2023

Netcare Limited
Integrated Report

for the year ended 30 September 2023

Providing YOU with the best and safest care.

NETCARE

Contents

IFC Our value creation model
IFC Our reporting suite
1 Our material matters
2 Our report

6 Our business

7 Who we are
8 Where we are
10 Our business model
14 Our differentiators
16 Our strategy
20 ESG ratings and accolades

22 Our leadership

23 Board chair's review
26 Board of directors
29 Chief executive officer's review
32 Executive Committee

34 Our value story

35 Governance overview
44 Our context
- **44** Operating environment
- **50** Quality of care in the context of SA's quadruple burden of disease
- **56** Our stakeholders

65 Our risks and opportunities
79 Overview of strategic progress
92 Outlook and key strategic trade-offs
95 Remuneration overview

107 How we performed

Social and relationship capital
108 Our patients
118 Doctor partnerships
123 Private medical funders
125 Suppliers
128 Society
- **130** Economic and healthcare system reform
- **131** Transformation
- **133** Corporate social investment

Human and intellectual capital
135 Our people
146 Digital transformation and data
152 New business development

Manufactured capital
155 Estate, medical equipment and 'green' infrastructure

Natural capital
161 Environmental sustainability

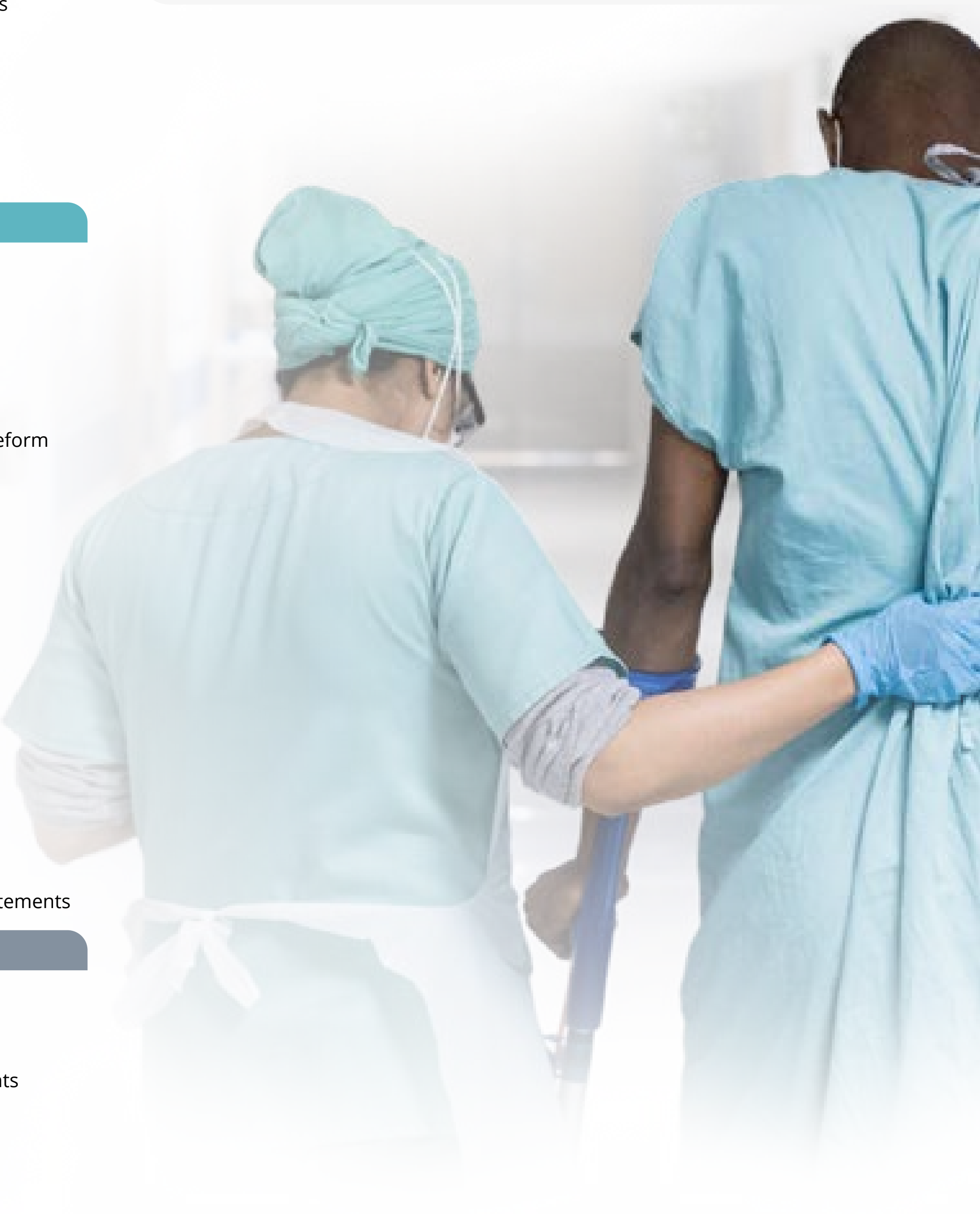
Financial capital
170 Chief financial officer's review
178 Five-year review
184 Summarised Group annual financial statements

195 Administration

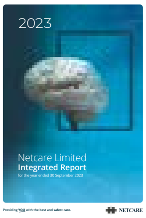
195 Glossary
200 Corporate information
IBC Shareholders' diary
IBC Disclaimer on forward-looking statements

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

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 reporting suite



Integrated report

Primary report to stakeholders available in print and online

This report

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. It complies with the JSE Limited (JSE) Listings Requirements and the South African Companies Act 71 of 2008, as amended (Companies Act).

Reporting frameworks applied:

- International <IR> Framework (January 2021).
- King Report on Corporate Governance for South Africa (2016)™ (King IV)[1].

Strategic pillars covered:

Supplementary reports

Publications that cater to the specific information needs of our stakeholders and satisfy compliance reporting requirements, available online at **www.netcare.co.za/Netcare-Investor-Relations**.

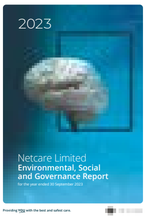
Shareholder report

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; of particular interest to shareholders, investors, debt providers and regulators. The report complies with the JSE Listings Requirements and the Companies Act.

Reporting framework applied:

- King IV.

Strategic pillars covered:



Environmental, social and governance report

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

Reporting frameworks applied:

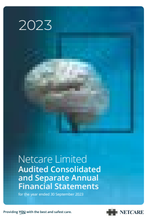
- King IV.
- Global Reporting Initiative (GRI) Standards (core option).
- Task Force on Climate-related Financial Disclosures (TCFD).

Strategic pillars covered:

Quality report

Sets out the Group's consistency of care strategy, and includes clinical outcomes data and measurement requirements; of particular interest to patients, doctors and funders.

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.

Reporting frameworks applied:

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

Strategic pillars covered:

Additional information

- GRI content index.
- TCFD content index.
- Notice of AGM and proxy form.
- Hospital listing.

Feedback

We welcome your feedback to enhance the quality of our integrated report and supplementary information. Please email your feedback to **ir@netcareinvestor.co.za**.

Our value creation model

Impacts on value creation

Operating environment PG 44 | Our stakeholders PG 56 | Availability of inputs PG 10

The availability of inputs determines our ability to generate outcomes

Ensuring that care for people and society is intrinsic to our decisions and actions

Our purpose | Our values | Our promise

Our strategy PG 16

Person centred health and care that is digitally enabled and data driven

Consistency of care | Disruptive innovation | Transformation of our society | Organic growth | Integration | Investment | Environmental sustainability

01 EMRs[1] across all divisions	**02** Improve IT infrastructure and architecture	**03** Integrated and centralised systems	**04** CEM[2] platform	**05** Person centred engagement channels	**06** Modernised data infrastructure	**07** Predictive analytics tools	**08** Data Council

Our management systems PG 107

People management	Consistency of care leadership	Asset management	Environmental sustainability	Capital management
PG 135	PG 108, 118, 123 and 146	PG 155	PG 161	PG 155 and 170

Governance (PG 35), risk management (PG 65) and compliance frameworks, policies and controls, which align to King IV and best practice, are well embedded at enterprise and operational levels to support our ability to fulfil our purpose and conduct our business ethically, responsibly and efficiently.

Our activities PG 12

ACCESS TO CARE

- Need for primary, acute, mental health or emergency care
- Book an appointment or call an ambulance
- Choose facility
- Pre-admission
- Admission

CONSISTENCY OF CARE

- Diagnosis
- Treatment
- Recovery

GUIDED CARE

- Discharge
- Follow-ups
- Ongoing treatment

Healthcare sector outcomes

The *Quadruple Aim* seeks to optimise the performance of healthcare systems through the achievement of four critical outcomes (shown alongside). Our adoption of this international framework enables us to balance the value of our services with their cost to society, while ensuring meaningful work for our people and partners.

- Development and wellbeing of employees, leaders and healthcare practitioners
- **Best patient experience**
- **Most cost effective**
- **Best outcomes**

1. *Electronic medical records.*
2. *Customer engagement model.*

Our material matters

The table below shows the coverage of our material matters across our suite of reports.

IR: Integrated report **ESG:** ESG report **QR:** quality report **SH:** shareholder report **AFS:** annual financial statements

		IR	ESG	QR	SH	AFS
Deliver outstanding person centred health and care	**01 Consistent and measurably better quality of care**	✓		✓		
	• Highest standards of safety, care and clinical governance.	✓	✓	✓	✓	
	• Digitisation initiatives and digital health interventions.	✓		✓		
	• Highly skilled nursing and specialised staff.	✓	✓			
	• Emergency measures (energy, water, civil unrest etc.).	✓	✓			
	• Longer-term environmental initiatives for continuous care delivery.	✓	✓			
	02 Improved patient experience	✓		✓		
	• Digital patient engagement initiatives and solutions.	✓		✓		
Attract, retain and invest in employees and healthcare practitioners	**01 Attraction and retention of independent doctors**	✓				
	• Digital and data initiatives (doctor convenience).	✓				
	• Modern facilities and the latest technology and medical equipment.	✓				
	02 Recruitment and retention of highly skilled and specialised employees with scarce skills	✓	✓			
	• An engaging, caring, rewarding, compassionate, inclusive and safe working environment.	✓	✓	✓	✓	
	• Productive relationships with organised labour.	✓	✓			
	03 Digitisation, standardisation and optimisation of HR processes and policies	✓	✓			
Collaborate with the public sector and civil society to extend access to quality health and care and accelerate transformation	**01 Structural factors impacting the healthcare sector in SA**	✓	✓			
	• Collaboration with government and healthcare sector stakeholders.	✓	✓			
	• Impact of regulatory change on the healthcare system.	✓				
	02 Doctor and workforce transformation and diversity	✓	✓			
	03 Inclusive and diversified supply chains	✓	✓			
	04 Employment creation	✓	✓			
	05 Improved access to high-quality health and care	✓	✓			
Recover and grow long-term profitability	**01 A challenging operating context**	✓	✓			
	02 Sufficient liquidity, access to funding and a strong statement of financial position	✓			✓	✓
	03 Competitive differentiation to defend and grow market share	✓	✓			
	• Digital transformation, product development, strategic expansion.	✓	✓			
	• Strong ESG performance.	✓	✓			
	• Strategic funder engagement to retain and grow market share.	✓		✓		
Effective leadership and good business conduct	**01 Leadership capability**	✓	✓		✓	
	• Strong succession pipeline and talent development.	✓	✓			
	02 Effective governance procedures	✓	✓	✓	✓	
	03 Stakeholder engagement	✓	✓	✓	✓	

Our report

The Netcare integrated report is addressed to all our stakeholders in our sector and society, with whom we partner and to whom we are accountable. It provides leadership insight and disclosure on which they can assess our ability to meet their expectations and align their interests over time; by so doing, to create enterprise value over the short, medium and long term.

In our report we set out the Group's strategy, assess our progress against its objectives and discuss our expectations for the medium term, in the context of the longer-term trends affecting our sector and SA. Our report covers the value outcomes we achieved for Netcare, for our key stakeholders and for society in the period 1 October 2022 to 30 September 2023 (FY 2023) and includes material information up to Board approval on 16 November 2023.

Integrated thinking

Integrated thinking and planning are deeply embedded in our organisation, founded in our purpose and values. Creating deliberate social, economic and environmental value, and carefully managing the associated costs or capital depletion arising from our business activities, has been a priority for Netcare for many years and will continue to be.

The Group's corporate and operational governance structures, processes and controls are mature, and ensure that our decision-making considers the risks, opportunities and responsibilities arising from our operating environment and our stakeholder relationships.

Our strategy, underpinned by this integrated system of governance and control, reconciles the delivery of positive outcomes for current and future stakeholders with our long-term commercial objectives. Specifically, this pertains to securing a sustainable competitive advantage and enhancing shareholder returns in the short to medium term, as we complete the implementation of our major strategic projects and drive the expected benefits. In tandem, we aim to intentionally deepen the socioeconomic and environmental value we create for all our stakeholders and society over the longer term.

Achieving this balance of outcomes requires careful management of stakeholder expectations. To this end, we are committed to balanced reporting, taking care to explain the material constraints and trade-offs related to our strategy, including where we have eroded value due to factors either within or outside our control. Information excluded from our report is done only on the basis that it is deemed immaterial at this time, or is legally privileged or competitively sensitive.

Scope and boundary

The integrated report's scope and boundary covers the risks, opportunities and outcomes associated with our patients, people, doctors, private medical funders, shareholders and investors, and society

Our business model, including constraints to our capital inputs.

PG 10

Our strategy to secure a sustainable competitive advantage.

PG 16

Our operating context which analyses the trends in our sector and the expectations of our key stakeholders.

PG 44

Our value outcomes achieved for our stakeholders, including performance and reward relative to our BSC[1].

Starting on PG 107

Our outlook; our expectations for the medium term, including our key strategic trade-offs.

PG 92

Financial and non-financial reporting boundary

Our reporting boundary includes our operating subsidiaries, and key associates and joint arrangements. Certain non-financial information excludes associates and joint arrangements where Netcare does not have management responsibility.

Time horizons

Short term

FY 2024, in which we expect to complete the implementation of our digitisation and data strategies, drive user adoption, see the benefits in our market position and performance, and grow margins and returns.

Medium term

FY 2025 to FY 2026, in which we expect to leverage the benefits of our integrated and connected ecosystem, to grow market share, differentiate the patient experience, retain patients and continue to grow margins and returns.

Longer term

FY 2027 and beyond, specifically pertinent to our goals of being the leader in delivering person centred health and care in SA and to use only renewable sources for energy supply by FY 2030.

1. *Balanced scorecard.*

Forward-looking statements

Certain statements in our report are forward looking. By their nature, these statements are inherently predictive, speculative and involve risk and uncertainty as they relate to events and depend on circumstances that will occur in the future and which may impact our performance and expectations. Our disclaimer on forward-looking statements can be found on the inside back cover of this report.

Materiality determination

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

The table on page 1 lists our material issues for FY 2023 identified through this process. How we manage and respond to these material matters is broadly discussed in this integrated report, particularly on page 65 of our risks and opportunities, page 79 of overview of our strategic progress and the performance sections starting on page 107.

Considered in our annual materiality determination process

- Global trends in healthcare
- Our operating environment and the associated risks and opportunities
- Our business model and our strategy, and how they impact on the six capitals
- Material stakeholder interests

Determination process

INPUTS[1]

- Board, governance committee and management reports.
- Strategy documents.
- Input from relationship owners on stakeholder expectations.
- Operating environment and sector trends research.
- Scenario planning.
- Risk Committee reports.

SCOPE & REVIEW

Proposed matters were submitted to key members of the Executive Committee for review to ensure that all material concerns for the reporting year were relevant, and adequately and appropriately addressed.

APPROVAL

The Board reviewed and deliberated the material matters to identify any gaps in coverage and make any required amendments. The Board approved the material matters for the FY 2023 reporting cycle.

Qualitative data analysis process >>> Executive Committee feedback integration >>> Finalised draft submitted to the Board

Double materiality

Integrated report

Covers the key factors, including ESG risks and opportunities, that have a bearing on Netcare's performance and ability to deliver our strategy. These matters are likely to influence stakeholder (primarily investor) assessments of Netcare's ability to create enterprise value over the short, medium and long term.

ESG report

Provides disclosure on how the Group's operations impact on the economy, people and the environment as well as any financial implications for the Group. This disclosure is likely to influence the assessment of any interested stakeholder on Netcare's sustainability in the long term.

1. Documents selected given that they were elevated to the Board and executive management for consideration. As such they are most likely to include the matters deemed most material in leading, governing and operating the business in relation to current economic, social and environmental realities.

Our report continued

Reporting structure

The structure of this year's integrated report remains largely the same, with further simplification and streamlining of our value story for easier readability and use. We are pleased that our efforts to achieve best reporting practice have been recognised. The 2022 Integrated Report ranked fourth in the EY Excellence in Integrated Reporting Awards and received a merit award (second place) for the Mid Cap category in the Chartered Governance Institute of Southern Africa Integrated Reporting Awards 2023.

Going forward, we will consider the ISSB's[1] sustainability-related (IFRS S1) and climate change-related (IFRS S2) standards to meet the growing demand for better information on how sustainability-related matters impact enterprise value and how companies are managing these impacts. Social and environmental considerations are already included in the Group's strategy and risk management underpinned by effective governance structures (see page 35). Our social and environmental programmes are included in annual budgets and business plans with related targets included in the Group's BSC, performance against which determines executive incentives (see page 95).

Definitions of all acronyms used in this report can be found in the glossary on page 195.

Process disclosures

Executive management is responsible for the preparation and presentation of the report, led by the CFO. The chair of the Board and of the relevant Board committees, the CEO and Executive Committee members are directly involved in reviewing and approving the report.

The following steps are taken to ensure the integrity of Netcare's disclosure:

- The determination of our material matters (as explained on page 3) is conducted through a robust independent process. These material matters informed the preparation of the integrated and ESG reports.
- Disclosure on our strategic progress and management of our material matters, risks and opportunities is drawn from the sources listed on page 3 and tested in interviews with the Group chair and CEO.
- The heads of various functions review content during the drafting process. A specially convened Review Panel of selected Executive Committee members and the CFO review the report when it is near completion, followed by a final review by the CEO.
- Approval of various sections of the integrated report and supplementary reports is delegated by the Board to the chairs of various Board committees, as appropriate, being the chairs of the Audit Committee, Risk Committee, Social and Ethics Committee, Remuneration Committee and Consistency of Care Committee. Where a section or report did not align with any committee's responsibilities, approval was delegated to the CEO and CFO.
- The chairs of the respective committees and the Review Panel recommended the report to the Board for approval.

Assurance

The Group's financial, operating, compliance and risk management controls are assessed by Internal Audit. Assurance on financial information and certain non-financial performance indicators has been obtained in line with our combined assurance model (page 66), with feedback provided to the Group's Risk and Audit Committees and the Executive Committee. Certain non-financial information is assured by Internal Audit on an annual basis, including the non-financial information in the FY 2023 BSC and activity metrics such as patient days.

While the entire report has not been externally assured, besides for the information specified alongside, in each section we indicate the level of assurance provided over the information in that section, to give stakeholders confidence in the reliability of our disclosure.

While the report has not been externally assured, besides for the information specified below, in each section we indicate the level of assurance provided over the information in that section, to give stakeholders confidence in the reliability of our disclosure.

1. *International Sustainability Standards Board.*

Independent assurance provided includes:

- **The British Standards Institution:** ISO 9001:2015 certification.
- **Empowerdex (verification):** B-BBEE scorecard.
- **Verify CO2 (limited assurance):** energy, carbon footprint, waste generation and water usage.
- **Talbot and Talbot (limited assurance):** Netcare's CDP disclosures.
- **Global Carbon Exchange SA Proprietary Limited (limited assurance):** compulsory emissions reporting.
- **Deloitte & Touche (unmodified assurance):** Group annual financial statements. The summarised annual financial statements (page 184) are extracted from the audited Group consolidated annual financial statements.

Approval

The Board is ultimately responsible for ensuring the integrity of the 2023 Integrated Report. It has approved the material matters and annual financial statements of the Group for the year ended 30 September 2023, and based on the reviews of the chairs of the relevant Board committees, the CEO and CFO, is of the opinion that this report provides a fair, balanced and appropriate account of the Group's strategy, risks, performance and prospects, and addresses all material matters that impact or could impact the Group's capacity to create value in the short, medium and longer term. The Board believes that the integrated report has been prepared in accordance with the International <IR> Framework (2021) in all material respects.

The material matters and the annual financial statements of the Group for the year ended 30 September 2023 were approved by the Board on 16 November 2023 and are signed on its behalf by:

Mark Bower
Non-executive Board Chair

Dr Richard Friedland
Chief Executive Officer

Our business

		Combined assurance level				
		1	2	3	4	5
7	Who we are	✓	✓			
8	Where we are	✓	✓			
10	Our business model	✓	✓			
14	Our differentiators	✓	✓			
16	Our strategy	✓	✓			
20	ESG ratings and accolades	✓	✓			

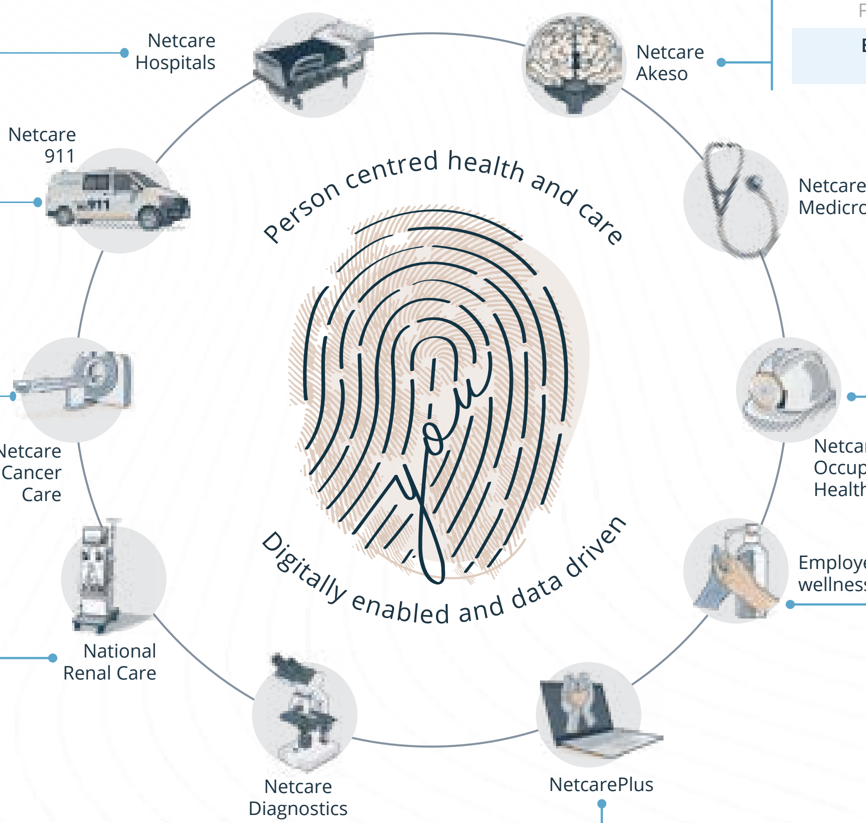
Combined assurance model: PG 66.

