal water at all sites barring Netcare Alberlito, Netcare Kroon, Netcare Margate, Netcare Pholoso, Netcare St Anne's, Netcare Ferncrest and Netcare Greenacres hospitals, which are supplied by both borehole and municipal water. Netcare Greenacres and Netcare Christiaan Barnard Memorial hospitals are already able to operate independently of the municipal network. No water sources are significantly affected by our operations.

Our potable water risk-adjusted strategy focuses on ensuring continuity of care by reducing our reliance on municipal infrastructure through national borehole rollouts, mitigating short-term risks to our water supply. During FY 2024, we completed our water risk assessment identifying which facilities are located in water scarce areas, which of these are suitable for borehole rollout, and the capex required to complete this risk mitigation initiative.

At end FY 2024, feasibility studies have now been completed for **43** hospitals, and a total of **36** boreholes have been drilled at **24** sites, with **14** additional boreholes planned. We are currently focused on fully equipping and licensing these for utilisation. The initiative required capex investment of **R6 million** in FY 2024, with a further **R23 million** earmarked for FY 2025.

While boreholes are an appropriate solution for short-term threats to water security, they are not a sustainable solution for climate change or broad environmental and longer-term water supply challenges. To address this, we must also reduce our water consumption, continue to supplement our water supply with treated wastewater and deliver on the other elements of our environmental strategy.

1. *This number does not align with that previously reported for FY 2023 as it is a BSC item and these (and accompanying metrics) are calculated using a different methodology (eg. inclusive of adjustments for leaks, exclusive of PPPs etc). Baseline adjustments for these metrics are calculated yearly. The number originally reported for municipal water consumption for FY 2023 was 1 411 369 kl; this was also a BSC item.*

Minimising our impact on South Africa's freshwater reserves continued

Wastewater harvesting and treatment plants

As initial application for approval to construct an onsite greywater treatment plant at Netcare Alberton Hospital was denied, we have engaged an independent environmental consultant to assist with securing municipal sign-off. Once approved, the plant will treat recycled greywater to the purity and quality standards of drinking water. It will be capable of meeting approximately **60%** of the hospital's projected water demands, saving an estimated **50 000 kl** of water annually.

Feasibility studies conducted last year indicated that further exploration of a blackwater recovery and treatment plant for Netcare Milpark Hospital is warranted (page 60) and we are evaluating the construction of a blackwater plant at Netcare Kingsway Hospital in KwaZulu-Natal.

During FY 2024, we also installed a water recycling plant at our central laundry facility – this will recycle **80%** of water used, feeding it back into the wash cycle for re-use.

Looking ahead

Over the short to medium term, we will continue to progress the potable water risk-adjusted strategy by rolling out additional boreholes and filtration plants. We will also continue to investigate water recycling technologies to improve our performance in this area. While we missed our Group BSC targets to reduce Hospital Division water consumption over FY 2024, we believe that the water savings initiatives and awareness campaigns put in place in FY 2024 will render benefits during FY 2025. Our related water savings BSC targets for FY 2025 aim to ensure that we address existing gaps and continuously improve on our journey toward a more sustainable future.

*For additional information on our performance, see the key data section: **page 129**.*

PHARMACY

03

Social

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Caring for our people, our patients and our country

External commitments, frameworks and standards

- King Report on Corporate Governance for South Africa (2016)
- United Nations Global Compact[1]
- United Nations Universal Declaration of Human Rights
- International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- ISO[2] 9001:2015 (Quality Management Systems)
- ISO 45001 (Occupational Health and Safety)

Key legislation

- Broad-based Black Economic Empowerment Act 53 of 2003
- Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace
- Companies Act 71 of 2008 and Regulations
- Employment Equity Act 55 of 1998
- Labour Relations Act 66 of 1995
- Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000
- Occupational Health and Safety Act 85 of 1993
- Skills Development Act 97 of 1998
- Skills Development Levies Act 9 of 1999

United Nations Sustainable Development Goals[3]

Targets 3.1 | 3.2 | 3.3 | 3.4 | 3.8

Target 5.5

Target 9.3

Targets 4.3 | 4.4 | 4.5

Targets 8.2 | 8.3 | 8.4 | 8.5 | 8.6 | 8.8

GRI Standards[4]

2-6 to 8 / 2-25 to 2-26 and 2-30 / 202-2 / 203-2 / 204-1 / 401-3 / 402-1 / 403-1 to 10 / 404-2 and 3 / 405-1 and 2 / 406-1 / 413-1

Scope of reporting

Our data relating to people, training and development, diversity and inclusion, and socioeconomic development (including corporate social investment) initiatives includes all Netcare hospitals, Netcare Akeso mental health facilities, Medicross medical and dental centres, Netcare 911 and all other Netcare subsidiaries. All metrics, unless otherwise specified, exclude National Renal Care.

Assurance

Our B-BBEE scorecard and rating are independently verified by Empowerdex. Assurance on financial and certain non-financial performance indicators has been obtained in line with our combined assurance model, with feedback provided to the Risk and Audit Committees and the Executive Committee. Non-financial information is assured by Internal Audit on a cyclical basis.

1. *Our 2024 Communication on Progress is available on the United Nations Global Compact website.*
2. *International Organization for Standardization (ISO).*
3. *Detailed descriptions of these targets:* *page 139*.
4. *Global Reporting Initiative (GRI). A GRI index covering our full reporting suite is available on the Netcare investor relations website.*

Social performance overview

Our FY 2024 people performance

Employment

18 350

permanent employees.

FY 2023: 18 568

R9 286 million

in salaries paid to our employees[1].

FY 2023: R8 861 million

12.9%

voluntary turnover. Overall turnover increased to **16.0%**[2].

FY 2023: 11.5%, 14.5%

Employee wellbeing

80.0%

of employees reached through the integrated employee wellbeing programme and related interventions.

FY 2024 BSC target: 70.0%

FY 2023: not previously reported

13 892

medicals conducted as part of our medical surveillance programme.

FY 2024 target: 12 266

FY 2023: 10 236

Training and skills development

R69 million

total training spend (including **R58 million** reported to HWSETA[3] and an additional **R11 million** spend on clinician scholarships), equating to **1%** of payroll.

Skills Development Act target: 1% of payroll

SDP[4] 2023: R57 million reported to HWSETA

16 554

employees (including **1 675** current and future leaders) participated in **85 158** training interventions.

SDP 2023: 18 565 employees, 56 428 interventions

1. *Includes public private partnerships, excludes agency costs.*
2. *Includes voluntary turnover.*
3. *Health and Welfare Sector Education and Training Authority (HWSETA).*
4. *Calculated for the skills development period (SDP) 1 April 2023 to 31 March 2024 as legislated by the Skills Development Act 97 of 1998. Leadership and management training is included in the overall number of employees trained.*

Our FY 2024 social transformation performance

Broad-based black economic empowerment

Level 3 B-BBEE rating

maintained for the third consecutive year.

FY 2024 target: Level 3

Taxes

R345 million

in taxes paid to government, excluding taxes paid by employees.

FY 2023: R374 million

Ownership

25%

of voting rights held by black people and **15%** held by black women.

dtic[1] targets: 25% + 1 vote for black people and 10% for black women

FY 2023: 28%, 16%

Medical doctor profile

55%

of doctors with admissions privileges are black[2].

FY 2023: 54%

People with disabilities

For the **third consecutive year**, IRAS[3], 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.

Workforce diversity

83.7%

of our workforce comprises black employees, **79.8%** are women and **66.5%** are black women.

SA EAP[4]: 92.3%

FY 2023: 82.7%

59.6%

of middle managers are black, **60.6%** are women and **36.8%** are black women.

FY 2024 BSC target: 59.5%

FY 2023: 57.5%

Recruitments and promotions

89%

of all recruitments and promotions went to black people, **75%** to women and **68%** to black women.

FY 2023: 88%

Socioeconomic transformation and corporate social investment

R25 million

total CSI, of which **72% (R18 million)** was recognisable under the dtic Codes[5], equating to **1%** of NPAT.

dtic target: 1% NPAT

FY 2023: R29 million

88%

of our CSI beneficiaries are black.

dtic target: 75%

FY 2023: 87%

Preferential procurement and enterprise and supplier development

R14.3 billion

total procurement spend of which **90% (R12.8 billion)** qualified as measurable under the dtic Codes.

FY 2023: R13.8 billion

R15.3 billion (119%)

of measurable spend was with B-BBEE compliant suppliers.

FY 2024 target: 105%

dtic target: 80%

FY 2023: R12.4 billion (114%)

91% (26.34 points)

of the total 29 points available achieved for preferential procurement.

FY 2024 BSC target: 92% (26.6 points)

FY 2023: 90% (26.14 points)

R185 million

ESD spend.

FY 2023: R72 million

510 jobs

supported by **55 ESD partners**, with **42 new jobs** created this year.

1. *Department of Trade, Industry, and Competition (dtic).*
2. *Data for doctors with a billed revenue above R300 000.*
3. *Integrated Reporting and Assurance Services (IRAS).*
4. *Economically active population (EAP).*
5. *Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice (dtic Codes).*

Our people

The current HR landscape is marked by a strong shift towards cultivating a positive and engaging employee experience[1] by attending to employees' needs, their health and wellbeing, their aspirations for career and self-development, deploying technological solutions that reduce administrative burden, and creating workplaces and workforces that are truly resilient, inclusive and future-ready[2]. Adapting to these and other prominent trends is essential to attracting and retaining top talent in a scarce skills market.

At Netcare, we have long understood that caring for and supporting the resilience of our people is not only vital to their wellbeing and commitment to the crucial work that they do, but also essential to our ability to deliver on strategic objectives and ensure optimal health and care outcomes for our patients.

We are committed to cultivating an inclusive and compassion-centred organisational culture that is supportive and welcoming of all our people, and actively opposes all forms of prejudice, harassment and discrimination.

The Group's strategy to deliver digitally enabled and data driven patient centred health and care also aims to make the lives of our people and partners on the frontline easier by reducing their administrative burden, enhancing the employee experience, improving patient experience and delivering the interrelated outcomes of the ***Quadruple Aim***.

Our core people objectives reflect our focus areas for FY 2024 and are all centred around our aim of remaining an employer of choice. We continue to develop an attractive value proposition for our people by understanding and providing for their needs, and remunerating them fairly and competitively for their contribution to the Group's strategic, operating and financial performance.

— *Key data on our workforce:* ***page 129.***

1. *Where HR Will Focus in 2024 | Gartner (https://www.gartner.com/en/articles/where-hr-will-focus-in-2024).*
2. *Emerging HR trends to watch in 2024 | CHRO South Africa (https://chro.co.za/articles/emerging-hr-trends-to-watch-in-2024/).*

Critical issues: the nursing skills shortage

The WHO estimates a global nursing shortage of around 4.5 million by 2030, with the greatest gaps found in countries in Africa, South-East Asia, the Eastern Mediterranean, and some parts of Latin America[1]. According to PwC's South African Healthcare Reimagined report (July 2022), the world needs an additional nine million nurses and midwives to achieve the targets of UN SDG3 (healthy lives and wellbeing for all). SA is no exception, with a skills shortage characterised by population growth outpacing the rate of new nurses trained and a large proportion of nurses approaching retirement age – 48% of nurses are due to retire in the next 15 years[2], the majority of whom are in the public healthcare sector.

In addition, the legislated transition from legacy to new nursing qualifications led to SANC[3] regulating the number of approved student enrolments, intending to enable a smooth transition by increasing enrolments gradually over time. In the context of an existing nursing shortage, however, this has resulted in fewer enrolments at a time when more nurses are needed. Between 2013 and 2022, the number of SANC registered nurses and midwives grew by 4%, with 2% and 9% decreases in the number of enrolled and auxiliary nurses and midwives, respectively[4].

Through engagement with key stakeholders and regulators, we have been able to increase the number of students we can train, from around 300 to around 400 and are awaiting final approval of an additional 191. This falls short of our initial request to train 1 300 students and our capacity to train 3 500 nursing students a year, but has increased our training capabilities by around 33%.

In February 2024, Netcare Education's KwaZulu-Natal campus received full accreditation from SANC for two nursing programmes – the first educational institution in the province to achieve this. We have applied to SANC for increased nursing student numbers to support our five-year skills development plan (SDP 2025 to SDP 2029). In addition, SANC is phasing in nursing CPD[5], which will become a minimum requirement for annual renewal of nurse licences. Netcare Education is well-positioned to align its current CPD process to achieve compliance, with a nursing CPD Division recently established and a digital management system developed to govern and monitor nurse CPD.

While progress is being made, the skills shortage and regulatory constraints remain a challenge for the South African healthcare sector and for the Group. Training limitations in particular, make it more difficult to attract highly skilled nurses, place pressure on existing nursing employees and, in time, have the potential to impact the quality of care that we can provide patients. These also constrain our ability to adequately and appropriately invest in our people, negatively impacting our B-BBEE rating.

To ensure that we remain able to attract and retain scarce talent, we continue to enhance our compelling employee value proposition, provide professional development opportunities for the nurses we currently employ, and implement targeted initiatives to attract and retain talent (particularly those with specialised skills).

We remain proactive in our management of this crisis and continue to engage with key stakeholders to find a solution.

Engaging with key stakeholders

- Suspended our formal appeal to the SANC Appeal Committee to review the low student numbers approved for enrolment at Netcare Education (lodged in 2021).
- Engaged with SANC on their decision not to increase nursing student numbers in 2023, detailing the actions taken to ensure identified concerns are addressed and specifying additional measures taken to support learning and teaching.
- Together with the NDoH and all private and public nursing education institutions in SA, participated in creating a framework for a nursing and education training plan for 2025 to 2029.
- Participated in provincial workshops hosted by the NDoH to provide input on nursing practice needs and future skills and competencies required.
- Established collaboration forums with the University of Johannesburg and Northwest University on formal nursing programmes, and the Gauteng and KwaZulu-Natal DoH on student placements.
- Through HASA[6], we continue to engage with the NDoH[7], SANC, and other statutory bodies with the intent of accelerating student intake numbers to address the intensifying nursing shortage, while fostering collaboration between the public and private sectors.
- Continued engagement via the Future of Nursing Project[8] seeking to influence the skills production pipeline.

Our ESG risks and opportunities: ***page 31.***
Read about how we attract and retain nurses: ***page 91.***

1. *Nursing and midwifery | World Health Organization (https://www.who.int/news-room/fact-sheets/detail/nursing-and-midwifery).*
2. *Nursing in SA is changing, but is it enough to avert an anticipated crisis? | Spotlight NSP (https://www.spotlightnsp.co.za/2024/09/26/nursing-in-sa-is-changing-but-is-it-enough-to-avert-an-anticipated-crisis/).*
3. *South African Nursing Council (SANC).*
4. *SANC time series statistics: Growth in registers and rolls, 2013 to 2023.*
5. *Continuous professional development (CPD).*
6. *Hospital Association of South Africa (HASA).*
7. *National Department of Health (NDoH).*
8. *The project is driven by the Public Private Growth Initiative (on behalf of the Presidency). Stakeholders include the NDoH, SANC, Health and Welfare Sector Education Training Authority (HWSETA), organised labour, and healthcare businesses.*

Supporting our people's health, safety, resilience and wellbeing

We strive to ensure that our employees feel safe and cared for at work, supporting them to deliver outstanding and compassionate health and care while building resilience and minimising their risk of emotional exhaustion from working in a demanding sector.

Our people's psychosocial wellbeing is at the forefront of our human capital initiatives and we remain committed to developing and implementing programmes and projects that embed a culture of care and compassion, and that offer appropriate support for our employees and their immediate family members. We monitor our employees' health and our OHS performance through various initiatives and programmes, including our medical surveillance programme and major incident monitoring. These, in combination with our rigorous quality assurance programme, protect the health of our employees and our patients.

During FY 2024, our HR and consistency of care teams worked in collaboration with Netcare Occupational Health and various other teams to further extend our wellness offerings and develop a holistic and integrated programme that cares for a variety of our people's needs. Development of the programme is ongoing.

*Read more about how we protect our patients in our **integrated report**: Our patients.*
*Detailed information on patient outcomes and our related initiatives can be found in our **quality report**.*

A holistic and integrated approach to our people's health and wellbeing

Psychosocial wellbeing

- In partnership with **Lyra**[1], we offer emotional and psychosocial support to employees and their immediate family members for a range of issues, including legal, health, family, relationship, and work-related matters, as well as stress and trauma.
- Our **managerial support programme** trains our managers to effectively engage with their teams, resolve conflict, and identify and support employees experiencing specific challenges.
- **Training and development sessions** on managing trauma; mental health, wellbeing and illness; and the emotional impact of work stressors. Educational webinars and awareness sessions are also provided. The workshops and webinars were facilitated by Lyra.
- **CareCall** provides telephonic and face-to-face counselling, group trauma debriefing, and advice and information on everyday challenges and issues. This professional and confidential service is available 24 hours a day, 365 days a year.
- Our Lyra app, **the Hub**, is a digital wellbeing application that makes it easier for employees and their families to access a range of employee wellbeing programmes.
- **Care4YOU:** page 76.

371

managers used the managerial support programme.

FY 2023: 378

575

employees reached through training sessions and **721** through webinars.

FY 2023: 661 and 519

Lyra performance FY 2024

25.4%

overall engagement rate.

FY 2023: 16.3%[2]

Lyra SA client company average: 30.5%

71.2%

of employees who used Lyra accessed professional counselling. Mental health challenges remain the largest reported problem category.

FY 2023: 70.6%

7.7%

of cases referred for assistance.

FY 2023: 9.0%

1 799

employees and their families provided with counselling interventions.

FY 2023: 2 303

1. *Lyra Southern Africa, previously Independent Counselling and Advisory Services (ICAS) Southern Africa.*
2. *Difference in FY 2023 and FY 2024 engagement rates are due to a change in methodology, with additional metrics now reported.*

Physical wellbeing

- In collaboration with Netcare Occupational Health, Netcare Akeso, the Group OHS team and the Netcare Medical Scheme, we launched our **integrated employee wellbeing programme** in April 2024. Key elements include Abby Health assessments[1]; blood glucose, cholesterol, voluntary HIV, and prostate cancer screening; breast self-examinations enhanced by the use of Sensifemme gloves[2]; chronic disease management guidance from a diabetes specialist; mental health screening, etc. The initial roll out was phased, with HR teams facilitating implementation via our **employee wellbeing days**. Anonymised data generated by the programme is captured on Care@Work[3]: page 77.
- **Netcare Medical Aid** offers employees and their family members access to a range of comprehensive healthcare offerings.
- **Medical surveillance** and incident reporting: page 77.

80.0%

of employees reached through the integrated employee wellbeing programme and related interventions.

FY 2024 BSC target: 70.0%

FY 2023: not previously reported

12 342

employees and contractors attended wellbeing days.

FY 2023: ~8 700

6 457

employees and contractors received Abby assessments.

FY 2023: 500

83%

of full-time employees use the Group's medical aid.

FY 2023: 83%

Financial wellbeing

- Over FY 2024, we piloted a financial wellbeing solution – **PayMeNow**. The app enables employees to unlock already earned wages ahead of pay day. It is data-free and provides payouts in the form of cash or value-added services (including retail vouchers, airtime, data, electricity, and transport). Financial education is built into the offering – employees complete educational modules and learn financial management tips, earning points that allow them to progress through tiers, each of which provides access to various benefits (eg increased access to earned wages and reduced transaction fees). Access to savings options is also provided via the app.
- Access to variable (overtime) earnings **ahead of pay day**.
- Member **awareness sessions** on retirement fund benefits.
- In partnership with First National Bank, we offer employees **competitive banking solutions** and rates for home loans, vehicle finance and other products and services.
- Employee awareness workshops/roadshows on the new **Two-Pot Retirement System**[4]: page 82.

356

employees across three sites registered for PayMeNow.

FY 2023: not previously reported

2 000 – 2 400

employees access variable pay ahead of pay day each month.

FY 2023: not previously reported

4 130

employees attended awareness sessions on retirement fund contributions.

FY 2023: 3 346

1. *Health checks carried out by a robotic health monitoring device capable of assessing and reporting on more than 20 health factors in five minutes, including cardiovascular health markers and BMI.*
2. *A breast self-examination glove that increases touch-sensitivity and allows for faster, more accurate detection of any anomalies.*
3. *Our digital occupational health app for Netcare employee clinical records.*
4. *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. This means that the majority of retirement savings must be invested until retirement.*

Supporting our people's health, safety, resilience and wellbeing continued

Care4YOU – making compassion a way of living and working

Cognisant of the stressors inherent to working in healthcare, we continue to invest significantly in our Care4YOU programme to facilitate healing and restoration. A priority strategic[1] initiative, Care4YOU is essential to building our people's resilience, enhancing their wellbeing and improving patient experience. The programme recognises individuals for acting with compassion; builds confidence, mindfulness and resilience; and harnesses our employees' intrinsic motivation to care for others by providing them with the tools and support to practice compassion for themselves and others. The programme is delivered via two platforms – the Living and Working Compassionately Journey (delivered online via Insight[2], and in person), and our digital gratitude platform.

The living and working compassionately journey is delivered through a blended learning approach and includes Care4YOU theoretical content, experiential workshops and toolbox talks. The programme comprises **six** modules that are based on learnings from Stanford University's Applied Compassion Training programme. Our **352** (FY 2023: 354) trained, facility-based compassion ambassadors provide support in driving compassionate behaviour and report on how employees are experiencing the programme.

Modules 1 2	Module 3	Module 4	Module 5	Module 6
Introduce the principles and practices of compassion.	Deepens understanding around self-compassion, common humanity, and the spirit of Ubuntu (humanity to others).	Teaches how to exercise the principles of compassion and humanity in the context of power imbalances.	Focuses on developing the skills needed to build and maintain compassionate relationships.	Equips employees with the skills needed to resolve conflict in a civil, respectful and dignified manner.
Rolled out to **all** Netcare employees and contractors in the Hospital Division, Netcare Akeso, Netcare 911, Netcare Education and the Netcare Shared Services Centre. Commenced roll out to Netcare Medicross and Netcare Head Office.	Rolled out to **all** Netcare employees and contractors in the Hospital Division, Netcare Akeso, Netcare 911, Netcare Education and the Netcare Shared Services Centre.	Rolled out to **7 720** Netcare employees and contractors in the Hospital Division and Netcare Akeso. Commenced roll out to the Netcare Shared Services Centre.	Rolled out to **3 663** Netcare employees and contractors in the Hospital Division. Commenced roll out to Netcare Akeso.	Rolled out to **450** leadership team members and compassion ambassadors in the Hospital Division.

We measure our impact and progress using the nursing compassion score for the Hospital Division.

Our nursing compassion score improved to 8.26 this year

(FY 2023: 8.16[3]; FY 2024 BSC target: 8.25).

We have achieved a statistically significant increase in nurse compassion over the last three years.

Our gratitude platform

Allows patients, visitors and other employees to thank individuals and teams at Netcare for acts of compassion, motivating and reinforcing compassionate behaviours that positively impact patient and employee experiences. Gratitude cards are delivered to the mobile devices of the acknowledged employees and are posted on gratitude boards displayed in the wards. We measure this programme's impact and progress through the number of cards received and the sentiments of the cards submitted[4].

28 758

cards received over FY 2024, **94%** with positive sentiments and **6%** neutral or negative.

FY 2023: 36 555, 95% positive.