01

Who we are

Our unique ecosystem of services

>18 000 employees



Netcare Hospitals

49 acute hospitals
FY 2022: 49
9 903 beds
FY 2022: 9 903
12 day clinics
FY 2022:12
EMR: CareOn

Netcare Akeso

14 mental health hospitals
FY 2022: 13
1 007 beds
FY 2022: 935
EMR: Akeso CareOn

Netcare 911

92 emergency sites
FY 2022: 87
Digitised since 2010

Netcare Medicross

63 primary healthcare facilities
FY 2022: 65
EMR: Medicross HEAL

Netcare Cancer Care

8 cancer care centres (radiation treatment)
FY 2022: 9
8 haematology centres
FY 2022: 8
EMR: radiotherapy

Netcare Occupational Health

33 occupational health service contracts
FY 2022: 25
EMR: Care@Work

Employee wellness

1 135 clients
FY 2022: 1000
2.1m lives covered
FY 2022: 2.1m

National Renal Care

73 renal dialysis facilities
FY 2022: 71
996 dialysis stations
FY 2022: 971
EMR: nephrOn

Netcare Diagnostics

192 point-of-care devices

NetcarePlus

Insurance products
Prepaid procedures
Prepaid healthcare vouchers

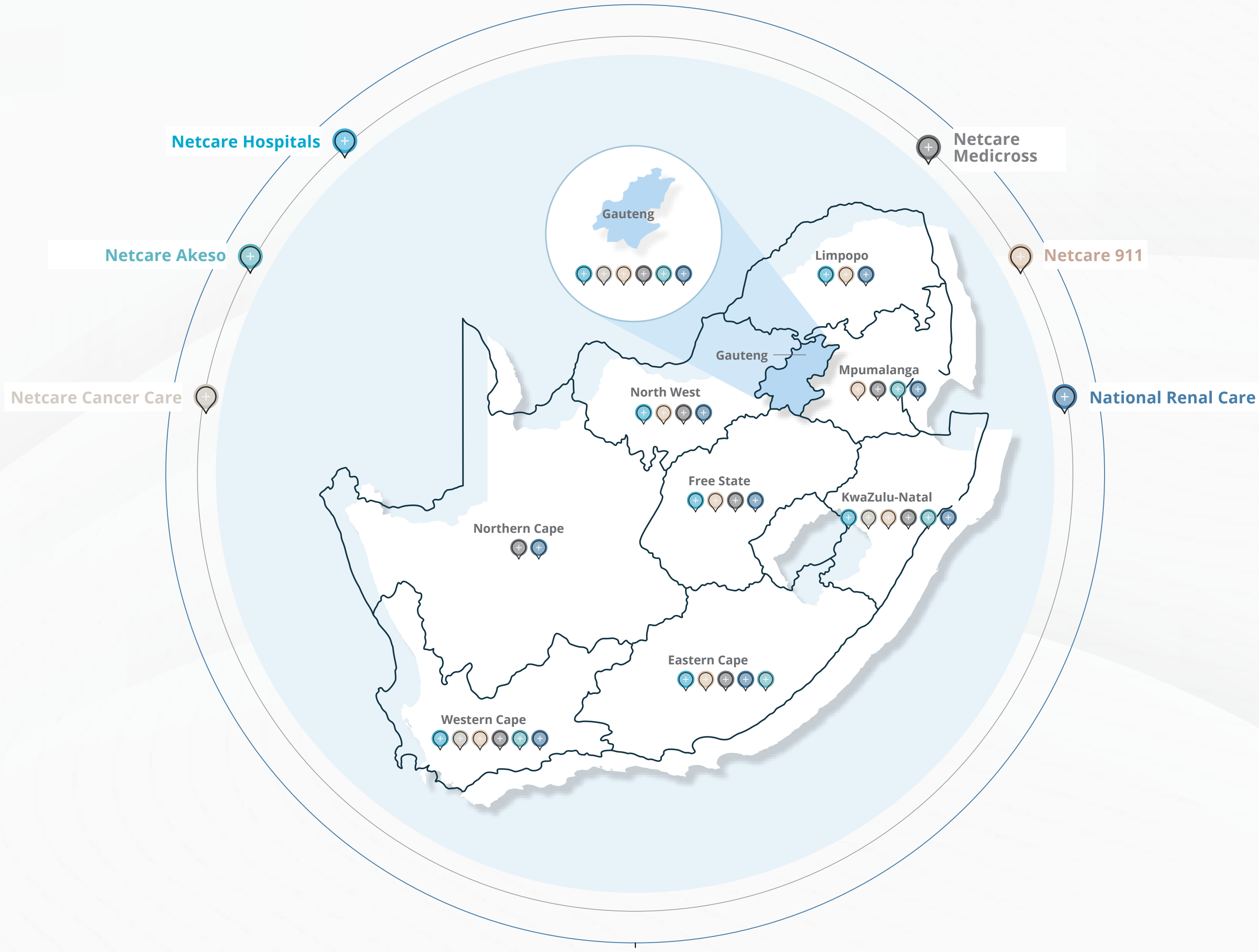
Group — NETCARE

Divisions — Netcare hospitals, Netcare 082 911 24HR Emergency Medical Services, Medicross Medical Centres, Netcare medicross, Netcare akeso, National Renal Care, Netcare diagnostics, Netcare plus

Products and services — Netcare cancer care, Netcare pharmacy, Netcare Education, Netcare occupational health, Netcare appointmed™

EMR: electronic medical record.

Where we are



South Africa

Eastern Cape
- **2** Netcare hospitals (489 beds)
- **2** Netcare 911 bases
- **1** Netcare Akeso facility (72 beds)
- **5** Primary care facilities
- **10** NRC[1] facilities

Free State
- **4** Netcare hospitals (408 beds)
- **5** Netcare 911 bases
- **1** Primary care facility
- **3** NRC facilities

Gauteng
- **26** Netcare hospitals (5 625 beds)
- **26** Netcare 911 bases
- **4** Netcare Akeso facilities (415 beds)
- **8** Cancer care centres
- **20** Primary care facilities
- **27** NRC facilities

KwaZulu-Natal
- **10** Netcare hospitals (2 031 beds)
- **11** Netcare 911 bases
- **3** Netcare Akeso facilities (176 beds)
- **4** Cancer care centres
- **14** Primary care facilities
- **14** NRC facilities

Limpopo
- **1** Netcare hospital (200 beds)
- **12** Netcare 911 bases
- **3** NRC facilities

Mpumalanga
- **22** Netcare 911 bases
- **1** Netcare Akeso facility (75 beds)
- **2** Primary care facilities
- **1** NRC facility

North West
- **1** Netcare hospital (211 beds)
- **9** Netcare 911 bases
- **2** Primary care facilities
- **2** NRC facilities

Northern Cape
- **2** Primary care facilities
- **1** NRC facility

Western Cape
- **5** Netcare hospitals (939 beds)
- **5** Netcare 911 bases
- **5** Netcare Akeso facilities (269 beds)
- **4** Cancer care centres
- **17** Primary care facilities
- **12** NRC facilities

1. *National Renal Care.*

Our business model

Our inputs

Capitals	Resources and relationships	Constraints/challenges to securing inputs
SRC **Social and relationship capital**	• Our stakeholders: our patients, our people, doctors, allied healthcare professionals, private medical funders, suppliers, regulators, government, investors and society. • Regulatory licences. • Our social licence to operate. *Our stakeholders : PG 56.*	• Balancing key stakeholder interests. • Reduced disposable income among consumers. • Achieving consistent quality of care across our ecosystem. • Alignment between the interests of private medical funders and healthcare providers. • Local manufacture of medical supplies. • Adverse impact of load shedding on the local supply chain. • Increasing social unrest and loss of trust between stakeholders.
HIC **Human and intellectual capital**	• An experienced leadership team. • >18 000 employees. • Innovation capability and institutional knowledge. • Consistency of care, digital and data strategies, and new business innovation. • Strength of the Netcare brand and reputation. • Our management systems. • Our governance and control frameworks.	• Attracting and retaining scarce skill sets and diverse talent in a competitive market. • Risk of emigration among skilled professionals. • Increasing levels of mental health and financial challenges among employees. • Regulated limits on nurse training. • User acceptance of digital offerings. • Regulatory challenges associated with innovation and new business development. *Our management systems : PG 107.*
MC **Manufactured capital**	• R13.9 billion in property, plant and equipment: – Facilities within our ecosystem including training facilities. – Vehicle fleet. – IT architecture across seven divisions. • National infrastructure on which we depend (power, water, roads and waste).	• Balancing asset heavy and asset light service provision. • Poor state of SA's national infrastructure. *Where we are : PG 8.*
NC **Natural capital**	• 1 738 megalitres of water, including borehole water and desalination of seawater. • 195 473 MWh of energy; 14 580 MWh being from renewable sources.	• Capital required to transition to cleaner technologies. • Gaining municipal approval to implement wastewater treatment facilities. • Cost and availability of electricity and water.
FC **Financial capital**	• R11 041 million equity capital from shareholders. • Financial resources available: – R2.3 billion net cash. – R5.0 billion unutilised debt facilities.	• Recovering profitability to pre-pandemic levels in a tough economic environment. • Rising costs relative to tariffs.

Value enhancers and the value created or preserved		Risks
• Effectively and transparently engaging with stakeholders to maintain trusted relationships. • Ensuring ethical and compliant business conduct. • Driving digital engagement that is easy and convenient. • Cultivating inclusive relationships that are mutually beneficial and support a better healthcare system in SA. • Collaborating to address inequality and socioeconomic challenges.	**Created** Our patients, doctors, allied healthcare professionals, private medical funders, suppliers, regulators and society. **Preserved** Our people, government and investors.	BR1 BR2 BR3 BR4 BR5 BR6 BR7 BR8 BR9 BR10 BR11
• Embedding a values-driven, ethical and compassionate culture. • Investing in employee training and development. • Driving DEI[1] and belonging. • Establishing good relationships with employee representatives. • Managing data, systems, processes and procedures to develop, monitor and deliver quality clinical outcomes. • Investing in digitisation, data management and analytics.	**Created** Our patients, our people, doctors, allied healthcare professionals, private medical funders and society. **Preserved** Suppliers, regulators, government and investors.	BR4 BR6 BR7 BR9 BR11
• Investing in specialised healthcare facilities and expansionary projects. • Investing in advanced medical equipment, facility upgrades and asset maintenance. • Investing in infrastructure to secure the supply of critical utilities and contribute to environmental improvement.	**Created** Our patients, our people, doctors, allied healthcare professionals, suppliers and society. **Preserved** Private medical funders and investors.	BR1 BR3 BR5 BR6 BR9
• Investing in projects that support the efficient use of natural resources. • Investing in waste recycling initiatives.	**Created** Government, investors and society. **Preserved** Our patients, our people, doctors and allied healthcare professionals.	BR3 BR5
• Maintaining a strong statement of financial position with sufficient inflow of capital to support the Group's operations and strategy. • Employing a disciplined capital allocation framework. • Continuous focus on operational efficiencies.	**Created** Government and investors. **Preserved** Our patients, our people, doctors, allied healthcare professionals, suppliers and society.	BR1 BR2 BR6 BR8 BR9 BR10 BR11

Operating environment PG 44

A challenging economic environment and the impact on medical scheme membership.

The impact of increasing burdens of disease on healthcare affordability.

Critical shortage of specialists and nursing skills.

Digitisation and its impact on healthcare delivery.

A difficult social context plagued by poverty and inequality.

Resource availability hampered by dysfunctional infrastructure and climate change.

Our top business risks and their associated opportunities PG 65

BR1 Economic environment and demand for private healthcare

BR2 Funder regime

BR3 Availability of electricity supply

BR4 Availability and quality of skills

BR5 Water security

BR6 Failing state and civil unrest

BR7 Cybercrime and cybersecurity

BR8 Delivering consistently outstanding person centred health and care

BR9 Implementation of the digital and data strategies

BR10 Sector regulations

BR11 Competitor activity

1. *Diversity, equity and inclusion.*

Our business model continued

Our business activities

Private hospitals

Services

- Multi-disciplinary acute medical institutions, including centres of excellence, cancer care, rehabilitation, day clinics for non-acute 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.
- 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

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

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 at Netcare Medicross medical and dental centres.

Renal care

Services

- Dialysis services to patients with compromised kidney function.

NetcarePlus

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.

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

Services

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

Our outputs

The provision of quality private healthcare, starting with enabling patients to access the care they need, providing them with diagnosis and treatment and supporting their recovery, and expanding into guided care after their discharge.

Our emissions for the year totalled 341 721 tCO_2e and our HCRW[1] and general waste generated totalled 5 038 tonnes and 3 026 tonnes, respectively.

Environmental sustainability : PG 161.

1. *Healthcare risk waste.*

Our value outcomes

Capitals	Outcomes	UN SDGs	
SRC **Social and relationship capital**	• Partnerships that support the delivery of our strategy. • An improved personalised patient experience that delivers a competitive advantage and supports business growth. • Partnerships with highly skilled healthcare practitioners that support patient volumes. • Inclusion in restricted provider networks. • A secure supply of clinically appropriate consumables and pharmaceuticals. • Programmes that provide medical procedures to indigent patients.	3 Good health and well-being 4 Quality education 8 Decent work and economic growth 9 Industry, innovation and infrastructure 16 Peace, justice and strong institutions	**Value created, preserved or eroded for stakeholders in FY 2023:** **Our patients:** PG 108. **Doctor partnerships:** PG 118. **Private medical funders:** PG 123. **Suppliers:** PG 125. **Society:** PG 128.
HIC **Human and intellectual capital**	• A skilled, engaged and motivated workforce that lives the behaviours of ***the Netcare Way***. • A robust succession pipeline. • Best and safest person centred health and care that is participatory and aligned to international standards with a focus on continuous clinical improvement. • World class healthcare at an affordable price supported by digitised processes, enhancing our brand, reputation and competitive advantage.	3 Good health and well-being 4 Quality education 5 Gender equality 8 Decent work and economic growth 9 Industry, innovation and infrastructure	**Value created, preserved or eroded for our people in FY 2023:** PG 135. **Our digital and data strategy:** PG 146. **Our new business development:** PG 152.
MC **Manufactured capital**	• Well maintained equipment and facilities. • Latest medical equipment and technologies. • A secure supply of electricity and water. • Enhanced national healthcare infrastructure.	3 Good health and well-being 6 Clean water and sanitation 7 Affordable and clean energy 9 Industry, innovation and infrastructure 13 Climate action	**How we allocated capital to enhance our offering and secure water and electricity:** PG 155.
NC **Natural capital**	• Defined pathway to becoming carbon neutral. • Safeguards against health risks arising from toxic waste. • Access to sustainability-linked financing. • Cost savings from efficient use of natural resources.	6 Clean water and sanitation 7 Affordable and clean energy 12 Responsible consumption and production 13 Climate action	**Our environmental sustainability strategy:** PG 161.
FC **Financial capital**	• Capital to expand into higher-demand disciplines. • Robust financial performance. • Returns to investors.		**Value created, preserved or eroded for our investors in FY 2023:** PG 170.

Our differentiators

We lead trauma care in SA

29 accredited trauma units.

Netcare Christiaan Barnard Memorial Hospital received Level 1[1] trauma accreditation from the Trauma Society of South Africa[2] in February 2023.

Only four hospitals in SA have achieved Level 1 trauma accreditation, all within the Netcare Group (Netcare Alberton, Netcare Christiaan Barnard Memorial, Netcare Milpark and Netcare St Anne's hospitals).

Market leader in mental health services

Netcare is strongly positioned in mental healthcare with a new facility in Gqeberha, Easten Cape, opened in FY 2023, and 164 beds to be added to the portfolio in FY 2025.

Landmark medical procedures

Netcare Kuilsriver Hospital performed SA's first endoscopic lung volume reduction procedure this year.

21 hearts, 13 lungs, 4 livers and 119 kidneys transplanted in FY 2023.

The Biotronik Amvia Sky pacemaker was successfully implanted at Netcare Milpark Hospital, the latest advancement in cardiac pacing technology.

The only healthcare Group in SA with Group-wide ISO certification

Group-wide ISO 9001:2015 certification from the British Standards Institution differentiates Netcare from its competitors who have implemented ISO certification in selected divisions only.

A number of Netcare facilities have additional accreditations with various standard bodies, including accreditation for cancer treatment, renal dialysis and Netcare Education.

Largest private provider of primary and renal care

Netcare Medicross is the largest primary healthcare provider and National Renal Care the largest provider of dialysis services in SA's private sector, both of which have a national footprint.

1.6 million primary care patient visits (FY 2022: 1.7 million).

Leading provider of emergency medical services

>410 000 calls managed by the Emergency Operations Centre.

FY 2022: >429 000

225 ambulances and emergency response vehicles.

FY 2022: 239

8 helicopter ambulances with 1 271 critical missions flown across rotary and fixed-wing aircraft.

FY 2022: 8

The only emergency service in Africa that is fully digitised with all emergency transport having telemetry capabilities.

290 people received life saving interventions through virtual consultations with the Emergency Operations Centre in FY 2023.

1. *Capable of providing leadership and total care for every aspect of injury, from prevention through rehabilitation, and have 24-hour availability of all major specialties with a trauma surgeon as director.*
2. *Aligned to the American Trauma Society accreditation principles.*

A digital strategy that will deliver competitive advantage

Our digital strategy is welcomed and is starting to be recognised as a competitive advantage. EMRs[1] are available across seven of our divisions, with 38 of our acute hospitals and all of our mental health hospitals digitised.

Both Netcare and National Renal Care have mobile applications to support easy and convenient engagement with patients.

Overall winner of the corporate category of the BCX Digital Innovation Awards for developing the HEAL Electronic Medical Record platform for Netcare Medicross

NetcarePlus

NetcarePlus provides access to affordable private healthcare and demonstrates that it is possible to deliver new benefits and better value in the provision of healthcare.

NetcarePlus provides a growth opportunity for the Group. The Group benefits from both the sale of the products as well as the increased use of the Netcare ecosystem.

NetcarePlus is supported by our network of over 1 250 trusted healthcare practitioners across SA.

askafrika
ORANGE INDEX
2023/2024
TOP 3
ACHIEVEMENT

Market leaders in environmental sustainability

Over R1.5 billion in sustainability-linked bonds and green funding secured to date.

Exceeded the ten-year targets of our 2023 environmental sustainability strategy set in FY 2013.

Race to
ZERO
EMISSIONS
2050

First healthcare organisation in Africa to join the UN's Race to Zero 2050 Challenge

A leading provider of private healthcare education and training

Netcare Education comprises five nursing education colleges and two emergency and critical care colleges with campuses located in Gauteng South West, Gauteng North East, KwaZulu-Natal, Eastern Cape and Western Cape.

Our nursing qualifications are accredited by SANC and aligned to the National Qualifications Framework. The Faculty of Emergency and Critical Care is accredited through the University of Johannesburg and is also accredited to present American Heart Association courses by the Resuscitation Council of South Africa.

National Renal Care[2] has four training academies, 17 facilities accredited to train clinical technology students and 18 accredited to train nephrology nursing students.

Strong statement of financial position and strong cash generation

Returned **R1.1 billion** to shareholders in dividends and share buybacks.

1. *Electronic medical records.*
2. *The nephrology nursing course has been on hold since 2019 while SANC updates the curriculum.*

Our strategy

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 provide **you** with the best and safest care, when **you** need it and in a way that we would wish for our loved ones.

Our strategic direction

Embedding personalised engagement and retention of care over a person's lifetime

Netcare's strategy responds decisively to the three global healthcare megatrends...

01
Customer centricity

02
Digitisation

03
Data

\+

...and leverages off our unique ecosystem of assets and services...

=

...to create a sustainable competitive advantage for the Group.

Person centred health and care that is digitally enabled and data driven

Overview of strategic progress: PG 79.

	Group balanced scorecard KPIs for FY 2023
Consistency of care Delivering consistently excellent clinical services and experiences, ensuring the best and safest person centred care.	• Nurse compassion score[1]. • Doctors recommending Netcare as a workplace of choice. • Gross number of new specialists granted admitting privileges[1].
Disruptive innovation Implementing medical technologies, digitisation and data solutions for the benefit of our patients and business.	• Additional Hospital Division beds digitised. • Doctor adoption of e-scripts[1]. • Doctor adoption of clinical orders[1].
Transformation of our society Continuing to invest in and develop our workforce and communities.	• Improvement in preferential procurement. • Reduction in voluntary employee turnover. • Increase in the representation of black managers at middle management.
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.	• EBITDA margin. • Growth in adjusted HEPS compared to FY 2022. • ROIC (measured over FY 2022 and FY 2023). • Cash conversion (measured over FY 2022 and FY 2023).
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.	• Additional year-on-year tCO_2e avoidance from energy efficiency projects and renewable energy sources. • Reduction in overall water consumption per bed in use[1]. • Reduction in waste to landfill[1]. • Reduction in HCRW[2] to landfill[1].

Our intended strategic outcomes

Medium-term outcomes

Grow market share

- Annual patient day growth to exceed the market.
- Excel in our traditional business.
- Develop new products and services.

Differentiate the patient experience

- Superior quality outcomes.
- Enhanced patient safety.
- Improved patient experience and engagement.

Retain patients

- Integrated healthcare platform.
- Personalised experiences.
- Retain patients within our ecosystem over their lifetimes.

Grow margins and improve returns

Meet our internal targets for:

- Occupancy
- EBITDA margin
- ROIC
- Net debt/EBITDA
- EBITDA/net interest

Medium- to long-term outcome

Maintain our social licence to operate

- Meaningful contribution to the national healthcare system.
- Maintain our B-BBEE rating.
- Deliver our 2030 environmental sustainability strategy.
- Maintain a high level of stakeholder engagement and communication.

1. Measure applies to the Hospital Division.
2. Healthcare risk waste.

Our strategy continued

Our strategic journey over the last six years

Where we have come from...

- **Traditional healthcare model:** fragmented, siloed and episodic care.
- **Patient experience:** little knowledge about a patient before and even after they leave us, with patients having limited understanding about their health and care.
- **Outcomes:** little influence on long-term health outcomes.
- **Cost:** limited coordinated care and unnecessary duplication from failure to share records and diagnostic tests.

Where we are going...

- **Participatory health and care:** a shift in the relationship between a patient and their healthcare provider towards a partnership of co-responsibility.
- **Empowered patients:** equal and active partners in their own health and care as:
  - They have the information they need to make informed and well considered decisions.
  - They are involved in their treatment pathway and take co-responsibility for outcomes.
- **Digitisation and data:** as the enabler of personalised and participatory health and care.

Our approach to adopting person centred health and care

Why?
Remain engaged with patients not only during their acute care but also afterwards in promoting their wellness.

How?
Provide patients with easy and seamless access to records and communications across all our delivery platforms i.e. digital records.

Delivering differentiated benefits

Nurses

- Removal of duplication and repetitive tasks.
- Automatic collection of clinical data from monitors in ICU and high care.
- More time caring for patients rather than managing records.

Doctors

- Remote access to real-time, accurate clinical data 24/7.
- Improved clinical outcomes.
- One source of clinical data for teams of doctors responsible for a patient's care.
- Electronic requests for nursing interventions and diagnostic tests.
- Expect to achieve ~50% reduction in overall medicolegal costs.

Consistency of care

- Improved patient safety.
- Fewer prescription dispensing errors.
- Enhanced quality of care outcomes.
- Rich clinical data to inform efficient treatment pathways.
- Improved perception of care and better patient engagement.

Additional benefits

- Reduced file storage (expect cumulative reduction of at least 50% over ten years from annual baseline spend of R12m).
- Reduced printing and stationery costs (expect cumulative reduction of at least 20% over ten years from annual baseline spend of R60m).
- More efficient administration.

PHASE 1

Our global partners in delivering our strategy

Deutsche Telekom (Clinical Solutions): Electronic medical records

Apple: IOS mobile operating platform

Capsule Technologies: Digital integration of all medical equipment and devices

(Originally called **Qualcomm**)

IBM Watson Health Micromedix: Drug interaction, dosage and safety information

(Name changed to **Merative**)

SAP: Finance, administration, billing, procurement and materials management

Change management and adoption

CareOn is the highest risk project ever undertaken at Netcare. It required the full integration of all our equipment into the EMR, as well as the linking of all radiology and pathology requests and reports with more than 12 000 iPads in circulation (once complete). The most significant risks were doctor and nurse adoption of this new way of working. Our nurses have embraced this digital revolution with passion and commitment; many of whom had limited or no prior experience with computers and digital devices. Doctor adoption was more challenging; however, we included them in the design process to ensure our systems meet their expectations. EMRs are now widely embraced, and we continue to track doctor adoption to ensure that any problems that arise are quickly dealt with.

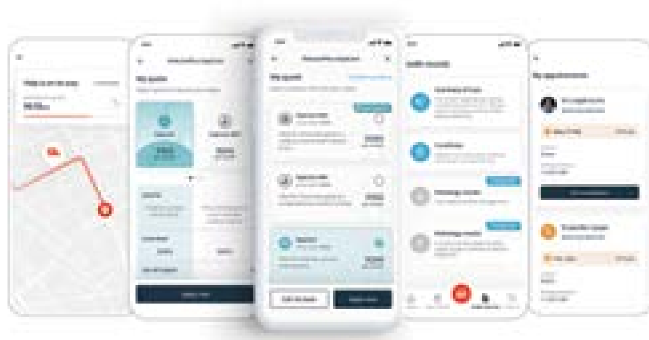
Digital transformation and data: PG 146.

PHASE 2

Patient and person centred engagement

The Netcare App

Giving patients access to a full summary of the care they received at Netcare



Digital patient engagement: PG 111.
Summary of Care reports: PG 115.

Digitisation's profound impact on enhancing patient safety

01
Up to **60% of all prescribing errors** in hospital arise from the **misinterpretation** of a doctor's written script.

02
The provision of **e-scripting can eliminate errors** of legibility or misinterpretation.

03
Netcare's digital e-scripting approved by the SA Pharmacy Council in 2020 is a **first in SA, and has established the industry standard** for e-scripting.

04
With introduction of **IBM Watson Health Micromedex (Merative)**, all drug dosages, interactions, duplications and allergies are now **electronically checked.**

05
Digitisation is **eliminating up to 60%** of potential medication errors as well as incorrect dosages, drug interactions, duplications and potential allergies.

1. *Center for the Advancement of Health. Computerized doctors' orders reduce medication errors, 2007.*

ESG ratings and accolades

CDP[1]

Global rating

Assesses climate change disclosure.

Last rating date:

December 2022
(valid to December 2023)

Climate change

Scored B

Higher than the global and equal to the Africa average scores

2021: B

Water

Scored B

Equalling the global and Africa average scores

2021: B

We are targeting an A rating across both measures over the next two years.

1. *The CDP confirmed that 2023 scores will be released in early 2024.*

S&P Global Corporate Sustainability Assessment

Global rating

An investment index of emerging markets sustainability leaders.

Last rating date:

September 2023

Included in the Dow Jones Emerging Markets Index for the

ninth
consecutive year

Scored 93%

2021/22: 81%[2]

2020: 83%

2. *The S&P Global Corporate Sustainability Assessment for 2021 was carried over by S&P to cover 2021 and 2022 assessments – the score reported for 2021/22 reflects this adjustment.*

MSCI ESG Research Inc.

Global rating

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

Last rating date:

June 2023

Achieved

'AA' rating –

the second highest awarded on a six-point scale

2022: AA

2021: AA

Netcare has maintained AA rating for seven years.

Note: during this year, Netcare's market capitalisation changed from mid- to small-cap. As a result, we were removed from the FTSE4Good Index Series.

Institutional Shareholder Services

Global rating

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

Last rating date:

March 2023

Achieved

B- rating...

...and a very high transparency level

2022: B-

2021: B-

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

Global Green and Healthy Hospitals[1]

Recognised as the Health Care Climate Champion in Africa – seen to be paving the way for climate-smart healthcare in our region.

Achieved Gold for Climate Leadership and Climate Resilience in the 2023 Health Care Climate Challenge Awards and Silver for Climate Mitigation.

Southern African Energy Efficiency Confederation

Awarded the 2023 Commercial Corporate Company of the Year Award in SA for our energy management programme.

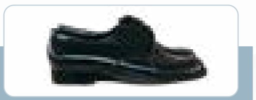
Netcare Foundation

The Netcare Foundation was presented with a PMR Africa 2022 Diamond Arrow Award[2] for 'ESG programmes and initiatives', achieving the highest overall score. This is the Foundation's fourth Diamond Arrow Award.

19 national awards for transformation and CSI initiatives since 2007

Diversity, equity and inclusion

For the second 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.



My Walk Made with Soul

My Walk Made with Soul, founded by Netcare and Adcock Ingram Critical Care, was the overall winner of the 2023 Nedbank Green Economy Competition for NPOs at the Trialogue Business in Society Conference.

PG 134.

UN Sustainable Development Goals

We believe that the Group, through its operations, strategy and partnerships is able to make a material and impactful contribution to ten of the 17 global challenges identified by the UN SDGs.

Our ESG report provides more detail.

1. *Global Green and Healthy Hospitals is an international network that promotes healthcare without harm.*
2. *This award considers levels of managerial expertise, implementation of corporate governance, brand awareness and levels of innovation.*
3. *Integrated Reporting and Assurance Services.*

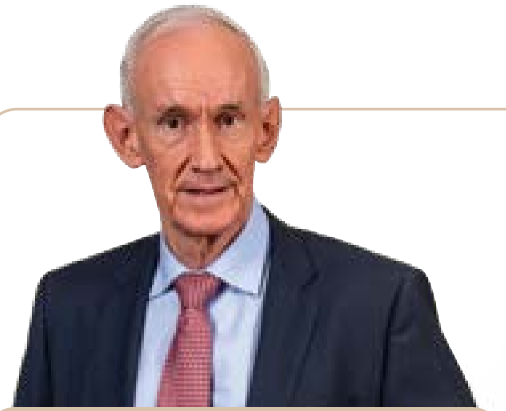
Our leadership

		Combined assurance level				
		1	2	3	4	5
23	Board chair's review	✓	✓			
26	Board of directors	✓	✓			
29	Chief executive officer's review	✓	✓			
32	Executive Committee	✓	✓			

Combined assurance model: PG 66.

02

Board chair's review



Mark Bower

It has been gratifying to take the helm of Netcare's skilled and dedicated Board in a year where our strategy of person centred health and care that is digitally enabled and data driven, began to yield the benefits we envisaged.

Despite structural changes in South African healthcare and the persisting socioeconomic malaise, the Board is more confident than ever that this strategy – minted in 2018 – will secure the sustainable competitive advantage that it was designed to achieve.

The last year has been particularly challenging for South African consumers and companies alike due to high interest rates, elevated inflation and low growth, exacerbated by unstable power and water supply. However, as private healthcare demand returned to pre-pandemic levels of activity, the strong underlying performance of our operating divisions enabled the Group to deliver a much improved financial performance. We also saw excellent execution of our non-financial strategic priorities, including our digitisation, consistency of care, people, social transformation, and environmental sustainability strategies.

Particularly noteworthy is that our flagship digitisation project, CareOn, is scheduled to be complete by April 2024. This will generate large volumes of valuable medical data and enable highly differentiated benefits for our patients, our people and our partners in the healthcare value chain, alongside further improvement in efficiencies, productivity and margins.

Counteracting challenging conditions

Achieving the expected operational and financial benefits of our digitisation strategy provide a necessary counterweight to the shifts in SA's healthcare sector and input cost pressures that threaten our margins. These shifts include new competing offerings in primary care, a move to day surgeries and home-based care, and private healthcare consumers opting for more affordable hospital plans instead of pricier comprehensive insurance. As a result of this 'buying down' trend and stagnant growth in the medically insured population, funders are becoming more assertive in tariff negotiations and substituting time in hospital.

The full implementation of CareOn, our flagship EMR[1] system, will provide an advanced digital and data platform to ensure patient safety and enhance cost efficiency and margins. The partial implementation of CareOn has already exceeded our expectations in both these areas. Further, CareOn will significantly lower the administrative workload of our nursing staff and the time needed to monitor patients. These time savings will enable the nurses to concentrate on providing consistently outstanding clinical care and compassionate attention to our patients. Continuous electronic monitoring and digital recordkeeping will all but eliminate the risk of medication errors and significantly improve our ability to contest medicolegal claims.

Importantly, the productivity benefits of our digital platform will shield Netcare against the worst effects of the ongoing shortage of qualified nurses in SA. This worsening situation is a critical risk to the country's healthcare system and should cause deep concern at all levels of society, not only for us as healthcare service providers.

Managing the critical nursing shortage

Between 2013 and 2022, the rate of population growth in SA significantly outpaced the growth in the number of enrolled and auxiliary nurses and midwives registered with SANC[2]. The adoption of new nursing qualifications, reductions in approved student numbers in both the private and public sectors, and shifting regulatory requirements are contributing to this decline. In addition to the current shortfall, our healthcare system relies on a large percentage of highly qualified nurses over the age of fifty. Without enough new nurses entering the pipeline, we are heading towards a dangerous cliff in nursing provision. This requires far more urgent attention at the highest levels of government.

Netcare is contributing to the resolution of this threat by, among other initiatives, engaging in the Future of Nursing Project. This initiative has conducted research to quantify beyond doubt the current supply and demand gap. It has also developed a business plan, cost analysis, and operating and financial model to overcome the skills shortage. Beyond this, Netcare's approach also includes collaborating with HASA[3] and SANC to find workable solutions. Our case before the SANC Appeal Committee to review the low number of students approved for enrolment at Netcare Education is underway.

1. *Electronic medical record.*
2. *South African Nursing Council.*
3. *Hospital Association of South Africa.*

Board chair's review continued

Within Netcare, besides the benefits of digitally enabled ways of working, the deepening of our value proposition to all employees, especially those with scarce skills in nursing, digital technology and data analytics, is a top priority. We are acutely aware of and sympathetic to the pressure that nurses face, particularly in the wake of the pandemic. We invest continuously and responsively to offer a safe, caring and rewarding work environment, and to reduce the risk of emotional exhaustion and support emotional resilience, particularly for our nurses. Our person centred approach translates into key programmes that promote compassionate care, not only for our patients but also our people.

Our holistic efforts to support employee wellness include financial measures to alleviate the impact of the cost of living crisis, especially on employees at lower levels. We implemented a variety of solutions aimed at giving our employees the flexibility to structure their remuneration in a manner that suits their needs and lifestyle; paid higher wage increases to employees at lower levels as we have for several years; and allowed employees to access their variable (overtime) earnings ahead of pay day. All these efforts, including many others to enhance employee engagement and retention, ensure that Netcare can continue to deliver on our promise of the best and safest care, while protecting and improving the healthcare profession in our country.

Working toward universal healthcare

Our strategy explicitly commits us to pursue a more just and equitable society that is inclusive and upholds human dignity. We support the government's intention to reconstruct society and the economy to be more inclusive of people who remain disadvantaged, particularly as this pertains to universal access to affordable quality health and care. As such, we take seriously our responsibility to participate actively in the development of NHI[1] in a way that is sensible, constructive and evidence led.

Netcare, alongside other service providers in the private healthcare sector, has access to critical resources and capacity that can contribute to realising the nation's constitutional health rights progressively, practically and affordably. We are convinced that these rights can only be realised through private sector involvement and attracting investment into SA's healthcare system. It is unfortunate that political actors are creating the impression that private healthcare players are against NHI, which is simply untrue. Ideological positions that vilify the private sector will only yield disastrous, unintended consequences for healthcare provision in a country with an already unsustainably costly and growing burden of disease.

The NHI Bill in its current form poses serious challenges of practicality and affordability. It lacks clarity on critical issues, including the services that will and will not be covered by NHI, the contracting structure for primary healthcare needs, how the NHI will be financed, and the accreditation of providers and pricing. We are particularly concerned about specific provisions in the Bill that prevent medical aid schemes from funding services provided by the NHI. In effect, these provisions take money out of the national health system and pose the real threat of collapsing the health insurance industry in SA.

International experience has shown that single-funder healthcare systems, funded from taxation, are not optimal for expanding access to healthcare. In contrast, a multi-payor model would ensure that after paying mandatory NHI tax, those with the means could still fund health privately if they wish, relieving the public health Rand to be dedicated to the most vulnerable in our society. It is clear that increased access and equity, rooted in a sustainable healthcare system, requires strong public and private sector collaboration to share capacity and resources.

Through our affiliations with BUSA[2], B4SA[3] and HASA, we made comprehensive submissions to the NCOP[4] on proposed amendments to the Bill. Disappointingly, however, the NCOP passed the Bill on 6 December 2023 without considering any such amendments. BUSA and B4SA subsequently submitted a formal petition to President Ramaphosa, requesting that he refer the NHI Bill back to the National Assembly for revision. The petition expresses our collective belief that the Bill in its current form is not only unworkable and unaffordable, but also unconstitutional on substantive and procedural grounds. The South African Constitution, under Section 79, provides that once a Bill is adopted, the President must either assent to and sign the Bill or, if the President has reservations about the constitutionality of the Bill, refer it back to the National Assembly for reconsideration.

We recognise that universal health coverage will take many years, if not decades, to implement fully. Our interpretation of the NHI Bill is that the NHI Fund does not envisage purchasing services from private hospitals in its first phase. However, as we have said in the past, there are immediate public health needs that can be effectively addressed through contracting with the private healthcare sector, and Netcare stands ready to engage constructively on these solutions.

Further, our social commitment to SA and its people will continue to inspire new ways of making private care affordable and accessible to more South Africans. A noteworthy service expansion is NetcarePlus, our all-in-one platform that seamlessly combines financial services with healthcare products. It offers a fresh and economical approach for employed individuals who lack adequate medical coverage or insurance to access our facilities. This new service offering exemplifies our integrated approach to business development which seeks to grow and diversify our revenues, while deliberately advancing the social good.

ESG as intrinsic

At the highest level of governance, the Netcare Board upholds and expects ethical leadership, good corporate citizenship, financial, social and environmental sustainability, and the highest professional and operational standards. We apply our guidance and oversight to ensure these are integrated into the Group's strategic thinking, risk and capital allocation

1. *National Health Insurance.*
2. *Business Unity South Africa.*
3. *Business for South Africa.*
4. *National Council of Provinces.*

considerations, and operations. The Board is committed to maintaining a transparent and effective governance process that instils confidence among all our stakeholders that the Group is managed ethically, within acceptable risk parameters, in compliance with all applicable laws and conformance with international best practices.

Integrated thinking is therefore intrinsic to Netcare's leadership, and not a recent response to the acute and appropriate focus on ESG matters. A noteworthy demonstration of this is Netcare's environmental sustainability strategy, which dates back over a decade. This strategy aimed to alleviate our critical dependency on national electricity and water supply to provide continuous patient care of the highest quality. In recent years, the associated risk has escalated dramatically with disruption to state supplied utilities in the form of ailing infrastructure and frequent breakdowns, load shedding and water cuts.

Without the benefits that our environmental sustainability strategy has delivered, the impact of disruptions on our operations and the pressure on our margins of rising energy costs, would have been far worse. By FY 2022, we had already exceeded our targeted R1 billion in cumulative operational savings, which reached R1.5 billion in FY 2023. We also exceeded our stretch target for reducing energy intensity per bed by 30%, reaching 39% in the year. These tangible benefits are expected to expand over the next ten years.

Integrated with the importance of securing supply and containing costs, our environmental sustainability strategy acknowledges the threat that climate change and deteriorating ecology pose to entire populations. It also recognises that our sector and operations unavoidably contribute to the problem. Whereas the primary objective of our strategy was to support the uninterrupted provision of care, it is now the foundation to achieve our long-term goal of net zero emissions by 2050. Our efforts to significantly increase our use of renewable energy, to 100% utilisation by 2030, will significantly contribute to achieving this goal. Alongside this target, we are aiming for zero waste to landfill, and a 20% reduction in water use, by the end of this decade.

Refreshing the Board for a new era

The departure of a number of Board members, including the chair, provided the opportunity to refresh the Board, in line with the new paradigm that Netcare is entering by way of digitally enabled and data driven health and care. The new appointments and changes to Board committee membership are described on page 26. I am confident that the Board represents the diversity of viewpoints, independent judgement and probity, and the relevant skills mix the Group requires of its leaders as it enters a phase of capitalising on the strategic investments made in the past six years.

In July this year, we announced our CEO's early retirement with effect from September 2024. The Board launched an extensive search for his replacement with the support of a reputable recruitment firm reporting to the Nomination Committee. We are pleased to have identified a preferred candidate. However, this person will not be free to join Netcare for an extended period. Consequently, Dr Richard Friedland has agreed to continue serving as CEO beyond September 2024, for a further six months.

Appreciation

I owe immense gratitude to my predecessor, Thevendrie Brewer, with whom I have worked closely as a member of the Board for seven years, and who ensured a seamless handover. Thevendrie made an immeasurable contribution to developing and implementing the strategy that will see Netcare excel for years to come. I thank my fellow Board members for their support in my first year as chair. A special word of thanks to Richard for once again leading his team in an exemplary manner and for ensuring that Netcare delivered admirably against its Group balanced scorecard.

Our appreciation also goes to the executive team for the strong progress made on all fronts in the last year, thus adding confidence in the Group's future prospects. My greatest thanks must go to our staff whose hard work saves and enhances many peoples' lives daily. Your commitment to compassionate care and outright excellence, in these concerning and uncertain times, is the springboard of a thriving future for Netcare.

Mark Bower
Board Chair

Board of directors

The Board approves strategy, sets policy, ensures capital prudence and oversees the Group's governance frameworks and control environment, ensuring that value is created and protected for stakeholders as Netcare transforms to a person centred organisation that is digitally enabled and data driven.

Non-executive directors

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

MR (Mark) Bower | 68

Independent Board chair
BCom (Cum Laude), BCompt, BCompt (Hons), CA(SA)

Skills: governance, general business management, global commerce, financial services, human resources, compensation.
Nationality: South African
Appointed: 23 November 2015
Tenure: 8 years
New appointments: appointed chair of the Board and Nomination Committee, and a member of the Social and Ethics Committee, effective 1 January 2023. Also appointed chair of the Remuneration Committee effective 3 February 2023.
Board attendance: 4/4

B (Bukelwa) Bulo | 46

Independent non-executive director
BBusSci Hons, PGDA, CA(SA)

Skills: governance, general business management, investment banking, financial services.
Nationality: South African
Appointed: 23 November 2015
Tenure: 8 years
New appointments: appointed chair of the Audit Committee effective 1 March 2023.
Board attendance: 4/4

L (Lezanne) Human | 54

Independent non-executive director
BSc Hons Operations Research (Cum Laude), MSc Applied Mathematics (Cum Laude), MBA (Cum Laude)

Skills: governance, digital/large scale technology implementation, general business management, global commerce, financial services.
Nationality: South African
Appointed: 13 May 2019
Tenure: 4 years
New appointments: appointed chair of the Consistency of Care Committee and a member of the Remuneration Committee effective 1 January 2023.
Board attendance: 4/4

I (Ian) Kirk | 65

Independent non-executive director
CA(SA)

Skills: governance, general business management, global commerce, financial services, strategy consulting, compensation.
Nationality: South African
Appointed: 1 January 2023
Tenure: 9 months
New appointments effective from 1 January 2024[1]: appointed chair of the Risk Committee and a member of the Remuneration Committee.
Board attendance: 3/3

A (Alex) Maditse | 61

Independent non-executive director
BProc LLM

Skills: governance, general business management, global commerce, investment banking (mergers and acquisitions), legal, compensation.
Nationality: South African
Appointed: 7 June 2023
Tenure: 4 months
New appointments: member of the Social and Ethics and Consistency of Care Committees. Appointed as a member of the Nomination Committee from 1 January 2024[1].
Board attendance: 1/1

Dr R (Roze) Phillips | 53

Independent non-executive director
MBChB, MBA, Dip Future Studies (USB)

Skills: governance, digital/large scale technology implementation, general business management, strategy consulting, human capital (transformation).
Nationality: South African
Appointed: 1 January 2022
Tenure: 2 years
New appointments: appointed chair of the Social and Ethics Committee and a member of the Nomination Committee effective 1 January 2023.
Board attendance: 4/4

Notes
T Brewer and T Leoka resigned 31 December 2022 and 8 March 2023, respectively.
M Kuscus and K Moroka retired at the end of 2022, and D Kneale retired from 3 February 2023.
1. As per SENS announcement issued on 20 November 2023.

Non-executive directors
continued

L (Louisa) Stephens | 47

Independent non-executive director
CA(SA) and chartered director

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

Nationality: South African

Appointed: 1 January 2023

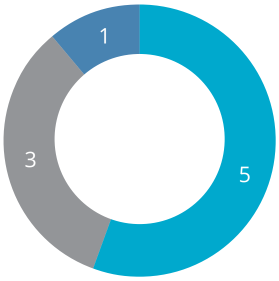
Tenure: 9 months

New appointments: member of the Audit and Remuneration Committees effective 1 January 2023. With effect from the conclusion of the AGM on 2 February 2024, Ms L Stephens will assume the role of chair of the Remuneration Committee[1].

Board attendance: 3/3

Board composition
At 30 September 2023

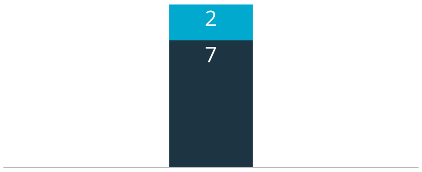
Age (number)



Average age: 56

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

Independence (number)



Independent non-executive directors are re-elected every three years. Board chair, Mr Mark Bower, is independent and free from any conflict of interest.

Diversity

44%
Black South African
FY 2023 target: 44%
FY 2022: 55%
FY 2021: 44%

44%
Women
FY 2023 target: 44%
FY 2022: 55%
FY 2021: 44%

33%
Black women
FY 2023 target: 33%
FY 2022: 45%
FY 2021: 33%

The Board appointment policy ensures a formal and transparent appointment process with a focus on race and gender and attributes of culture, age, field of knowledge, skills and experience, and broader diversity aspects.