1. *The rollout is a collaborative effort between the Nursing Division and consistency of care and hospital management leadership teams.*
2. *Our digital training platform.*
3. *Results restated from 8.18 due to refining the measure to include acute hospitals only.*
4. *Negative sentiments received via the gratitude programme are managed through our complaints management processes.*

Care4YOU progress and performance for FY 2024

- Implemented monthly check-ins with compassion ambassadors and continued to provide them with support.
- Compassion ambassadors are increasingly using Insight as a learning aid to reinforce their skills and knowledge.
- Rolled out **more than 53 500** interventions since the inception of the programme in September 2021.
- Conducted an impact survey: page 79.
- Developed and piloted a digital compassion journey for leaders on Insight – the module will be rolled out across the Group after an initial testing phase.
- Supported employees to access Care4YOU content via Insight.

FY 2024 marked the launch of the sixth and final Care4YOU module – the programme continues to be well received and has significantly and positively impacted nurse compassion scores and employee engagement feedback. Over FY 2025, we will conduct an extensive review of the programme and its impact as we transition to a business-as-usual project phase.

Occupational health and safety

OHS is integrated into our SHEQ[1] system and is overseen by the Consistency of Care Committee. Compliance is managed through our digital SHEQ compliance IT system, SafeCyte.

The primary aim of our medical surveillance programme is to look after the health and wellbeing of our workforce by:

- Identifying occupational hazards or risks, ultimately aiming to reduce workplace injuries and occupational diseases.
- Assessing employee fitness for duty against identified risks.
- Implementing appropriate deployment and mitigation strategies for employees who are at risk.

Since implementing the programme in FY 2022, we have increased the reach of the programme to include **88%** of all employees working in clinical healthcare settings, with the overall aim of including **100%** by FY 2025.

Through the programme, dedicated occupational health nurses have uncovered a variety of undetected health conditions, allowing for early intervention.

Over FY 2024, we rolled out Care@Work[2] across all divisions, digitising all medical surveillance records and creating a central data repository that has transformed our approach to medical surveillance, enabling in-depth workforce health analysis and data driven decision-making. Using the platform, we conducted an analysis of over **7 000** medical records to identify significant trends in disease profiles. The results highlighted the prevalence of conditions such as hypertension, diabetes, musculoskeletal issues, asthma/chronic obstructive pulmonary disease, and mental health challenges. The comprehensive analysis will enable targeted interventions to improve overall workforce wellness.

We continue to focus on ensuring that all employee incidents are accurately recorded on SafeCyte, using this data to establish benchmarks for employee incident rates; conduct trend analyses to identify emerging OHS risks and opportunities for improvement; and to improve liability accepted for COID[4] claims. We also began developing SHEQ reporting dashboards (currently, these are in the early stages of development) and have begun to do the necessary groundwork required to enable us to report employee incident rates and lost time injury frequency rates – both of which are scheduled for implementation in FY 2025.

Other focus areas for the year included collaborating with Netcare Occupational Health and HR on employee wellness initiatives, and digitising radiation safety officer files and equipment records.

Our collective agreements with representative trade unions include OHS[5], ensuring that our health and safety measures comply with legislative requirements, that our employees and trade unions are fully appraised on terms and conditions of employment, and enabling collaboration with management to promote compliance. Our onsite shop stewards act as union representatives in our Health and Safety Committees, enabling them to discuss related issues in the workplace (page 83).

13 892

medicals conducted as part of our medical surveillance programme[3].

FY 2024 target: 12 266

FY 2023: 10 236

All divisions continue to implement Netcare's comprehensive risk-based employee medical surveillance programme.

1. *Safety, health, environmental sustainability and quality (SHEQ).*
2. *A digital occupational health app for Netcare employee clinical records designed in collaboration with Netcare Occupational Health.*
3. *Tuberculosis screenings are no longer reported on separately as they have been integrated into our medical surveillance programme (Care@Work).*
4. *Compensation for Occupational Injuries and Diseases (COID), in line with the COID Act.*
5. *OHS agreements are updated annually as part of the broader trade union agreement on terms and conditions of employment.*

Supporting our people's health, safety, resilience and wellbeing continued

Incident reporting

1 054

employee incidents recorded across the Group, with **83% (872)** reported for the Hospital Division.

FY 2023: 1 004[1]

1% of incidents were categorised as high to major risk, **9%** as moderate risk, **66%** as minor risk and **24%** as insignificant risk.

FY 2023: 1% high risk, 19% moderate risk, 60% minor risk, 20% insignificant risk[2]

Netcare promotes a 'safe to report' culture that encourages employees to report incidents, to ensure we have robust data to inform safety interventions.

621

injury on duty claims[3] submitted to the Compensation Fund for the Hospital Division. Liability has been accepted for **81%** of cases.

FY 2023: 608 (86%)

Internally, we measure this metric on a two-year basis as the Compensation Fund can take some time to process claims, affecting our actual performance against this metric. The two-year average for FY 2024/FY 2023 improved from **81%** to **83%**. The prior year number for this metric changes year on year as cases are processed.

Safety, health, environmental sustainability and quality

3 665

employees received SHEQ training.

FY 2023: 5 235

31

Netcare facilities underwent OHSC[4] inspections in FY 2024, with all achieving an overall grading of excellent. OHSC inspections returned an average score of **94%** for the OHS domain. These outcomes reflect our commitment to maintaining a healthy and safe work environment for all.

1 027 480

total hours of sick leave – this increase is attributable to a prolonged flu season.

FY 2023: 947 437

94%

average internal quality review score achieved for FY 2024 across all divisions. Our internal quality assurance processes support our SHEQ and OHSC compliance and include self-assessments and peer reviews that are conducted using OHSC tools and our proprietary quality review tools.

Note: SHEQ training was previously reported under OHS training.

*For additional information on our performance, see the key data section: **page 129**.*

Looking ahead

Employee wellbeing

Over the short to medium term, we are prioritising further development of an enhanced, integrated and easily accessible wellbeing solution for all employees. We also aim to roll out executive wellbeing sessions.

OHS

Over FY 2025, we will focus on improvement initiatives that decrease slips, trips, falls, and sharps injuries; enhancing our approach to employee wellness and chronic disease management; and implementing ergonomics risk management and related programmes.

1. *Restated from 976 due to late reporting.*
2. *Restated from less than 1% high risk, 21% moderate risk, 58% minor risk, 21% insignificant risk due to late reporting.*
3. *We no longer report on COVID-19 claims separately as they now comprise a smaller proportion of total claims.*
4. *Office of Health Standards Compliance (OHSC). These inspections are conducted by the inspectorate established by the National Department of Health (NDoH) to measure compliance against national norms and standards.*

Curating a meaningful and engaging employee experience

Employee engagement plays a key role in our approach to employee performance, retention and wellbeing, as well as in connecting people with passion and purpose.

We place considerable focus on nurturing a culture that enables our people to engage with and see their work as meaningful and impactful – as a way to connect with our patients and each other while they embark on their own personal and professional development journeys. In turn, we believe this fosters loyalty, productivity and the Group's ability to grow and deliver on our strategic objectives. We strive to distinguish ourselves as an employer of choice by providing our people with an attractive value proposition and believe that understanding and providing for the needs of our people is central to our overall success.

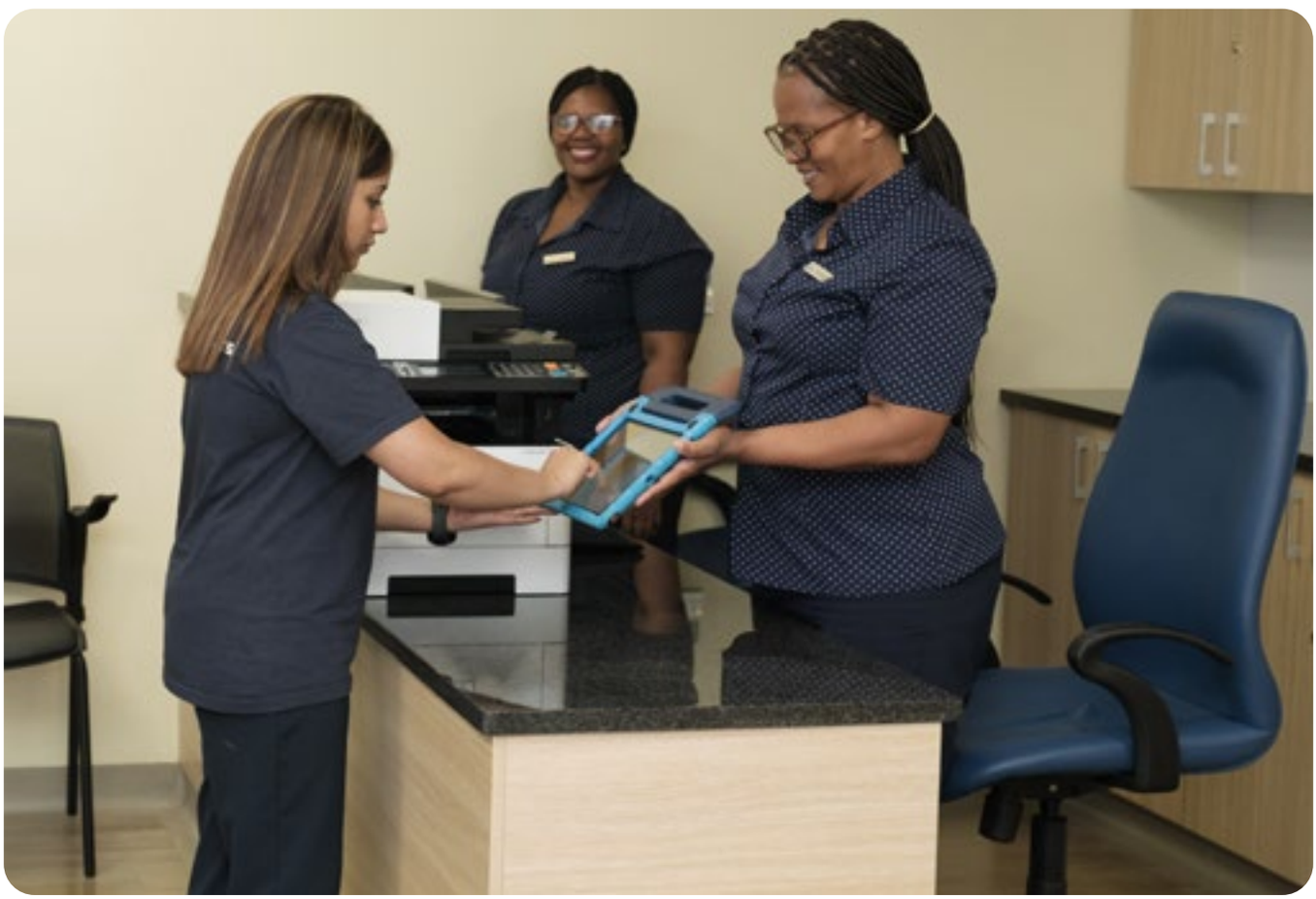
Our employee engagement initiatives

Over FY 2023/24, we rolled out a range of targeted interventions to address areas of improvement identified in our FY 2022 employee engagement survey – we achieved an average score of 79% (comparing well to the 77% global benchmark). In June 2024, in partnership with an external expert service provider, we conducted a dipstick survey to assess the impact of these interventions across the Group.

A total of **1 531** respondents from the Primary Care and Hospital divisions, Netcare Akeso, Netcare 911 and management completed the survey – **718** management and **813** employees (response rate: 31%, targeted response rate: 30%[1]). We compared the survey results of those who had participated in targeted interventions with those who had not.

The results of the study indicate that interventions relating to employees' sense of achievement had the greatest effect, followed by interventions targeting trust and integrity at work, workplace DEI and fairness at work. Interventions focused on employees' relationships with management were the least effective overall, but still had a small positive impact. Overall, the results of the study were positive, demonstrating that those who took part in the interventions scored higher (on average) on all pillars than those who did not.

The study also measured how satisfied employees were with the interventions implemented, finding that **89%** of employees rated these positively[2]. Only **3%** of respondents indicated very low levels of satisfaction[3].



1. *A 30% response rate was required to meet our sample size threshold of 1 500 within the study timeframe.*
2. *Scores of seven or above out of ten for satisfaction.*
3. *Scores of two or below out of ten for satisfaction.*

Curating a meaningful and engaging employee experience continued

Targeted engagement interventions

Fairness at work

Standardised application of HR policies and processes, including training on the fair and consistent interpretation and application of these policies: page 82.

Trust and integrity at work

Division and site-level employee engagement feedback sessions to engage on actions for improving overall employee sentiment.

Courageous conversations workshops: page 82.

Workplace diversity, equity and inclusion

Various DEI initiatives and programmes, including onsite Workplace Transformation Committees comprising management representatives, employees and shop stewards that promote inclusion, cohesion and a sense of belonging: page 100.

Our online programme on leading DEI and belonging: page 100.

Relationship with management

Care4YOU: page 76.

Ongoing performance reviews to encourage feedback and dialogue, and reinstating our workplace engagement forums in FY 2025.

Sense of achievement

Our new performance management system: page 90.

Ensuring our people receive positive feedback from their colleagues and patients via our gratitude platform: page 76.

Context-specific employee recognition initiatives.

Based on the results of this survey, we have elected to scale up key engagement interventions across the Group. To improve perceptions of relationships with management, we are reinstating Imbizos (team talks/workplace engagement forums) – a forum through which senior management in each business unit regularly engages with employees on strategic and operational matters. Imbizos also provide a platform for employees to share their perspectives with senior management.

Additional FY 2024 engagement initiatives

In addition to our targeted engagement initiatives, we also facilitated engagement through:

- Strategy roadshows and Leadership in Touch Forums, providing two-way engagement between managers and employees on specific or general issues.
- Agreements on annual salary negotiations and quarterly national consultative forums with trade unions representing employees in the Hospital and Netcare Primary Care divisions.
- Individual development discussions.
- The confidential SHOUT hotline for employees to report alleged or perceived incidents of racism, sexism, discrimination, harassment, or any human rights violation.
- Various workshops, roadshows and other interventions that aim to enhance employee wellbeing.

International Nurses Day

Our International Nurses Day theme for 2024 was Beyond Duty – recognising our nurses for their willingness to go beyond what is expected of them to deliver the best care to our patients.

MyNetCareer

Digitisation

The ultimate aim of MyNetCareer is to provide our people with processes and platforms that enable them to take ownership of their career journeys within Netcare, placing their needs and experiences at the centre of our HR processes. While we remain in the early stages of this project, when complete, MyNetCareer will provide our employees and businesses with access to a seamless, digital HR experience that includes intelligent analytics capabilities to drive data-informed decisions.

Following a thorough exploration of best-in-class digital HR systems and an extensive feasibility study, this project was approved by the Finance and Investment Committee in FY 2024. We have completed the contracting phase of the process, and have progressed to the planning phase, with phase 1 implementation scheduled for FY 2025. To prepare for digitisation, we initiated a number of HR optimisation initiatives during FY 2023 and FY 2024.

Looking ahead

Over the short to medium term, we will continue to invest in and broaden our employee value proposition, measuring our progress against peers in the Employer of Choice survey.

Ensuring fairness in the workplace

We strive for a harmonious, fair and productive working environment based on transparency, trust and cooperation. We are committed to effectively dealing with issues that impact the employer-employee relationship.

Employee relations

As part of our commitment to fostering a culture of fairness, we provide industrial relations training to line managers on matters relevant to the healthcare and legislative landscape, and regularly assess our policies and practices to ensure they remain aligned with best practice and are applied fairly and uniformly across the Group. We equip our line managers with dispute and conflict resolution skills, supporting them to attend to grievances promptly and constructively. We balance our supportive and collaborative approach with disciplinary measures to maintain a culture that promotes good conduct, honesty and integrity at all times.

Our internal disciplinary procedures are governed by our workplace relations policy, SOPs and guidelines. Mechanisms are in place for employees to report grievances, disputes and complaints. Employees may lodge their grievances informally or formally (eg in writing to an HR manager or via the anonymous SHOUT Line). Our employment relations policies are accessible to all employees through the Netcare intranet or onsite HR offices. The employment relations office and senior management are the custodians of our workplace relations policy.

Building trust by standardising outcomes

Over FY 2024, we continued our roll out of Group-wide training on fair disciplinary management and consistent application of our industrial relations policies. The workshops, referred to as courageous conversations, are designed to prepare supervisors, line managers and HR practitioners for the crucial conversations that precede formal processes, equipping them with the skills they need to initiate and chair disciplinary and incapacity enquiries. They are also designed to achieve consistent outcomes relating to employee discipline, fostering a greater sense of fairness in the workplace. Refresher workshops are rolled out where needed.

Since October 2021, **82** workshops have been rolled out across all divisions in the Group, reaching a total of **174** HR practitioners and **1 151** line managers.

332

delegates attended **13** sessions on initiating disciplinary and incapacity enquiries in FY 2024.

117

delegates attended **4** sessions on chairing enquiries in FY 2024.

Employee turnover

We noted a rise in voluntary turnover between February and September of this year. This was partly driven by confusion regarding the Two-Pot Retirement System[1] implemented in September 2024, leading to employees resigning to access their vested funds, working for Netcare through an agency until their funds were paid, and then reapplying for the same or similar roles in the Group. As of July 2024, we began tracking the number of employees resigning and returning to Netcare after accessing their retirement funds – a trend indicative of high levels of financial pressure in an environment marked by high interest rates, burgeoning inflation, and an increased cost of living. To address this, we rolled out a series of interventions, including various financial offerings and awareness sessions focused on educating our employees about the new legislation, its likely impacts, and the negative impacts associated with cashing out retirement funds prior to retirement (page 74). Labour turnover is included as a target in the FY 2025 Group BSC.

Voluntary turnover

increased to **12.9%**, with nurse turnover increasing to **16.8%**. Overall turnover increased to **16.0%**.

FY 2023: 11.5%, not previously reported, 14.5%.

Turnover adjusted for retirement fund access activities was **12.2%**.

1. *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.*

Additional turnover reduction initiatives

- Early access to variable pay and PayMeNow.
- Career mapping and individual development plans.
- Ongoing market-benchmarked salary reviews.
- Employee engagement initiatives.
- Exit/retention surveys.
- Employee wellness initiatives and appreciation days.

Absenteeism

We use absenteeism as a measure of organisational culture and employee experience and address fluctuations in absenteeism by engaging with line managers. Key initiatives include building interventions or additions to our employee wellness solution, and holding discussions with employees upon their return from sick leave to identify reasons for absenteeism and provide support. Absenteeism increased slightly over FY 2024, primarily due to the prolonged flu season.

Workplace bullying and harassment

Bullying, discrimination, harassment and other forms of incivility continue to be an area of focus for the Group. Recent research demonstrates that workplace bullying is a globally pervasive feature of healthcare environments, indicating that this is a sector-wide organisational culture-level challenge. To address this at Netcare, we have rolled out Module 6 of Care4YOU to leadership teams and compassion ambassadors in the Hospital Division – the module focuses on resolving conflict in a civil, respectful and dignified manner (page 76). The Group employee relations team is also engaging with workplace harassment specialists to further refine our policies and practices[1] so that these can be disseminated to managers and leaders across the Group via facilitated sessions. Through these initiatives, we aim to empower managers and leaders to create spaces of acceptance and belonging for all employees at Netcare.

Collective bargaining

We adhere to the collective bargaining provisions set out in the Labour Relations Act 66 of 1995 and promote ongoing interaction with our representative trade unions.

Engaging with recognised trade unions

We are committed to proactively engaging with trade unions, identifying barriers to positive and productive employee-employer relationships and resolving these swiftly. We fund three full-time shop stewards who assist with employee relations. Monthly union meetings are held between site management and site shop stewards to discuss site-specific labour-related matters. Full-time shop stewards are also invited to monthly regional Hospital Division HR meetings – these provide a forum for engagement with regional HR managers where unresolved employment relations matters (escalated from the sites) can be addressed. At a national level, we engage in annual collective bargaining with all recognised unions and hold quarterly national consultative forums to discuss strategic business initiatives and address any unresolved items from wage negotiations. We also hold three joint national transformation consultative forums every year to update on our transformation initiatives and progress.

FY 2024 focus areas:

- Held discussions on the Group's financial position, Netcare Medical Aid, funder relations and tariff negotiations, transformation initiatives, and environmental sustainability initiatives.
- Successfully concluded wage negotiations for the period March 2024/February 2025 with all three recognised trade unions within the Hospital Division and the one recognised trade union at Netcare Medicross[2]. The same adjustment and benefits were extended to the members of Solidarity, which no longer has majority membership within the Hospital Division, as well as other employees in non-bargaining units (in the interest of promoting fairness and enhancing pay parity).
- Continued engagements on the proposed thresholds for recognising trade unions at a national level and in bargaining units.
- Continued to engage on the minimum service agreement and, through an ESC[3]-facilitated process, reached an agreement with all recognised unions on which job categories (including support services) fall under the category of designated services. As members of the private healthcare sector, Netcare is designated as an essential services provider, limiting the risk of industrial action for the Group. The minimum service agreement process is designed to balance our role as an essential services provider with our employees' rights to strike.

Future negotiations

We anticipate negotiating with the same unions for the FY 2025/26 period.

1. *Last year, following publication of the new Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace in 2022, we updated our harassment, discrimination and workplace bullying SOP and rolled out mini-seminars to HR practitioners and line managers to ensure understanding of these changes.*
2. *One previously recognised trade union at Netcare Medicross did not meet the 50%+1 threshold for collective bargaining this year.*
3. *Essential Services Committee (ESC).*

Ensuring fairness in the workplace continued

At times, our focus on operational excellence necessitates operational changes that drive efficiencies. We disclose all relevant information related to our proposals to our representative trade unions, providing them with the opportunity to respond to these proposals and make alternative suggestions, and responding to alternative proposals presented by our employees and unions. While our collective agreements with unions do not specify a minimum notice period for employees, we comply with the provisions of the Basic Conditions of Employment Act 75 of 1997, requiring one week's written notice of termination of employment during the first six months of employment, two weeks' written notice of termination of employment during the second six months of employment, and four weeks' written notice of termination of employment after the first year of employment.

Additional FY 2024 performance

- Headcount decreased **1.2%** to **18 350** permanent employees. **Three** roles became redundant, **113** employees were terminated – **59** due to ill-health or injury and the remainder were dismissed, primarily due to misconduct.
- **48%** (FY 2023: 49%) of permanent employees are union members.
- Received **37** (FY 2023: 26) grievances about labour practices, **35 (95%)** of which were resolved by year-end; **two** cases were referred to the Commission for Conciliation, Mediation and Arbitration.
- Rolled out one-hour virtual workshops on clinical investigations to provide guidance to nursing and HR managers on effectively gathering relevant facts when investigating clinical matters.
- Rolled out virtual training workshops on our employment relations policies and procedures to various stakeholders, including Netcare Education employees and students, HR practitioners and line managers. Launched in September 2024, rollout will continue during FY 2025.

*For additional information on our performance, see the key data section: **page 129**.*

Looking ahead

Our focus areas over the short to medium term include continuing our courageous conversations initiative and measuring its impact, and ensuring that matters raised by employees through union representatives are timeously resolved. We will also continue to strengthen collaborative engagement with all recognised trade unions, ensuring constructive dialogue that enables mutually beneficial solutions.

Driving blended learning and development and talent management initiatives

Our approach to human capital development strikes a balance between ensuring that our people are adequately skilled to deliver Netcare's strategy (including providing outstanding levels of care) and meeting our transformation objectives.