Note: our Board diversity targets are lower than those for FY 2022 as the Board composition has now normalised from being in a transition phase in FY 2022 with a number of retirements and new appointments.

Executive directors

Dr RH (Richard) Friedland | 61

Chief executive officer
BvSc, MBBCh (Cum Laude), Dip Fin Man, MBA

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

Nationality: South African

Appointed: 15 May 1997

Tenure: 26 years

Board attendance: 4/4

KN (Keith) Gibson | 53

Chief financial officer
BAcc, CA(SA)

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

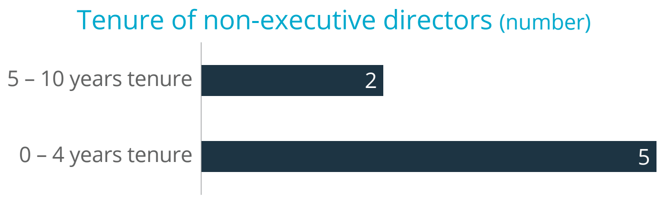
Nationality: South African

Appointed: 10 November 2011

Tenure: 12 years

Board attendance: 4/4

Board of directors continued



Average years of tenure: 3 years

The Nomination Committee objectively and subjectively evaluates the independence of non-executive directors who have served for a period of nine years or longer, and considers factors that may impair their independence. The review is aligned to King IV's recommended practices.

Attendance at individual committee meetings: shareholder report on PG 60.

The Board possesses a wide range of professional expertise, skills and experience with sufficient sector knowledge. Over the past three years we have focused on enhancing the digital and financial services skills of the Board in line with our strategic objectives (digital transformation and new product development). This year we added legal skills. Where gaps in knowledge or skills are identified, directors are provided with development training and/or new appointments are made. The Board has access to subject matter experts for matters requiring specialised guidance.

Evaluation of performance

The Board is satisfied with its diversity, independence and range of relevant skills, expertise and experience, and the balance of institutional knowledge, continuity and new perspectives. Board members are of the opinion that the Board functions well, with an appropriate level of attention given to the delivery of Netcare's strategy and a good understanding of the current operating context and long-term trends facing healthcare. Members are also satisfied that the Board sufficiently adheres to the principles of King IV.

The most recent Board effectiveness review was in FY 2022 with the next review, which will be a self-assessment, scheduled for the 2024 calendar year. Succession planning, identified as an area for improvement in the last review, has been progressed with the appointment of new Board members and the refresh of the Board's committees. Improving the diversity of the Board will continue to remain a focus area.

The Board is satisfied that adequate succession plans are in place for the Executive Committee and senior management, and that the Group's leadership development programmes are creating a leadership pool for future succession.

The Board confirms that it is operating in conformity with the Memorandum of Incorporation.

Chief executive officer's review

The future of sustainable, effective healthcare is rapidly emerging. In a digital world fast becoming data centric, powered by AI and large language modules, real-time engagement with people on their health and wellness and what really matters to them is becoming a reality. Encouraging people to become co-responsible, equal and active partners in their health over their lifetimes, thus improving their outcomes, quality of life and health span is no longer a pipe dream.

Six years ago, against a set of difficult future scenarios for South African healthcare, we began to implement a strategy that recognised and aligned to this future reality. We defined this new approach as person centred health and care that is digitally enabled and data driven. In bold counterpoint to old, traditional healthcare tropes of 'bricks and mortar' and 'build the facilities and patients will come', we realised that our sustainable competitive advantage (or 'moat' to borrow a phrase from Warren Buffet), lay in embracing a radically different model of healthcare delivery.

To enable a health and care ecosystem that could meaningfully engage with patients over their lifetimes, providing up to date healthcare information, medical records and relevant services, the first phase of our strategy entailed laying down the digital tramlines across all our operating platforms. After another year of strong progress in rolling out EMRs[1], this phase is now virtually complete.

We have just embarked on the next exciting phase. This will see us using our digitised platform and data assets to directly engage and enrich our relationships with our patients, leading to greater reliance on our health and care ecosystem over their lifetimes. This new way of working will also deepen our value to our people, doctors, strategic partners and other colleagues in the healthcare value chain. This virtuous cycle of differentiated stakeholder benefit will strengthen our market position and drive higher activity, revenue and margins.

We are on the cusp of fully implementing all the strategic projects that have operationalised this ambitious strategy. With the effects of the pandemic on our operations receding, our results for FY 2023 bode well for Netcare's future. They demonstrate that our strategy is already enabling Netcare to thrive despite adverse macroeconomic conditions, socioeconomic fragility and environmental threat.

Capacity to thrive under tough circumstances

Despite macroeconomic headwinds and high inflation, Netcare's FY 2023 results are our strongest since the devastation of the pandemic. An organic revival in activity across our ecosystem of services drove a 9.5% improvement in Netcare's revenue. Efficiency supported strong operating leverage that converted this revenue growth into a 17.7% rise in EBITDA and a 120 basis points expansion in EBITDA margin. Consistent and sustained cash generation ability, with a conversion rate of 100.5%, reinforced our already strong statement of financial position and allowed us to return R1.1 billion to shareholders in dividends and share buybacks.

These results affirm the soundness of the strategies we have implemented over the past six years, notwithstanding the enormously disruptive challenges of the pandemic. They also bear testimony to the compassion, dedication and resilience of Netcare's people, and the capacity of our teams to achieve these returns despite ongoing uncertainty and volatile conditions.

The chief financial officer's review starting on page 170 analyses our financial achievements for the year.

Activity signalling normalisation

In FY 2023, our Hospital and emergency services segment performed steadily, thanks to a sustained recovery in demand and the normalisation of operations following the COVID-19 pandemic. The steady increase in activity led to a rise in occupancy levels to 64.4% from 60.1% in FY 2022. Offsets to the stronger activity were changes in several funder networks from January 2023, and a milder flu season. Nonetheless, patient days in acute hospitals increased by 6.1% compared to FY 2022. Total PPDs[2] have now reached 95.1% of pre-pandemic levels. Patient days in ICUs and high care have now exceeded pre-pandemic levels by slightly more than 10%.

While medical PPDs have recovered to 99.0% of FY 2019 levels, surgical PPDs continue to be impacted by sector trends, including declining maternity cases and outmigration of lower-margin day cases. As a result, surgical PPDs only recovered to 91.7% of pre-pandemic levels. However, surgical cases still contributed over 70% of the Hospital and emergency services segment's total revenue.

The demand for mental healthcare services continues to rise, resulting in a significant increase of 12.7% in mental health patient days. Of this increase, 2.3% was attributable to our newly opened Netcare Akeso Gqeberha facility. Mental health activity levels have now exceeded pre-pandemic levels by 5.4% on a same-store basis, and by a remarkable 11.6% when the new 36-bed Netcare Akeso Richard's Bay and the 72-bed Netcare Akeso Gqeberha facilities are factored in.

1. *Electronic medical records.*
2. *Paid patient days.*

The Group's leadership in trauma care, highly accredited facilities, and digitally enabled and data-led offering strengthen our proposition to top specialists, who continue to be the primary consideration in patients' selection of healthcare facilities. The number of doctors at our acute and mental health facilities grew by 124 on a net basis in the year. Notably, Netcare Christiaan Barnard Memorial Hospital received Level One trauma accreditation from the Trauma Society of South Africa. This is a significant achievement, as only four hospitals in SA have attained this status, all of which belong to the Netcare Group.

In our Primary Care Division, the total number of visits to GP and dental centres decreased by 3.1% in FY 2023 compared to FY 2022, when we saw a surge in COVID-19 related GP visits during the fourth wave caused by the Omicron variant. Despite this drop in visits, revenue increased 4.6% to R663 million.

Overall, all our service lines performed solidly, with productivity levels and margins showing a marked post-pandemic recovery and increasing support from our well-advanced strategic projects.

Strategic projects yielding benefits

We made strong progress on our key strategic projects in FY 2023. We invested R163 million in capex related to strategic projects, compared to R159 million in the prior year. Operational costs associated with strategic projects were R258 million, from R249 million in the prior year. As we enter the operational phase of our person centred health and care strategy, we are well positioned to benefit from the changing dynamics driving healthcare demand.

Our flagship CareOn hospital EMR project is well advanced. CareOn has been successfully implemented in 38 of our 49 hospitals, accounting for 8 645 beds (90% of registered beds). This new way of care relies on technology to automate much of the routine work that used to occupy too much of our nurses' time, detracting from providing patients with compassionate, personalised care. Our doctors benefit from CareOn's extensive diagnostic aids, continuous patient monitoring and prescription contra-indication alerts. As we integrate AI into diagnostic models, even more profound clinical benefits will become possible. For example, we are currently piloting a machine learning algorithm that can detect the potential development of sepsis hours earlier than traditional monitoring, allowing doctors time to treat proactively.

We realised from the outset that CareOn would require whole-hearted adoption across the Group to be successful. Our BSC includes key performance indicators for both nurse and doctor adoption of the system. We are delighted with progress on this front. Over 28 000 healthcare professionals, including nurses, doctors, allied healthcare professionals and pharmacists, are actively using the system. The roll out to our final seven hospitals (943 beds) will be complete in April 2024. All other services in the Netcare ecosystem, including Netcare Akeso, Netcare Medicross, Netcare 911, National Renal Care and Netcare Cancer Care radiotherapy, have been digitised and integrated into our platform.

The completion of CareOn will signify a paradigm shift for Netcare. With our network of facilities and services connected into one digital platform, we can move definitively to accomplish our objective of providing truly person centred health and care. CareOn alone generates over 28 gigabytes of patient data each day, allowing for continuous analysis of patients' health, adjustment of prognoses as measurements change, and immediate recommendations for life saving interventions.

In addition to the critical clinical benefits, we expect CareOn to become an important contributor to ongoing efficiencies and savings. It has already exceeded our expectations by achieving gross financial savings and benefits of R104 million in the year.

In July 2023, we launched the new Netcare App as part of our strategy to facilitate personalised digital engagement with our patients. We have received positive responses to online pre-admissions, in-app appointment bookings, the geolocation service that enables Netcare 911 to locate a user during an emergency, and Summary of Care reports available on the app. This confirms our conviction that over time the Netcare App will be at the heart of life-long relationships with our patients. Putting our ecosystem of services into the palm of our patients' hands, and integrating AI-enabled personalised engagement, will put us at the forefront of this epoch-shifting technology. In the coming year, we will pilot the application of large language models to instantly summarise a care report in language that our patients can understand. More services with benefits for patients and clients are planned and will be added to the app over time.

The Netcare App also allows users to purchase NetcarePlus products directly on their devices. NetcarePlus offers a range of innovative healthcare products and funding solutions to widen access to quality, affordable healthcare in SA. In FY 2023, we added more prepaid procedures to our offerings and improved both NetcarePlus GapCare and NetcarePlus Accident Cover. Additionally, we launched a new primary care product. Recently, NetcarePlus was ranked among the top three medical insurers in the Ask Afrika Orange Index and among the top ten in overall rankings for consistent client experience.

Supporting compassionate care

We understand that compassionate care for our employees is intrinsically linked to the success of our strategic objectives to differentiate Netcare through compassionate care of our patients, and ensuring optimal health and care outcomes. To this end, Netcare's strategy to provide person centred, digitally enabled and data driven health and care also aims to make the lives of our employees and partners, especially those on the frontline, easier and more rewarding. Our wide-reaching initiatives respect the dedication of medical professionals to their calling and seek to remove the hinderances to its fulfilment. We value our employees as the single most important driver of the Group's strategic, operating and financial wellbeing as we move into the digital era.

Netcare has prioritised the recovery of its employees, especially those who experienced the full impact of the pandemic. Cognisant of the lasting psychological impact of COVID-19 on these employees, we continue to invest significantly in our Care4YOU programme to facilitate healing and restoration. The programme aims to build confidence, mindfulness and resilience, while also acknowledging individuals who act with compassion. By providing them with the necessary tools and support, the practice of compassionate care extends not only to others but also to themselves. The programme aims to make compassion a way of living and working, and to harness the intrinsic motivation our employees have to care for others.

Securing supply and sustainability

Undoubtedly, and as confirmed by the warning issued by the WHO, climate change poses a serious threat to human health. Further, the healthcare sector is a major source of environmental pollution and greenhouse gas emissions, which affect not only the physical environment but also socioeconomic conditions. In turn, this deterioration increases the global disease burden and impact on healthcare systems. There can be no question about Netcare's ethical duty to contribute to ameliorating our sector's environmental impact.

In a healthcare system, however, environmental sustainability is more than an ethical ambition for a better future. Quite simply, we need to keep the lights on and the taps running to save lives and support wellbeing. For that reason, we embarked on our environmental sustainability strategy more than ten years ago. Since then, we have not only recorded remarkable progress in reducing our environmental footprint, but also practical and financial benefits. We have reduced energy intensity per bed by 39%, exceeding our initial target. We also overtook our FY 2023 financial targets, achieving cumulative operational savings and benefits of over R1.5 billion to date. This represents an impressive internal rate of return of 40%. We also reduced our water consumption per bed by 28% since 2014. For FY 2024, we have allocated R77 million in capex and R16 million in operational costs towards our 2030 environmental sustainability targets. These aim to achieve 100% utilisation requirements from renewable energy sources, with zero waste to landfill, and a 20% reduction in water utilisation.

The Just Energy Transition Plan, also known as JET IP, developed by the Presidential Climate Commission and approved by Cabinet in September 2022, marks a significant shift for SA and a period of meaningful climate action in balance with human development imperatives. We fully support these initiatives, and our environmental sustainability strategy and goals are well aligned with those of the JET IP.

The JET IP's proposed legislative changes and policies have enabled us to accelerate Netcare's transition to renewable energy. The Group has concluded a renewable energy supply arrangement with NOA Group Trading, which will allow us to switch the power supply to six of our facilities from Eskom's coal-fired power stations to a combination of wind and solar generation. The new energy supply will be facilitated through 'energy wheeling' over the national electricity grid. This will take effect in early 2026 and will cover up to 100% of the energy consumption of these facilities, which accounts for about 11% of Netcare's total annual energy consumption. Along with other initiatives already implemented, this agreement will boost our use of renewable energy sources to approximately 26% of total energy consumption. This is an important milestone in our journey towards our goal of relying completely on renewable energy sources by 2030.

Being a force for good

Demand for acute care is growing continually, driven by SA's quadruple disease burden and people living longer. This is putting unsustainable pressure on SA's already strained healthcare system. Unfortunately, this affects marginalised people more, reinforcing existing disparities in healthcare quality and accessibility between the public and private sectors, and between urban and rural areas. Netcare's commitment to improving healthcare accessibility for all South Africans, and widening the circle of affordable, high-quality care, is demonstrated in our nascent but growing NetcarePlus offering.

NetcarePlus is a comprehensive platform that combines financial services with healthcare products. It offers a new and affordable approach for people, who are employed but inadequately covered by insurance or medical aid, to access Netcare's ecosystem of services. Our online products are easily accessible through various channels and can be purchased in less than five minutes. The transparent pricing structure eliminates uncertainty, as there are no hidden costs. Similarly, our latest pathology offering, Netcare Diagnostics, supporting one of our ESD[1] beneficiaries, also contributes to affordability by providing accurate point-of-care testing at reduced prices.

These initiatives demonstrate our commitment to being a force for social good, beyond the challenges facing the healthcare sector. As we strive to make a positive difference, we acknowledge and accept our responsibility to build a more inclusive and equal SA for all in every way we can. Recognising that universal healthcare for all South Africans is an absolute imperative, we are dedicated to working collaboratively with policymakers, government, NGOs, NPOs, public healthcare authorities, and healthcare and business associations to find solutions that address the systemic and structural inequalities in SA.

We understand that our credibility in partnering with others for collective action, resides in our own progress in transforming our organisation. We have made significant progress across many areas and have met or surpassed dtic[2] thresholds. As a result, we maintained our Level 3 B-BBEE rating for FY 2023, with specific improvement in preferential procurement. Our focus in future will be to maintain the diversity we have achieved across our workforce, and to improve it at senior and executive leadership levels. We will look to increase our procurement spend further with EMEs[3] and QSEs[4], continue to amplify our ESD efforts, and drive our people development initiatives.

It is worth noting at this fractious time in human history, where wars and conflicts in key regions affect the lives and prospects of people the world over, that Netcare's human and social capital initiatives are always grounded in and referenced to global frameworks for social justice. Our abiding emphasis is on upholding human rights, adhering to the ILO's declaration for decent work, and doing our part in striving towards the UN SDGs, the Paris Agreement and other global frameworks for a more peaceful, secure, equitable and sustainable world.

Appreciation

My sincere gratitude to our new chair, Mark Bower, and the Board for their support, sage guidance and incisive views as Netcare settles into a new way of providing our patients with the best and safest care.

In this unprecedented and exciting phase of the Group's development, I acknowledge with a deep sense of appreciation the expertise, experience and commitment of my colleagues across the Netcare family. I salute their willingness to embrace and drive these new changes and challenges, while caring compassionately for each other and our patients.

To our partners in the healthcare sector, in the business community and wider society, my thanks too for supporting our vision for a different and differentiated Netcare that stands robust and resilient in turbulent times. Together, we have the intention and ability to make a profoundly positive difference to our world.

Dr Richard Friedland
Chief Executive Officer

1. *Enterprise and supplier development.*
2. *Department of Trade, Industry and Competition.*
3. *Exempted micro enterprises.*
4. *Qualifying small enterprises.*

Executive Committee

Netcare's diverse and experienced CEO-chaired Executive Committee leads the execution of the Group's strategy, policies and operational planning, and shapes the Group's philosophies and practices. 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.

Dr Richard Friedland | 61

Chief executive officer
BvSc, MBBCh (Cum Laude), Dip Fin Man, MBA
Joined Medicross in 1995 and Netcare in 1997

Keith Gibson[2] | 53

Chief financial officer
BAcc, CA(SA)
Joined in 2006

Teshlin Akaloo[2] | 40

Managing director – NetcarePlus
BSc Financial and Actuarial Mathematics, Fellow of the Institute of Actuaries
Joined in 2020

Melanie Da Costa | 51

Director of strategy and health policy, and managing director – Netcare Akeso
MCom, CFA
Joined in 2006

Travis Dewing | 50

Chief information officer
NDip IT
Joined in 1997

Jacques du Plessis | 58

Managing director – Hospital Division
BCompt (Hons) Accounting
Joined Medicross in 1996 and Netcare in 2001

Craig Grindell | 52

Managing director – Netcare 911
NDip EMC, NH Dip Business Management, Bachelor in EMC
Joined in 2013

Boniswa Kama | 42

Chief data officer
BCom, BCom (Hons)
Joined in September 2012

Dr Anchen Laubscher | 43

Group medical director
MBChB, DCH, DipPEC, PGDipGM, MBA (Cum Laude)
Joined in 2007

Dr Nceba Ndzwayiba | 45

Director of human resources and transformation
PhD, M Phil HRD, BTD Hons (Cum Laude), B Technology, NDip ODETD
Joined in 2008

Board committees[1]

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

Operating committees

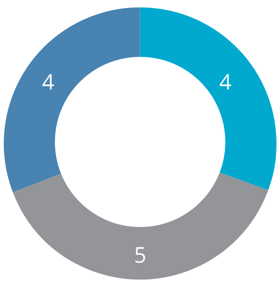
- Finance and Investment Committee
- Combined Assurance Committee
- Working Capital Committee
- Operational Transformation Committee
- Sustainability Committee
- IT Management Committee
- Tariff Committee
- Procurement Committee
- CareOn Digitisation Steering Committee
- C Chair

1. *Executive Committee member attends the Board committee as either a member or invitee.*
2. *Netcare representative on the ICAS Board of directors.*

Executive Committee composition

At 30 September 2023

Age (number)



- Younger than 46 years of age
- 46 to 55 years of age
- Over 55 years of age

Average age: 52

Tenure (number)

Diversity

38%
Black South African
FY 2022/21: 38%

31%
Women
FY 2022/21: 31%

Dr Shannon Nell | 63

Group director of nursing and nursing education
PhD, MBA, B(Cur) Ed and CNS, Dipls. Midw., Paeds, critical care, fANSA
Joined in 1999

Dr Billyy van der Merwe | 62

Managing director – Primary Care Division
MBChB, MBA
Joined in 2011

Charles Vikisi | 48

General counsel and Group secretary
BA, BA (Hons) (Clinical Psychology), LLB, BTh (Hons), PDip Compliance Management
Joined in 2020

Our value story

		Combined assurance level 1	2	3	4	5
35	Governance overview	✓	✓			
44	Our context					
	44 Operating environment	✓	✓	✓		
	50 Quality of care in the context of SA's quadruple burden of disease	✓	✓			
	56 Our stakeholders	✓	✓			
65	Our risks and opportunities	✓	✓	✓		
79	Overview of strategic progress	✓	✓	✓		
92	Outlook and key strategic trade-offs	✓	✓			
95	Remuneration overview*	✓	✓		✓	✓

* *Certain information disclosed in the remuneration overview was assured by level 4 and certain level 5 assurance providers as part of their scope of work on other engagements and not specifically in terms of this report.*

Combined assurance model: PG 66.

03

Governance overview

Linking governance to purpose

Sound corporate governance is pivotal to delivering on Netcare's purpose.

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

These outcomes are pivotal to the delivery of 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 providers – the ultimate expression of our commitment to good corporate citizenship. Hand in hand with our commitment to the ***Quadruple Aim*** is our strong focus on, and sector-leading approach to, environmental sustainability – a keen example of how we embrace our ESG commitments as fundamental to our strategy.

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. It met four times during FY 2023 with additional ad hoc meetings held to support and provide counsel to the executive team.

Oversight of key governance principles

Netcare Board
The highest governance body with ultimate responsibility for ensuring the correct governance of the issues below.

	Audit Committee	Nomination Committee	Risk Committee	Remuneration Committee	Social and Ethics Committee	Consistency of Care Committee
Ethics, values and culture	●		●		●	●
Corporate citizenship					●	●
Strategy and performance	●		●		●	●
Reporting and assurance	●			●	●	●
Board and executive succession		●				
Human capital attraction and retention				●	●	●
Risk and opportunity management	●	●	●	●	●	●
Digitisation and data	●		●			●
Compliance	●		●		●	●
Remuneration				●		
Stakeholder inclusion	●	●	●	●	●	●

Full governance report.

Governance overview continued

Primary focus areas for each governance committee

Audit Committee

- Independent and objective assurance on the Group's internal controls, governance systems and risk management systems.
- Financial risk management.
- Internal audit workplan.
- Compliance controls.
- Information and technology controls.
- Combined assurance.
- Conflict of interest.
- Integrity of the annual financial statements and the integrated reporting process.

Nomination Committee

- Composition of the Board (independence, skills, diversity etc.).
- Director rotation and appointment.
- Board succession planning.
- Executive Committee succession planning.
- Evaluation of the Board, governance committee and individual director performance and effectiveness.
- Primary roles and responsibilities of the Board.
- Competence and skills of the Executive Committee and senior management.

Risk Committee

- Risk management strategy, policy and plan.
- Identification of top business risks.
- Processes and systems to manage and mitigate top business risks.
- Ethics management.
- Information and technology.
- Compliance.

Remuneration Committee

- Remuneration policy.
- Responsible, fair and externally competitive remuneration practices.
- Strategic targets for the BSC[1].
- Remuneration of non-executive and executive directors, prescribed officers and senior management.
- Average increases for the workforce.

Social and Ethics Committee

- Ethics management.
- Corporate citizenship.
- B-BBEE performance.
- Fair labour practices.
- Human rights.
- Health and safety.
- Learning and development.
- Diversity, equity and inclusion.
- Environmental responsibility.
- Legislative compliance.
- Regulatory changes.
- Integrity of the ESG report.

Consistency of Care Committee

- Consistency of care strategy.
- Quality management systems.
- Clinical governance.
- Clinical risk management.
- Patient experience and perception of care.
- Strategic employee wellbeing projects.
- Integrity of the quality report.

Ethics management

Our values, policies and the Netcare Code of Conduct provide the governing framework for ethical leadership and behaviour, and guide our interaction with our stakeholders.

The Board's oversight of strategy rests on an ethical foundation and directors hold one another accountable for acting in the best interests of the Group. The Board ensures awareness around Netcare's commitment to doing business ethically and monitors compliance with Netcare's Code of Conduct and business ethics programme, including strict adherence to laws and regulations relating to the prevention of bribery, corruption, fraud and money laundering.

We take a zero-tolerance approach to theft, fraud and corruption, discrimination and racism. Various mechanisms allow our employees and the public to report irregularities and unethical behaviour, including unethical medical behaviour. The Fraud and Ethics Hotline is available to whistle-blowers wanting to protect their anonymity. All reported incidents are investigated.

Training interventions, fraud awareness campaigns and an annual employee ethics survey entrench the Code's principles and help us maintain a values-based culture beyond compliance. The ethics survey assesses familiarity with our ethics policies and structures, and elicits employee views on the Netcare culture and how our core values are lived in management's daily decision-making.

1. *Balanced scorecard.*

During FY 2023, the number of cases of misconduct reported increased; not uncommon in a difficult economic environment where people increasingly rationalise fraudulent actions. This has required the enhancement of our controls to ensure that incidents and any financial losses were appropriately addressed. The most significant cases of fraud and theft were perpetrated by third parties. In such cases, we rely on the South African Police Service for possible recovery. The HR and Legal functions, when needed, deal with internal cases, which are also reported to the applicable registered body such as the HPCSA[1].

Reported incidents of misconduct

206 reported incidents of alleged misconduct with three being reports of alleged unethical medical behaviour.

FY 2022: 113; 0 medical related

FY 2021: 182; 0 medical related

At year-end, **201 incidents had been investigated and closed**, with the remainder still under investigation.

Reporting mechanism used

14

Fraud and Ethics Hotline

41

Fraud email reporting service

89

Direct communication with Forensic Services

50

Incident management system

12

Other channels, for example, customer services

Nature of the incidents

Nature of incidents as percentage of total financial losses:

36%

theft of fuel.

3%

fraudulent proof of payment.

40%

medical aid fraud.

7%

timecard fraud.

In response to the FY 2022 fraud maturity risk assessment survey feedback, we revised our fraud and ethics hotline posters, ran an online awareness campaign, and introduced refresher training on policies and procedures, the salient points of the gifts and hospitality policy, general fraud awareness, anti-bribery and -corruption, and compliance with competition law. We also expanded the annual declaration of interest process beyond directors and prescribed officers to include the whole of the Executive Committee.

Training

3 696 new employees received **ethics and anti-corruption and -bribery** training.

7 330 hours spent training 5 095 new employees on **human rights**.

Ethics survey

The FY 2023 employee ethics survey, rolled out to Netcare Akeso and Netcare Medicross, indicated an **entrenched ethics culture** and a high level of awareness of ethics and related issues.

Anti-corruption policy (including whistle blowing).

Netcare Code of Conduct

Board opinion

The Board is satisfied that Netcare is led by an ethical leadership team and that the risk mitigating approaches undertaken by management to ensure ethical business conduct align with best practice. The Board will continue to oversee the Group's initiatives to enhance ethics compliance and awareness, which include a digital awareness campaign and extending training to more employees across the organisation.

1. *Health Professions Council of South Africa.*

Governance overview continued

Responsible corporate citizenship

The Board supports Netcare's intention to be a powerful force for social good, and is committed to creating and preserving value for current and future generations of South Africans.

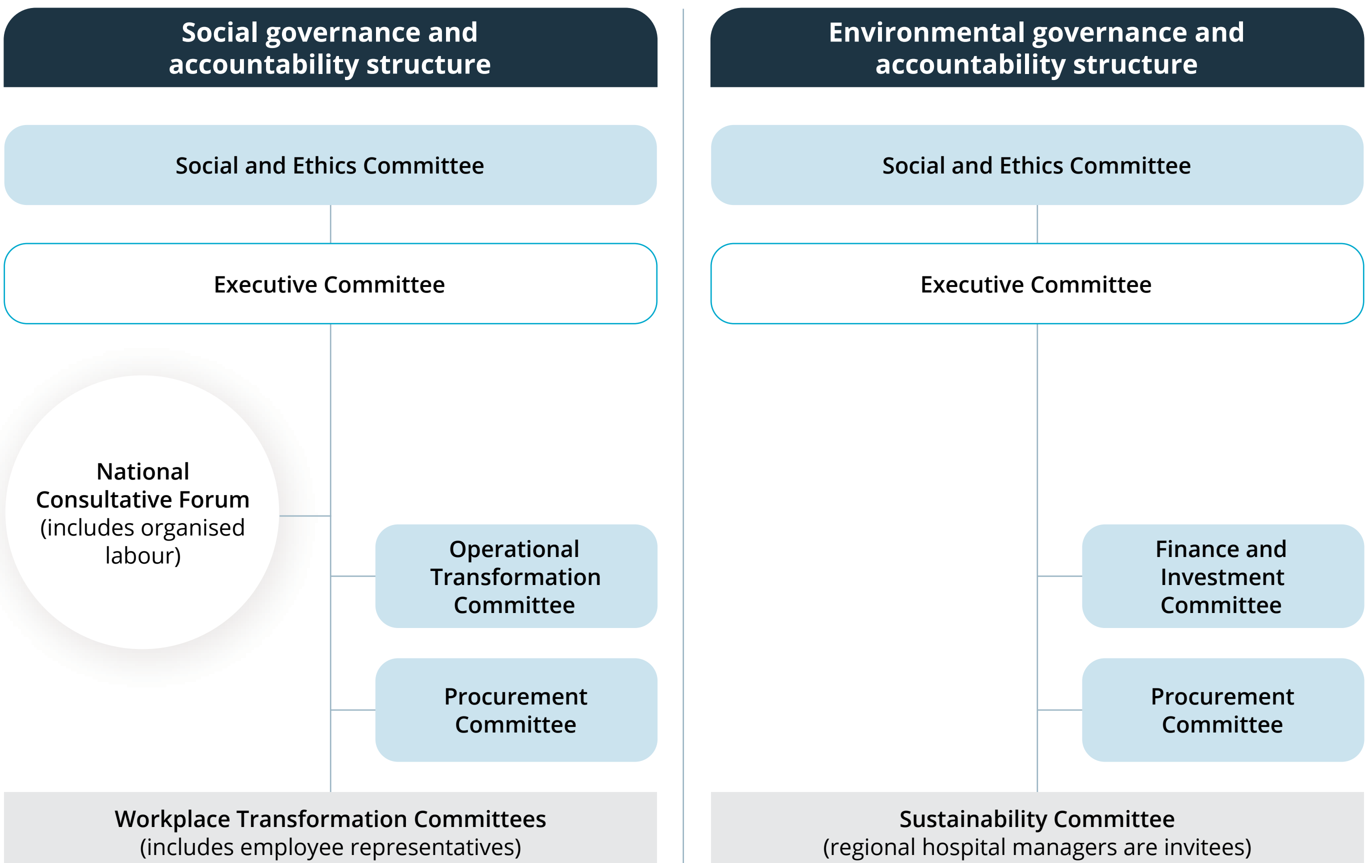
Netcare considers the UN's Universal Declaration of Human Rights, the principles of the International Labour Organization and other voluntary codes, including the principles of the UN Global Compact, of which we are a member, as part of our commitment to good corporate citizenship.

Our ESG reporting aims to provide tangible, credible demonstrations of the Group's impact on the economy, society and the environment, and transparently report on the risks and opportunities we face. Our ESG performance is independently assessed and benchmarked annually by various global sustainability institutions (see page 20).

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

Board opinion

The Board is satisfied with the Group's progress on its ESG priorities. In the coming year, it will pay particular attention to the further implementation of the Group's environmental sustainability programme, improving workforce diversity at senior management level and the Group's initiatives to support high-performing qualifying SMMEs.



External assurance

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

Performance for the year

Suppliers (page 125), society (page 128) and our people (page 135).

External assurance

- Verify CO2
- Talbot and Talbot
- Global Carbon Exchange SA Proprietary Limited

Performance for the year

Renewable energy (page 159), alternative water sources (page 160) and environmental sustainability (page 161).

Refer to the ESG report for detailed social and environmental management approaches.

Care governance and accountability structure

Consistency of Care Committee		
National Consistency of Care Review Committee	Clinical Practice Committee	
Divisional Consistency of Care Review Committees	Divisional Advisory and Ethics Committees	Independent Panel of Clinicians

External assurance

- British Standards Institution
- Office of Health Standards Compliance

Performance for the year

Our patients (page 108), doctor partnerships (page 118) and private medical funders (page 123).

Strategy

The Board delegates to management the detailed formulation and implementation of Netcare's strategy, which it approves and oversees.

Strategic priorities are set, reviewed and revised as necessary in line with opportunities, attendant risks and uncertainties relating to cyclical and structural trends in the healthcare, digital and financial services sectors.

The Board assesses both the positive and negative outcomes of the Group's business model, and monitors performance against financial and non-financial measures. It critically assesses investments (acquisitions, potential mergers and expansionary projects) to ensure they are value accretive and meet the reasonable expectations of stakeholders over time.

Board opinion

The Board is satisfied that the Group's business model and strategy continue to be relevant, and that the successful implementation of the strategy will realise a sustainable competitive advantage. The Board is also satisfied that the delegation of authority framework supports the delivery of Netcare's strategy and compliance with relevant legislation and best practice governance, and balances the interests of stakeholders.

Full delegation of authority framework: PG 20 of the ***shareholder report****.*

Key areas of focus for FY 2024 will be to oversee the operationalisation of the strategic projects, particularly the digital EMR[1] once roll out is completed in April 2024. The Board will also oversee initiatives to increase divisional contributions to the Group's performance and continue to attend to upcoming health policy changes and the Group's relationships with private medical funders.

1. *Electronic medical records.*

Governance overview continued

Internal controls

The Board is responsible for ensuring that an appropriate system of internal controls is maintained to safeguard Netcare's assets, minimise losses and ensure accounting records, financial statements and operating information are accurate, complete and fairly presented.

The Board also has direct responsibility for the governance of risk and ensuring that risks and opportunities are considered when developing the Group's strategy. 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.

Information and technology are an integral part of Netcare's business and are fundamental to its sustainability and growth. Netcare's robust IT governance framework covers IT risk and IT compliance and carefully manages risk exposure to acceptable levels. The guidelines of the framework and the IT operating model are measurable, ensuring that the governance of IT processes and resources is effective and efficient, and that the integrity, continuity, confidentiality and availability of information are managed cost-effectively. The cybersecurity and privacy frameworks ensure that the Group is able to effectively monitor, govern and enforce best practice policies as well as appropriately respond to and recover from cyber-related incidents and prevent or minimise data loss.

The Board, with the assistance of various committees, ensures that the Group complies with applicable laws, regulations, codes and standards. Adherence to non-binding rules is considered an integral part of doing business. All committees are regularly updated on the Group's underlying policies and processes to govern compliance. There were no material governance or control failures in FY 2023.

Board opinion

The Board is satisfied that:

- The annual financial statements for FY 2023 fairly present the Group's operational results and financial position.
- The integrated and ESG reports provide a fair and balanced account of the Group's strategy, performance and prospects related to material matters.
- The Group's risk management systems and processes are sound (see page 65).
- The governance of information and technology is properly managed and aligned with business needs and strategy, and that the disaster recovery programme will support the continuity of critical business processes.
- There is no current or pending legal action that will materially affect the Group's operations.
- The Group complies with all applicable legislation.

Key activities of the Board

(in relation to our material matters)

Beyond routine matters, below are some of the key activities of the Board and its committees during the year.

Our material matters	Key Board activities and decisions for FY 2023
Deliver outstanding person centred health and care	**Ethics, values and culture** Monitored: • The doctor credentialing process. • The implementation of the new clinical governance framework to identify, manage and minimise operational and clinical risks impacting patient safety in an additional four divisions (implemented in the Hospital Division in FY 2022). • Confirmed the effective functioning of the independent panel of doctors which conducts clinical peer reviews. **Corporate citizenship** • Approved the 20-year renewable energy agreement with NOA Group Trading to secure wind and solar renewable energy for six Eskom-supplied Netcare facilities by FY 2026. **Strategy and performance** • Kept abreast of engagements with private medical funders. • Reviewed the marketing strategy for, and launch of, the Netcare App. • Monitored the development of focused PCI reports for doctors. **Reporting and assurance** • Reviewed the quality of care outcomes for public reporting. **Risk and opportunity management** Reviewed: • The Group's initiatives to mitigate energy and water shortages and/or outage risks, including the Group's plans in the event of a complete failure of the electricity grid. • The enhanced clinical data models to monitor and inform improvements. • Kept abreast of engagements and developments on the nursing skills shortage.
Attract, retain and invest in employees and healthcare practitioners	**Ethics, values and culture** • Reviewed the progress of the #WeCare projects to embed compassion into the Group's culture. **Human capital attraction and retention** Reviewed: • The Group's learning and development initiatives to ensure they support the Group's skills need, individual career development and the creation of a diverse talent pipeline. • The action plans and progress against targets to address the areas for improvement highlighted in the 2022 Voice of OUR Employees engagement survey. • Monitored the Group's employee wellness initiatives. **Remuneration** Approved: • Higher salary increases for employees in non-managerial roles (salary adjustments above CPI) and lower salary increases for executives and senior managers (salary adjustments below CPI). Nurses also received higher salary adjustments. • The payment of annual professional registration fees for certain categories of employees. • The outcome of wage negotiations for FY 2023/24 and the settlement of the FY 2021 wage dispute.

1. *Personalised clinical information.*

Governance overview continued

Key Board activities and decisions for FY 2023

Our material matters

Collaborate with the public sector and civil society to extend access to quality health and care and accelerate transformation

Corporate citizenship

Reviewed:
- The Group's B-BBEE initiatives and workplace DEI[1] plans, considering the dtic[2] Codes and prevailing industry standards.
- The Group's participation in the YES4Youth initiative to develop unemployed young South Africans.
- The Group's community upliftment initiatives, including ESD[3] opportunities, disbursements to communities, clinical scholarships and the employment of persons with disabilities.

Remuneration

- Evaluated equal pay for work of equal value using the Group's reputable job grading system.
- Considered the draft amendments of the Companies Amendment Act, particularly the disclosure of the highest and lowest paid individuals in an organisation.
- Noted the related research and consultations conducted by BUSA[4], the National Economic Development and Labour Council, the King Remuneration Subcommittee and the IoDSA[5].

Recover and grow long-term profitability

Strategy and performance

Kept abreast of:
- Operational and capital expenditure and cash flow management.
- The contribution of each division to the Group's performance, including NetcarePlus and Netcare Diagnostics.

Approved:
- Management's working capital forecast for FY 2024.
- Dividend payouts and share buyback transactions, while ensuring that the criteria for solvency and liquidity were met.

Reporting and assurance

Approved:
- The appointment of external auditors, confirming their independence.
- The audit and non-audit fees of the external auditors.
- The use of the going concern basis of accounting for FY 2023.

- Reviewed a proposal to expand the combined assurance approach.

Risk and opportunity management

Reviewed:
- The Group's risk rating methodology.
- The results of control effectiveness reviews and the action plans to correct issues identified.
- The results of assessments to ensure that Netcare's internal financial, risk and governance controls are adequate and effective.

Digitisation and data

- Monitored the implementation of key digital and data projects and ensured that cost and schedule overruns were avoided.
- Oversaw interventions to manage cybersecurity, information management and data security.

Reviewed:
- The Group's disaster recovery plans.
- The results of a cyber risk assessment and cybersecurity alerts.

Compliance

- Kept abreast of upcoming changes to health policy.

1. *Diversity, equity and inclusion.*
2. *Department of Trade, Industry and Competition.*
3. *Enterprise and supplier development.*
4. *Business Unity South Africa.*
5. *Institute of Directors in South Africa.*

Key Board activities and decisions for FY 2023

Our material matters

Effective leadership and good business conduct

Ethics, values and culture

- Oversaw initiatives to raise awareness around the prevention of fraud, bribery and corruption.
- Noted guidance papers on anti-corruption and conflict of interest.
- Reviewed the findings of Internal Audit's investigations of incidents of alleged fraud and the measures taken to address incidents that were found to be valid.

Remuneration

Considered:

- The independent benchmarking results of executive directors' total remuneration and used this to inform the salary adjustments for the CEO and CFO for FY 2023/24.
- The proposed adjustments to non-executive directors' remuneration for FY 2024.

Approved:

- The award of incentives in line with the rules of the SIP[1], based on the achievement of targets and individual performance.
- The BSC for FY 2024, taking feedback from shareholders into account.

Board and executive succession

Reviewed:

- The composition of the Board committees and updated membership, where required.
- The succession plans for the Board and Executive Committee.
- The process to identify candidates for the position of CEO.

Compliance

- Noted the proposals of the Companies Amendment Bill relating to social and ethics committees, including their composition and reporting at AGMs.
- Kept abreast of regulatory developments that may create a risk exposure for the Group.
- Monitored the Group's compliance to privacy related regulation, the implementation of our privacy framework and employee training.

Reporting and assurance

Reviewed and approved:

- The Group's material matters, which form the basis for preparing the integrated and ESG reports.
- The 2023 integrated and ESG reports.
- The King IV-aligned remuneration report.
- The Group's annual financial statements.

Stakeholder inclusiveness

- Engaged with shareholders on the Group's remuneration policy and implementation.

Reviewed:

- Strategic initiatives relating to doctor engagement and patient feedback.
- Initiatives to improve patient experience and drive person centred health and care.

1. *Single Incentive Plan.*

Our context

Operating environment

A challenging economic environment and the impact on medical scheme membership

The IMF forecasts global growth for 2023 and 2024 to be 3.0%, remaining below the historical average (2000 to 2019) of 3.8%[1]. Tighter monetary policy to fight inflation continues to weigh on economic activity. Although global inflation is expected to fall from 8.7% in 2022 to 6.8% in 2023, the balance of risks to global growth remains tilted to the downside. Further shocks such as the intensification or spillover to other regions of geopolitical tensions, headwinds in China's real estate sector and extreme weather events could mean inflation remains uncomfortably high. Many economies in the developing world face weaker economic growth, making it harder for them to address major socioeconomic challenges.

Key takeaways

Growth outlook for SA

- The IMF projects a growth outlook of 0.9% for SA for 2023[2], while the SARB forecasts 0.7%[3] given that electricity supply constraints and poor freight performance have dampened economic activity and increased costs. This compares poorly to the average growth for emerging markets and developing economies of 4.0%. The SARB's GDP growth forecast[3] for 2024 and 2025 is likewise muted at 1.0% and 1.1%, respectively.
- The SARB expects headline inflation[3] for 2023 to average 5.9%, dropping to 5.1% in 2024 and reaching the midpoint of the SARB's target range of 4.5% in 2025.
- Currency weakness, El Nino weather conditions, food and fuel prices and utility tariffs remain threats to inflation.

Medical aid membership

- The soaring costs of living and the highest interest rate environment in 14 years continue to squeeze already beleaguered consumers, and together with heightened unemployment and reduced affordability across income segments, many existing medical scheme members are forced to 'buy down' to cheaper networks or discounted plans[4]. Without macroeconomic growth and job creation, this scenario is likely to continue.

Key for this section

Strategic pillars

- Consistency of care
- Disruptive innovation
- Transformation of our society
- Organic growth
- Integration
- Investment
- Environmental sustainability

Material matters

- Person centred health and care
- Employees and healthcare practitioners
- Collaboration to extend access to quality health and care, and transformation
- Long-term profitability
- Effective leadership and good business conduct

Link to top business risks

1	Economic environment and demand for private healthcare	PG 68
2	Funder regime	PG 69

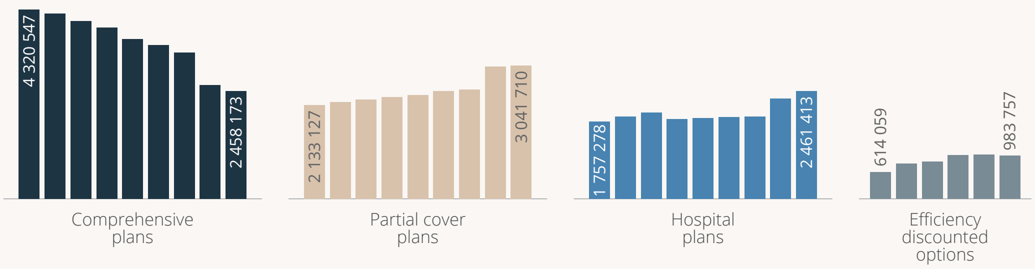
Stakeholders impacted

- Our patients
- Doctors and allied healthcare professionals
- Private medical funders
- Investors

Strategic pillars that respond to this context

1. IMF World Economic Outlook October 2023: Navigating Global Divergences.
2. IMF website: https://www.imf.org/en/Countries/ZAF.
3. SARB Monetary Policy Review October 2023.
4. Network options mean that using a hospital outside of the network requires a co-payment.

Buying down trend (number of beneficiaries)



In the graph above the trend for each category of plan covers 2013 to 2021 with the exception of efficiency discounted options which cover 2016 to 2021.

Source: CMS Industry Financial Performance, October 2023.

Network options

49% of medical scheme beneficiaries were on network options in 2022 compared to 30% in 2016.

The impact of increasing burdens of disease on healthcare affordability

SA's growing and aging population continues to fuel demand for healthcare, giving rise to an increasing disease burden. This places significant pressure on an already overburdened healthcare system, ultimately resulting in unaffordable and unsustainable healthcare costs for individuals and the state.