In line with our strategy of ***growing with passionate people***, we focus on building bench strength for our core business through structured formal qualifications in nursing[1], pharmacy and emergency services; developing a diverse pipeline of scarce and strategic skills; building management and leadership capacity; and providing opportunities for unemployed youth and people with disabilities through various vocational programmes, retaining them upon programme completion. This approach enabled us to meet and exceed our planned skills spend for SDP 2024[2]. Our training spend continues to compare favourably with the demographic representation of our workforce and aligns closely to the national EAP[3], affirming our commitment to building a Netcare that is inclusive of all South Africans.

*Read more about our approach to transformation: **page 93**.*
*Read about the critical nursing skills crisis and restrictions on Netcare Education enrolments: **page 73**.*

Blended learning

As the Group continues its digital transformation journey, our approach to skills development, training and learning initiatives continues to evolve. Many of our current courses are delivered using a blended approach where face-to-face or on-the-job training programmes are augmented by digital content (in the form of webinars, videos and other online teaching and learning materials), a trend that will continue to accelerate over the short to medium term[4].

Digitisation

Training and skills development spend

Our training spend reflects our priorities, with the bulk directed towards developing healthcare practitioners, particularly registered nurses, paramedics and pharmacist practitioners. Our six-month in-service nursing certificate programmes ensure that our nurses are fully equipped to care for our patients and deliver the best and safest person centred care. We also invest in CPD[5] programmes for our clinical professionals to ensure their skills and training remain current.

Additional focus areas include bursaries and scholarships for Netcare students and employees; management and leadership development; building required technical, emergency services, pharmacy, and frontline employee competencies; and investing in programmes that deepen a culture of inclusion and belonging (page 100).

1. *Our nursing qualifications are accredited by the SANC and aligned with the National Qualifications Framework (NQF).*
2. *Our training metrics are calculated for SDP 2024 which runs from 1 April 2023 to 31 March 2024 per the Health and Welfare Sector Education and Training Authority (HWSETA) measurement year.*
3. *Economically active population (EAP).*
4. *Courses that benefit from group participation (eg our management and leadership programmes) will continue to be conducted in-person.*
5. *Continuous professional development (CPD).*

Driving blended learning and development and talent management initiatives continued

Training

R69 million

total training spend (including **R58 million** direct spend reported to HWSETA and an additional **R11 million** spend on clinician scholarships), equating to **1%** of payroll.

Skills Development Act target: 1% of payroll

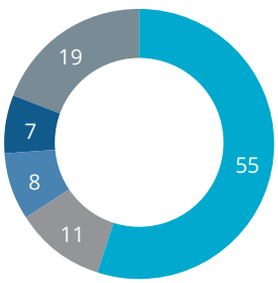
SDP 2023: R65 million total spend, R57 million reported to HWSETA

16 554

employees (including **1 675** current and future leaders) participated in **85 158** training interventions.

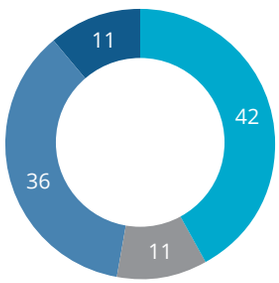
SDP 2023: 18 565 employees, 56 428 interventions

Direct training spend by category
(SDP 2024) (%)



- Formal nursing training (SDP 2023: 53%)
- CPD programmes (SDP 2023: 10%)
- Management and leadership development (SDP 2023: 7%)
- Emergency and critical care training (SDP 2023: 7%)
- Other training (SDP 2023: 23%)

Clinical competencies training spend breakdown
(SDP 2024) (%)



- General nursing diploma (SDP 2023: 32%)
- Higher certificate in auxiliary nursing (SDP 2023: 21%)
- Six-month nursing certificate programme (SDP 2023: 35%)
- Emergency and critical care training (SDP 2023: 12%)

62% (R36 million) of our direct training spend was invested in building clinical competencies in nursing and emergency services[1].

Nursing and emergency care

720

nurses enrolled on formal nursing programmes accredited by SANC[2] – **200** are new intakes.

SDP 2023: 632

297

nurses enrolled on six-month in-service programmes.

FY 2023: 421

Management and leadership development

313

managers enrolled on a development programme over SDP 2024. **85%** are black, **74%** are women, and **63%** are black women.

SDP 2023: 533

85%

of direct training spend invested in management and leadership development benefitted black employees.

SDP 2023: 85%

Continuous professional development

7 850

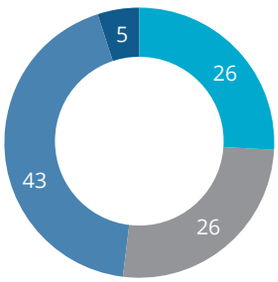
employees attended CPD courses, including **1 505** who attended CPR courses and **678** who attended first aid courses.

SDP 2023: 12 203

1. *Through formal structured NQF-aligned qualifications and courses that lead to a clear career path.*
2. *South African Nursing Council (SANC).*

Skills development and transformation

Direct training spend by employment level
(SDP 2024) (%)



- Unskilled workers (SDP 2023: 27%)
- Semi-skilled workers (SDP 2023: 25%)
- Skilled technical and qualified workers, junior managers, supervisors, foremen and superintendents (SDP 2023: 47%)
- Professionally qualified and experienced specialists and middle managers (SDP 2023: 1%)

R50 million (86%)

of direct training spend invested in developing black employees.

SDP 2023: R50 million (88%)

R49 million (84%)

of direct training spend invested in developing women.

SDP 2023: R47 million (82%)

R42 million (73%)

of direct training spend invested in developing black women.

SDP 2023: R46 million (81%)

R5 million (9%)

of direct training spend invested in developing employees with disabilities.

SDP 2023: R2 million (4%)

Skills development: bursaries, learnerships and internships

In partnership with the HWSETA, we fund learnerships, internships, bursaries and workplace experience programmes for our employees and unemployed youth.

In 2018, as an anchor sponsor of the Presidential YES programme, we committed to training **1 000** unemployed young South Africans (including people with disabilities) between 2018 and 2023 and finding **90%** of them employment within Netcare and our sector. We are pleased to report that, by the end of 2023, we had exceeded our initial commitment, enrolling **around 1 200** learners, **954** of whom had completed the programme with a **90%** employment rate (**61%** at Netcare).

We launched our new youth development programme, the Netcare youth training and employment programme, this year. The programme follows the same structure as YES4Youth, ensuring that all learners who are currently enrolled will have the opportunity to complete their learnerships and become gainfully employed, either at Netcare or elsewhere.

We continue to drive disability mainstreaming through our Sinako programme which provides learnership opportunities to Netcare employees and young people with disabilities, enabling them to enrol for NQF-registered programmes and programmes focused on developing scarce skills within our sector.

Given the critically high levels of youth unemployment in SA, we also continue to run a variety of internships, workplace experiential learning and learnership programmes that enhance employment opportunities for young people.

Netcare youth training and employment programme

1 553

learners enrolled on learnerships since 2018.

1 076

learners have completed their learnerships, **90%** of whom are gainfully employed (**64%** at Netcare).

215

learners enrolled in SDP 2024.

Sinako programme

57

unemployed youth enrolled on the Sinako learnership programme in SDP 2024.

SDP 2023: 43

Bursaries

R18 million

invested in bursaries for employees and unemployed black youth for SDP 2024.

SDP 2023: R22 million

Driving blended learning and development and talent management initiatives continued

The Professor Bongani Mayosi Netcare Clinical Scholarship

Our Physician Partnership Trust grants doctoral scholarships that fund studies for black clinical scholars. Applicants for the scholarships are evaluated and shortlisted by the Deans of medical schools from universities across the country. The SDP 2024 spend for the scholarship was **R11 million** (SDP 2023: R9 million[1])

— *Read about the impact of this scholarship programme: **page 98**.*

Additional employee and student bursaries, internships and learnerships

- Bursaries for SDP 2024 were awarded to **19** high-performing employees and students (SDP 2023: 45) in line with their career development objectives (funded by the HWSETA).
- Enrolled **74** pharmacy interns and **15** students (SDP 2023: 54 and 26) on pharmacy assistant learnerships.

Management and leadership development

Our suite of leadership programmes develops the key behavioural traits and abilities we expect of our current and future leaders, building the scarce and core skills needed to create a diverse succession pipeline. A target for talent management and succession is included in the FY 2025 Group BSC.

Executive and senior leadership

Expert negotiator programme

38

senior leaders and leaders and managers from our procurement team attended expert negotiator and critical negotiation skills programmes offered by the Gordon Institute of Business Science. **53%** are black, **45%** are women, and **26%** are black women.

SDP 2023: 27[2]

Middle and junior management

Netcare Leadership Development Programme

19

middle managers enrolled on the 14-month health systems management programme for SDP 2024. **89%** are black, **53%** are women, and **42%** are black women.

SDP 2023: no enrolments for SDP 2023. The programme intake for 2023 commenced in September, SDP 2024.

Management development programmes[3]

161

delegates enrolled for SDP 2024. **86%** are black, **81%** are women and **73%** are black women. The programmes build managerial acumen, and the behavioural competencies required of our managers.

SDP 2023: 172

Leading the Netcare Way

45

nursing and other managers enrolled for SDP 2024. **78%** are black, **71%** are women, and **56%** are black women. Focusing on developing emotional intelligence, personal mastery, resilience and leadership skills, the programme assists our nursing managers to manage high-performance nursing teams. **Four** programmes are planned for SDP 2025.

SDP 2023: 58

— *Read about our performance and approach to diversity across the Group: **page 100**.*

1. *Number previously incorrectly reported as R9 million for FY 2023, rather than for SDP 2023. Due to the scholarship's skills development focus, we report and claim this spend under skills development rather than ownership even though the scholarship is administered under the Health Partners for Life (HPFL) initiative.*
2. *Restated. Prior number (51) referenced the financial year. Updated number provided is for the skills development period.*
3. *Delivered through Netcare Education.*

Additional SDP 2024 performance

Management and leadership development

- The Netcare Leadership Journey came to a close this year. Over two years, **73** top-performing leaders participated in our bespoke coaching programme that builds executive bench strength and our talent pipeline.
- **Three** designates (all of whom are black) are enrolled on the Designate Hospital Manager programme for SDP 2024, and the **three** designates who participated during SDP 2023 have subsequently been employed as hospital general managers.
- The Designate Pharmacy Manager programme[1] rollout was delayed and has been placed on hold due to operational reasons.

Other courses

- **50** frontline employees enrolled on the South African Sign Language course delivered in partnership with the Wits Centre for Deaf Studies during SDP 2024 and a further **50** are enrolled for SDP 2025: page 100.
- Rolled out the National Renal Care six-month in-house nephrology course to **2 251** registered nurses.

*For additional information on our performance, see the key data section: **page 129**.*

SDP 2025 and beyond

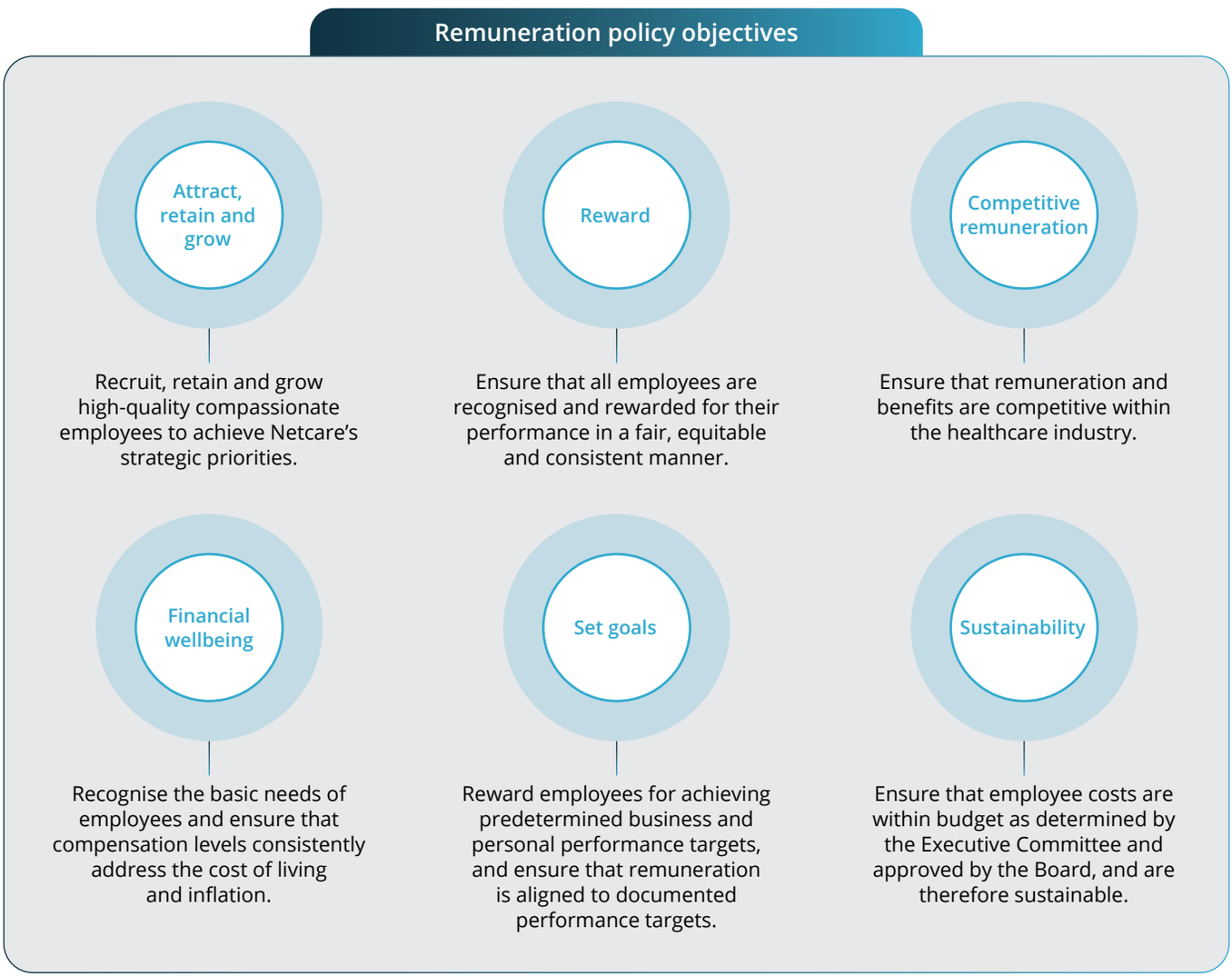
Over the course of 2024, we developed and began to implement our training and skills development plan for SDP 2025 to SDP 2029. Our core investments remain aligned with building the clinical and professional competencies of our employees and the unemployed youth enrolled in our bursary and learnership programmes. We are also investing in advancing the skills and competencies of our IT, finance, administration and support services employees and plan to introduce further technical apprenticeships, workplace-integrated learning programmes for recent graduates, and internships for pharmacy, HR, IT and financial management roles over the short to medium term. We continue to develop internal management and leadership capacity through our suite of management and leadership development programmes.

1. *Developed through collaboration between Netcare Pharmacy Division leadership and a leading tertiary institution.*

Fair, responsible and competitive remuneration and retention

Our remuneration philosophy ensures that our employees are fairly, reasonably, responsibly and competitively rewarded for their contribution to Netcare's strategic, operating and financial performance.

This supports our ability to attract and retain talent at all levels of the organisation and drives a high-performance culture. Remuneration decisions consider individual and team performance as well as values and behaviours that promote the delivery of person centred health and care.



— *Shareholder report*: Remuneration report.

Fair and responsible employee remuneration

We regularly benchmark salaries to ensure that our remuneration policies and practices remain competitive for our sector, and use a reputable job grading system to ensure equal pay for work of equal value.

The FY 2024 results of our annual income differential analysis reaffirmed 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.

As a gender-empowered organisation, women comprise **80%** of the total workforce and account 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 men earning between **7.5%** and **11.7%** more than women at middle and senior management levels.

During FY 2024, 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%.

We ensure that remuneration decisions support our commitment to progressively narrowing the income gap between the highest and lowest income earners:

- We 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.
- We pay well-above the legislated minimum wage. Effective 1 March 2024, SA's minimum wage increased from R25.24 to R27.58 for each ordinary hour worked. Our minimum wage of **R51.09** per ordinary hour exceeds this by **54%**.
- 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.
- 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.
- In October 2019, all employees below executive level were each allocated **3 000** Netcare shares as part of our B-BBEE Employee Share Ownership Scheme.

Attracting and retaining critical skills

To retain employees with scarce and critical skills, we make interim salary adjustments for specific employees and pay the SANC[1] annual professional registration fees for all practicing nurses in our employment, as well as the HPCSA[2] annual professional fees for certain permanent employees in emergency services, and permanent dental assistants.

Our nurse value proposition is regularly benchmarked to ensure its competitiveness, and we are exploring the feasibility of more flexible staffing models to accommodate employee needs while still meeting patients' and Netcare's needs. Over FY 2024, we continued to offer nursing employees 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 intensive care unit, theatre, recovery, maternity and emergency department nursing employees. The skills allowances for nurses in scarce and critical specialist roles were increased, and meal allowances were increased across the board.

More broadly, we continue to focus on how best to meet our employees' needs and are always exploring ways to create benefits for our employees. We offer:

- Flexible remuneration arrangements enabling employees to customise their packages to suit their unique circumstances (eg PayMeNow and access to variable (overtime) earnings before pay day).
- The option for employees to restructure their retirement fund contributions once a year and enable multiple ways for them to configure their take-home pay, tax-free savings contributions, life cover and investment portfolios.

*Read about how we support our people's financial wellbeing: **page 74**.*
*Read more about retention in Our ESG risks and opportunities: **page 31**.*

1. *South African Nursing Council (SANC).*
2. *Health Professions Council of South Africa (HPCSA).*

Fair, responsible and competitive remuneration and retention continued

Performance management

C4 and above

FY 2024 marked the third year of the SIP[1] – an approach to compensation that ensures our remuneration is responsive to market volatility, remains competitive, and rewards high performance linked to the delivery of Netcare's long-term strategy and shareholder value via the Group BSC; this is in turn cascaded to Executive Committee and divisional scorecards. Annual SIP targets are comprehensive and encompass both financial and non-financial objectives, creating alignment between our annual performance, incentives, and shareholder and stakeholder expectations. The externally benchmarked SIP offers a competitive value proposition for high-performing executives, senior managers, middle and junior management, and selected employees. Executive and senior management are eligible for STIs[2] and LTIs[3], while employees at other levels are eligible for performance-linked STIs.

C3 and below

At C3 and below, we rolled out a new performance management system across the Group. The system is fully functional and quarterly reviews have been conducted throughout the year. Final reviews will be conducted to determine individual, team and divisional performance in relation to overall Group performance.

Change management initiatives were rolled out to assist management to implement the system and set performance objectives.

Additional FY 2024 performance

- Continued to drive doctor and specialist recruitment. Over FY 2024, **164** (FY 2023: 160) doctors were granted admitting and practising privileges at our acute and mental health facilities, a net gain of **113** (FY 2023: 124) doctors. **152** (FY 2023: 143) new specialists (gross) were granted admitting privileges (Hospital Division).
- Conducted an 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.

*For additional information on our performance and a detailed overview of benefit coverage and parental leave data, see the key data section: **page 129**.*

Looking ahead

Over the short to medium term, we are focused on offering competitive remuneration and benefits to ensure we remain attractive to key talent.

1. *Single Incentive Plan (SIP).*
2. *Short-term incentives (STIs).*
3. *Long-term incentives (LTIs).*

Our social transformation imperatives

We are committed to supporting and participating in the transformation of SA, and to playing a key role in ensuring that our society, economy and labour market are inclusive, promoting human dignity, equality and fairness.

We acknowledge and accept our responsibility to build a more inclusive and definitively equal SA for all and stand ready to work together with policymakers, government, NGOs, NPOs, the public healthcare system and healthcare associations to find solutions that address the systemic and structural inequalities in SA, ensuring that we continue to build on our ability to be a force for social good.

Our philosophy and approach to transformation

Our transformation strategy and related initiatives are rooted in a **social justice framework**. They aim to tackle the systemic and structural inequalities arising from South African and global histories.

At Netcare, our emphasis is on upholding human rights, striving towards the Millennium Development Goals, adhering to the ILO's[1] declaration for decent work, working with SA's evolving macroeconomic development strategies, and shifting focus from shareholder to stakeholder capitalism.

The **Constitution of the Republic of South Africa (1996)** serves as the bedrock for introducing legislative measures aimed at redressing past inequities across the economy, labour market and society.

We are committed to adhering to both the explicit and implicit principles of the Constitution, considering it a crucial bridge between social justice ideals and the regulations formulated to actualise these ideals.

Our strategy and initiatives are aligned with the following regulatory frameworks:

- B-BBEE Act 53 of 2003
- dtic[2] Codes
- Employment Equity Act 55 of 1998
- Skills Development Act 97 of 1998
- Skills Development Levies Act 9 of 1999
- Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000
- United Nations Global Compact
- United Nations Universal Declaration of Human Rights
- United Nations Sustainable Development Goals
- ILO's Declaration on Fundamental Principles and Rights at Work
- King Report on Corporate Governance for South Africa (2016)

Our transformation plan for 2021-2026

We have maintained our Level 3 rating for a third consecutive year, improving our total score as well as those for management control, skills development and preferential procurement. Our focus for FY 2024 and beyond continues to be on maintaining and deepening transformation in these areas as well as improving diversity at executive and senior leadership levels, progressing diversity at middle management level, cultivating an inclusive and supportive organisational culture, improving our preferential procurement spend on EMEs and QSEs, enhancing our ESD performance, and continuing to drive our human capital development initiatives.

1. *International Labour Organization (ILO).*
2. *Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice (dtic Codes).*

Our social transformation imperatives continued

Our FY 2024 transformation objectives and performance

Ownership

Maintain black and women ownership.

Generate value for the beneficiaries of, and support community empowerment through, our B-BBEE share schemes.

Page 98.

Leadership and workforce diversity

Ensure racial and gender diversity in our workforce and leadership structures.

Promote social cohesion by tackling discrimination in the workplace.

Page 100.

Skills development

Increase our skills spend on black people against the leviable amount.

Provide bursaries and development programmes for high-performing employees.

Continue offering vocational learning opportunities for unemployed youth, including people with disabilities.

Page 85.

Procurement and ESD

Support SMMEs by diversifying our supply chain.

Page 106.

Socioeconomic development

Increase access to quality health and care for indigent South Africans.

Page 112.

Target met or exceeded Target not met

Our progress is guided by and measured against our B-BBEE scorecard:

Dimension	Weighting	Target	**2024**	2023	2022	2021	2020
Ownership	25	21.54	**20.39**	21.54	21.80	21.24	19.64
Management control	19	11.43	**12.07**	11.10	11.39	11.05	10.43
Skills development	20	11.00	**10.62**	10.19	9.87	9.68	8.77
Procurement	27	26.60	**26.34**	26.14	25.07	24.12	20.65
Enterprise development	5	7.00	**7.00**	7.00	7.00	7.00	7.00
Supplier development	10	10.00	**10.00**	10.00	10.00	10.00	10.00
Socioeconomic development	5	5.00	**5.00**	5.00	5.00	5.00	5.00
Total score	111	92.57	**91.42**	90.97	90.13	88.09	81.49
B-BBEE Level		3	**3**	3	3	4	4

Critical issues: the South African socioeconomic environment

The South African national landscape has undergone many changes over the past year. The country held a significant general election from which the Government of National Unity emerged, and we have experienced an extended period without load shedding. This has been met by positive shifts in business confidence and there are some indications that better economic prospects may emerge over 2025.

This projected positive trajectory notwithstanding, much of 2024 was marked by a deteriorating economy, high inflation and interest rates, and constrained consumer disposable income. Economic indicators began easing over the second half of the year; by October, headline inflation had eased to 2.8%[1], its lowest in at least four years and the SARB[2] reduced the repurchase rate by 0.25 basis points in September. A further 0.25 basis point cut brings the policy rate to 7.75% as of November 2024.

Unemployment, however, remains both a key challenge and driver of extreme inequality in a social landscape marred by a history of oppression. Reducing inequality and ensuring economic growth that supports decent work and job creation will be one of the key challenges for the Government of National Unity over the medium term.

For Netcare, the unfavourable economic conditions prevalent for the bulk of our financial year impacted our financial performance. These conditions also have negative impacts on our employees that we support through our financial wellness initiatives (page 74); small suppliers, like those enrolled as beneficiaries on our ESD programme, that we offer targeted support (page 106); and on the Netcare Foundation which is able to secure less funding in times of economic hardship (page 112).

IMF GDP forecast[3]

1.1% for 2024 (up from its previous forecast of 0.9%) and **1.5%** for 2025 (elevated from 1.2%).

SARB GDP forecast

1.1% for 2024, increasing to **1.7%** in 2025 (up from 1.6%) and **1.8%** for 2026[1].

While positive, GDP growth remains below the average growth for emerging markets and developing economies.

Unemployment in quarter three of 2024[4]

SA's official unemployment rate eased to **32.1%** (quarter two: 33.5%); however, youth unemployment remains critically high at **60.2%**.

The graduate unemployment rate decreased by **2.1%** to **9.7%** compared to **11.8%** in quarter one. Those with less than matric remain vulnerable with unemployment rates of **35.8%** and **39.3%**, respectively.

Supporting access to affordable healthcare

This challenging context in tandem with significant medical scheme membership contribution increases[5] is placing membership under further strain at a time when few South Africans can afford the average cost per admission to an acute hospital without coverage. However, as more people live past the age of 60, demand for acute care continues to grow, significantly impacting affected individuals and an already strained healthcare system, ultimately resulting in healthcare affordability constraints. This is especially true for those who are already socioeconomically marginalised, with socioeconomic inequality echoed in healthcare settings and large disparities in accessibility and quality of care between public and private sectors as well as urban and rural areas[6].

Our strategy explicitly commits us to pursue a more just and equitable society that is inclusive and upholds human dignity. We support government's intention to reconstruct society and the economy to be more inclusive of people who remain disadvantaged, particularly as this pertains to accessing high-quality health and care.

SA remains in urgent need of health system reform and strengthening. We remain fully committed to achieving universal health coverage and stand ready to collaborate on designing and delivering sound and workable solutions that serve the health needs of all South Africans. In alignment with the principles of social solidarity, Netcare wishes to participate in providing sustainable healthcare for all South Africans.

1. *Statement of the Monetary Policy Committee | November 2024.*
2. *South African Reserve Bank (SARB).*
3. *IMF's October 2024 World Economic Outlook.*
4. *Statistics South Africa's Quarterly Labour Force Survey.*
5. *Implemented to ensure financial stability and sustainability of the schemes.*
6. *Department of Health: National Health Insurance for South Africa: Towards Universal Health Coverage.*

Critical issues: sustainable universal healthcare

The NHI Act, signed into law in May 2024[1], aims to create a single purchaser and payor of healthcare services covered by NHI benefits. Services accessed will be free at the point of care for registered users, thereby expanding universal access to health services for South African citizens. The public fund will purchase these healthcare services from accredited private and public healthcare providers, setting fees and prices that private doctors and healthcare suppliers may charge for NHI-funded benefits. Over time, the NHI Act will limit private medical scheme cover for NHI-covered services, and once NHI is fully implemented, private medical schemes will only be able to offer complementary cover. The NDoH[2] has indicated that the initial focus will be on establishing the NHI Fund over three to five years and purchasing services for the most vulnerable citizens. While many countries are pursuing universal health coverage through a variety of financing and delivery mechanisms, a systematic and comparative review of such programmes globally demonstrates that the policies of the NHI Act are virtually unprecedented. The Act is explicit on contracting primary healthcare and emergency services from private and public healthcare providers, and hospital services from only public healthcare providers (with an option to contract from other providers). The BHF[3], Solidarity and South African Private Practitioners Forum have filed legal challenges in the High Court opposing the NHI Act.

Netcare, alongside other private healthcare providers, has the resources and capacity to help government realise the constitutional health rights of all South Africans. We remain resolutely committed to partnering with the government and all relevant stakeholders in a sensible, constructive and evidence-led way to create a universal health coverage solution that is a credible, viable alternative to the NHI.

We are encouraged by government's recent engagement with the private sector to discuss matters related to the NHI Act. At the President's request, BUSA[4] submitted specific proposals on solutions or issues of concern regarding the NHI Act to inform potential future structured engagement.

Netcare advocates HASA's[5] proposed model mandating medical cover for formally employed individuals, including their families. This will free up public health funds to deliver enhanced, quality care for the informally employed, unemployed and the most vulnerable in our society. This is a well-tested and proven model in other parts of the world, is based on over two decades of sound research by South African health policy experts, and considers the macroeconomic challenges unique to SA. Most importantly, the model can be implemented in the near term and in a phased approach, and as the economy recovers and employment increases, the benefits delivered for public healthcare will multiply.

Mandatory cover of the formally employed promises the following key benefits:

- Increased public health spend (around 52% per capita) without increasing the public sector budget allocation[6].
- Reduced government healthcare responsibility (from the current 85% of the population to 56%)[7].
- Reduced strain on the public health system and more capacity for much-needed systems strengthening.
- Reduced burden on healthcare workers.
- Government spend available to fill unfunded doctor and nursing posts.
- The inclusion of young, healthy employed individuals in medical schemes will improve the sustainability of risk pools and positively impact the affordability of scheme contributions.
- Improved health resulting in improved workforce productivity and employee absenteeism[8].

In addition, there are numerous collaborative initiatives between public and private healthcare sectors that can be implemented immediately to enhance access and delivery of care. Examples include:

- Twinning[9] the management of public and private facilities and the sharing of best practices.
- Initiatives for oncology and elective surgery.
- Collaboration on nurse and doctor training.

1. *Commencement dates and regulations are still to be gazetted.*
2. *National Department of Health (NDoH).*
3. *Board of Healthcare Funders (BHF).*
4. *Business Unity South Africa (BUSA).*
5. *Hospital Association of South Africa (HASA).*
6. *Based on the SA population excluding medical scheme members. Health Funders Association NHI Scenario Planning Symposium | June 2024.*
7. *9.2 million people have medical aid in SA. With a formally employed population of 11.5 million and including beneficiaries (assuming a beneficiary ratio of 2.4), approximately 27.5 million people could potentially, over time, progress to mandatory cover. In a population of 63 million, this would leave 35.5 million (versus the current 53.8 million) dependent on public health resources.*
8. *Kessler R, Stang P. 2006. Health and Work Productivity: Making the business case for Quality of Health.*
9. *A development model that uses institution-to-institution partnerships and peer relationships to benefit both sides.*

Affordable private healthcare

NetcarePlus' range of products provide increased access to private healthcare beyond traditional medical schemes, and use the Netcare ecosystem to deliver this healthcare. The target market is individuals who are employed but unable to access private healthcare as they are not adequately covered by insurance or medical aid. Our products are accessible through multiple channels, including the 'ONE Netcare' website, the Netcare App, call centres, corporate intermediaries and retail partners, and can be purchased in under five minutes.

NetcarePlus product portfolio

Extend access to high-quality, affordable private healthcare for the uninsured

Market
5m to 6m households

Primary healthcare	Secondary healthcare	Tertiary healthcare
Prepaid vouchers • GP (in-person and virtual) • Dental. • Optometry.	**Prepaid procedures** • Eye • Ear, nose and throat. • Gynaecological. • Orthopaedic. • Urology.	**Emergency care** • Accident and trauma.
9 in total	**17 in total**	

Enhance cover for medical scheme members

Market
9.1m individuals

EmployeeCare
An employee wellness programme powered by Lyra

FY 2024 **PrimaryCare**[1] A primary healthcare insurance solution for corporates.	FY 2024 **BabyCare** Lump sum payout for pregnancies.	FY 2024 **Emergency medical illness** Covers strokes, heart attacks and more.

Gap cover as a supplement to medical aid for healthcare costs that are not covered.

1. *The primary care insurance product predominantly covers GP, dentistry and optometry. We successfully launched an enhanced version of this insurance solution during the year.*

Benefiting our communities through broad-based black ownership

As a listed entity, the majority of the Group's B-BBEE ownership rating is derived from mandated investments that are independently analysed for black and black women ownership on a flow-through basis.

Ownership is also derived from our HPFL[1] initiative – a strategy to effect B-BBEE participation and transformation in the Group and the private healthcare sector. The initiative hosts our employee ownership scheme, contributes to clinical skills development and supports community-based health and wellness initiatives.

Ownership

R1.4 billion

shares in issue, **96%** of which are mandated investments monitored for black and black women ownership. The remaining **4%** comprise HPFL and Treasury shares.

4

employee share scheme and broad-based community scheme trusts that allocate shares or funding in favour of black and black women beneficiaries.

25%

of voting rights held by black people and **15%** of voting rights held by black women.

dtic targets[2]: 25% + 1 vote for black people and 10% for black women

FY 2023: 28%, 16%

R7 million distributed to beneficiaries through the HPFL trusts over FY 2024.

FY 2023: R6 million

Health Partners for Life trusts

Our HPFL trusts were established to support designated groups and communities via the Netcare Foundation as well as other NPOs and NGOs. As such, they are reflective of our commitment to building a transformed SA characterised by values of social and economic equality and inclusion for all. Each with its own board of trustees, our trusts create value opportunities for beneficiaries via exposure to our share price performance, ensuring that our people and communities benefit when we perform well.

The Patient Care and Passionate People Trust

The Patient Care and Passionate People Trust

- The scheme was established in 2019 and comprises **61 million** Netcare shares maturing in 2029.
- **20 370** employees have benefitted, excluding executives.
- Shares were issued at a **20%** discount.
- Participants receive a trickle dividend with the balance of the declared dividend used to service the scheme debt.
- The transaction strengthened the ownership component of our empowerment rating, resulting in an improved B-BBEE rating (from Level 5 in 2018 to Level 4 in 2019).

The Physician Partnership Trust

The Physician Partnership Trust

- Supports clinical academic excellence by administering the Professor Bongani Mayosi Netcare Clinical Scholarship.
- **Professor Bongani Mayosi Netcare Clinical Scholarship:** funds black clinical scholars completing their doctorates locally and abroad. Since inception, **R75 million**[3] has been disbursed to fund **27** clinicians, **16** of whom have been awarded doctorates. **Two** scholars were awarded scholarships this year and will receive funding and commence their research in 2025.

— *The scholarship contributes to our skills development spend:* ***page 85****.*

1. *Health Partners for Life (HPFL), established in 2005 through the transfer of 160 million Netcare shares valued at R1 billion.*
2. *Department of Trade, Industry and Competition (dtic).*
3. *Total excludes R2 million in funding for equipment granted to the University of Cape Town library. Due to the scholarship's skills development focus, we report and claim this spend under skills development rather than ownership even though the scholarship is administered under the Trust.*

The Mother and Child Trust

- Funds impactful community-based initiatives that uplift women and children, providing them with needed support. Current funding partners include Netcare Sexual Assault Crisis Centres, Netcare Ncelisa human milk banks, HI HOPES[1], and early childhood development centres and initiatives.
- Over FY 2024, the Trust approved **R2 million** to fund the expansion of the mobile toy library initiative run by Cotlands, **R1 million** to fund the Netcare Sexual Assault Crisis Centres and **R1 million** to fund home-based early intervention for families of deaf and hard-of-hearing babies (via HI HOPES). This is in addition to the **R2 million** approved in FY 2023 to fund the Netcare Foundation's emergency department sign language initiative and the establishment of the Rahima Moosa Mother and Child Hospital (a public hospital) human milk bank.
- The Trust will continue to support these initiatives over the short to medium term.

— *Read more about the impact our funding had in FY 2024:* ***page 112****.*

The Healthy Lifestyle Trust

- Focuses on initiatives that support the physical and mental health and wellness of South African communities. Since 2016, the trust has funded various initiatives run with SADAG[2], a partnership that continues into FY 2024. This year, the trust also funded various healthcare accessibility initiatives run by the Netcare Foundation. Funding partners and initiatives are subject to regular monitoring and evaluation.
- **SADAG partnership initiatives:** in FY 2024, the Trust approved a further **R2 million** in funding for the SADAG Ivory Park and Diepsloot counselling containers and teen depression and suicide prevention school outreach programme themed 'teen suicide should not be a secret'.
- **Healthcare accessibility initiatives:** **R3 million** approved in FY 2024 to fund cochlear implant, cataract and elephantiasis beneficiaries.

— *Read more about the impact our funding had in FY 2024:* ***page 112****.*

FY 2024 impact

2 202

community members received face-to-face counselling through the container services, with additional members reached through SADAG awareness talks and stands at malls, taxi ranks, clinics, and schools.

6 190

learners and educators, district officials, learner support agents, parents and other stakeholders reached through SADAG talks, workshops and webinars on preventing teen suicide.

The ownership of Netcare shares by black people and black women compares well to the prescribed dtic[3] thresholds and JSE-listed entities as published by the B-BBEE Commission in 2021.

Additional FY 2024 performance

- Continued our programme to trace employees who are beneficiaries of the old scheme with vested shares who cannot currently be contacted.
- Roll out of the Netcare Nursing Scholarship was delayed, however, implementation is expected in FY 2025.

— *For additional information on our performance, see the key data section:* ***page 129****.*

Looking ahead

Sustain black ownership of Netcare shares above the dtic Codes' thresholds through our employee share scheme and broad-based community scheme trusts.

1. *An early intervention partner for families of deaf and hard-of-hearing babies run through the Centre for Deaf Studies at Wits University.*
2. *South African Depression and Anxiety Group (SADAG).*
3. *Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice (dtic Codes).*

Cultivating a diverse and inclusive workplace

Every South African, regardless of race, gender identity, religion, sexual orientation or disability, has the right to decent work and to contribute meaningfully towards SA's economic growth and development.

Our workforce profile and broader socioeconomic transformation strategy reflect our belief in redressing inequality, deepening diversity, and advancing human potential. We continue to strive to improve demographic representation, further aligning our workforce with the national and respective provincial EAPs[1] while also providing opportunities for young people and people with disabilities to enter the workforce (page 85).

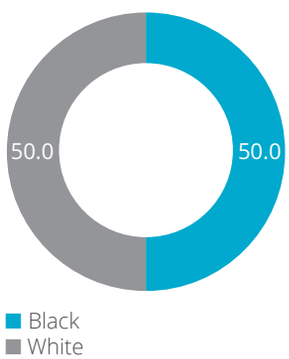
While we report on diversity and transformation targets at the Group level, each division also has specific transformation targets against which performance is measured annually.

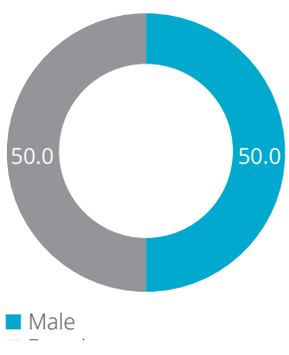
Employment equity sector targets

The amended Employment Equity Act was assented into law in April 2024, with final public comments due by May. During FY 2024, via HASA[2], we concluded our engagement with the DoEL[3] on phasing in the new targets and have submitted our collective proposal as part of the public comment process; we await the outcome of the public comments and final regulations and targets. We acknowledge the objective of these amendments is to accelerate transformation. While our 2026 employment equity plan targets put us ahead of our peers and the average for private sector performance, throttled nurse training numbers and a healthcare gender profile skewed towards women introduce complexities requiring additional consideration and careful management if we are to achieve some of the proposed sector targets of the amended Act.

Leadership and management

Board diversity (%)

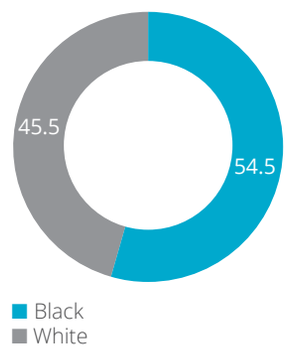


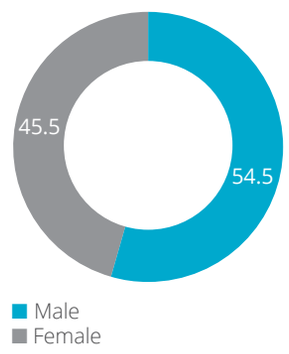


37.5%

of board members are black women.

Executive Committee diversity (%)





18.2%

of Executive Committee members are black women.

PSR[4]:
34.9% black people.

HSR:
37.8% black people.

PSR:
25.8% women.

HSR:
48.1% women.

Note 1: PSR and HSR refer to private sector and human health and social work sector representation according to the 24th Commission for Employment Equity Annual Report (2023/24).
Note 2: Board and executive diversity numbers reported per Empowerdex verification. Executive management percentages are calculated excluding the CEO and CFO.

1. *Economically active population (EAP).*
2. *Hospital Association of South Africa (HASA).*
3. *Department of Employment and Labour (DoEL).*
4. *Compared to PSR and HSR listed for top management.*

Senior management

Aim: create greater racial and gender diversity at executive leadership and senior management levels.

47.1%

of senior managers are black.

FY 2024 target: 48.6%

Senior management PSR: 48.5%
HSR: 42.9%

FY 2023: 45.7%

52.9%

of senior managers are women.

FY 2024 target: 58.1%

Senior management PSR: 37.7%
HSR: 66.7%

FY 2023: 51.4%

23.5%

of senior managers are black women.

FY 2024 target: 25.8%

FY 2023: 22.9%

Middle management

Aim: continue to align racial diversity more closely to the SA EAP.

59.6 %

of middle managers are black.

FY 2024 BSC target: 59.5%

Professionally qualified PSR: 68.6%
HSR: 73.0%

FY 2023: 57.5%

60.6%

of middle managers are women.

FY 2024 target: 58.8%

Professionally qualified PSR: 48.1%
HSR: 71.7%

FY 2023: 61.4%

36.8%

of middle managers are black women.

FY 2024 target: 36.0%

FY 2023: 35.9%

Junior management and skilled workers

Aim: normalise gender diversity by improving the representation of men (including in nursing roles).

78.3%

of junior managers and skilled workers are black.

FY 2024 target: 78.0%

Skilled worker PSR: 83.3%
HSR: 71.4%

FY 2023: 77.4%

84.0%

of junior managers and skilled workers are women.

FY 2024 target: 83.8%

Skilled worker PSR: 49.9%
HSR: 70.6%

FY 2023: 84.7%

65.4%

of junior managers and skilled workers are black women.

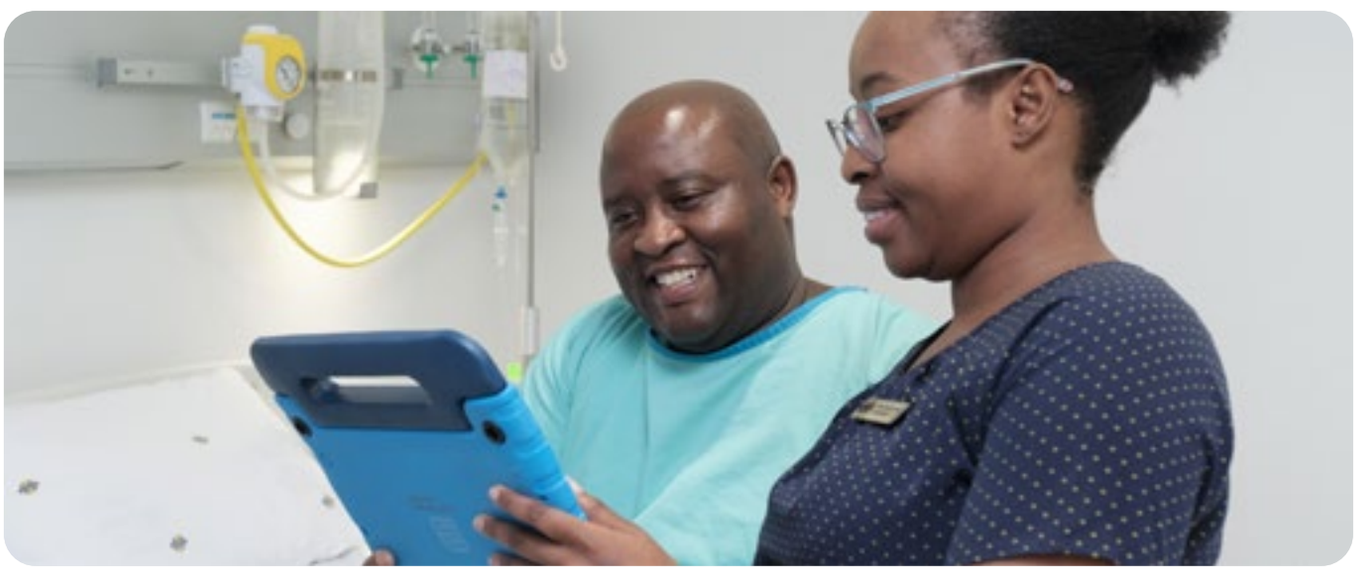
FY 2024 target: 66.0%

FY 2023: 65.3%

186

senior, middle and junior managers were appointed over FY 2024. Of these, **83%** are black, **66%** are women, **56%** are black women, and **2%** are foreign nationals.

FY 2023: 256



Cultivating a diverse and inclusive workplace continued

Executive leadership, senior management and middle management: our primary focus at these levels is to continue to improve leadership diversity and implement cutting-edge leadership pipeline development programmes – these enable us to develop and grow internal talent, creating a diverse succession bench strength and pipeline, and ensuring that our employees have the opportunity for career progression within the Group. We also closely monitor and manage recruitment, appointments and promotions; conduct extensive market research to better understand talent availability and diversity at executive leadership and senior management levels; and report to the Nomination Committee on organisational talent. Middle management diversity is included in the FY 2024 Group BSC; we also set site and divisional targets for increasing black representation at this level for FY 2024 and secured commitments from various leadership teams across the Group to ensure these targets were prioritised and met.

Junior management and skilled workers: as is commonplace in our sector (particularly in nursing), men are heavily under-represented at this level. We continue to work with Netcare Education to attract more male candidates into annual nursing education programme intakes; this year Netcare Education enrolled **103** (FY 2023: 96) male nursing students, with male students comprising **10%** (FY 2023: 10%) of nursing students at September 2024. Racial diversity at junior management and skilled level continue to align to sector-based and national benchmarks, enabling us to build a representative talent pool for future middle management and leadership roles.

For FY 2024, we met our racial and gender diversity targets at board level and middle and junior management. The racial diversity target was marginally missed for executive management (target: 60%), and while both gender and racial diversity improved for senior management, our targets were marginally missed. Representation of women at junior and middle management level remain elevated against the EAP.

In comparison to the broader human health and social work sector averages, Netcare's employment of black people is above the senior and junior averages but below the average for middle managers. Positively, racial diversity at junior management and skilled level aligns to sector averages, enabling the Group to build a representative talent pool for future middle managers.