Key takeaways

Increased demand for healthcare and deteriorating risk pools

- Decreasing membership or increasing 'buying down' among younger and healthier scheme members alongside increasing elderly and unhealthier scheme members who fuel the demand for acute care, is creating a deteriorating risk pool where, over time, funders are faced with higher utilisation levels. This results in premium increases, which in turn impact the affordability and sustainability of medical schemes, and forces funders to seek lower cost healthcare models.
- Medical schemes remain financially sound with an industry solvency ratio of 47.2%[1].
- Less costly means of delivering healthcare are on the rise. They include outmigration (the trend of certain procedures migrating from inpatient settings to standalone day facilities and specialist in-room procedures enabled through developments in anaesthesia and surgery), home care and nurse-led primary healthcare consultations.
- The demand for mental health services continues to grow on the back of factors such as unemployment, violence, financial hardship and stress etc., and health risk factors in SA's population, such as obesity and non-communicable diseases, continue to rise.

Aging population

Within the next couple of decades, the median age in SA is expected to rise from 27.6 years to 31.0 years[2].

The pensioner ratio in SA has increased from 7.9% in 2016 to 9.3% in 2022. The average age of medical scheme members is 34 years[3].

Medical aid benefits paid

Total healthcare expenditure on benefits paid in 2022 increased to R224.1 billion, a 9.1% increase compared to 2021. The impact of the aging profile of medical scheme beneficiaries is notable[4].

Link to top business risks

2	Funder regime	PG 69
11	Competitor activity	PG 78

Stakeholders impacted

- Doctors and allied healthcare professionals
- Private medial funders
- Regulators and government

Strategic pillars that respond to this context

1. *Council for Medical Schemes Industry Financial Performance 20 October 2023.*
2. *Worldometer., 2019- Elaboration of data by United Nations, Department of Economic and Social Affairs, Population Division. World Population Prospects. www.Worldometers.info.*
3. *CMS Preliminary Industry Trends: Demographics and Benefits Paid.*
4. *Council for Medical Schemes Preliminary Industry Trends 2022.*

Operating environment continued

Critical shortage of specialists and nursing skills

The nursing shortage poses a severe risk to the quality of healthcare in SA, potentially leading to the closure of wards, theatres, primary healthcare clinics and hospitals across both the public and private healthcare sectors, if the situation remains unresolved. As SA's population grows and ages the imbalanced ratio between patients and healthcare practitioners worsens.

Key takeaways

Doctor shortage

- SA's doctor to population ratio is significantly lower than developing economy averages. Contributing factors include SA's limited capacity to train doctors (private medical schools are prohibited), an aging specialist population, the escalating cost of professional liability insurance for specialists, increasing rates of emigration and uncertainty around the implementation of the NHI.

Nurse shortage

- The rate of nurse retirements continues to outpace the rate of new nurses entering practise, and is exacerbated by the transition to higher education programmes, which is expected to bring about systemic changes to the nursing workforce.
- Between 2013 and 2022, the number of SANC[1] registered nurses and midwives grew by 4%, with 2% and 9% decreases in the number of enrolled and auxiliary nurses and midwives, respectively. Over the same period, SA's population grew by around 14%.
- Engagement with key stakeholders and regulatory bodies to unlock the barriers to increased nurse training numbers are ongoing, with some advances made in FY 2023.

Emigration

In FY 2023, around 15% of the 34 specialists who left our acute facilities had emigrated or relocated (FY 2022: 12%).

Nurse training

The private sector has previously trained around 5 000 nurses a year but is only accredited to train around 1 472 due to SANC's restrictions on student intake numbers. This aims to enable a smooth transition from legacy to new nursing qualifications[2], and is expected to increase after the next SANC meeting to be held towards the end of 2023.

Link to top business risks

4	Availability and quality of skills	PG 71
8	Delivering consistently outstanding person centred health and care	PG 75
11	Competitor activity	PG 78

Stakeholders impacted

- Our patients
- Our people
- Doctors and allied healthcare professionals

Strategic pillars that respond to this context

1. *South African Nursing Council.*
2. *SANC data as of July 2023.*

Digitisation and its impact on healthcare delivery

Satisfied patients feel more empowered to participate and take co-responsibility for their health and care, and also report receiving better care, both of which lead to improved overall outcomes. Digitisation in healthcare is crucial for a patient centric approach, assisting healthcare providers to streamline their operations to gain efficiencies, understand their patients' needs, and build loyalty and trust through a better patient experience.

While connectivity and digital transformation provide numerous benefits, they also give rise to increased cyberthreats, with cybercriminals holding organisations to ransom and leaking sensitive data – a pervasive global challenge. Closely linked to cybercrime and cybersecurity is the growth in data protection regulations globally, with organisations that process personal information required to continuously monitor and improve their data processing strategies.

Key takeaways

Patient centricity

- Digital technology is reshaping how patients interact and share their medical data with their doctors and healthcare providers.
- Technological innovation encompasses many aspects of healthcare from surgery (AI, surgical robots and 3D printing) to service delivery, product innovation and patient engagement models.
- The digital age in healthcare requires continuous upskilling of the workforce.

Data enablement

- Data analytics in healthcare is on the rise and will likely be focused on payer-provider analytics and delivering personalised care.
- As innovation around virtual care and EMRs advances and accurate data becomes more readily accessible, capabilities will be integrated, outcomes are likely to improve, prices will become more transparent and there will be a better understanding of care utilisation and cost trends.

Cyberthreats

- Breaches are becoming more complex with escalating magnitudes of reputational and financial impact. Ransomware with increasingly sophisticated malware and deployment mechanisms remains the primary area of concern globally.
- Phishing emails and malicious webpages are the most used methods employed by cybercriminals.

Improved patient experience[1]

Over 60% of consumers expect to be able to change or schedule a healthcare appointment, check medical records and test results, and renew a prescription online.

Satisfied patients who use patient centric models report having 36% fewer visits, are 28% less likely to switch healthcare providers and are five to six times more likely to use other services from the same healthcare provider.

Link to top business risks

4	Availability and quality of skills	PG 71
7	Cybercrime and cybersecurity	PG 74
8	Delivering consistently outstanding person centred health and care	PG 75
9	Implementation of the digital and data strategies	PG 76
11	Competitor activity	PG 78

Stakeholders impacted

- Our patients
- Our people
- Doctors and allied healthcare professionals
- Private medical funders
- Investors

Strategic pillars that respond to this context

1. McKinsey & Company (May 2022): 2021 McKinsey Provider Customer Experience Survey (n = 3 311).

Operating environment continued

A difficult social context plagued by poverty and inequality

SA's GDP per capita has been deteriorating since 2011[1], limiting government's ability to address growing social and development needs and worsening the already glaring income and wealth inequality. Social cohesion has been eroded by little improvement in high levels of unemployment, poor service delivery from municipalities, endemic corruption, ongoing political and policy uncertainty, high inflation and interest rates, the poor state of key infrastructure essential to a functioning economy, weak education and healthcare systems, and crippling power cuts.

Key takeaways

Social cohesion

- SMMEs face administrative burdens, discouraging operational expansion and therefore limiting job creation.
- As government departments implement fiscal consolidation measures throughout 2024, the delivery of services to the vulnerable may come under further threat.
- Attempts to reduce inequality have not realised tangible results, resulting in social tension amid high poverty, and heightening the risk of civil unrest and disorder.
- Far-reaching structural reform is needed to improve and boost economic growth and requires decisive, ethical and courageous leadership.

Large disparities in accessibility and quality of care

- SA's current two-tier healthcare system does not sufficiently cater for good quality healthcare for all, precluding the poor and those without medical aid from accessing many health professionals, services and facilities. The NHI Bill (adopted by the National Council of Provinces on 6 December 2023) and other legislation aim to redistribute healthcare resources more equitably across SA, although the Bill as it stands is problematic.
- Making healthcare more accessible to all South Africans requires collaborative planning and resourcing, and constructive engagement between the public and private sectors.

Unemployment

SA's official unemployment rate marginally improved to 32.6% in the second quarter of 2023 (first quarter: 32.9%). The youth and women are the most impacted.

Youth unemployment (jobseekers between 15 and 24 years old) for the same period was 60.7%, 1.4% lower than the first quarter[2].

Link to top business risks

6	Failing state and civil unrest	PG 73
10	Sector regulations	PG 77

Stakeholders impacted

All stakeholders and society

Strategic pillars that respond to this context

1. https://www.macrotrends.net/countries/ZAF/south-africa/gdp-per-capita.
2. Statistics South Africa's Quarterly Labour Force Survey.

Resource availability hampered by dysfunctional infrastructure and climate change

For more than a decade, SA has been subjected to load shedding with dire impacts on the economy, households and, in particular, small businesses. Load shedding remains one of the single biggest constraints to SA's economic growth. SA's aging and fragile municipal water infrastructure fares no better, plagued by insufficient maintenance and investment, deteriorating water quality and a lack of skilled water engineers.

Six climate and environmental risks feature in the top ten risks of the WEF Global Risks Report for 2023; risks for which the world is seen to be the least prepared. The concentration of carbon dioxide in the atmosphere is the highest in human history, with 2015 to 2022 being the eight warmest years in recorded history[1]. Without significant policy change or investment, climate change impacts will threaten natural resources, food supplies and livelihoods, and amplify natural disasters.

The Intergovernmental Panel on Climate Change[2] is clear in its findings that climate induced changes in water cycles and drought will increase across Southern Africa over the next decade. The design of SA's water system is insufficient to meet increasing demands and is vulnerable to the impacts of climate change. As a water-scarce country, the need to solve the looming water shortages in SA must be addressed over a much shorter period than that applicable to climate change mitigation. Water shortages create the risk of water-borne disease outbreaks, resulting in an increased need for healthcare. The cholera outbreak in Tshwane, which claimed more than 30 lives in 2023, is a clear example.

Key takeaways

Climate change

- Climate change models project that SA will receive less rainfall in the future. Water shortages are a concern for the Western Cape region and Nelson Mandela Bay, the latter being in need of critical intervention.
- At present, SA uses 98.6% of the total available national water supply. Over the next 20 years, it is expected that the supply of water will increase by roughly 24% while demand will rise by 25%[3].
- Modern healthcare is a major emitter of environmental pollutants and a significant contributor to GHG emissions[4].

Deteriorating infrastructure

- 2023 has been the worst year for load shedding yet. Eskom's aging fleet had an average EAF[5] of 54.6% at October 2023 compared to the average of 58.1% for 2022 and 61.7% for 2021 – when the EAF declines, less power is available, which typically leads to load shedding[6]. For Eskom to not be a binding constraint on GDP growth, the average EAF needs to be about 70%[7].
- The Electricity Regulation Amendment Bill, published for comment, is important as it is set to reshape and unlock SA's electricity market, providing for additional electricity, new generation capacity and electricity infrastructure, and an open market platform for competitive electricity trading.
- The full benefits of large-scale private sector investment in alternative energy generation will likely materialise over the next three to five years[8].
- Water cuts have already been implemented in Gauteng and Nelson Mandela Bay with warnings of increased water disruptions for Johannesburg, Pretoria and Ekurhuleni.

Public health

The WHO estimates that without mitigating strategies, climate change-related deaths could be around 250 000 per year between 2030 and 2050 (from undernutrition, malaria, diarrhoea and heat stress alone) as well as direct damage costs to health totalling between USD2 billion and USD4 billion each year by 2030[9].

In September 2021, more than 200 health journals published an editorial calling for urgent action to tackle the 'catastrophic harm to health' caused by climate change[10], an indication of the ever-growing consensus that climate change is the greatest threat to global public health.

Link to top business risks

3	Availability of electricity supply	PG 70
5	Water security	PG 72
8	Delivering consistently outstanding person centred health and care	PG 75

Stakeholders impacted

- Our patients
- Our people
- Doctors and allied healthcare professionals
- Society

Strategic pillars that respond to this context

1. World Meteorological Organization: Past eight years confirmed to be the warmest on record: January 2023.
2. The United Nations body for assessing the science related to climate change.
3. GreenCape 2023 Water Market Intelligence Report.
4. Health Care Without Harm, Healthcare's climate footprint, 2019.
5. The energy availability factor percentage indicates what proportion of Eskom's power stations are generating power relative to its total installed capacity.
6. Council for Scientific and Industrial Research Statistics on power generation in South Africa for 2022.
7. Chris Holdsworth, Chief Investment Strategist at Investec Wealth & Investment.
8. SARB Monetary Policy Review October 2023.
9. WHO Climate Change Fact Sheet: 12 October 2023.
10. BMJ Public Health: https://doi.org/10.1136/bmj.n2177.

Quality of care in the context of SA's quadruple burden of disease

Providing the best and safest person centred care requires us to consistently deliver best clinical outcomes, in line with the *Quadruple Aim*. Measuring and monitoring our clinical performance shows us where we are succeeding, and where we need to improve. We also conduct clinical data modelling of conditions and procedures, which enables us to track clinical outcomes.

We drive improved performance against our quality of care measures through interventions designed to achieve the best outcomes for our patients. However, many interventions that relate to these prevalent medical conditions drive positive outcomes that extend beyond our patients and healthcare practitioners, to benefit society more broadly.

As such, in line with our focus on a particularly relevant feature of our operating context, which in the last three years dealt with managing the COVID-19 pandemic, this year we consider consistency and quality of care through the lens of SA's quadruple burden of disease. These burdens exacerbate pressure on an already overburdened healthcare system and contribute to unaffordable and unsustainable healthcare costs for individuals and the state.

Specifically, we have structured our quality of care reporting in this year's integrated report around two of the four most critical health burdens in SA: maternal and child health, and injuries and violence. In coming years, we will broaden our coverage of the conditions most relevant to our healthcare context, particularly the additional disease burdens of non-communicable diseases and diseases of lifestyle, and communicable diseases, such as HIV/AIDS and tuberculosis.

Quality of care reporting is deployed extensively across the Group, from detailed internal reporting to monitor performance and inform improvement initiatives, to quality reports for private medical funders and our public reporting. The measures reported here are a summarised selection of measures relevant to the health burdens specified.

Quality of care: PG 16 of the __quality report__ and on our __quality of care website__.

The measures we report on are determined through a rigorous and transparent process, aligned with international and local standards of quality of care reporting, and in accordance with good data science practice. In line with quality measurement practice, we focus on self-improvement over time. Benchmarks are used when there is sufficient information and context to make valid comparisons. It should be noted that comparability in quality of care measurement is notoriously difficult due to differences in operating models, variations in definitions applied between healthcare providers, and challenges with the adequacy of case mix adjustment.

Burden of disease focus: maternal and child health

Reducing preventable maternal and neonatal mortality and morbidity is a global priority and a key objective of health policy in SA[1]. While there have been steady gains in reducing this disease burden, rates remain well above national and international targets[2]. We work continuously to improve maternal and child health outcomes at Netcare facilities, informed by robust data collection which provides the insights we need to drive improvement.

Netcare's integrated approach to supporting maternal and child health is informed by the Mother Baby Friendly Initiative (MBFI); and the local implementation of the WHO's Baby Friendly Hospital Initiative (BFHI). The MBFI places at its centre the protection, promotion and support of breastfeeding and sets out specific interventions in this regard. MBFI principles inform our initiatives to achieve the best outcomes for mothers and their babies.

We also reference VON[3], an independent, international platform that allows us to benchmark the performance of our neonatal ICUs. Netcare contributes data to VON on all babies admitted to our neonatal ICUs, including very low birthweight babies (VLBWs)[4]. These data are used to drive quality improvement, educate our employees and advance research on the quality, safety and value of care for newborns and their families. Quality improvement at every hospital is important as it supports Netcare's commitment to consistency in quality of care outcomes, and national efforts to reduce this disease burden.

1. *South African Department of Health: South African maternal, perinatal, and neonatal health policy, published 21 June 2021.*
2. *Odendaal, W. et al., 2022. Early reflections on Mphatlalatsane, a maternal and neonatal quality improvement initiative implemented during COVID-19 in South Africa. Global Health: Science and Practice, 10(5).*
3. *Vermont Oxford Network.*
4. *Babies with a birthweight 500 to 1 500 grams.*

Initiatives to promote best outcomes

	Why it is important	How we achieve it	How we measure it[1]
Breastmilk for newborn babies	• Breastfeeding remains the gold standard in neonatal nutrition, given breastmilk's immunological benefits for all babies and, more importantly, for at-risk babies admitted to neonatal ICU. • For babies without access to their mother's own milk, donor breastmilk is preferred over alternatives.	• Educating our employees and new mothers on the importance of breastfeeding. • To help mothers achieve successful lactation we assist and teach them how to express their breastmilk within one hour of delivery. When this practice is routinely implemented, successful lactation increases. • We operate five Netcare Ncelisa human milk banks with 35 collection points for mothers to donate excess breastmilk. This milk is provided free of charge to public and private hospitals. • Donor breastmilk is tracked from donor to patient, recording all details relevant to matching age-appropriate donor breastmilk to recipient babies.	**37.4%** of neonatal ICU babies discharged on breastmilk only. CY 2021[2]: 47.8% CY 2020: 47.3% VON 2022 benchmark: 21.6% **670** babies fed with donor breastmilk. FY 2022: 649 FY 2021: 698
Reducing necrotising enterocolitis (NEC) rates	• NEC is a serious disease of the inner lining of a baby's gut and has a high mortality rate. It is more common in very sick or preterm babies.	• Babies fed on breastmilk only are less likely to develop NEC. • We actively monitor for the risk and early signs of NEC so that we can act early to reduce the incidence of this disease. • We focus on two processes that can reduce NEC rates: improving neonatal resuscitation, which improves oxygenation to all organs, and maintaining normal temperature, which improves oxygen delivery to the bowel.	**1.0%** of newborns admitted to neonatal ICU developed NEC. CY 2021: 2.2% CY 2020: 2.4% VON 2022 benchmark: 1.0%
Maintaining a normal temperature for newborn babies	• Neonatal hypothermia is associated with higher mortality and morbidity. Maintaining a neutral thermal environment is therefore an essential component of improving a baby's clinical outcome.	• We benchmark our admission temperatures against VON, and have a quality improvement plan to increase the number of babies who maintain a normal temperature within the first hour of birth.	**63.3%** of babies maintained a normal temperature (36.5°C to 37.5°C) within the first hour of admission to neonatal ICU. CY 2021: 59.6% CY 2020: 58.0% VON 2022 benchmark: 74.0%

1. Only a selection of measures are included here. See the ***quality report*** *for comprehensive measures.*
2. VON measures are reported as calendar year. All other measures are reported per Netcare's financial year.

Quality of care continued

Initiatives to promote best outcomes continued

	Why it is important	How we achieve it	How we measure it
Reducing late infections[1] in VLBW babies	• Preterm – especially VLBW – babies are extremely vulnerable to acquiring infections due to the immaturity of their immune systems. • Invasive technological measures required for survival and the neonatal ICU environment also increase infection risk.	• Early identification and effective treatment of an infection contributes to better outcomes. We monitor which micro-organisms are causing infections so that we can be responsive in our care and improvement initiatives.	**15.4%** of babies with a positive microbiology culture from directly sampled cerebrospinal fluid or blood for VON defined pathogens. CY 2021: 18.2% CY 2020: 12.0% VON 2022 benchmark: 11.5%
Screening newborn babies' hearing	• An estimated four to six in every 1 000 children in SA are born with, or develop, hearing loss within their first weeks of life, which if undiagnosed can impact developmental outcomes.	• Our Universal Newborn Hearing Programme (UNHS), in partnership with children's charity HI HOPES, screens the hearing of babies born at 35 Netcare hospitals.	**85.5%** of newborn babies were screened for hearing with 12.3% referred for a second test. FY 2022: 83.4% and 15.6% referred FY 2021: 80.1% and 15.3% referred

1. *Infections acquired after three days of life.*

Other activities linked to strategy

Person centred

- The sound of a parent's voice provides reassurance for babies in neonatal ICU, in addition to being an essential part of bonding and neurodevelopment. Archie's Archives, launched in August 2023 by the Hein family in memory of their son Archie, provides sealed bundles of gifted books to encourage parents to read to their babies during their time in neonatal ICU.
- Our employees encourage new mothers and fathers to maintain prolonged skin-to-skin contact with their newborns to facilitate bonding. Physical contact promotes positive health outcomes for babies, such as supporting milk production, stimulating digestion and regulating temperature[1]. Netcare participates in the annual kangaroo-a-thon, an initiative that encourages the promotion of skin-to-skin bonding, and in 2023 was placed 8th out of 40 countries as the only South African team that participated.
- We take a compassionate approach in the unfortunate event that a newborn does not survive. All maternity, paediatric and emergency department staff receive bereavement training, giving them the necessary skills, knowledge and ability to help families through their loss.

Digitally enabled

- UNHS screeners capture data via the Hi-Five Netcare UNHS app, which supports the UNHS process through data management, and monitoring the follow-up of any newborn referred for further care and ultimately diagnosed with hearing loss.
- Ncelisa uses a comprehensive digital milk banking model that was developed using local expertise. Its database provides immediate information about all donors, milk and recipients. This process has been informed by proposed legislation that outlines the need to track and trace milk from donation to administration.

Data driven

- The rate of data capture in our neonatal ICUs is high, directly contributing to the implementation of quality improvements.
- Our clinical data show that earlier delivery via caesarean section is associated with higher rates of neonatal ICU admission. A key opportunity for intervention is therefore to encourage delivery at 39 and 40 weeks. This is in line with the recommendations of the American College of Obstetricians and Gynaecologists and National Institutes of Health recommendation. It also serves to improve efficiency and reduce length of stay, which aligns with the interests of funders.

Netcare Ncelisa Human Milk Bank programme

Netcare established the Ncelisa Human Milk Bank programme in 2017, to provide premature and medically vulnerable babies with safe donor breastmilk, including colostrum.

Donor breastmilk is however a scarce resource. Increasing the number of donors and growing our milk bank footprint in both the private and public sectors is therefore a key area of focus. We target a donor recruitment rate of 5% within all our maternity wards. We also donate a proportion of processed milk to hospitals in the public sector. Our target is that one third of recipients should be public sector patients. In FY 2023, this proportion was 29%.

Plans are underway to provide Rahima Moosa Mother and Child Hospital with a milk bank. By replicating the success of our existing five milk banks we believe we can increase our donor pool at that site. Ultimately, this will increase the volumes of milk processed, thereby increasing the number of babies who can receive donor breastmilk.

Quarterly audits on milk bank processes and quality assurance post-pasteurisation help to ensure patient safety. We also measure donor satisfaction through a survey, which at 98.6% for FY 2023 is extremely favourable and indicates a high likelihood of respondents donating again with their next pregnancy.

1. Skin-to-skin contact - Baby Friendly Initiative (unicef.org.uk).

Quality of care continued

Burden of disease focus: injuries and violence

In SA, physical trauma due to injury and violence places a major burden on health infrastructure. Leading causes include interpersonal violence, road accidents and suicide, affecting predominantly the younger and most productive segments of society. Non-natural causes account for 53% of deaths in persons aged 20 to 39 years[1].

Netcare applies an integrated trauma system approach which encompasses all aspects of trauma, from prevention to post-rehabilitation. The goal of trauma systems is to decrease the risks and burden of injury to individuals and society. The effectiveness of our approach is demonstrated in its impact on survival rates. Netcare data have shown that Priority 1 (P1) trauma patients with the most severe physical injuries have a 76% reduction in their mortality rate when treated at Trauma Society of South Africa Level I accredited trauma centres.