*Read about our leadership and management development programmes: **page 85**.*
*Read about our DEI initiatives and programmes: **page 103**.*

People with disabilities

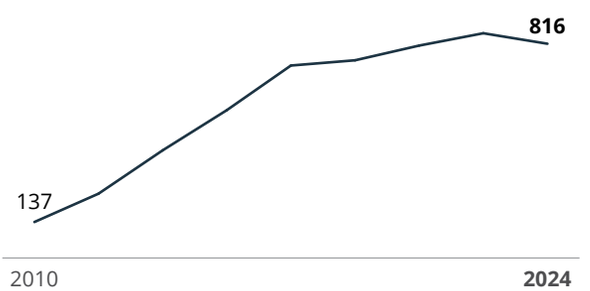
We adopt a critical disability model and intersectionality theory-based approach to disability. This considers how ableism and related social obstacles can limit people with disabilities from realising their full potential, and the different ways related challenges can lead to different outcomes for the diverse demographics comprising this group. This approach guides the design and implementation of our multipronged initiatives, resulting in improved representation, labour market and economic inclusion, and better working experiences for people with disabilities[1].

We continue to roll out education and awareness campaigns across the Group to reduce stigma, and encourage employees to voluntarily disclose their disability statuses so that we can provide the reasonable accommodation required for them to truly thrive in the workplace. We believe this will enable us to provide further support and aid in fostering a sense of belonging.

Over FY 2024, **96** employees with disabilities either resigned, retired, were dismissed due to disciplinary challenges, or were placed on permanent disability .

While we maintained representation of people with disabilities well above sector and legislated thresholds, overall representation regressed slightly and we missed our internal target. We have plans in place to improve on this for FY 2025.

Disability mainstreaming progress since 2010



4.5%

of our workforce are people with disabilities.
Of these, **68%** are black, **73%** are women and **49%** are black women.

FY 2023: 4.6%

2024 target:	DoEL target:	PSR:	HSR:
4.8%	2.0%	1.2%	1.1%

1. *Our FY 2022 employee engagement survey indicated that 75% of employees with disabilities felt protected at Netcare.*

Our people: diversity equity, inclusion and belonging

At Netcare, our focus on diversity goes beyond the numbers, extending to various initiatives focused on inculcating a culture of inclusivity and belonging for all our talented people.

Meaningful DEI and belonging programmes ensure that individuals from a multiplicity of backgrounds can harmoniously coexist and experience a sense of belonging at Netcare. We recognise that a diverse and inclusive organisation has benefits for the Group and for the communities in which we operate. For Netcare, diversity enriches our organisational culture, and difference enhances our ability to innovate, connect with each other and leverage diversity of thought to drive organisational performance. It also strengthens our employee value proposition, attracting and retaining talented individuals who are passionate about delivering person centred health and care. For our communities, inclusivity means social transformation, support of households by employees from a wide range of backgrounds, increased social mobility, and over time – by eroding systemic inequalities – a more equitable and sustainable South African society.

4 544

employees received awareness training on our zero-tolerance approach to discrimination and harassment.

FY 2023: 4 946[1]

We focus on:

- Entrenching a **culture of DEI and belonging** through our daily practices, processes and ways of doing work, underpinned by our shared Netcare values and behaviours.
- Ensuring a **zero-tolerance approach to unfair discrimination** that covers our employees, contractors, doctors and partners as well as our patients and their families.
- Aligning our workforce with SA's national and provincial **EAPs**.
- Promoting **gender parity**.
- Creating an inclusive environment that **supports people with disabilities**.

Through meaningful diversity and inclusion initiatives, constructive dialogues, and breaking down barriers to social cohesion, we aspire to become a fully inclusive employer. We take decisive action whenever cases of unfair discrimination emerge.

Key diversity, equity and inclusion initiatives

Leading diversity, equity, inclusion and belonging

In FY 2023, we partnered with Diversi-T[2] to deliver an online programme for leaders and Workplace Transformation Committee members. Premised on microlearning principles, the programme focuses on enabling participants to appropriately facilitate complex conversations on sensitive topics. The first phase comprises four modules and an assessment, after which participants receive certificates of competence.

The online programme continued over FY 2024, and we have begun to transition to the next phase. This includes site-specific campaigns run by our Workplace Transformation Committee members, drawing on knowledge and confidence gained through participation in the online programme.

— *Read about our survey measuring the impact of our DEI and belonging initiatives:* ***page 79****.*

104

leaders and Workplace Transformation Committee members enrolled on the programme in FY 2024.

FY 2023: 693

25

newly elected Workplace Transformation Committee members were appointed and trained this year.

1. *Restated from 2 730 due to reporting error.*
2. *A human resource development and training consultancy that develops solutions for public and private organisations grappling with change, diversity, and inclusion.*

Cultivating a diverse and inclusive workplace continued

Everyone belongs at Netcare

LGBTQIA+[1] and human rights

We understand gender and sexuality as a spectrum and strive to create an empowering and inclusive environment that challenges harmful stereotypes and unfair discrimination against the LGBTQIA+ community.

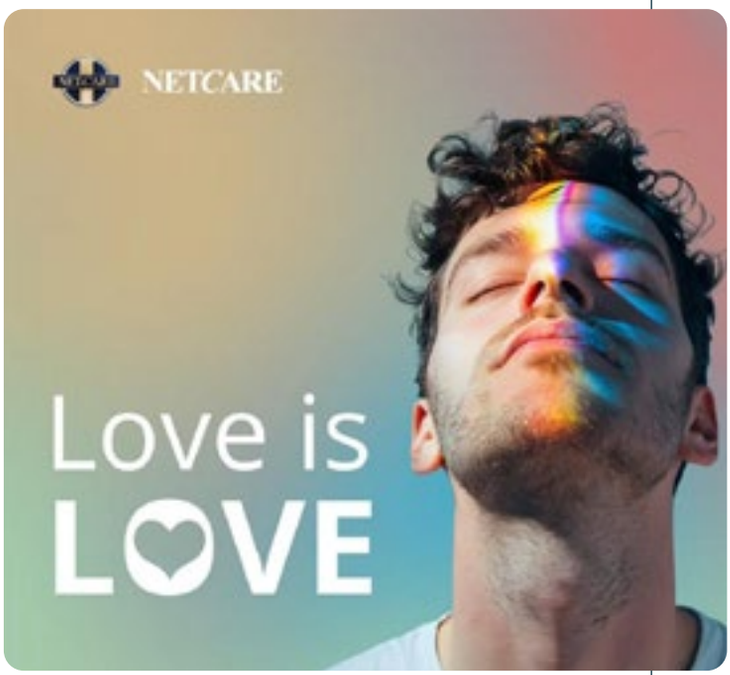
Over FY 2024, we ran internal and public social media campaigns affirming our belief in human dignity and rights, underpinned by the shared Netcare values and behaviours. Our Heritage Day celebrations focused on embracing a multi-generational and diverse workforce. We also celebrated Human Rights Day, emphasising the weaving of Universal Human Rights into all HR and transformation policies and practices across the Group.

Women's empowerment

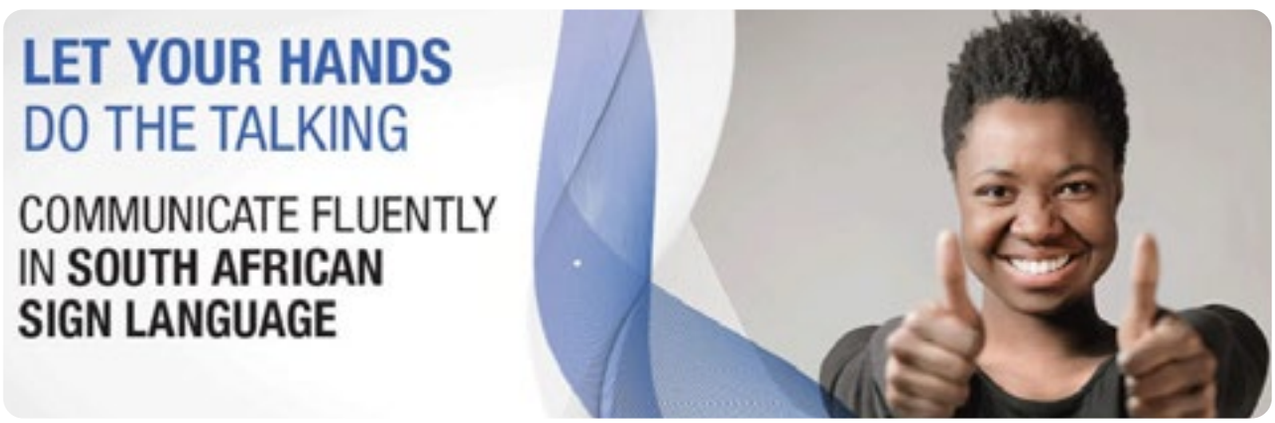
Our 2024 Women's Day event included key speakers, including senior Netcare women leaders who discussed key factors affecting women in the workplace and how Netcare can enhance its approach to gender diversity. As an organisation with a predominantly female workforce and operating in a country with exceptionally high levels of GBV[2], we consider it our duty to provide our people with the skills they need to seek assistance. During FY 2024, we held a webinar on GBV (facilitated by Lyra) during the United Nations-led 16 Days of Activism for No Violence against Women and Children campaign. **107** employees attended the webinars.

Disability mainstreaming: sign language training

SASL[3] was recognised as SA's 12th official language in 2023. In support of this milestone, we committed to training frontline Netcare employees in basic SASL, making



Netcare more inclusive of and accessible to the Deaf and hard-of-hearing community. The online programme is tailored to the Netcare hospital context and comprises four modules providing training on basic sign language, Deaf culture awareness and how to engage with interpreters. As of the end of September 2024, the programme has been rolled out to **more than 100** frontline employees.



1. *Lesbian, gay, bisexual, transgender, queer, intersex, and asexual (LGBTQIA+).*
2. *Gender-based violence (GBV).*
3. *South African Sign Language (SASL).*

The SHOUT line

Our anonymous toll-free line (managed by Lyra) enables employees to report alleged or perceived racism, sexism, discrimination, harassment, or human rights violations. Through this reporting mechanism, we identify discriminatory attitudes, behaviours and practices within our organisation. Each case reported is investigated (provided the employee has given their consent) and appropriate corrective action is taken.

6

cases of unfair discrimination, racism, workplace bullying and/or human rights violations reported through the SHOUT Line. **All** cases were resolved.

FY 2023: 6

*For additional information on our performance, see the key data section: **page 129**.*

Looking ahead

Over the short term, we are focused on progressing the inclusion of people with disabilities, rolling out various interventions (including our DEI and belonging initiatives) across non-managerial levels of the organisation, and continuing to drive diversity through our talent management and succession planning.

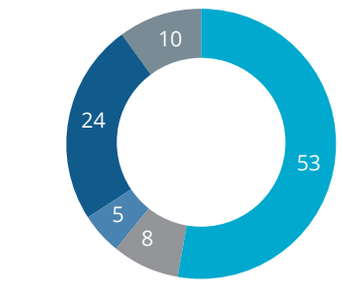
A key focus area for FY 2025, will be progressing racial and gender diversity at top and senior management levels; a target for racial diversity at senior management level is included in the FY 2025 Group BSC.

Driving socioeconomic inclusion in our sector

SMMEs are projected to generate 90% of the 11 million new jobs in SA by 2030[1], making preferential procurement critical for driving job creation and inclusive socioeconomic growth.

Procurement

Breakdown of measurable spend (FY 2024) (%)



- Pharmacy
- Medical equipment
- Property and technical
- Indirect
- Other – dental, management, hospitals, primary care, Netcare 911

>3 700

active suppliers.

61%

of procurement spend on medicine, medical devices and medical equipment sourced from suppliers registered with SAHPRA[2].

Our procurement team **actively engages** with non-compliant multinational and generic suppliers to **improve their B-BBEE status**[3].

Total spend

R14.3 billion

total procurement spend of which **90% (R12.8 billion)** qualified as measurable under the dtic Codes[4].

FY 2023: R13.8 billion

B-BBEE compliant suppliers

R15.3 billion (119%)

of measurable spend was with B-BBEE compliant suppliers.

FY 2024 target: 105%

dtic target: 80%

FY 2023: R12.4 billion (114%)

B-BBEE score

91% (26.34 points)

of the total 29 points available achieved for preferential procurement.

FY 2024 BSC target: 92% (26.6 points)

FY 2023: 90% (26.14 points)

Our procurement strategy rests primarily on supply chain diversification and localisation initiatives that are designed to benefit both the Group and local communities, fortifying our supply chain while furthering our transformation objectives and creating jobs in SA. We continue to focus on improving our procurement spend (particularly with EMEs[5] and QSEs[6]) and driving greater localisation through our ESD initiatives.

During FY 2024, we continued to improve our preferential procurement spend on B-BBEE compliant suppliers, black-owned suppliers, black women-owned suppliers and black designated group-owned suppliers, exceeding internal and dtic targets. We also improved our preferential procurement spend for QSEs and EMEs.

Key initiatives include:

- Ensuring that eligible suppliers have three-year contracts with Netcare.
- Actively sourcing reputable, vetted QSE/EME suppliers.
- Implementing our digitised source-to-contract programme.
- Improving B-BBEE certificate collection and capturing.
- Collaborating with the dtic to identify new suppliers and financing partners; through this, we were introduced to SEFA[7], a dtic partner that provides development finance to SMMEs unable to access commercial credit.
- Implementing clear objectives and timelines for QSEs and EMEs receiving ESD support via our **incubate, germinate, liberate** initiative.

1. *The National Development Plan 2030 | South African Government (https://www.gov.za/issues/national-development-plan-2030).*
2. *South African Health Product Regulatory Authority (SAHPRA).*
3. *Suppliers are held accountable for the commitments made in this regard and guidance is provided, where appropriate.*
4. *Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice (dtic Codes).*
5. *Exempted micro enterprise (EME).*
6. *Qualifying small enterprise (QSE).*
7. *Small Enterprise Financing Agency (SEFA).*

Supply chain diversity and spend with small businesses

R7.3 billion

spend with ≥51% black-owned suppliers, equating to **57%** of measurable spend.

FY 2024 target: 52%
dtic target: 50%
FY 2023: R6.6 billion, 52%

R5.2 billion

spend with ≥30% black women-owned enterprises, equating to **40%** of measurable spend.

FY 2024 target: 31%
dtic target: 12%
FY 2023: R4.1 billion, 32%

R1.1 billion

spend with black designated group suppliers, equating to **9%** of measurable spend.

FY 2024 target: 2%
dtic target: 2%
FY 2023: R407 million, 3%

R1.4 billion

spend with QSEs, equating to **11%** of measurable spend.

FY 2024 target: 11%
dtic target: 15%
FY 2023: R1.2 billion, 9%

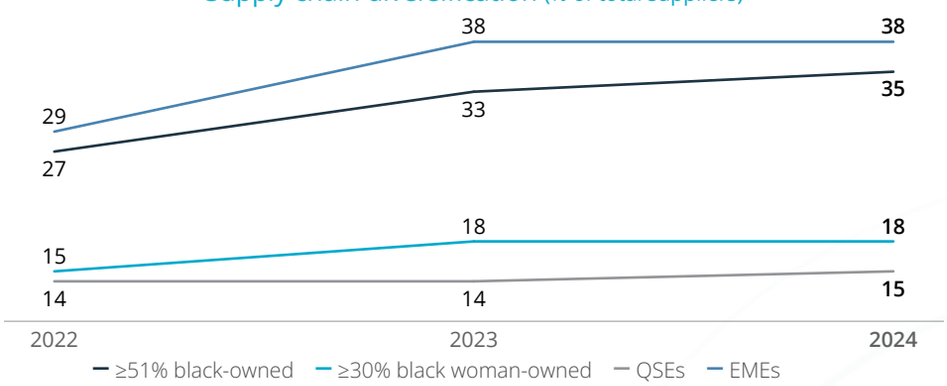
R1.1 billion

spend with EMEs, equating to **8%** of measurable spend.

FY 2024 target: 9%
dtic target: 15%
FY 2023: R1.0 billion, 8%

We narrowly missed our targeted EME spend for FY 2024. This is largely attributable to the migration of multiple EMEs to QSE status.

Supply chain diversification (% of total suppliers)



Note: numbers reported for QSEs and EMEs were inverted in the graph published for the 2023 ESG.

Supply chain challenges

We continue to experience supply chain challenges relating to medicine and medical device procurement due to various factors, including raw material shortages, geopolitical tensions, freight congestion and delays, etc. Our dedicated task teams have been resolute in addressing this and ensuring that supply chain disruptions do not affect our ability to provide the best and safest care for our patients.

*For more on supply chain risks: **page 35.***

Driving socioeconomic inclusion in our sector continued

Enterprise and supplier development

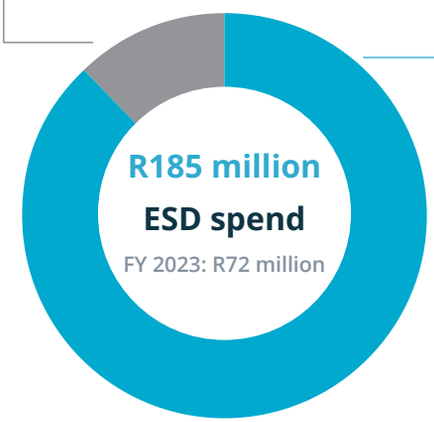
R35 million

invested in enterprise development of which **89% (R31 million)** was measurable under the dtic Codes, equating to **2%** of NPAT.

dtic target: 1% of NPAT

FY 2023: R30 million

We invest in a range of enterprise development initiatives, leveraging internal and external expertise to provide our beneficiaries with support that extends beyond the financial. We also engage with our more developed suppliers to provide support and mentorship to smaller suppliers operating in similar areas of specialisation.



R150 million

invested in supplier development of which **55% (R82 million)** was measurable under the dtic Codes, equating to **5%** of NPAT.

dtic target: 2% of NPAT

FY 2023: R42 million

We continuously identify small enterprises with high growth potential to provide supplier development support, focusing on those that are black-owned, black women-owned, youth-owned and/or owned by people with disabilities. We continually assess the suppliers enrolled on our structured development programme[1] to ensure they demonstrate financial and operational growth, preserving and creating job opportunities.

510

jobs supported by **55**[2] of our ESD beneficiaries. **42** new jobs created over FY 2024.

FY 2023: 468

7

ESD beneficiaries enrolled on our structured ESD beneficiary support programme, **6** of which are black women-owned businesses.

FY 2023: 9

>100

SMMEs supported across various commodity lines[3].

FY 2023: >100

104

SMMEs enrolled on our early payment terms programme.

FY 2023: 105

39

black doctors receiving ESD support.

FY 2023: 45

Our ESD programme integrates SMMEs into our supply chain, enabling sustainable operational and financial growth. We provide our beneficiaries with loans, grants and various forms of non-financial assistance, including an early payment term programme that supports cash flow by paying invoices within 15 days[4]; low and interest free loans for seed capital and growth; and human resource assistance, including procurement support. We routinely monitor compliance and quality to identify and manage shortfalls, terminating in instances where performance failures are significant.

1. *Dosimeter Services, Mlungisi Healthcare, ChefTalk Catering, Odire, Dube and Pottas, Busani Textiles, and Hluvuko Designs.*
2. *Job creation/preservation is tracked for beneficiaries participating in our various support programmes (excluding the early payment programme).*
3. *Including medical consumables, construction, linen and apparel manufacturers, medical devices, logistics etc.*
4. *Against a national average of 30 to 180 days.*

B-BBEE requirements are integrated into our tender process (weighted equally with the highest weighted variable), we intentionally source and include black and black women-owned suppliers in our ESD programme, and we actively engage with suppliers on improving their B-BBEE statuses. These, along with other interventions, enabled the Group to exceed dtic thresholds for ESD during FY 2024.

During FY 2024, a number of EMEs[1] grew sufficiently to graduate to QSE status[2] and a number of QSEs generated revenue in excess of R50 million, graduating to generic enterprise status. Growth is a key aim of our **incubate, germinate, liberate** philosophy and reflects the time and resources invested in supporting small businesses; this is crucial for inclusive economic growth and job creation.

We will continue linking high-potential emerging enterprises with opportunities in the Netcare supply chain and sourcing replacements for programme beneficiaries who have transitioned to independent supplier status.

Ethics in focus

Challenging operating environments highlight the value and significance of sound and ethical ESD beneficiary leadership to successful ESD programmes. Sadly, **two** ESD beneficiaries were terminated this year – one due to non-compliance with environmental regulations, and the other due to the provision of low-quality product (diesel).

ESD initiatives support the Group's environmental sustainability goals

A number of our ESD beneficiaries support the Group's zero waste to landfill goal. Our partners include businesses that salvage, customise, and sell our used hospital furniture and keep the grounds of our hospitals clean, as well as those that take part in HCRW[3] beneficiation projects. Over FY 2024, **two** of our HCRW services suppliers graduated from enterprise development status (businesses we had identified as having the potential to become part of our supply chain) to supplier status (registered suppliers to Netcare), with formalised longer-term agreements.

— *Read more about our zero waste initiatives and about how we transform HCRW into recycled shoes for school children:* ***page 58****.*

1. *Annual turnover <R10 million.*
2. *Annual turnover R10 million to R50 million.*
3. *Healthcare risk waste (HCRW).*

Driving socioeconomic inclusion in our sector continued

Our structured ESD beneficiary support programme

In partnership with Galelo[1], we monitor and support SMME performance, proactively identifying risks for timeous management and mitigation. We measure the extent to which we create access to our ESD entities through an extensive procurement spend analysis, and we measure ESD beneficiaries' performance by monitoring and analysing key financial and non-financial performance indicators (including a sustainability risk rating) monthly.

Key challenges over the course of the year included international macroeconomic volatility, domestic headwinds (including load shedding and disrupted port and rail services), and global supply chain disruptions.

As outstanding loan amounts decrease and businesses become less dependent on Netcare, this creates opportunities for the Group to onboard new beneficiaries.

Our beneficiaries in FY 2024

Our beneficiaries are carefully selected to align with the Group's strategic and operational requirements, ensuring that these partnerships result in sustainable growth for our partners.

Over FY 2024, the risk profile of our ESD partners remained stable. Overall beneficiary performance for the year was positive, demonstrating good growth and loan repayment term compliance:

- The **outstanding loan balance decreased** as a result of repayments, offset by accumulated interest.
- Our partners maintained **low sustainability risk ratings**.
- **Revenue and profitability increased**, predominantly driven by growth in wellness services, social worker services, dosimeter badges and medical supplies demand.
- **Assets increased**, mainly due to inventory and trade receivables growth in the medical supplies and apparel space, social worker services, dosimeter badges and wellness.

FY 2024 beneficiary highlights

- A 100% black women-owned medical consumables, diagnostics and devices provider was awarded **two** three-year public sector tenders and **one** three-year private sector tender.
- A 100% black-owned occupational health services provider was awarded **two** three-year contracts in the public sector.

ESD partner in focus

Dube and Pottas

51% black women-owned business.

Private clinical and supportive social work practice.

Dube and Pottas have been a member our structured ESD programme since their establishment in 2015. In 2020, having fully paid off their loan, they transitioned from enterprise development beneficiaries to suppliers. They remain in our ESD programme and continue to receive non-financial support from the Group.

From their beginnings as a small practice providing services to **five** facilities (including **two** Netcare hospitals), they have developed a comprehensive service offering and now provide social work services to patients and families in **35** hospitals across Gauteng and North West province as well as employee wellbeing programmes for **all** Netcare hospitals, **three** corporate wellness providers and **two** private companies.