Initiatives to promote best outcomes

	Why it is important	How we achieve it	How we measure it
Timeous treatment	• The time between sustaining an injury and receiving appropriate care is recognised as the most important predictor of survival.	• Our Emergency Operations Centre and the Netcare App are able to determine the exact location of the caller. • We work to reduce system lags that could delay resource allocation. • Our digitally enabled data platforms monitor and assess the service provided, including the time taken to reach P1 patients.	**19.4** minutes response time for P1 patients between receiving the call to the first EMS[2] responder arriving on scene[3].
Most severe physical trauma	• The accurate assessment of a patient's level of trauma increases their prospects for survival. P1 is a classification used for patients with critical and life threatening injuries.	• We accurately assess patient trauma status and capture clinical and destination information so that we match the needs of the patient to the facility with the necessary specialists and technologically advanced equipment to deal with their trauma case. • We determine whether helicopter EMS are required (considering survivability, fastest route, distance etc.). • Telemetry enabled monitors allow treating crews to transmit a patient's clinical information to the receiving facility during transport, to prepare emergency departments in advance. • We operate four Level I trauma centres. • We provide EMS for indigent patients who arrive at our hospitals presenting as emergency cases. These patients are stabilised and transferred to a state facility as and when a bed at one of these facilities becomes available.	**51.5%** of polytrauma patients with a shock score >1 transported to accredited Level I or II trauma centres[6]. FY 2022: 57.3% FY 2021: 51.7% **68.0%** of patients with an ISS[7] >15 transported via helicopter EMS to accredited Level I trauma centres. FY 2022: 55.0% FY 2021: 51.3% **32.7%** of patients with an ISS >15 treated at accredited Level I trauma centres. FY 2022: 39.0% FY 2021: 53.2%
Most appropriate facility	• P1 patients transported to the most appropriate facility have better prospects for survival. • We aim to transport P1 patients (often with multiple injuries) to hospitals with Level I or II accredited trauma centres[4]. Level I trauma centres[5] are equipped to handle the most severe and highest volume of cases.		
Specialised physical rehabilitation	• Functional recovery from traumatic injury often requires specialised rehabilitation programmes to enhance functional abilities and optimise levels of independence.	• The multi-disciplinary approach at Netcare Rehabilitation Hospital is ideally suited to polytrauma patients, offering programmes uniquely formulated to cater for a person's specific needs, depending on the injury and how it impacts their everyday activities.	**7.28:** the average weekly improvement in everyday activities (Beta) score. FY 2022: 8.71[8] FY 2021: 8.25

1. *The third Injury Mortality Survey: A national study of injury mortality levels and causes in South Africa in 2020/21, p. 22.*
2. *Emergency medical services.*
3. *Previously reported as median response time for all patients.*
4. *As accredited by the Trauma Society of South Africa.*
5. *See the quality report for a description of trauma centre levels I to IV.*
6. *This measure is for all P1 patients transported by Netcare 911, whether to a Netcare or other facility. Other facilities may have the necessary specialists and equipment required to treat such patients but are not accredited and therefore are not reflected in this measure. This may explain the deterioration in performance for FY 2023. In FY 2024, this measure will be revised to only include those patients transported within the Netcare ecosystem, where accurate trauma accreditation levels are available.*
7. *Injury severity score.*
8. *Restated due to more data becoming available after the 2022 reporting period ended.*

Other activities linked to strategy

Person centred

- Netcare 911 provides patients with their Summary of Care report (treatment report), accessible on the Netcare App.
- Pain is managed during transport and at emergency departments. Timely pain management contributes to a better patient experience and quality of care.
- Netcare 911 sends an online survey to patients to gauge their perception of care. The response rate is low but still valuable.
- Given the severe consequences for physical and psychological health of gender-based violence, Netcare Sexual Assault Crisis Centres provide healthcare and medicolegal services to survivors of sexual assault free of charge.

Caring for the health of our communities: PG 108 of the ***ESG report****.*

Digitally enabled

- Netcare 911 operates a highly advanced Emergency Operations Centre capable of locating people in distress, tracking vehicles and providing paramedics with real-time support using video streaming.
- The Netcare App includes an EMS contact button and 60-second callback option which immediately provides the caller's location, as well as an ambulance tracker that provides regular updates on estimated time of arrival.

Data driven

- We have implemented an outcomes-based database in SA – the biggest for trauma and emergency care in Africa with over 5.3 million entries to date – which underpins our benchmarking and learning culture and ensures a high standard of governance and accountability for quality care.
- Netcare 911's vast amount of data in varying areas of emergency care provides an opportunity for research into pertinent topics of value to the field more broadly. We have entered into agreements with universities to allow facilitated access to anonymised data. Where feasible, research results and recommendations are considered and implemented by Netcare 911.

NetcarePlus

NetcarePlus accident and trauma cover is an affordable solution for access to private healthcare in the event of traumatic injury. It provides unlimited cover for emergency medical treatment, spanning transport; intensive care, surgery and general ward costs; outpatient treatment as well as a family care benefit and a dedicated care coordinator to provide support.

Related information

New business development: PG 152.

Our stakeholders

Strong stakeholder relationships support our purpose to deliver the best and safest care.

Meaningful and sufficiently frequent engagement with our stakeholders affords us the opportunity to ensure that our strategy and business activities create and preserve value for them and for Netcare by providing for their needs, expectations and interests. It also enables us to respond to any risks that may impact on the quality of our stakeholder relationships (value erosion). Our digital transformation continues to reshape how we engage. As we start to operationalise our digital and data enablement strategy, our engagement with our patients becomes progressively more person centred, empowering them to partner with Netcare and their doctors in the management of their health and care. In addition, insight from data analytics will enable us to provide all our stakeholders with more accurate and relevant information on which they can base their decisions about Netcare.

Stakeholder inclusivity: PG 35 of the shareholder report.

Our patients

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

Our people

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

Doctors and allied healthcare professionals

Doctors:
independent specialists across all clinical disciplines, including physicians, surgeons, GPs, psychiatrists, anaesthesiologists, radiologists, dentists, nephrologists, pathologists and other specialists.

Allied healthcare professionals:
psychologists, radiographers, dental hygienists, occupational therapists, physical therapists etc.

Private medical funders

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

Our suppliers

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

Regulators and government

Authorities that regulate healthcare providers, funders and the sector.

Investors

Shareholders and the investment community.

Society

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

Our patients

Compassionate engagement with our patients and their loved ones, and providing them with the information and the tools they need to participate in their journey to health, form the foundation for establishing life-long relationships with our patients. This, in turn, supports our strategic priority to grow market share.

Engagement

How we engage

- Person centred care teams.
- Digital PFS[1] (quantitative and free-text responses).
- Summary of Care reports.
- CareNet (complaint management system) with dashboards refreshed every 30 minutes for every hospital.
- MyNetcare Online (patient portal).
- Various digital initiatives that enhance patient experience and perception of care (Netcare **appoint**med™, online pre-admissions and the Netcare and National Renal Care mobile apps).
- Patient focus groups and listening forums.
- NetcarePlus service centre and outsourced call centres.
- 'ONE Netcare' website and social media platforms.

Their needs, expectations and interests

- High-quality, safe healthcare.
- An excellent patient experience.
- Competent and professional healthcare practitioners.
- Advanced medical equipment.
- Post care event and discharge information.
- Affordable healthcare services.
- Ability to treat patients across the distribution of medical scheme network options.
- Data privacy and protection of highly sensitive personal data.
- High levels of medical ethics from all healthcare practitioners.
- The ability to operate without disruption to care caused by utility or service disruptions during municipal infrastructure failures or load shedding.

Value creation, preservation or erosion

Strategic pillars that create value for our patients

How we create value

SRC HIC MC FC

- Access to experienced and dedicated doctors.
- Cutting-edge medical technology and specialised centres of excellence.
- Continuous care supported by our environmental sustainability strategy to secure the supply of energy and water at our facilities.

HIC

- Care provided by skilled and caring nurses, and interactions with compassionate employees.
- High-quality clinical procedures and processes.
- Enhanced patient safety based on digitised health and care (predictive and preventative), and minimised risk of medication-related errors.

Reported metrics that measure the value impact

- Net gain of specialists.
- Patient reported experience measures.
- Nurse compassion score.
- Satisfaction with hospital stay score.
- Quality of care measures published.
- ISO 9001:2015 certification.
- Investment in digitisation.
- Netcare **appoint**med™ calls.
- Non-emergency online pre-admissions.
- Registered users on the Netcare App and National Renal Care App.
- Investment in environmental sustainability.

Material matters

Risks that can impact the quality of these relationships

Funder regime, electricity supply, quality of skills, water security, cybercrime and cybersecurity, delivering outstanding person centred health and care, implementing the digital and data strategies, sector regulations.

Our response

This report	Detailed disclosure online
Our patients: PG 108	*Quality report*
Doctor partnerships : PG 118	
Our people: PG 135	*ESG report: PG 70*
Privacy and cybersecurity: PG 150 and 151	*Netcare's privacy policy*
NetcarePlus: PG 153	
Environmental sustainability: PG 161	*ESG report: PG 38*

1. *Patient feedback surveys.*

Our stakeholders continued

Our people

Effective employee engagement encourages innovation, critical thinking, proactiveness, continuous development and life-long learning to motivate and equip our people to deliver our strategic priorities. It also helps us assess the lived experience of our people at Netcare so that we can implement targeted programmes that enhance the Group as an employer of choice in an environment of fierce competition for skills.

Engagement

How we engage

- Employee engagement surveys.
- Onsite Workplace Transformation Committees.
- Employee wellbeing programme and employee wellbeing days.
- Leadership in Touch Forums.
- Our online diversity and inclusion programme.
- Care4YOU programme to drive compassion.
- Change management interventions.
- Contract and annual salary negotiations and national consultative forums with trade unions.
- Confidential SHOUT Line to report racism, sexism, discrimination, harassment and human rights violations.

Their needs, expectations and interests

- A safe, caring and supportive working environment.
- Assistance with high levels of stress and burnout.
- Appropriate remuneration, reward and recognition.
- An inclusive and representative workplace with equal opportunities for development and career advancement.
- Trusted and supportive leadership.
- Fair labour practices.
- Access to systems for reporting unethical behaviour.
- Trade unions: Netcare's financial position, funder relations, the impact of load shedding, employee wellness, digitisation and medical benefits.

Value creation, preservation or erosion

Strategic pillars that create value for our employees

How we create value

HIC

- A caring and values-based culture that meaningfully encourages, recognises and rewards outstanding contributions to Netcare.
- Career advancement and other opportunities to improve professional development.
- Improved nursing models in intensive care and high care units, theatres and wards.
- Upskilling to digitally enabled ways of working.
- A safe clinical environment supported by comprehensive employee wellness programmes.

SRC HIC

- Transparent and proactive relationships with employee representatives.

Reported metrics that measure the value impact

- Salaries paid.
- Compassion training.
- Representation of black people, women and people with disabilities in the workforce.
- Uptake of counselling interventions.
- Training and development interventions and the number of employees trained.
- Training and development spend.
- Employee grievances.

Material matters

Risks that can impact the quality of these relationships

Electricity supply, quality of skills, water security, failing state and civil unrest, cybercrime and cybersecurity, delivering outstanding person centred health and care, implementing the digital and data strategies, competitor activity.

Our response

This report	Detailed disclosure online
Governance overview: PG 35	*Shareholder report (governance): PG 4*
Remuneration overview: PG 95	*Shareholder report (remuneration): PG 38*
Society: PG 128	*ESG report: PG 92*
Our people: PG 135	*ESG report: PG 70*

Doctors and allied healthcare professionals

Doctors, and particularly specialists, play a crucial role in attracting patients to our facilities and are therefore a key driver of revenue and organic growth. Effective engagement with doctors and allied healthcare professionals ensures that we provide an attractive value proposition that meets their needs and builds strong collaborative relationships, ultimately benefiting our patients.

Engagement

How we engage

- **Hospital Division:** various structures that support the sharing of information on quality of care such as PCI tools[1], events that focus on specific topics and new developments, and well-established Physician Advisory Boards.
- **Netcare Akeso:** clinical governance engagements.
- **Primary Care Division:** Netcare Medicross Managing Practitioners Forum, quarterly Medical and Dental Practitioners Association meetings, engagement surveys etc.
- **National Renal Care:** national relationship manager.
- **Online platforms:** online doctor portal, Netcare **appoint**med™ and VirtualCare (telehealth platform).

Their needs, expectations and interests

- Netcare's inclusion in restricted provider networks.
- Qualified and experienced nurses.
- Regular and transparent communication.
- Marketing of doctor services.
- Cutting-edge medical equipment, advanced technology, well maintained medical equipment and facilities, and advanced treatment protocols.
- Clinical leadership and shared accountability.
- Continuous professional development.
- Enterprise development support.
- Uninterrupted supply of electricity and water.

Value creation, preservation or erosion

Strategic pillars that create value for doctors and allied healthcare professionals

How we create value

SRC HIC

- A world class quality management system and excellent nursing.
- Digitised hospitals that provide remote access to patients and one source of patient information to aid shared decision-making.
- Our inclusion in restricted provider networks.
- Access to training and educational platforms that support continuous professional development.

SRC HIC MC

- Clinically advanced and appropriate medical equipment, consumables and pharmaceuticals.
- Environmental sustainability strategy to secure the supply of energy and water at our facilities.
- Optimal facility infrastructure.

Reported metrics that measure the value impact

- Doctors who would recommend Netcare.
- Personalised clinical information reports.
- Our digitisation progress.
- Representation of black doctors.
- Initiatives that support professional development.
- Doctor scholarships.
- Investment in new medical equipment.
- Investment in expansionary projects.
- Spend on maintenance and repairs.
- CSI in doctor training.

Material matters

Risks that can impact the quality of these relationships

Funder regime, electricity supply, quality of skills, water security, cybercrime and cybersecurity, delivering outstanding person centred health and care, implementing the digital and data strategies, competitor activity.

Our response

This report	Detailed disclosure online
Doctor partnerships: PG 118	Quality report
Digital transformation and data: PG 146	
Manufactured capital: PG 155	ESG report: PG 38

1. *Personalised clinical information tools that support one-on-one engagement with doctors.*

Our stakeholders continued

Private medical funders

Our relationships and engagements with funders allow us to present competitive proposals to secure our participation in network opportunities, which in turn, enables us to preserve and grow patient volumes and attract and retain doctors.

Engagement

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.

Their needs, expectations and interests

- Measurable quality of care, safety and patient experience outcomes.
- Cost-effective care: efficiency and optimisation improvement initiatives.
- Utilisation trends.
- Participation in scheme options with restricted hospital networks.
- Value-based care contracting.
- A balanced service offering to satisfy member needs.
- Combatting medical fraud.

Value creation, preservation or erosion

Strategic pillars that create value for funders

How we create value

HIC

- Experienced nursing care.
- Efficient quality outcomes.
- Our focused clinical improvement projects.
- Appropriate utilisation and cost containment achieved through consistency of care and data application.
- Shared risk contracting models through alternative reimbursement and value-based contracting.

SRC HIC

- Access to our quality of care data.
- Collaboration on common objectives to achieve quality healthcare outcomes and world class healthcare for their members and their members' families.

Reported metrics that measure the value impact

- Quality of care measures:
  - Patient experience scores.
  - Improvement in quality measures.
  - Improvement in cost efficiency measures.
- Clinical and efficiency data modelling.

Material matters

Risks that can impact the quality of these relationships

Economic environment and demand for private healthcare, funder regime, delivering outstanding person centred health and care, sector regulations, competitor activity.

Our response

This report

Our patients: PG 108
Private medical funders: PG 123

Detailed disclosure online

Quality report

Suppliers

Our suppliers are a key underpin in four of our strategic priorities: consistency of care; our digital journey; the diversification of our supply chain; and our environmental sustainability strategy. Engagement takes place on the procurement of products and services that most cost effectively meet our demand and quality requirements as well as on ESG-related aspects. Regular engagement also keeps us abreast of any potential supply chain risks that may impact the quality of care.

Engagement

How we engage

- Review meetings with key suppliers (quarterly) and strategic commodity suppliers (monthly).
- 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.
- Online supplier surveys.

Their needs, expectations and interests

- Supply chain diversification, including preferential procurement with B-BBEE compliant and black-owned suppliers.
- Enterprise and supplier development support.
- Procurement from local suppliers to support their sustainability and growth.
- Collaboration to reduce the environmental impact of the value chain.
- Automation of the procurement cycle to enhance efficiencies.
- Fair and transparent negotiations.
- Timeous payment of invoices.

Value creation, preservation or erosion

Strategic pillars that create value for suppliers

How we create value

SRC

- Fair, diligent and transparent tender adjudication and review processes.
- Negotiated contractual terms that support supplier businesses.
- Preferential procurement practices and ESD[1] initiatives aimed at advancing black businesses.

Reported metrics that measure the value impact

- Number of suppliers.
- Black-owned supplier representation.
- Total procurement spend.
- Measurable procurement spend as per the dtic[2] Codes.
- Spend with B-BBEE compliant suppliers.
- Investment in ESD.

Material matters

Risks that can impact the quality of these relationships

Economic environment and demand for private healthcare, failing state and civil unrest, cybercrime and cybersecurity, delivering outstanding person centred health and care.

Our response

This report	Detailed disclosure online
Suppliers: PG 125	*ESG report: PG 103*

1. *Enterprise and supplier development.*
2. *Department of Trade, Industry and Competition.*

Our stakeholders continued

Regulators and government

Engagement with regulators ensures that we comply with all relevant healthcare regulations and maintain our operating licences. Good relationships are critical to effectively collaborate on health policy matters that serve the best interests of South Africans. Engagement with policymakers mostly focuses on structural barriers to healthcare access for SA's people and how Netcare can contribute to solutions to solve these issues.

Engagement

How we engage

- Direct engagement and engagement through our 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.

Their needs, expectations and interests

- Finding solutions to the nursing skills shortage.
- Competing demand for doctors.
- Addressing the increasing pressure on the public healthcare system.
- Addressing the cost of and access to quality healthcare.
- The private healthcare sector's role in providing sustainable universal healthcare.
- Employment equity performance and skills development.
- Socioeconomic reconstruction and youth employment.
- Potential impact of new healthcare-related regulations.
- Compliance with laws and regulations.

Value creation, preservation or erosion

Strategic pillars that create value for regulators and government

How we create value

SRC

- Meeting the healthcare needs of employed citizens thereby easing the burden on the public healthcare system.
- Collaborating with government, and sector and business associations and sharing our expertise and experience to broaden access to quality healthcare in SA and develop a sustainable healthcare regulatory framework.
- Our DEI[1] initiatives to transform our workforce.
- Our ESD and YES4Youth programmes and our responsible waste management initiatives, which all support job creation.

Reported metrics that measure the value impact

- People employed at Netcare.
- Taxes paid.
- Jobs supported by our ESD beneficiaries.
- Yes4YOUTH learners.
- The metrics reported for our impact on society (see page 64).

Material matters

Risks that can impact the quality of these relationships

Economic environment and demand for private healthcare, electricity supply, quality of skills, water security, failing state and civil unrest, cybercrime and cybersecurity, delivering outstanding person centred health and care, sector regulations.

Our response

This report	Detailed disclosure online
Society: PG 128	*ESG report: PG 92*
Our people: PG 135	*ESG report: PG 70*
New business development: PG 152	

1. Diversity, equity and inclusion.

Investors

Transparent engagement with investors earns their trust and gains their support for our strategy while understanding their expectations for value creation. Balancing our objectives with their expectations, strengthens our access to capital.

Engagement

How we engage

- Investor roadshows and site visits.
- Annual reporting suite and interim reporting.
- SENS announcements.
- Various investor healthcare conferences.
- ESG ratings agencies.

Their needs, expectations and interests

- Capital allocation, dividends and share buybacks.
- Return to pre-pandemic financial and operational metrics.
- Challenges arising in a high operating cost environment.
- Digitisation roll out and the expected savings.
- Impact of load shedding on operating costs.
- Impact of restricted provider networks on financial performance.
- Relevance of our strategy to medical schemes clients.
- Sales trajectory for NetcarePlus.
- The challenging socioeconomic context in SA.
- Effective leadership and succession planning.
- Appropriate remuneration and targets.
- Reporting against key climate- and sustainability-related indices.
- Effective governance.

Value creation, preservation or erosion

Strategic pillars that create value for investors

How we create value

FC

- A defined framework for optimal capital structure, disciplined capital allocation and granular measurement of returns.
- A strong statement of financial position to support business continuity and growth.

SRC HIC

- An experienced Board and leadership team.
- Solid track record of operational excellence over time.
- A digitisation and data strategy that will deliver a sustainable competitive advantage.
- Cost savings from reduced dependency on the national electricity grid.

Reported metrics that measure the value impact

- Revenue.
- EBITDA and EBITDA margin.
- Cash conversion ratio.
- Dividend distribution.
- Adjusted HEPS.
- Return on invested capital.
- Net debt.
- Credit rating.

Material matters

Risks that can impact the quality of these relationships

Economic environment and demand for private healthcare, funder regime, failing state and civil unrest, implementing the digital and data strategies, competitor activity.

Our response

This report	Detailed disclosure online
Board chair's review: PG 23	
Chief executive officer's review: PG 29	
Remuneration overview: PG 95	*Shareholder report: PG 38*
Digital transformation and data: PG 146	
New business development: PG 152	
Load shedding: PG 158	
Chief financial officer's review: PG 170	*Annual financial statements*

Our stakeholders continued

Society

To meaningfully address critical societal concerns and ensure that our social and environmental programmes provide positive outcomes for society, we must find touchpoints with communities and key members of society to understand how we impact communities and how we can contribute to their upliftment. These relationships and our transformation and environmental initiatives protect our legitimacy and social licence to operate.

Engagement

How we engage

- Sector and business association memberships.
- Our participation in national initiatives.
- The Netcare Foundation.
- Academia.

Their needs, expectations and interests

- How the nursing skills shortage impacts healthcare access and quality in SA.
- The cost of and access to quality healthcare.
- Healthcare support for communities.
- Community upliftment, particularly skills development and job creation.
- Support for survivors of sexual assault and gender-based violence.
- Minimising negative environmental impacts.
- Ethical and effective governance.

Value creation, preservation or erosion

Strategic pillars that create value for society

How we create value

HIC MC

- Enhanced healthcare skill at national level.
- Enhanced national healthcare infrastructure.

SRC

- Initiatives to uplift and empower black people, women, the youth and people with disabilities (preferential procurement, ESD, skills development and CSI initiatives).

Reported metrics that measure the value impact

- B-BBEE scorecard.
- HPFL[1] trusts.
- NetcarePlus healthcare practitioner network.
- Corporate social investment.
- Indigent patients.
- Carbon emissions.
- Waste sent to landfill.
- Water consumed.

Material matters

Risks that can impact the quality of these relationships

Economic environment and demand for private healthcare, failing state and civil unrest, delivering outstanding person centred health and care.

Our response

This report	Detailed disclosure online
Society: PG 128	*ESG report: PG 92*
New business development: PG 152	
Renewable energy: PG 159	*ESG report: PG 52*
Alternative water sources: PG 160	*ESG report: PG 60*
Environmental sustainability: PG 161	*ESG report: PG 43*

1. *Health Partners for Life.*

Our risks and opportunities

Risk management framework

We periodically review our systems and processes of risk management and implement improvements when they are identified.