The practice continues to grow from strength to strength, this year celebrating a milestone with the opening of their own outpatient centre at the Netcare Rehabilitation Hospital in Auckland Park (Gauteng). This achievement marks a new chapter in the practice's growth and in their commitment to providing specialised social work services, enhancing access to holistic care for patients and families, and meaningfully impacting people's lives.

1. *A trusted investment group specialising in economic inclusion and transformation.*

Digitising our source-to-contract and preferential procurement platform

In June 2024, we rolled out our digitised source-to-contract and preferential procurement platform. The platform drives greater efficiencies and enhances managerial oversight. Key modules include those relating to spend and trend analysis, contract management, e-sourcing, supplier management and risk management. We have enlisted the services of a procurement analyst to further streamline data analysis via our preferential procurement platform.

Digitisation

Additional FY 2024 performance

Procurement team

- Engaged with divisions on procurement strategies and targets.
- Engaged with future senior hospital managers enrolled on the Netcare Leadership Development Programme on procurement strategies and opportunities.
- Continued to provide informal mentoring and coaching to various SMMEs requiring developmental assistance.
- Considered and evaluated new ESD beneficiary proposals – these are in various stages of the due diligence process.
- We are currently in the process of engaging with key stakeholders on future commitments for the Netcare Ulusha YES Hub. In the interim, we continue to support the **two** businesses sponsored by Netcare.

Beneficiaries

- Dr Esihle Nomlomo Inc, a 100% black women-owned pathology testing services provider, continued to grow over FY 2024, expanding operations.
- Provided funding for a C-Arm for a radiography services provider company to expand its range of services.
- Collaborated with an SMME to develop local manufacturing capacity for ultraviolet disinfection robots. The prototype was developed and piloted at one site, and it is scheduled for further testing in the short term.

*For additional information on our performance, see the key data section: **page 129**.*

Looking ahead

Over the short to medium term, we will continue to progress procurement strategies that have proven beneficial for our partners and enhanced our procurement spend. This includes prioritising preferential procurement criteria when sourcing goods and services, longer-term contracts for high-performing QSEs and EMEs, mentorship and support for suppliers, identifying specific categories of items for procurement through QSEs and EMEs, and working with local suppliers on prototype design and development for local manufacturing. We will also continue to identify and create development opportunities for SMMEs and diversify our technical spend.

Caring for the health of our communities

In SA, the bulk of CSI is directed to education, social and community development, food security and agriculture, entrepreneur and small business support, and disaster relief.

Together, these categories accounted for 84% of the CSI of 44 South African organisations in 2022/2023. Healthcare, on the other hand, accounted for only 6% of total CSI. Of this, 81% was allocated to primary healthcare initiatives, 8% to secondary healthcare initiatives, and 7% to tertiary healthcare initiatives[1]. As one of the few organisations that prioritises healthcare in their CSI activities, particularly as one that supports secondary and tertiary healthcare programmes, our CSI and socioeconomic development initiatives are both significant and relatively rare in a landscape marked by poor access to quality care.

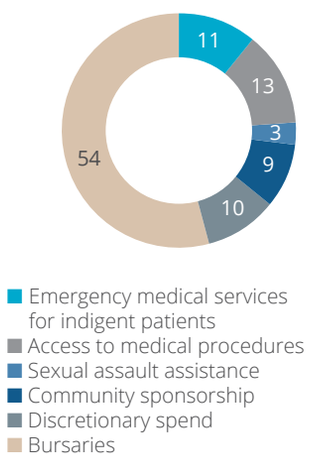
In line with our organisational focus and competencies, our CSI activities centre on providing access to quality medical care; supporting the health and wellbeing of newborn babies; and funding the development of doctors who serve the broader population.

Given the exceptionally high rates of GBV[2], sexual violence and femicide in SA and the communities in which we operate, we consider preventative and supportive action a national imperative. Because of this, we also provide compassionate care to survivors of sexual assault nationwide, seeking to empower them to reclaim their dignity and encouraging survivors to press charges against perpetrators.

The initiatives we invest in are carefully selected and managed to ensure that the resources we commit achieve maximum sustainable impact.

Corporate social investment at Netcare

CSI breakdown (%)



R25 million

total CSI, of which **72% (R18 million)** was recognisable under the dtic Codes[3], equating to **1%** of NPAT.

dtic target: 1% NPAT

FY 2023: R29 million

88%

of our CSI beneficiaries are black.

dtic target: 75%

FY 2023: 87%

The majority of our CSI (R14 million) is directed to bursaries for specialist training, developing critical skills and resources.

1. *Trialogue Business in Society Handbook, 2023.*
2. *Gender-based violence (GBV).*
3. *Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice (dtic Codes).*

The Netcare Foundation

Funded primarily by the Hospital Division, private donors, the Mother and Child Trust and the Healthy Lifestyle Trust[1], the Netcare Foundation provides access to quality healthcare for patients that meet inclusion criteria[2].

Key Netcare Foundation initiatives

Netcare Sexual Assault Crisis Centres

We provide healthcare and medicolegal services to survivors of sexual violence and have assisted **more than 16 700** survivors through our **39** Sexual Assault Crisis Centres since 2002. While we encourage all survivors attending our centres to press charges, many do not. This further evidences the profound GBV challenges in a country where it is estimated that 90% of rapes are not reported, less than 50% of reported cases result in arrest, and less than 5% of those brought to trial result in convictions[3]. During 2023, around 50 000 cases of rape and/or sexual assault were reported to the police[4] in SA.

Deaf and hard-of-hearing women are more likely to be subjected to various forms of sexual violence and are increasingly presenting at our crisis centres for assistance. We ensure that interpreters are available to provide much needed support to these survivors and continue to train managers on basic sign language, Deaf culture awareness and how to engage with interpreters. An additional **four** managers were trained this year.

The Mother and Child Trust

699

survivors of sexual assault assisted. Of these, **41%** were under 18 years old, **92%** were women and **79%** were uninsured. This programme receives funding from the Mother and Child Trust.

FY 2023: 771

Emergency medical services

153

indigent patients accessing emergency medical services assisted.

FY 2023: 338

National blood drives

5 818

units of donor blood collected via blood drives hosted at our emergency and trauma centres across SA.

FY 2023: 5 922

Accessibility initiatives

Our accessibility initiatives are run in collaboration with healthcare practitioners in Netcare facilities, supported by the CSI team who facilitates the process, connecting patients with their care teams. Unfortunately, the Gift of Sight and cochlear implant programmes were placed on hold during the year due to lack of donor funding. The programmes will resume once further funding is received.

The Healthy Lifestyle Trust

5

beneficiaries funded through the **Netcare cleft lip and palate programme** over FY 2024, with **455** funded since inception (2007). The programme is sponsored solely by Tannah's Gift.

FY 2023: 6

5

beneficiaries funded through the **craniofacial programme** over FY 2024, with **123** funded since inception (2008).

FY 2023: 5

2

beneficiaries funded through the **elephantiasis programme** over FY 2024, with **24** funded since inception (2011). The programme is run by the Healthy Lifestyle Trust and specialist healthcare professionals.

FY 2023: 4

66

cataract beneficiaries funded through our **Gift of Sight programme** over FY 2024, with **5 413** funded since inception (2005). The programme is supported by the Healthy Lifestyle Trust.

FY 2023: 149

8

beneficiaries funded through the **cochlear implant programme** over FY 2024, with **104** funded since inception (2007). The programme is supported by the Healthy Lifestyle Trust and run in partnership with Chris Hani Baragwanath Hospital.

FY 2023: 10

3

beneficiaries funded through the **Netcare paediatric cardiac programme** over FY 2024, with **19** funded since re-establishment (2021). The programme is run in partnership with the Maboneng Foundation and provides essential cardiac surgery for babies who meet programme criteria[5].

FY 2023: 7

1. *Funding received from the trusts is strictly used for CSI initiatives with the Group covering administrative costs.*
2. *Priority is given to individuals who have no health insurance and earn less than R2 000 a month.*
3. *Women for change (https://womenforchange.co.za).*
4. *South Africa: sexual offenses by crime 2023 | Statista (https://www.statista.com/statistics/1362370/number-of-sexual-offenses-in-south-africa-by-crime/).*
5. *522 babies received life saving cardiac intervention surgery between 2004 and 2013. The partnership was run with the Walter Sisulu Paediatric Cardiac foundation prior to its closing. We have since revived this essential programme with our new partners. Due to the high cost of these cases, few patients can be accepted into the programme.*

Male circumcision

Over FY 2023, we introduced a programme that provides safe medical circumcision for male African children (primarily those living in rural areas). The programme is currently based at Netcare Vaalpark Hospital. Initially, we had planned to roll out to additional sites during FY 2024, however, this was not achievable this year due to budgetary constraints.

Run in partnership with the NDoH[1], the programme receives funding from Netcare. Surgeries are performed on a pro bono basis by key medical employees, including surgeons, anaesthetists and nurses.

49

circumcisions performed over FY 2024.

FY 2023: 70[2]

Netcare Ncelisa human milk banks

Donated human breastmilk plays a crucial role in the health of newborn babies, particularly those who are extremely premature, ill, or otherwise unable to receive breastmilk from their biological mothers. Netcare operates **six** human milk banks and **36** collection points for mothers to donate excess breastmilk that is provided free of charge to public and private sector hospitals. During FY 2024, an additional human milk bank, funded by the Mother and Child Trust, was opened at Rahima Moosa Mother and Child Hospital (a public hospital). Our long-term goal is to grow our human milk bank footprint in the public health system, adding public sector hospitals as breastmilk collection points to feed more babies in Gauteng.

The Mother and Child Trust

4 366

babies fed since inception.

Donors have provided a total of **4 661** litres of breastmilk.

225

babies' mothers donated their excess breastmilk over FY 2024, a significant **36%** year-on-year increase.

FY 2023: 166

251

babies in the public sector fed through the programme over FY 2024. This equates to **33%** of all babies fed with donated breastmilk.

FY 2024 target: 33% donated to public sector.

FY 2023: 192

— *Quality report.*

Organ transplant

Netcare shares donated organs on a 50/50 basis with the public sector, covering management costs totalling **R5 million** since 2019. Following our successful PPP with Charlotte Maxeke Johannesburg Academic Hospital, we have extended this initiative, partnering with Steve Biko Academic Hospital in October 2024.

Universal Newborn Hearing Screening programme

In partnership with HI HOPES[1], engaged with representatives from the Western Cape to support their plans to pilot the first universal newborn hearing screening programme in the public health sector. As of the end of FY 2024, local screeners have been trained and equipped, and **almost 5 000** public sector babies have had their hearing screened.

CPR in the schools

Last year, we introduced CPR in the Park, an initiative focused on training members of the public on basic resuscitation and CPR techniques. This year, with support from the Netcare emergency and trauma care team, CPR in the Schools reached **more than 3 000** learners and educators.

Mandela Day 2024

For Mandela Day this year, head office employees packed Hope Boxes for bereaved parents suffering peri-natal loss due to premature or full-term stillbirth. The boxes are filled with nurturing and inspirational tokens to support parents during the grieving process.

— *Read more about The Mother and Child Trust, The Healthy Lifestyle Trust and the other community-based initiatives they support:* ***page 98****.*

1. *National Department of Health (NDoH).*
2. *Number restated from 77. 77 were scheduled for circumcision, but a reconciliation of invoices conducted in FY 2024 indicated that 70 had undergone the procedure during FY 2023.*
3. *An early intervention partner for families of deaf and hard-of-hearing babies run through the Centre for Deaf Studies at Wits University.*

Additional FY 2024 performance

- Raised **R96 700** for the Netcare Foundation through our Mandela Day initiative – employees were able to purchase Mandela Day branded merchandise, with all proceeds donated to the Foundation for various discretionary emergency requests.
- Donated **more than 15 000** items to various organisations. Items include hospital equipment, office furniture, computers, linen, cots, curtains, televisions and clothing.
- **141** (FY 2023: 111) students participated in our job shadowing initiative run in collaboration with the emergency and trauma department.

*For additional information on our performance, see the key data section: **page 129**.*

Looking ahead

Sustain an impactful CSI programme in an increasingly challenging economic environment.

04

Governance

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124 Protecting our data and our stakeholders' privacy

Upholding our values and principles

External commitments, frameworks and standards

- King IV Report on Corporate Governance for South Africa (2016)
- United Nations Global Compact[1]
- United Nations Universal Declaration of Human Rights
- United Nations Sustainable Development Goals
- International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- Various environmental, social and governance assessments: *page 40*.

Key legislation

- Electronic Communications and Transactions Act 25 of 2002
- General Data Protection Regulations (EU, 2016)
- Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000
- Protection of Personal Information Act 4 of 2013
- Prevention and Combating of Corrupt Activities Act 12 of 2004

United Nations Sustainable Development Goals[2]

Targets 16.5 | 16.6 | 16.7 | 16.10

GRI Standards[3]

2-6, 2-12 to 2-13, 2-25 to 2-27/ 205-1 to 3 / 308-2 / 406-1 / 407-1 / 408-1 / 409-1 / 412-2 / 415-2 / 416-2 / 417-3/ 418-1

Scope of reporting

Our data relating to our supply chain management, ethical corporate citizenship, and data privacy and protection includes all Netcare subsidiaries and affiliates.

ESG governance overview: page 17.

For a full account of our governance-related principles and activities, see the shareholder report: governance report.

For an overview of how our approach to governance creates value for stakeholders, see the integrated report: governance overview.

1. *Our 2024 Communication on Progress is available on the United Nations Global Compact website.*
2. *Detailed descriptions of these targets:* *page 139*.
3. *Global Reporting Initiative (GRI). A GRI index covering our full reporting suite is available on the Netcare investor relations website.*

Governance performance overview

FY 2024 governance performance

Ethics

4 872

hours spent training **4 569** employees on human rights.

FY 2023: 7 330 hours training 5 095 employees

4 544

employees received anti-corruption and bribery training.

FY 2023: 3 696

297

incidents of alleged fraud and irregularities reported. **286** have been investigated and closed, with the remainder still under investigation. **26** incidents were reported via the Fraud and Ethics Hotline and **64** were reported to the dedicated fraud email[1].

FY 2023: 206 incidents

No

political contributions made.

FY 2023: None

Compliance

Zero

fines incurred for non-compliance with environmental laws and regulations.

FY 2023: 0

Zero

fines or non-monetary sanctions for non-compliance with social and economic laws and regulations.

FY 2023: 0

Suppliers

Zero

suppliers identified as having significant actual and potential negative environmental impacts.

FY 2023: 0

Zero

suppliers identified as having significant negative social impacts.

FY 2023: 0

Data privacy

60

privacy breaches reported to the Information Regulator. **11** have been closed. None pose a material reputational threat.

FY 2023: 34

18 093 (97%)

employees have completed POPIA[2] training. All new employees receive privacy training.

FY 2023: 18 243 (96%)

>3 000

suppliers were surveyed to determine their risk postures and assess the level of personal information processed.

1. *The remainder were reported through other mechanisms such as direct communication with Group Forensics. Most of the incidents reported related to theft and various types of fraud, including medical aid fraud and document forgery (eg medical certificates).*
2. *Protection of Personal Information Act (POPIA).*

Ensuring ethical and compliant business conduct

We are committed to high moral, ethical and legal standards, and support the code, principles and values as espoused in various laws and regulations governing our operations and people.

We take a zero-tolerance approach to theft, fraud and corruption, as well as discrimination and racism. All employees are expected to fulfil this commitment, including our policy of fair dealing and integrity when conducting Netcare's business. Our values, policies and Code of Conduct provide a governing framework for ethical leadership and behaviour, which is further supported by a human rights awareness programme that forms part of our induction programme.

Various initiatives and mechanisms are in place to support an ethical culture:

Our **Code of Conduct** guides interaction between the Group and its stakeholders, including its partners and suppliers in the healthcare value chain. Employees are required to disclose any potential conflict of interest, as well as any gifts or invitations from a supplier or third party.

As part of our **ethics management programme**, we conduct an annual ethics survey. The survey assesses familiarity with the ethics programme (policies and structures) and aims to elicit a view of the organisational culture (leadership and engagement) and an understanding of how core values are lived and executed in daily decision-making by management.

Our **remuneration policy** aligns our corporate strategy, performance and the values and behaviours of our passionate people. It also ensures the fair, equitable and consistent reward of our people.

The **Netcare Clinical Practice Committee** sets governance guidelines and monitors compliance with clinical governance criteria relating to clinician conduct.

Our **incident management system** is used to log incidents of a clinical nature (eg patient falls or incorrect medication) as well as issues of a forensic nature. The system is regularly reviewed to identify incidents and initiate the appropriate follow-up with the business.

Supplier policies and assessments
page 123.

Anonymous toll-free SHOUT Line
page 100.

Ensuring ethical and compliant business conduct continued

Group Forensics

Investigates all reported incidents of theft, fraud and corruption and (where appropriate) cases are reported to the South African Police Services and to the applicable registered bodies such as the HPCSA, SANC and SAICA[1]. Civil recoveries are pursued by prejudiced business units where financially appropriate.

Employees, management and external parties[2] can report irregularities[3] to Group Forensics via the Fraud and Ethics Hotline on **0860 372 831** (for stakeholders wanting to protect their anonymity), a dedicated email for fraud reporting (**fraud@netcare.co.za**), or through direct communication with Group Forensics. Fraud trends are communicated to business units that might be impacted by identified incidences of fraud.

Every incident reported through these mechanisms is investigated. Reports of alleged theft, fraud or unethical behaviour are logged in the defalcation register and regularly reported to management. A summary of the defalcation register, fraud trends and material incidents is provided to the Risk and Social and Ethics Committees at every meeting.

— *Read about our DEI and belonging initiatives: **page 100**.*

— *Read about our approach to managing workplace bullying and harassment: **page 82**.*

Ethics in FY 2024

4 872

hours spent training **4 569** employees on human rights.

FY 2023: 7 330 hours training 5 095 employees

4 544

employees received anti-corruption and bribery training.

FY 2023: 3 696

1

incident of alleged unethical medical behaviour reported.

FY 2023: 3

297

incidents of alleged fraud and irregularities reported. **286** have been investigated and closed, with the remainder still under investigation. **26** incidents were reported via the Fraud and Ethics Hotline and **64** were reported to the dedicated fraud email[4].

FY 2023: 206 incidents

Anti-corruption

Corruption underlies multiple risks in SA, including economic collapse, crumbling infrastructure and poor service delivery. In the 2023 Corruption Perceptions Index (released January 2024), SA dropped to its lowest ranking since the index was created, scoring 41 out of 100, and placing it in the 'flawed democracy' grouping.

The FATF[5] process initiated in 2021, resulted in SA being greylisted in February 2023 for not fully complying with international standards for preventing money laundering, terrorist financing and proliferation financing. In October 2024, the National Treasury announced that the country has now largely or fully addressed 16 of the 22 items on its action plan, with six items to be addressed by February 2025 to achieve removal from the list by this date[6]. Eradicating corruption is key to preventing civil unrest and unlocking accelerated growth over the medium to long term. Operating in a country with perceived high levels of corruption makes it vital for South African businesses to demonstrate their commitment to ethical business conduct and appropriate anti-corruption controls.

Corruption risk is assessed across the Group by the Risk and Social and Ethics Committees. Group Forensics assists with investigating instances of alleged fraud, corruption, unethical behaviour and irregularities, as well as providing pertinent information on these issues to the Group.

All new employees receive training on anti-corruption, with periodic roadshows conducted to raise awareness. SOPs are regularly reviewed and updated if appropriate.

1. *Health Professionals Council of South Africa (HPCSA), South African Nursing Council (SANC) and South African Institute of Chartered Accountants (SAICA).*
2. *Including the public, suppliers and patients.*
3. *Such as alleged theft, or fraudulent, corrupt, or unethical behaviour (including unethical medical behaviour).*
4. *The remainder were reported through other mechanisms such as direct communication with Group Forensics. Most of the incidents reported related to theft and various types of fraud, including medical aid fraud and document forgery (eg medical certificates).*
5. *Financial Action Task Force (FATF).*
6. *National Treasury on FATF greylisting progress | South African Government | October 2024 (https://www.gov.za/news/media-statements/national-treasury-fatf-greylisting-progress-25-oct-2024).*

Regulatory compliance

SA's private healthcare market is one of the most regulated in the world, with regulated areas of operations including hospital build specifications, prohibitions on employing doctors, highly regulated medicine pricing and caps on nurse education and training, among others.

Compliance in FY 2024

Zero	Zero	Zero	Zero
fines incurred for non-compliance with environmental laws and regulations.	fines or non-monetary sanctions for non-compliance with social and economic laws and regulations.	material incidents of non-compliance concerning the health and safety impacts of products and services.	material incidents of non-compliance with regulations and voluntary marketing communications.
FY 2023: 0	FY 2023: 0	FY 2023: 0	FY 2023: 0

Key regulatory considerations for FY 2024:

- **The Companies Amendment Act** was signed into law in July 2024 but is not yet in operation. The Netcare Social and Ethics Committee has considered related amendments to their terms of reference in preparation for the implementation of the Act. Key proposed functions of the Act include making the conduct of business less burdensome, tightening the pursuit of delinquent directors or prescribed officers for wrongdoing (including state capture), and addressing disparities in earnings. Other key elements include enhancing transparency around executive director and prescribed officer remuneration and pay gap disclosures, and prescribing the appointment, composition and reporting of social and ethics committees.
- **The NHI Act** was signed into law prior to the May 2024 national election. Various civil society groups have since filed court papers to challenge the Act, including the BHF[2], the South African Private Practitioners Forum and Solidarity. Further detail on the Act is available on page 96.
- **Proposed Certificate of Need regulations associated with the NHI** were ruled unconstitutional by the North Gauteng High Court in July 2024. The Constitutional Court has been approached for confirmation of the ruling. The regulations require licensing for establishing, constructing, modifying, acquiring, or increasing the number of beds in a healthcare establishment. They also require licences for providing specific prescribed health services and limit where doctors and healthcare practitioners can practice.
- **The Prescribed Minimum Benefits review** is ongoing following the establishment of the Prescribed Minimum Benefits Advisory Committee by the Council for Medical Schemes. Issues of concern have been raised via legal representatives.
- **Other legislation that could impact Netcare** includes new regulations for low-cost benefit options, the Employment Equity Amendment Act 4 of 2022, Public Procurement Act 28 of 2024, the Judicial Matters Amendment Bill, amendments to the Road Accident Fund, electricity regulations, and the BHF application for collective negotiation (this will have longer-term repercussions for funder buying power over healthcare providers).

The Board

Assisted by the Audit, Risk[1] and Social and Ethics Committees, ensures compliance with laws, regulations, codes and standards.

The Compliance Committee

Monitors the legislative landscape on an ongoing basis, performs compliance risk assessments and considers the potential impact of new laws, regulations, and sector-related developments on the Group. The committee and Compliance function keep the Board appraised of any material developments in this regard and oversee any changes made by management in relation to these developments.

Management
is delegated to effect the required changes within defined timelines.

We adopt a risk-based approach when reviewing the Group's policies. All divisions, business units, operational and administrative business areas and subsidiaries are required to comply with all applicable legislation and regulations. Each area conducts an annual governance, compliance, legislative and contractual risk review, and evaluates the regulatory environment impacting the Group and the healthcare and financial services sectors.

1. *The Risk Committee also monitors compliance risk.*
2. *Board of Healthcare Funders (BHF).*

Ensuring ethical and compliant business conduct continued

Human rights

Our operations and strategies align with the human rights principles encapsulated in SA's Constitution. This covers child, forced or compulsory labour, and the right to freedom of association and collective bargaining. Our adherence to these principles is further supported by our human rights awareness programme.

Additional FY 2024 performance

- Rolled out the FY 2024 Group legal ethics and compliance survey across the Group. Various interventions will be implemented to address areas for improvement (eg policy and procedure awareness and education).
- Procured our contract management system, enhancing supplier vetting and contract certainty.
- Rolled out competition law and ethics and conflicts of interest training for division and department management heads and their management teams.
- Rolled out a digital awareness campaign on fraud reporting mechanisms.
- Conducted a consumer research survey for the Primary Care Division.
- Introduced policy alerts to improve knowledge and awareness of human resources, IT and governance policies.
- Engaged with ESG ratings agencies on measures to implement to improve the Group's ratings.

Looking ahead

Over the short to medium term, we will continue implementing policies that ensure regulatory compliance and value creation for all stakeholders. As part of our broader stakeholder engagement programme, we will also proactively engage with regulatory bodies.

Ensuring ethics in our supply chain

When selecting suppliers, we consider the quality of products or services, compliance with applicable regulations and Netcare's expectations and strategy, as well as cost containment, sustainability, financial stability, and the quality of customer service.

The criteria for selecting suppliers vary depending on the type of product or service procured.

We require all suppliers to familiarise themselves with Netcare's sustainable procurement policy, published on our website and our supplier management portal[1]. All new vendors listed are required to agree to our standard terms and conditions of trade. These require that they supply goods and services in line with prevailing good industry practice and Netcare's policies and procedures[2]. Our supplier listing process includes a compliance declaration form covering:

- Fair labour practices, including freedom of association and collective bargaining.
- Human rights, including equal opportunity employment and non-discrimination.
- Environmental considerations.

Environmental impact

Where applicable, we conduct environmental impact assessments of suppliers based on the type of goods or services procured and where they are produced. We request emissions reports from our top suppliers. As treating HCRW[3] can have a negative environmental impact when not treated according to applicable laws, we assess the compliance of HCRW treatment plants and related service providers, and prioritise treatment plants that use environmentally sustainable technologies and support our objective of zero waste to landfill.

Social impact

Where the major component of the service procured is related to human resources, we consider these suppliers to be at risk for labour-related issues such as the right to exercise freedom of association and collective bargaining. These services include cleaning, catering and security service providers. Industrial action in these businesses may impact the quality and continuity of the services provided to Netcare. This risk is covered in our service level agreements.

1

supplier's service contract was terminated due to non-compliance with waste handling and storage terms in our Service Level Agreement.

FY 2023: 0

Zero

suppliers identified as having significant actual and potential negative environmental impacts.

FY 2023: 0

Zero

suppliers identified as having significant negative social impacts.

FY 2023: 0

Additional FY 2024 performance

- Engaged with top suppliers on measuring, managing and reducing their emissions with the medium to long-term aim of reducing the Group's Scope 3 emissions, our carbon footprint and our environmental impact.
- Rolled out the digitised source-to-contract and preferential procurement platform (page 106), including the online supplier portal.

The Social and Ethics Committee

Oversees ethics within the supply chain and outsourced relationships.

The Procurement Committee

Headed by the general manager of procurement services and chaired by the CFO, the committee reviews and enhances procurement processes to ensure good governance and ethical conduct. The committee also provides input on our ESD initiatives

The general manager of procurement services, supported by supply and commodity managers, negotiates preferential pricing aligned to bulk purchasing and reviews the supplier base to ensure ethics in the supply chain.

Procurement policies

All our procurement policies are available through the supplier management portal.

The following are also available publicly:

— *Procurement Group enquiry policy*
Sustainable procurement policy
Fraud awareness and reporting documentation

— *Read more about our approach to procurement: **page 106**.*

Looking ahead

We will continue to engage with suppliers on their environmental performance and enhance our supplier-related risk mitigation processes via the supplier management platform.

1. *Suppliers may register on this portal to access key information and policies.*
2. *Including those relating to data privacy and protection regulations and practices.*
3. *Healthcare risk waste (HCRW).*

Protecting our data and our stakeholders' privacy

As the Group's digital capabilities grow ever more sophisticated, IT is both an operational enabler and a vital strategic asset for creating opportunities, gaining competitive advantage and ensuring sustainability.

Advancing our digitisation strategy increases our reliance on IT systems for all business operations, including processing personal information in our day-to-day activities.

Globally, the shift towards digital connectivity and transformation is being met with cyberthreats that are escalating in frequency, complexity and severity. Defending against cyberattacks increases the cost of doing business (as organisations must invest in more sophisticated prevention and response systems) and breaches have serious implications for data privacy and protection. Breaches are also associated with intensifying reputational and financial impacts.

The healthcare sector is considered the highest risk for data breaches, with the 2024 Cost of a Data Breach Report noting that the sector reported the most expensive data breaches globally for the 14th consecutive year (at an average cost of USD10 million). The average cost of a data breach for a South African organisation was estimated at USD3 million[1].

With vast datasets that include confidential, sensitive and personal information necessary for operational performance, our IT systems and data must be adequately secured without impeding access to patient information for healthcare facilities and practitioners. Data protection and governance are therefore key priorities for Netcare, and various initiatives continue to be implemented to further embed data governance principles across the Group – from data creation to its secure destruction.

— *Read more about digitisation in the **integrated report**: Our strategy and Digital transformation and data.*

Our approach to cybersecurity

Our approach to cybersecurity is focused on continuous improvement, proactive monitoring and a control framework that is effective at detecting, preventing and responding to security violations. Our risk-based cybersecurity strategy identifies the specific information, security controls, recovery, defences and level of protection that must be applied to our digital assets. This ensures that exploitable critical vulnerabilities and risks are remediated or mitigated as soon as possible.

Our outsourced SOC and SIEM[2] platform enables access to additional data sources and services (including proactive cyberthreat hunting), while our security partners provide advanced cyber protection capabilities, reinforcing our defences. A continuous monitoring service for our external systems and services is in place and a dedicated 'red team' is authorised to emulate potential attacks or exploitation capabilities against the Group's security posture.

Our experienced internal cybersecurity team is complemented by external experts and our advanced technologies are matched by equally robust control frameworks. We monitor our performance and regularly verify controls (internally and externally) to ensure their continued effectiveness. Instances of non-compliance are timeously managed by a dedicated team that ensures they are documented, reported and corrected (where appropriate).

We always strive to ensure appropriate technical and organisational safeguards (aligned with accepted information security practices) are in place to secure the confidentiality, integrity and availability of personal information to prevent loss of, damage to, or unauthorised destruction of personal information, and unlawful access to or processing of personal information. We maintain a sound approach to implementing privacy protection measures across all business operations, aligned with applicable privacy and data protection laws.

1. *IBM Cost of a Data Breach Report | 2024.*
2. *Security operations centre (SOC) and security incident and event management (SIEM).*

The Board

Assisted by the Audit and Risk Committees, oversees the governance of technology and information management (including cybersecurity initiatives).

The IT Management Committee

Headed by the chief information officer, oversees and manages all IT assets and risk and provides IT-related strategic and governance direction across the business.

The Information Security Management Committee

Proactively monitors incidents and information asset security, provides guidance on best practice, reviews information security initiative progress and communicates common practice requirements. A dedicated team oversees and manages non-compliance incidents and takes corrective measures.

The POPIA[1] Steering Committee

Oversees the Group's initiatives to ensure that legal and regulatory compliance objectives are achieved as intended in relation to privacy and systems (supported by mechanisms, policies and procedures).

The Data Council

guides the data governance programme, oversees data governance projects and initiatives, approves Group-wide data policies and standards, and provides ongoing data support, understanding, and awareness[2].

Group IT

supports the principles and practices of good information security governance, including transparent, responsible and accountable dealings with stakeholders.

The IT governance framework

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

Data protection policies

— *Access to information policy*
Privacy policy

1. *Protection of Personal Information Act (POPIA).*
2. *Other IT governance structures include the Continuous Business Improvement Committee, Enterprise Architecture Committee, and the Change Advisory Board.*

Cybersecurity in FY 2024

The majority of cyberthreats continue to emanate from phishing and stolen or compromised credentials[1]. In SA, 40% of breaches occur due to human error (eg stolen credentials, unauthorised access or social engineering) and 70% of local organisations have experienced attempted attacks in the past 12 months[2]. Given this, our focus for FY 2024 has been on ensuring rigorous identity and access management for critical applications, and ensuring that any new digitisation initiatives comply with our cybersecurity standards and best practices.

Data protection initiatives

Our data protection safeguards are based on international best practice standards and control frameworks. Their effectiveness is regularly verified by internal and external parties. Reasonable mechanisms, tools and technologies are implemented to detect, prevent and respond to security violations.

Our data protection technologies safeguard digital assets across the Group. We utilise best-of-breed technologies including endpoint detection and response systems, detailed ransomware playbooks, vulnerability scans, threat portal monitoring, threat intelligence and hunting, active dark web monitoring, system information and event management systems, website reputational checks, and a variety of enterprise security tools ranked highly by Gartner peer insights .

Third-party agreements are carefully managed and access to our data and systems is only granted to suppliers who need access to meet their contractual obligations. These suppliers are subject to strict controls, including:

- Tightly governed vendor identity and access management with approvals, regular reviews and audits.
- Strict vendor monitoring (threat monitoring, annual submission of our third-party privacy impact analysis questionnaire, and periodic information security and privacy affirmations, including notice of breaches).
- Contractual agreements with stringent privacy clauses[3] to ensure that personal information is processed in accordance with applicable data protection and privacy laws.

Our Group digital culture focuses on continuous information security awareness that is reinforced through training and/or awareness programmes[4] to ensure data confidentiality, integrity and availability to support critical business functions. We also ensure that access is restricted to authenticated users and processes, and that our information assets remain adequately controlled. As of FY 2024, we require 100% participation in security training modules, restricting the access of users who do not comply .

The results of our FY 2024 cyber risk self-assessment demonstrated that we have maintained a **performance rating well above** sector and global averages.

1. *IBM Cost of a Data Breach Report | 2024.*
2. *Mimecast Human Risk & AI Report | 2024.*
3. *Including non-disclosure agreements, privacy impact assessment questionnaires, user access agreements, annual security and privacy assurance confirmation, notification of security breaches, multifactor authentication and resource access restrictions for remote access accounts, a data use and reciprocal support agreement, and monitoring by the Netcare threat intelligence tool. Assurance reports are obtained for any third-party applications used to access our data.*
4. *Including newsletters, videos, questionnaires and simulated phishing emails.*

Protecting our data and our stakeholders' privacy continued

Data privacy in FY 2024

We have completed the Group privacy strategy and privacy compliance framework review, with the 2024/2025 privacy strategy approved by the POPIA Steering Committee in February 2024. In line with our updated strategy, and as part of our ongoing efforts to reduce privacy breaches and ensure privacy awareness, we rolled out targeted training material for higher-risk divisions; a POPIA training video, available on demand; tailored training materials for Netcare Akeso mental health facilities, Netcare Medicross medical and dental centres, the Pharmacy Division and key stakeholders from the Netcare Property Division; a third-party data privacy risk survey (the results for this survey are pending); and divisional risk registers. We drafted and received POPIA Steering Committee approval for the personal information management system manual, updated policies impacting privacy-related controls, and Internal Audit conducted an extensive privacy assurance review – based on these results, a working committee has been formed to develop appropriate remedial plans and change management activities.

We also completed a privacy maturity review, finding that the Group's maturity level is rated as **four out of a possible five**, or quantitatively managed[1]. We are currently undertaking the required steps to further improve our rating.

Ensuring data privacy and protection of personal information

18 093 (97%)	**379**	**60**	**>3 000**
employees have completed POPIA training. **All** new employees receive privacy training.	third-party assessments conducted.	privacy breaches reported to the Information Regulator. **11** have been closed. None pose a material reputational threat.	suppliers were surveyed to determine their risk postures and assess the level of personal information processed.
FY 2023: 18 243 (96%)	FY 2023: 79	FY 2023: 34	

Governance of artificial intelligence

In healthcare settings, AI has the potential to improve patient outcomes, increase productivity, reduce administrative burden on healthcare practitioners, and enable healthcare systems to provide quality care to a greater number of patients. It is currently being used in various healthcare scenarios to assist with diagnoses, transcribe medical documents, and accelerate drug development and administrative efficiency etc. AI also introduces unique ethical and moral challenges for organisations that must balance the competitive advantage of big data and AI with their responsibility to protect stakeholder data and privacy.

Our digitally and data driven strategy has created an opportunity to harness the power of AI to revolutionise the care we provide to people and transform our operational processes. However, deploying this novel and rapidly evolving technology requires careful planning and oversight, particularly in selecting which tasks to entrust to AI processes and how this work is evaluated. To perform this vital role, Netcare is establishing an AI Governance Committee.

The AI Governance Committee

Objectives:

- Assess whether the workings and capabilities of specific AI solutions align with the Group's core values.
- Continuously monitor AI solutions that are implemented to ensure they do not deviate from our core values.

Progress:

- Received endorsement for the establishment of the committee by the Social and Ethics Committee.
- Drafted and received approval for an AI governance policy.

The committee's first meeting is scheduled for the second quarter of FY 2025. Their focus for the year will be on assessing and monitoring all critical AI systems that are currently operational.

1. *In relation to the Capability Maturity Model Integration framework. The term 'quantitatively managed' refers to an organisation that is data driven with quantitative performance improvement objectives that are predictable and align to meet the needs of internal and external stakeholders.*

Additional FY 2024 performance

Cybersecurity

- Rolled out an AI SOC initiative; while in its early stages, we are seeing significant reductions in alert triaging and response times (>50%).
- Enhanced our healthcare worker credentialling process and electronic signature security for CareOn.
- Continued to educate our people about cybersecurity risks using various awareness-raising mechanisms, including simulated phishing campaigns – awareness content engagement was at **85%** in FY 2024 due to the introduction of new compliance measures.
- Focused on identity and access management measures (eg multifactor authentication).

Data governance and privacy

- Established a Data Governance Forum to start developing a governance framework for the use of AI across the Group.
- Completed enterprise data architecture for **six of 11** data domains to deepen our understanding of how data is structured and organised across the Group.
- Published our data governance and management policy for internal use – we are currently monitoring the effectiveness of the newly implemented policy. A statement on our approach to data management is available on our ***website***.
- Conducted quarterly unannounced POPIA compliance walkthroughs at randomly selected hospitals, Netcare Akeso facilities and Primary Care centres. Corrective action plans are developed and implemented post-review.
- Rolled out policies on access to medical systems and devices to improve user awareness.

Looking ahead

Over the short to medium term, we will continue to develop our data management capabilities and investigate and implement solutions and processes that enable Netcare to effectively identify, prevent and recover from cyber incidents. AI governance and ethics will also be an area of significant focus over the coming years.

05 Additional information

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Key data

Environment

Environmental data for the ESG report is independently assured by Verify CO_2 and Scope 3 emissions reporting is assured by The Green House (limited level of assurance). All metrics, unless otherwise specified, exclude National Renal Care.

2030 environmental sustainability strategy targets	Target	2024	Baseline 2023	Variance
Energy (kWh/bed/year)	1% ▼ by FY 2030[1]	**18 679**	17 325	8% ▲
Scope 1 and Scope 2 emissions (tCO_2e)	84% ▼ by FY 2030	**221 000**	233 603	5% ▼
Scope 2 emissions (tCO_2e)	Zero by FY 2030	**180 280**	188 129	4% ▼
Water (litres/bed/day)	5% ▼ by FY 2030[2]	**416**	426	2% ▼
Waste to landfill (tonnes)	Zero by FY 2030	**6 161**	7 989	23% ▼

1. *Targets were originally set using FY 2021 as a baseline year. We have since amended the baseline to FY 2023 and adjusted our targets to reflect the progress made since FY 2021. Original target: 35% reduction in energy intensity since FY 2013. Updated target: 40% reduction since FY 2013, or a 1% reduction against our updated FY 2023 baseline.*
2. *Original target: 20% reduction in water intensity from 500 litres per bed per day. Updated target: 5% reduction to account for the 15% reduction achieved by FY 2023.*

— *Read about our baseline adjustment to FY 2023 and the effect this has had on our targets for 2030:* ***page 45****.*

FY 2024 Group balanced scorecard targets	Target	2024
Energy efficiency: additional year-on-year tCO_2e avoided from energy efficiency projects	2 000	**2 300**
Renewable energy: additional year-on-year tCO_2e avoided from renewable energy projects	1 900	**1 847**
Water savings: overall water reduction – Hospital Division (%)	(2.3)	**0.8**
General waste: waste to landfill reduction – Hospital Division (%)	(68.5)	**(66.5)**
Healthcare risk waste: healthcare risk waste to landfill reduction – Hospital Division (%)	(12.8)	**(15.0)**

Note: BSC numbers and their accompanying metrics are calculated using different methodologies, for example, numbers may be adjusted to exclude public private partnerships, or to exclude anomalies such as leaks etc. The same adjustments are applied to both baseline and performance numbers to ensure comparability. Baseline adjustments for BSC-related items are calculated yearly and are therefore not always comparable with prior reporting.

Key impacts of our 2013 – 2023 strategy	2023	Baseline	Variance
Scope 1 and 2 emissions intensity (tCO_2e/bed/year) (FY 2013)	**21.4**	33.6	36% ▼
Energy usage (kWh/bed/year) (FY 2013)	**17 325**	28 442	39% ▼
Total volume of waste generated (tonnes) (FY 2017)	**8 064**	9 394	14% ▼
Water intensity (kl/bed/year) (FY 2014)	**155**	216	28% ▼

Group energy consumption	2024	% change	Baseline 2023	2022
Energy consumed				
Direct energy used (GJ)	**248 566**	(31.1)	360 509	234 616
Indirect energy used (GJ)	**697 109**	7.0	651 214	691 103
Total (GJ)	**945 675**	(6.5)	1 011 723	925 719
Total (MWh)	**262 688**	(6.5)	281 034	257 144
Purchased electricity and renewable energy consumption				
Electricity purchased (MWh)	**193 641**	7.0	180 893	191 973
Renewable energy (MWh)	**15 084**	3.5	14 580	15 580
Total (MWh)	**208 725**	6.8	195 473	207 553

Note: total energy consumed includes purchased electricity and other fossil fuels but excludes renewable energy. Electricity meters cover 100% of the hospital network, 75% of Primary Care and 100% of Netcare Akeso facilities' electricity expense.

Environment continued

Group greenhouse gas emissions	2024	% change	Baseline 2023	2022
CO_2 emissions				
Scope 1 emissions (tCO_2e)	**40 720**	(10.5)	45 474	38 063
Scope 2 emissions (tCO_2e)	**180 280**	(4.2)	188 129	187 592
Total Scope 1 and 2 emissions (tCO_2e)	**221 000**	(5.4)	233 603	225 655
Scope 3 emissions (tCO_2e)	**545 612**	5.1	519 107	57 447
Total Scope 1, 2 and 3 emissions (tCO_2e)	**766 612**	1.8	752 710	283 102
Emissions falling outside the Kyoto Protocol (tCO_2e)	**2 269**	36.5	1 662	1 904
Total measured greenhouse gas emissions (tCO_2e)	**768 881**	1.9	754 372	285 006
CO_2 emissions intensity				
Ratio of Scope 1 and 2 to:				
– Revenue (tCO_2e/Rm)	**8.77**	(11.1)	9.86	10.43
– Registered beds (tCO_2e/bed)	**20.40**	(4.7)	21.41	20.82

Note 1: based on improved calculation and reporting of Scope 3 emissions, we have restated our total Scope 1, 2 and 3 emissions, total measured emissions, and Scope 3 emissions for FY 2023. We previously reported and included 108 118 tCO_2e Scope 3 emissions in these measures.
Note 2: FY 2024 emissions calculated using the 2022 DFFE CO_2 emissions factor of 0.931 kg CO_2/kWh. This was used as it is more accurate than Eskom-published emissions factors.

Group waste generation and intensity	2024	% change	Baseline 2023	2022
Waste generation and recycling				
Healthcare risk waste				
– Incinerated (tonnes)	**73**	(2.7)	75	75
– Treated and landfilled (tonnes)	**4 606**	(7.2)	4 963	5 150
Total healthcare risk waste (tonnes)	**4 679**	(7.1)	5 038	5 225
General waste				
– Landfilled (tonnes)	**1 555**	(48.6)	3 026	2 960
Total waste (tonnes)[1]	**6 234**	(22.7)	8 064	8 185
Recycled waste	**3 150**	77.0	1 780	1 093
Waste intensity				
Ratio of total waste sent to landfill/incinerated to:				
– Revenue (kg/Rm)	**247**	(27.4)	340	378
– Registered beds (kg/bed[2])	**575**	(22.2)	739	755

1 Excludes recycled waste.
2 Registered beds for the Hospital Division and Netcare Akeso.

Group water consumption and intensity	2024	% change	Baseline 2023	2022
Water consumption by source				
Municipal water (kl)	**1 646 889**	(2.9)	1 695 949	1 953 678
Borehole water (kl)	**70 047**	107.3	33 789	35 348
Desalinated seawater (kl)	**12 683**	24.3	10 204[1]	7 876[2]
Water intensity				
Water consumption per bed per day (litres)	**416**	(2.3)	426	493
Ratio of total water to:				
– Revenue (kl/Rm)	**65**	(9.7)	72	90
– Registered beds (kl/bed)	**152**	(1.9)	155	180

Note: excludes re-use and borehole water. All hospitals have water meters.
1. Restated from 8 megalitres. Prior numbers reported were based on billing impact estimations. The updated number represents actual water consumed as per meters.
2. Restated from 12 megalitres. Prior numbers reported were based on billing impact estimations. The updated number represents actual water consumed as per meters.

Social: our people

Assurance on financial and certain non-financial performance indicators has been obtained in line with our combined assurance model, with feedback provided to the Risk and Audit Committees and the Executive Committee. Non-financial information is assured by Internal Audit on a cyclical basis. All metrics, unless otherwise specified, exclude National Renal Care.

FY 2024 Group balanced scorecard targets	Target	2024
Employee wellbeing: % of employees reached by wellbeing programmes	70.0	**80.0**
Patient experience: nurse compassion score for the Hospital Division	8.25	**8.26**

Note: BSC numbers and their accompanying metrics are calculated using different methodologies, for example, numbers may be adjusted to exclude public private partnerships, anomalies etc. The same adjustments are applied to both baseline and performance numbers to ensure comparability. Baseline adjustments for BSC-related items are calculated yearly and are therefore not always comparable with prior reporting.

	2024				
Employees by employment contract	Female	Male	Total	2023	2022
Permanent: full-time	**14 315**	**3 664**	**17 979**	18 178	17 822
Permanent: part-time	**163**	**6**	**169**	186	214
Total permanent employees	**14 478**	**3 670**	**18 148**	18 364	18 036
Fixed-term	**427**	**147**	**574**	591	664
Total workforce	**14 905**	**3 817**	**18 722**	18 955	18 700

Note: excludes public private partnerships.

	2024				
Permanent employee breakdown	Female	Male	Total	2023	2022
Hospital and Pharmacy	**12 126**	**2 297**	**14 423**	14 704	14 508
Radiotherapy	**64**	**13**	**77**	65	73
Netcare 911	**585**	**755**	**1 340**	1 256	1 176
Netcare Management	**486**	**357**	**843**	861	773
Mental Health – Netcare Akeso	**424**	**125**	**549**	540	510
NetcarePlus	**25**	**12**	**37**	38	28
Netcare Primary Care – Netcare Occupational Health	**109**	**38**	**147**	127	181
Netcare Primary Care	**659**	**73**	**732**	770	787
Total permanent employees	**14 478**	**3 670**	**18 148**	18 364	18 036
Public private partnerships	**156**	**46**	**202**	204	209
Total permanent employees including public private partnerships	**14 634**	**3 716**	**18 350**	18 568	18 245

	2024				
Permanent employees by employment level	Female	Male	Total	2023	2022
Executive	**23**	**24**	**47**	48	45
Management	**1 249**	**494**	**1 743**	1 717	1 676
Professional	**6 122**	**1 070**	**7 192**	7 383	7 288
Enrolled nursing and support	**7 240**	**2 128**	**9 368**	9 420	9 236
Total number of permanent employees	**14 634**	**3 716**	**18 350**	18 568	18 245

	2024					
Permanent employees by race	Black[1]	White	Total	Black[1] 2023	White 2023	Total 2023
Executive	**22**	**25**	**47**	21	27	48
Management	**1 173**	**570**	**1 743**	1 131	586	1 717
Professional	**5 947**	**1 245**	**7 192**	6 039	1 344	7 383
Enrolled nursing and support	**8 481**	**887**	**9 368**	8 438	982	9 420
Total number of permanent employees	**15 623**	**2 727**	**18 350**	15 629	2 939	18 568

1. *African, Coloured and Indian.*

Key data continued

Social: our people continued

Occupational health and safety	2024	2023	2022
Employee incidents	**1 054**	1 004[1]	2 940
Medical surveillance programme medicals	**13 892**	10 236	6 111
Total hours of sick leave	**1 027 480**	947 437	1 101 865
Safety, health, environment and quality training (number of employees)	**3 665**	5 235	4 823

Note 1: sick leave data includes overall hours of absenteeism from work for multiple reasons (eg illness, injury, other).
*Note 2: employee incident data includes incidents for Netcare and non-Netcare employees. Hospital Division data includes Netcare hospitals, Netcare Head Office, the Shared Services Centre, and Netcare Education. A breakdown of incidents for the Group can be found in the **quality report online**.*
1. Restated from 976 due to late reporting.

Medical Aid	2024	2023	2022
Full-time employees who are members of Netcare's medical aid (%)	**83.4**	83.0	82.0

Employee relations	2024	2023	2022
Total employee turnover (%)	**16.0**	14.5	17.2
Voluntary turnover (%)	**12.9**	11.5	14.8
Adjusted voluntary turnover (%)	**12.2**	–	–
Union membership (%)	**48.1**	49.0	48.6
Proportion of senior management who are South African citizens (%)	**100.0**	100.0	100.0

Note 1: permanent employees only.
Note 2: adjusted voluntary turnover reflects actual turnover after accounting for employees resigning in response to implementation of the Two-Pot Retirement System, accessing their retirement savings, and then returning to work at Netcare on fixed-term contracts before returning to a permanent role. Metric not reported or recorded prior to 2024.

	2024			2023		
	Female	**Male**	**Total**	Female	Male	Total
New hires						
Under 30 years of age	**577**	**209**	**786**	525	229	754
Between 30 and 50 years of age	**1 218**	**388**	**1 606**	1 484	354	1 838
51 years of age and above	**136**	**25**	**161**	223	27	250
Total number of new employees	**1 931**	**622**	**2 553**	2 232	610	2 842

	2024	2023
Rates of new hire (%)		
Overall	**13.8**	15.2
Male	**3.4**	3.2
Female	**10.5**	12.0
Under 30 years of age	**4.3**	4.0
Between 30 and 50 years of age	**8.8**	9.9
51 years of age and above	**0.9**	1.4
Overall turnover rates (%)		
Overall	**16.0**	14.5
Male	**2.8**	2.7
Female	**12.3**	10.8
Under 30 years of age	**2.0**	1.6
Between 30 and 50 years of age	**10.0**	8.9
51 years of age and above	**3.1**	3.0

Training and skills development spend	Skills period April to March 2024	2023	2022
Direct and total training spend			
Direct training spend[1] (Rm)	**58**	57	51
– Planned training spend (Rm)	**45**	39	46
Additional training spend (Rm)	**11**	8	8
Total training spend (Rm)	**69**	65	59
– % payroll (Skills Development Act target: 1%)	**1**	1	1
Skills development (direct training spend)[1]			
Direct training spend on black people (%)	**86**	88	86
Direct training spend on women (%)	**84**	82	87
Direct training spend on black women (%)	**73**	81	75
Direct training spend on employees with disabilities (%)	**9**	4	1
Formal nursing training (%)	**55**	53	68
Management and leadership development (%)	**8**	7	7
Bursaries			
Total spend for employees and unemployed black youth (Rm)	**18**	22	20

1. Including only direct costs of training as submitted to the Health and Welfare Sector Education and Training Authority (HWSETA) as per the Netcare annual training report.

Training	Skills period April to March 2024	2023	2022
Netcare[1]			
Paramedic courses	**5**	3	4
Formal nursing programmes[2]	**148**	239	595
Six-month in-service programmes for nurses	**297**	421	439
Other training programmes[3]	**16 104**	17 902	14 930
Total employees trained	**16 554**	18 565	15 968
% of employees trained that are women	**84**	82	87
Number of training interventions delivered	**85 158**	56 428	56 067
Netcare Education			
Total number of students currently registered at Netcare Education (nursing, emergency and critical care, and management development)	**4 403**	3 012	3 884
National Renal Care			
In-service nephrology nursing development programme	**2 251**	–	–
Clinical technology students	**15**	23	14
Postgraduate clinical technologists	**1**	0	2
Non-Netcare employee training[4]			
Paramedic courses	**131**	200	103
Nursing programmes	**502**	357	300

1. Permanent employees only.
2. South African Nursing Council (SANC) accredited and registered on the National Qualifications Framework (NQF).
3. Including strategic skills, management development, financial, catering, computer literacy, customer care, diversity and inclusion, generic behavioural training, OHS, technical and CPD training.
4. Fee for service and private funding students.

Performance management	2024	2023	2022
Employees receiving performance appraisals	**18 148**	–	–
- Male	**3 670**	–	–
- Female	**14 478**	–	–

Note: performance appraisal reporting was suspended over 2022 and 2023 while a new system was being implemented.

Key data continued

Benefit coverage	2024			2023		
	Full-time	**Part-time**	**Fixed-term/ temporary employees**	Full-time	Part-time	Fixed-term/ temporary employees
Life insurance	**Yes**	**Yes**	**Yes[1]**	Yes	Yes	Yes[1]
Healthcare (medical aid)	**Yes**	**Yes**	**Yes[1]**	Yes	Yes	Yes[1]
Disability coverage	**Yes**	**Yes**	**Yes[1]**	Yes	Yes	Yes[1]
Maternity pay	**Yes**	**Yes**	**No**	Yes	Yes	No
Parental leave	**Yes**	**Yes**	**Yes**	Yes	Yes	Yes
Retirement provision	**Yes[2]**	**Yes[2]**	**No**	Yes[2]	Yes[2]	No
Stock ownership	**Yes**	**Yes**	**No**	Yes	Yes	No
Funeral cover	**Yes**	**Yes**	**No**	Yes	Yes	No
13th cheque	**Yes**	**Yes**	**No**	Yes	Yes	No
Allowances	**Yes**	**Yes**	**Yes**	Yes	Yes	Yes

1. *Employees recruited on fixed-term contracts for longer than a year are entitled to receive life insurance benefits and disability coverage. Long-term foreign nationals on work permits are not entitled to disability.*
2. *Permanent employees are entitled to pensions and provident funds. Some provisions are only available to certain employees (eg post-retirement medical aid).*

Parental leave	2024			2023		
Parental leave	**Male**	**Female**	**Total**	Male	Female	Total
Number of employees:						
Entitled to parental leave	**3 817**	**14 905**	**18 722**	3 706	15 249	18 955
That took parental leave	**189**	**649**	**838**	188	704	892
Who returned to work after parental leave ended	**189**	**488**	**677**	188	530	718
Who returned to work and are still employed 12 months after their return	**138**	**492**	**630**	160	521	681
Return and retention rates						
Return to work (%)	**100.0**	**75.2**	**80.8**	100.0	75.3	80.5
Retention (%)	**73.4**	**92.8**	**87.7**	74.1	91.9	87.0

Social: transformation

B-BBEE related data for the social section of the ESG report is independently verified by Empowerdex. Assurance on financial and certain non-financial performance indicators has been obtained in line with our combined assurance model, with feedback provided to the Risk and Audit Committees and the Executive Committee. Non-financial information is assured by Internal Audit on a cyclical basis. All metrics, unless otherwise specified, exclude National Renal Care.

B-BBEE scorecard.

FY 2024 Group balanced scorecard targets	Target	2024
Preferential procurement: % of 29 points available for preferential procurement on the B-BBEE scorecard	92.0	**91.0**
Diversity, equity, inclusion and belonging: % of black managers at middle management level	59.5	**59.6**

Note: BSC numbers and their accompanying metrics are calculated using different methodologies, for example, numbers may be adjusted to exclude public private partnerships, anomalies etc. The same adjustments are applied to both baseline and performance numbers to ensure comparability. Baseline adjustments for BSC-related items are calculated yearly and are therefore not always comparable with prior reporting.

Ownership (%)	Weighting	2024	2023	2022
Voting rights of black people	25	**25.4**	27.9	28.6
Voting rights of black women	10	**14.9**	16.3	16.1
Economic interest of black people	25	**17.8**	20.1	20.8
Economic interest of black women	10	**10.2**	11.4	11.8
Economic interest of designated groups				
Black participants in employee ownership schemes				
Black beneficiaries of broad-based ownership schemes				
Black participants in cooperatives	3	**3.6**	3.5	3.6
Black new entrant	2	**3.6**	3.5	3.6
Net value	25	**14.2**	16.6	17.1
Total ownership score (points)	25	**20.4**	21.5	21.8

Leadership diversity (%)	dtic target	2024	2023	2022
Board participation				
Exercisable voting rights of black board members	50	**50.0**	44.4	54.5
Exercisable voting rights of female board members		**50.0**	44.4	54.5
Exercisable voting rights of black female board members	25	**37.5**	33.3	45.5
Executive directors				
Black executive directors	50	**0**	0	0
Female executive directors		**0**	0	0
Black female executive directors	25	**0**	0	0
Executive management				
Black executive management	60	**54.5**	45.5	45.5
Female executive management		**45.5**	36.4	36.4
Black female executive management	30	**18.2**	9.1	9.1

Note: executive management percentages calculated excluding the CEO and CFO.

Social: transformation continued

Employment equity (%)		2024 target	**2024**	2023	2022
Workforce	Black		**83.7**	82.7	80.9
	Women		**79.8**	80.6	81.0
	Black women		**66.5**	66.4	65.0
Senior management	Black	48.6	**47.1**	45.7	50.0
	Women	58.1	**52.9**	51.4	53.1
	Black women	25.8	**23.5**	22.9	25.0
Middle management	Black	59.5	**59.6**	57.5	53.1
	Women	58.8	**60.6**	61.4	60.8
	Black women	36.0	**36.8**	35.9	32.4
Junior management and skilled workers	Black	78.0	**78.3**	77.4	75.9
	Women	83.8	**84.0**	84.7	85.3
	Black women	66.0	**65.4**	65.3	64.6
Employees with disabilities	Overall	4.8	**4.5**	4.6	4.4
	Black	3.3	**3.0**	3.2	3.0
	Women	3.1	**3.3**	3.4	3.1
	Black women	2.3	**2.2**	2.2	2.1

Note: our target for workforce diversity is the SA economically active population (EAP): 92.3% black representation.

Medical doctors (%)	**2024**	2023	2022
Black doctors with admissions privileges	**55**	54	52

Note: Data for doctors with a billed revenue above R300 000.

Procurement	dtic target	**2024**	2023	2022
Total procurement spend (Rbn)		**14.3**	13.8	12.9
Measurable under dtic codes (Rbn)		**12.8**	12.7	11.5
Measurable under dtic codes (%)		**90**	92	89
Measurable spend with B-BBEE compliant suppliers (Rbn)		**15.3**	12.4	13.2
Measurable spend with B-BBEE compliant suppliers (%)	80	**119**	114	114
Enterprise and supplier development spend (Rm)		**185**	72	62
Jobs supported (total)		**510**	468	220
Supplier development spend (Rm)		**150**	42	36
Measurable under dtic codes (Rm)		**82**	28	23
Measurable under dtic codes (%)		**55**	67	61
% of NPAT	2	**5**	2	2
Enterprise development spend (Rm)		**35**	30	26
Measurable under dtic codes (Rm)		**31**	29	18
Measurable under dtic codes (%)		**89**	97	69
% of NPAT	1	**2**	2	2

Corporate social investment	dtic target	**2024**	2023	2022
Corporate social investment (Rm)		**25**	29	35
dtic-recognised spend (Rm)		**18**	15	12
dtic-recognised spend (%)		**72**	52	33
% of NPAT	1	**1**	1	1
% of black beneficiaries	75	**88**	87	91
Invested in doctor training and development (Rm)	–	**14**	18	18

Task Force on Climate-Related Financial Disclosures Index

Detailed disclosure on our management of climate change-related issues can be found in our *2023 CDP* submission.
The results of our 2024 CDP submission are not yet available.

Key: **ESG:** 2024 ESG Report | **IR: 2024 Integrated Report** | **SR: 2024 Shareholder Report**

Governance

Disclose the organisation's governance around climate-related risks and opportunities.	**1.1 Board oversight** Describe the Board's oversight of climate-related risks and opportunities.	CDP: C1.1 | C1.2 ESG: ESG governance overview | PG 17 IR: Governance overview | PG 39
	1.2 Role of management Describe management's role in assessing and managing climate-related risks and opportunities.	CDP: C1.1 | C1.2 ESG ESG governance overview | PG 17 ESG Ensuring ethics in our supply chain | PG 123

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning, where such information is material.	**2.1 Identify risks and opportunities** Describe the climate-related risks and opportunities over the short, medium and long term.	CDP: C2.2 | C2.3 | C2.4 ESG: ESG governance overview | PG 17 ESG: Our ESG risks and opportunities | PG 31 IR: Our risks and opportunities | PG 54 SR: Governance report | PG 4
	2.2 Impact on investment strategy Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	CDP: C3.3 | C3.4 | C3.5 ESG: Our ESG risks and opportunities | PG 31 ESG: Environment | PG 42 IR: Our risks and opportunities | PG 54 IR: Our strategy | PG 16
	2.3 Resilience of investment strategy Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	CDP: C3.2a

Task Force on Climate-Related Financial Disclosures Index continued

Key: **ESG:** 2024 ESG Report | **IR:** 2024 Integrated Report | **SR:** 2024 Shareholder Report

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.	**3.1 Processes for identifying and assessing risks and opportunities** Describe the processes for identifying and assessing climate-related risks.	**CDP:** C2.2 **ESG:** Our ESG risks and opportunities | PG 31 **IR:** Our risks and opportunities | PG 54 **SR:** Governance report | PG 4
	3.2 Processes for managing risks and opportunities Describe the processes for managing climate-related risks.	**CDP:** C1.3 | C2.1 | C2.2 | C2.3 | C2.4 **ESG:** ESG governance overview | PG 17 **ESG:** Our ESG risks and opportunities | PG 31 **ESG:** Our environmental sustainability programme | PG 45 **IR:** Our risks and opportunities | PG 54
	3.3 Integration into risk management processes Describe how the processes above are integrated into existing risk management processes.	See 3.1 and 3.2 above.

Metrics and targets

Where such information is material, disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.	**4.1 Disclose the metrics** Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	**CDP:** C4.1 | C4.2 **ESG:** Environment | PG 42 **IR:** Natural Capital |PG 151
	4.2 Disclose emissions Disclose Scope 1, Scope 2, and, if appropriate, Scope 3, greenhouse gas emissions, and the related risks.	**CDP:** C6 | C7 | C8 **ESG:** Our ESG risks and opportunities | PG 31 **ESG:** Our environmental sustainability programme | PG 45 **ESG:** Key data | PG 129 **IR:** Our risks and opportunities | PG 54 **IR:** Natural Capital | PG 151 **IR:** Manufactured Capital | PG 145
	4.3 Disclose the targets Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	**CDP:** C4.1 | C4.2 **ESG:** Our environmental sustainability programme | PG 45 **ESG:** Reducing our carbon footprint | PG 50 **ESG:** Key data | PG 129 **IR:** Natural Capital | PG 151

Glossary

Doctors

Independent specialists across all clinical disciplines, including physicians, surgeons, GPs, psychiatrists, anaesthesiologists, radiologists, dentists, nephrologists, pathologists and other specialists.

Healthcare practitioners

Doctors

+

Allied healthcare professionals (psychologists, radiographers, dental hygienists, occupational therapists, physical therapists, radiographers etc).

+

Registered nurses, enrolled nurses and auxiliary nurses.

United Nations Sustainable Development Goals

Good health and wellbeing

Target 3.1. Reduce the global maternal mortality ratio.

Target 3.2. End preventable deaths of newborns and children younger than five years of age.

Target 3.3. End the epidemics.

Target 3.4. Reduce premature mortality from non-communicable diseases.

Target 3.8. Achieve universal health coverage.

Quality education

Targets 4.3 and 4.5. Equal access to affordable and quality technical, vocational and tertiary education, including university, including the vulnerable.

Target 4.4. Increase the number of youth and adults with relevant skills.

Gender equality

Target 5.5. Equal opportunities for women in leadership and decision-making roles.

Clean water and sanitation

Target 6.3. Halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally.

Target 6.4. Increase water-use efficiency.

Affordable and clean energy

Targets 7.2 and 7.3. Increase the share of renewable energy in the global energy mix and double the global rate of improvement in energy efficiency.

Decent work and economic growth

Target 8.2. Achieve higher levels of economic productivity through technological upgrading and innovation.

Target 8.3. Support productive activities, decent job creation, entrepreneurship, creativity and innovation and growth of SMMEs.

Target 8.4. Improve global resource efficiency and endeavour to decouple economic growth from environmental degradation.

Target 8.5. Achieve employment and decent work for all, women, men, young people and persons with disabilities, and equal pay for work of equal value.

Target 8.6. Reduce the proportion of youth not in employment.

Target 8.8. Protect labour rights and promote safe and secure working environments.

Industry, innovation and infrastructure

Target 9.3. Increase the access of small enterprises to financial services, including affordable credit, and their integration into value chains and markets.

Responsible consumption and production

Target 12.5. Reduce waste generation through prevention, reduction, recycling and re-use.

Climate action

Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters.

Peace, justice and strong institutions

Target 16.5. Reduce corruption and bribery in all their forms.

Target 16.6. Effective, accountable and transparent institutions.

Target 16.7. Responsive, inclusive, participatory and representative decision-making.

Target 16.10. Ensure public access to information.

Glossary continued

AGM	annual general meeting
AI	artificial intelligence
app	application
B-BBEE	broad-based black economic empowerment
BESS	Battery energy storage system
BHF	Board of Healthcare Funders
BMI	body mass index
Board	the Board of directors
BSC	balanced scorecard
BUSA	Business Unity South Africa
Capex	capital expenditure
CDP	formerly the Carbon Disclosure Project
CEO	chief executive officer
CFO	chief financial officer
CO_2	carbon dioxide
COID	Compensation for Occupational Injuries and Diseases
COP21	UN Climate Change Conference, Paris, 2015
COVID-19	Coronavirus disease 2019
CPD	continuous professional development
CPR	cardiopulmonary resuscitation
CSI	corporate social investment
DEI	diversity, equity and inclusion
DFFE	Department of Forestry, Fisheries and the Environment
DoEL	Department of Employment and Labour
DoH	Department of Health
dtic	Department of Trade, Industry and Competition
dtic Codes	Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice
EAF	energy availability factor
EAP	economically active population
EBITDA	earnings before interest, tax, depreciation and amortisation
EME	exempted micro enterprise
EMR	electronic medical record
ESC	Essential Services Committee
ESD	enterprise and supplier development
ESG	environmental, social and governance
ESP	Enterprise Sustainability Platform
EV	Electric vehicle
FATF	Financial Action Task Force
FY	Financial year
GBV	gender-based violence
GDP	gross domestic product
GHG	greenhouse gas
GJ	gigajoules
GP	general practitioner
GRI	Global Reporting Initiative
GWh	gigawatt hours
HASA	Hospital Association of South Africa
HCRW	healthcare risk waste
Healthcare provider	Netcare and our peers
HEPS	headline earnings per share
HIV	human immunodeficiency virus
HPCSA	Health Professions Council of South Africa
HPFL	Health Partners for Life
HR	human resources
HSR	human health and social work sector representation
HVAC	heating, ventilation and air-conditioning
HWSETA	Health and Welfare Sector Education and Training Authority
ICAS	Independent Counselling and Advisory Services
ICU	intensive care unit
IFRS	International Financial Reporting Standards
ILO	International Labour Organization
IMF	International Monetary Fund
IoDSA	Institute of Directors South Africa
IRAS	Integrated Reporting and Assurance Services
IRR	internal rate of return
ISO	International Organization for Standardization
IT	information technology

JSE	JSE Limited
King IV	King Report on Corporate Governance for South Africa (2016)
kg	kilograms
kl	kilolitres
KPIs	key performance indicators
kWh	kilowatt hours
LED	light-emitting diodes
LPG	liquid petroleum gas
LTI	long-term incentive
MWh	megawatt hour
MWp	megawatts peak
NDoH	National Department of Health
NGO	non-governmental organisation
NHI	National Health Insurance (South Africa)
NPAT	net profit after tax
NPO	non-profit organisation
NPV	net present value
NQF	National Qualifications Framework
NRC	National Renal Care
OHS	occupational health and safety
OHSC	Office of Health Standards Compliance
Opex	operational expenditure
POPIA	Protection of Personal Information Act 4 of 2013
PPD	paid patient day
PPP	Public Private Partnership
PSR	SA's private sector representation
PV	photovoltaic
PVC	polyvinyl chloride
QSE	qualifying small enterprise
ROIC	return on invested capital
SA	South Africa
SADAG	South African Depression and Anxiety Group
SAHPRA	South African Health Product Regulatory Authority
SAICA	South African Institute of Chartered Accountants
SANC	South African Nursing Council
SARB	South African Reserve Bank
SBTi	Science Based Targets initiative
SDGs	Sustainable Development Goals
SDP	skills development period (1 April to 31 March)
SEC	Social and Ethics Committee
SEFA	Small Enterprise Financing Agency
SENS	Stock Exchange News Service
SETA	Sector Education and Training Authority
SHEQ	safety, health, environmental sustainability and quality
SIEM	security incident and event management
SIP	Single Incentive Plan
SMMEs	small, medium and micro enterprises
SOC	security operations centre
SOP	standard operating procedure
STI	short-term incentive
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	tonnes of carbon dioxide equivalent
UN	United Nations
WEF	World Economic Forum
WHO	World Health Organization
YES	Youth Employment Service

Notes

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")

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KN Gibson (Chief Financial Officer)

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I Kirk, R Phillips, L Stephens

Company Secretary
CM Vikisi

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Disclaimer

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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.

NETCARE