Our risk management framework is embedded in our business activities and decision-making processes at all levels of the Group, including in our interactions with stakeholders. It ensures that the actions we take to achieve our strategic priorities fall within our risk appetite, and at the same time support our commitment to deepen the socioeconomic and environmental value we create for stakeholders and society. The framework defines how we identify, understand and mitigate risks, and realise their related opportunities.

Risk tolerance

The Group has zero-tolerance for risks relating to unethical behaviour, from fraud and corruption to discrimination and racism, and similarly for risks relating to legal and regulatory non-compliance.

The Board approves the level of risk that the Group is willing to accept and can tolerate in pursuit of its strategy. Risk tolerance varies for each of the top business risks reported in this section. New growth and investment opportunities must align to the Group strategy and meet one or more of the Netcare litmus test criteria; namely, growth above the market, differentiating our patient experience, and growing margins and improving returns.

Identifying our top business risks

Strategic level risk assessments are performed at least twice a year, preceding the Risk Committee meetings.

Operational and executive management teams across Netcare's divisions identify the key risks affecting their operations; both business and operational risks[1]. These risks are evaluated based on their impacts, likelihood and materiality, their effect on our ability to deliver our strategic priorities, and the attention required from the Board and executive teams to manage them.

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

The challenging operating environment reported on page 44 has increased our risk exposure across two of our top business risks relating to utility supply and the introduction of a new risk related to the deteriorating social cohesion in SA.

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

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.*

Five levels of assurance

The combined assurance model incorporates and optimises all assurance services and functions to enable an effective control environment, support the integrity of the information used in the decision-making processes of the Board, its governance committees and management, and ensure the integrity of Netcare's external reporting.

During the year, the Combined Assurance Committee expanded the application of the combined assurance model to establish an assurance universe which also incorporates key business activities, information and reporting. This will further enhance the value derived from appropriate and efficient assurance.

Level 1 assurance	Level 2 assurance	Level 3 assurance	Level 4 assurance	Level 5 assurance
Assurance provided to the Board by governance committees	**Non-independent assurance**	**Non-independent assurance**	**Independent assurance**	**Independent assurance**
Audit Committee	Management	Risk Management function	Internal Audit function	British Standards Institution
Risk Committee	Quarterly statements of assurance (all operations)	Quality assurance reviews		Office of Health Standards Compliance
Social and Ethics Committee	Management self-assessments – at least three each year (all operations)	Data Council		Deloitte & Touche
Consistency of Care Committee		Clinical Data Council		

Note: not all assurance providers are covered here. However, more detail on internal and independent assurance is provided per top business risk in the disclosure that follows.

Detailed information on risk management
Shareholder report on PG 25

Board opinion

The Board is satisfied that it is appropriately informed on the top business risks facing the Group, and that our risk mitigation strategies and existing insurance cover are adequate and appropriate in relation to our identified risk exposures.

The Board is confident that:

- Our risk management systems and processes support our strategy and business model, and are effective and sound.
- Our appetite for risk is appropriate and risks are managed accordingly.
- Our risk-aware culture enables relevant, informed and consistent decision-making relating to risk.
- In the event of a disastrous incident, the documented and tested major incident plan and disaster recovery programme support the continuity of critical business processes.

Top business risks 2023			2022 rating	2021 rating	Risk exposure	PG
1	Economic environment and demand for private healthcare	→	1	1	■	68
2	Funder regime	→	2	3	■	69
3	Availability of electricity supply	↑	5	10	■	70
4	Availability and quality of skills	→	4	9	■	71
5	Water security	↑	8	11	■	72
6	Failing state and civil unrest	↑	NEW		■	73
7	Cybercrime and cybersecurity	↓	3	6	▲	74
8	Delivering consistently outstanding person centred health and care	↓	6	4	▲	75
9	Implementation of the digital and data strategies	↓	7	5	▲	76
10	Sector regulations	→	10	7	■	77
11	Competitor activity	→	11	8	■	78

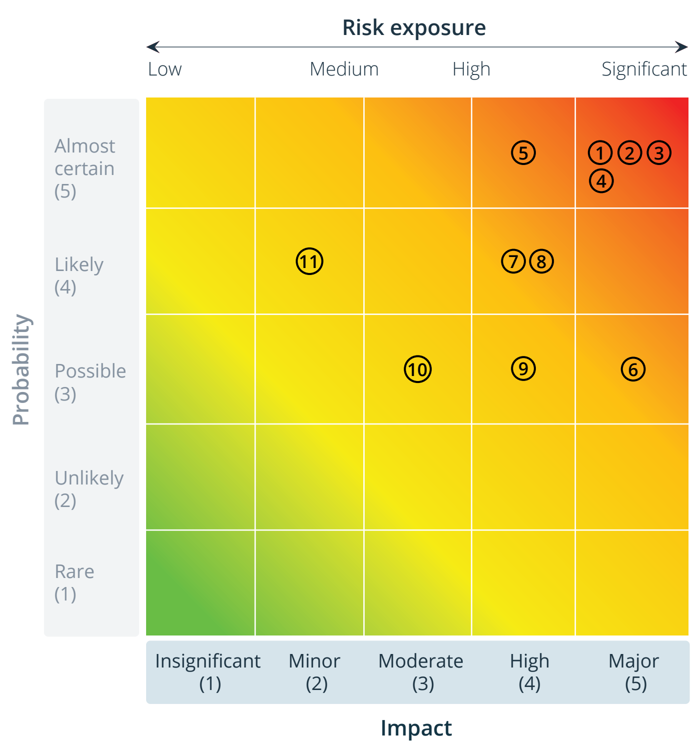
Change compared to FY 2022 reporting

→ Risk exposure remained constant. ↑ Risk exposure increased.
↓ Risk exposure decreased.

Overall risk exposure

■ Not fully mitigated as mitigation measures are not entirely within our control.
▲ Risk mitigation is being explored or implemented to minimise the risk exposure that is largely within our control.

Risk exposure heat map



Key for this section

Strategic pillars

- Consistency of care
- Disruptive innovation
- Transformation of our society
- Organic growth
- Integration
- Investment
- Environmental sustainability

Material matters

- Person centred health and care
- Employees and healthcare practitioners
- Collaboration to extend access to quality health and care, and transformation
- Long-term profitability
- Effective leadership and good business conduct

Outlook

Stable = low likelihood of a risk exposure change.

Negative = risk exposure is likely to increase.

Our risks and opportunities continued

1. Economic environment and demand for private healthcare

Netcare is exposed to SA's macroeconomic realities, which currently place traditional medical scheme membership at risk as well as access to healthcare for many South Africans.
As consumer budgets stretch, more medical aid members shift to partial medical cover and hospital plans, which typically have lower benefits and higher out-of-pocket components.
With limited funds from which to cover the out-of-pocket component, private healthcare demand may be stifled as patients defer treatment or opt for conservative treatment options.
In addition, 'buy downs' mean that we may retain the same number of patients and perform the same procedures but at a lower remuneration rate than in the past.

Opportunities and mitigation

- Our strategy which is designed to create a sustainable competitive advantage.
- Regular evaluations to assess the relevance and effectiveness of our strategy.
- Drive growth in revenue and market share.
- Increase the contribution of divisions to the Group.
- Attract and retain doctors, providing them with quality nursing services and high-quality healthcare infrastructure, and increasing our participation in hospital networks.
- Our funder strategy to protect and grow our market share in hospital networks.
- Grow in new markets by:
  - Promoting inclusivity; increase our exposure to the uninsured but employed market.
  - Developing new products for the insured market (cover for non-network hospital co-payments).
  - Driving digital patient engagement to attract new patients and retain existing patients.
- Expand our mental healthcare footprint.
- Identify efficiencies, assisted by our digital implementations, to carefully manage the cost of delivering care and manage inflationary risk.
- Optimise our capacity utilisation.

Related information

- **Our strategy:** PG 16.
- **Digital patient engagement:** PG 111.
- **Doctor partnerships:** PG 118.
- **Private medical funders:** PG 123.
- **Our people:** PG 135.
- **Digital transformation and data:** PG 146.
- **New business development:** PG 152.
- **Estate, medical equipment and 'green' infrastructure:** PG 155.

Outlook

Negative over the medium to long term

Capitals at risk

SRC HIC FC

Risk to strategy

Strategic pillars that mitigate this risk

Link to material matters

Link to operating environment

A challenging economic environment and the impact on medical scheme membership: PG 44.

Governance and assurance

Board oversight

- Audit Committee.
- Risk Committee.

Non-independent assurance

- Executive Committee.
- Finance and Investment Committee.
- Working Capital Committee.
- Risk Management team.
- Treasury team.
- Compliance team.
- External consultants.

Independent assurance

- Internal Audit team.
- Financial Sector Conduct Authority.

2. Funder regime

Funders are contending with the financial impact of a weak economy on their members as well as the ongoing rise in adverse risk in scheme risk pools. To contain membership fee increases and keep membership at sustainable levels, funders implement lower-cost restricted provider networks[1] (patients face co-payments if they choose to use a hospital excluded from the network), stringent hospital admission protocols, targeted interventions to manage utilisation, collective negotiations to drive lower tariff increases (including the ability of closed schemes to negotiate with an open scheme since 2021) and criteria around quality outcomes. Most of these interventions place increasing pressure on our margins.

Patient volumes, market share and doctor retention are threatened should we have limited or no participation in restricted hospital networks; however, increasing our participation in discounted restricted network options may not always provide a commensurate volume uplift. Outmigration, including home care, could also potentially impact inpatient volumes in the future.

Opportunities and mitigation

- Our funder strategy to protect and grow our market share in hospital networks.
- Leverage digitisation, accurate data and best practice care interventions to:
  - Improve patient safety, our quality of care outcomes and patient experience.
  - Identify efficiencies to carefully manage the cost of delivering care.
- Engage with funders on our quality and efficiency initiatives.
- Grow in new markets by:
  - Promoting inclusivity; increase our exposure to the uninsured but employed market.
  - Developing new products for the insured market (cover for non-network hospital co-payments).
  - Driving digital patient engagement to attract new patients and retain existing patients.
- Our strategies to remain competitive and contain outmigration.
- Optimise our capacity utilisation.

Related information

- **Digital patient engagement:** PG 111.
- **Private medical funders:** PG 123.
- **Digital transformation and data:** PG 146.
- **New business development:** PG 152.

Outlook

Negative over the medium to long term

Capitals at risk

SRC FC

Risk to strategy

Strategic pillars that mitigate this risk

Link to material matters

Link to operating environment

A challenging economic environment and the impact on medical scheme membership: PG 44.

The impact of increasing burdens of disease on healthcare affordability: PG 45.

Governance and assurance

Board oversight	Non-independent assurance	Independent assurance
• Audit Committee. • Risk Committee. • Consistency of Care Committee.	• Executive Committee. • Tariff Committee. • Risk Management team. • Funder relations team. • Consistency of Care team. • Clinical Data Council. • External consultants.	• Internal Audit team.

1. *Restricted provider networks include designated service provider arrangements where the scheme defaults all members of a scheme or a benefit option to a restricted network of providers, and efficiency discount options, which provide members of a scheme with the choice to 'buy down' to a restricted network of providers in exchange for lower premiums.*

Our risks and opportunities continued

3. Availability of electricity supply

Load shedding poses a significant challenge and risk to patient safety and business continuity and can result in sub-optimal quality patient care. It necessitates the increased use of diesel generators, which cost about 3.5 times more than electricity sourced from the national grid, increasing our operating costs to maintain high-quality care levels and placing pressure on the Group's margins. In addition to these extra costs, the National Energy Regulator of SA has approved electricity price increases of 33.7% over the next two years, well above the current inflation rate. The greater use of diesel generators increases our Scope 1 emissions, challenging our efforts to meet our environmental sustainability targets. In addition, higher demands for electricity could create a supply shortage.

Opportunities and mitigation

- Our 2030 environmental sustainability strategy as well as the 20-year renewable energy supply arrangement to achieve 100% renewable energy and a further 5% energy efficiency reduction.
- Emergency generation capacity (uninterrupted power supplies and generators) to secure the supply of electricity for critical healthcare activities.
- Strong relationships with our preferred diesel suppliers to ensure availability of diesel supply across SA.
- Our major incident plan in the event of prolonged electricity disruption and blackout.
- Extensive blackout planning:
  - Survey conducted in the Hospital Division to identify doctors and all categories of employees willing to assist during a blackout situation.
  - Distributed advanced push-to-talk radios throughout the Group to enable communication during a blackout.
- Lobby for private hospital exemption from load shedding.

Related information

- **Renewable energy:** PG 159.
- **Environmental sustainability:** PG 161.

Outlook

Negative over the short to long term

Capitals at risk

SRC NC FC

Risk to strategy

Strategic pillars that mitigate this risk

Link to material matters

Link to operating environment

Resource availability hampered by dysfunctional infrastructure and climate change: PG 49.

Governance and assurance

Board oversight

- Risk Committee.
- Social and Ethics Committee.

Non-independent assurance

- Executive Committee.
- Sustainability Committee.
- Risk Management team.
- External consultants (for electricity supply).

Independent assurance

- No independent assurance required.

4. Availability and quality of skills

Netcare relies on specialised healthcare skills to provide consistently optimal care and drive revenue, and specialised digital and data analytics skills[1] to deliver and sustain our digital transformation. Digital skills are required across industries and we must compete with foreign companies that employ South Africans as part of a remote labour force. Fierce competition is likely to intensify given the scarcity of skills across both categories, driving up salary demands. The nurse shortage impacts our nursing skills mix; more expensive registered nursing hours worked have increased by 9.9% between FY 2019 and FY 2023. Netcare Education has the capacity to train over 3 500 nursing students a year, but we are only accredited to train around 360, despite the interest shown by more than 9 000 prospective students for our FY 2023 intake. 27% of the student intake applied for in FY 2023 was approved by SANC (FY 2022: 21%). These training restrictions also place pressure on our overall B-BBEE performance, restricting the Group from improving from our Level 3 rating.

Opportunities and mitigation

- Attract and retain doctors, providing them with quality nursing services and high-quality healthcare infrastructure, and increasing our participation in hospital networks.
- Strategic engagements with doctors driven by data-based evidence, information sharing and professional development.
- Digital platforms that are modern and reduce medicolegal risk for specialists as well as the administrative burden on nurses, enabling more time to provide care. The ability of doctors to treat patients remotely, mitigates to some extent, the shortage of doctors.
- An attractive employee value proposition and a caring, ethical and inclusive working environment that responds to employee feedback and supports career growth.
- Rewarding outstanding contributions to strategic, operating and financial performance.
- Our retention strategies for specialised skilled employees and talent.
- Six-month in-service training to keep nursing skills current despite nurse training constraints.
- The use of accredited nursing agencies to fill vacancies for specialist registered nurses.
- Collaborate to maximise our under-utilised education capacity to produce a sufficient high-quality nursing pipeline for Netcare and the broader national healthcare sector.

Related information

- **Remuneration overview:** PG 95.
- **Doctor partnerships:** PG 118.
- **Society:** PG 128.
- **Our people:** PG 135.
- **Estate, medical equipment and 'green' infrastructure:** PG 155.

Outlook

Negative over the short to long term

Capitals at risk

SRC HIC FC

Risk to strategy

Strategic pillars that mitigate this risk

Link to material matters

Link to operating environment

Critical shortage of specialists and nursing skills: PG 46.

Digitisation and its impact on healthcare delivery: PG 47.

Governance and assurance

Board oversight

- Risk Committee.
- Social and Ethics Committee.

Non-independent assurance

- Executive Committee.
- Operational Transformation Committee.
- Clinical Practice Committee.
- Physician Advisory and Digital Advisory Boards.
- Risk Management team.
- Hospital Association of South Africa.
- Business Unity South Africa.
- Department of Higher Education and Training.
- Universities.
- Health and Welfare Sector Education and Training Authority.
- Public Private Growth Initiative.

Independent assurance

- South African Nursing Council.

1. *Includes skills such as programming, website and application development, data architecture, engineering and science, digital marketing, cybersecurity, cloud computing etc.*

5. Water security

We have a duty to ensure that our patients are treated in settings that are healthy and safe. Without a secure and stable water supply patients could receive sub-optimal quality care and our normal business operations would be disrupted. Active intervention and monitoring of water supply and quality are already needed to ensure patient safety. A water blackout would have significant consequences for the Group. In addition, the intensity and duration of power outages which impact the water reticulation system[1] can change at short notice, adding further uncertainty to the availability of water. Municipal outages, inadequate municipal water pressure and flow, and the fragile municipal water infrastructure also pose a risk to our fire safety measures.

Opportunities and mitigation

- Our 2030 environmental sustainability strategy to reduce our water consumption by 20%.
- Our borehole and potable water risk-adjusted strategies.
- A comprehensive desktop analysis undertaken on groundwater availability for 11 high-risk sites with specific contingency plans for these sites under development.
- Most hospitals are equipped with at least a 24-hour water backup supply (some have 48-hours of supply). Our water conservation mode allows us to double the period of our backup water supply in the event of water supply disruptions.
- Various solutions to secure the supply of water, including a desalination plant in the Western Cape, two water reservoirs in Gauteng and borehole and filtration facilities at various hospitals.
- Our major incident plan in the event of prolonged water supply disruption.
- Strong relationships with water suppliers for the supply of emergency water to hospitals.
- 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.

Related information

- **Alternative water sources:** PG 160.
- **Environmental sustainability:** PG 161.

Outlook

Negative over the medium to long term

Capitals at risk

SRC NC FC

Risk to strategy

Strategic pillars that mitigate this risk

Link to material matters

Link to operating environment

Resource availability hampered by dysfunctional infrastructure and climate change: PG 49.

Governance and assurance

Board oversight	Non-independent assurance	Independent assurance
• Risk Committee. • Social and Ethics Committee.	• Executive Committee. • Sustainability Committee. • Risk Management team.	• No independent assurance required.

1. *Transporting water from source, treating it as well as sewage, and then transporting clean water on to consumers.*

6. Failing state and civil unrest

SA's history remains the key contributor to its position as the world's most unequal society. The deep financial distress plaguing the country could be a precursor to a breakdown of political power, the rule of law and civil society. While state failure can be seen as an opportunity to build a healthier and more independent business environment, swift failure in key areas exposes businesses and communities to a rapid onset of crime, unmanageable societal unrest, infrastructure decay and administrative collapse. This could threaten the safety of our workforce and patients, disrupt business operations and may result in physical damage to our property and assets, and raises costs to protect people and infrastructure (physical security and insurance cover).

Opportunities and mitigation

- 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.
- Ensure our strategic suppliers (medication, security, cleaning, catering etc.) have robust business continuity plans, incorporating the learnings from the civil unrest in 2021.
- Collaborate with public and private stakeholders to find solutions that address the systemic and structural inequalities in SA, including universal access to healthcare.
- Initiatives and development programmes to align our workforce with the national EAP[1] and cultivate a sense of belonging for all employees.
- Our transformation strategy to support inclusive societal, economic and labour markets.
- Our ESD[2] strategy to support the growth and sustainability of SMMEs, with a clear focus on supporting black, young and women entrepreneurs.

Related information

- **Suppliers:** PG 125.
- **Society:** PG 128.
- **Workplace diversity, equity and inclusion:** PG 138.
- **Employee wellbeing:** PG 141.

Outlook

Negative over the short to long term

Capitals at risk

SRC HIC MC FC

Risk to strategy

Strategic pillars that mitigate this risk

Link to material matters

Link to operating environment

A difficult social context plagued by poverty and inequality: PG 48.

Governance and assurance

Board oversight	Non-independent assurance	Independent assurance
• Risk Committee. • Social and Ethics Committee.	• Executive Committee. • Risk Management team.	• No independent assurance required.

1. *Economically active population.*
2. *Enterprise and supplier development.*

Our risks and opportunities continued

7. Cybercrime and cybersecurity

A breach of our information systems and/or loss of personal or corporate information could result in business disruption, litigation, penalties and fines for non-compliance as well as reputational damage and financial loss. More broadly, we rely on third-party service providers to deliver our digital transformation and data enablement strategies, meaning that we have a duty to ensure that these stakeholders also have appropriate information and system security measures in place and that they use our information appropriately. Given the volume of personal data we process, we have legal and regulatory exposure to new privacy laws, where instances of negligence carry substantial penalties. As cybercrime and cybersecurity risks heighten and change we are required to invest in newer and more sophisticated defence systems, increasing our cost of doing business.

Mitigation

- A resilient cybersecurity programme, 24/7 security operations centre and cybersecurity control framework, which monitors cybersecurity KPIs to inform our cyber risk exposure.
- Benchmarking our cybersecurity performance against industry and global peers.
- Detailed cybersecurity response playbooks, including specific ransomware playbooks, outlining the steps to be taken in the event of a security incident.
- Ransomware monitoring tools.
- Our agility in adopting new technologies and methodologies to respond to new threats.
- Additional external expertise (vulnerability assessment, dark web monitoring etc.).
- Cybersecurity awareness training for employees and the Board.
- Rigorous monitoring and assessment of compliance with our privacy framework and control measures.
- Our privacy breach reporting process.
- Processes that ensure that third-party service providers adhere to their privacy obligations when working on Netcare's behalf.

Related information

- **Cybersecurity:** PG 151.

Outlook

Negative in the short term

Capitals at risk

SRC HIC FC

Risk to strategy

Link to material matters

Link to operating environment

Digitisation and its impact on healthcare delivery: PG 47.

Governance and assurance

Board oversight

- Audit Committee.
- Risk Committee.

Non-independent assurance

- Executive Committee.
- IT Management Committee.
- Compliance Committee.
- Information Security Management Committee.
- POPIA Steering Committee.
- Risk Management team.
- IT Governance Risk and Compliance team.
- Outsourced Security Operations Centre and Security Information and Event Management.
- Automated access management system.
- Privileged account management system.
- External consultants.

Independent assurance

- Internal Audit team.
- External auditors.

8. Delivering consistently outstanding person centred health and care

Delivering care that consistently achieves the best outcomes, and meets patients' expectations underpins our competitiveness in a fast-changing healthcare sector. Our reputation, employee morale and long-term sustainability will be adversely impacted if the care we provide is perceived negatively. The risk of further pandemics and the overuse of antibiotics can negatively impact clinical outcomes and result in higher morbidity and mortality rates in hospitals and communities. In addition, our ability to maintain and improve our clinical outcomes and the quality of care we provide depend on nurses and supply of water and electricity, all of which are top business risks for the Group.

Opportunities and mitigation

- Our consistency of care strategy, applied across all divisions, that covers the perception and quality of care, operating efficiently, maintaining strong clinical governance and SHEQ[1] controls, and looking after our workforce.
- Patient feedback surveys that identify areas for improvement in the perception of care.
- The Care4YOU programme to embed a culture of empathy and compassion that is positively felt by our patients.
- Strategic engagements with doctors driven by data-based evidence, information sharing and professional development.
- Leverage digitisation, accurate data and best practice care interventions to:
  - Improve patient safety, our quality of care outcomes and patient experience.
  - Identify efficiencies to carefully manage the cost of delivering care.
- Virtual patient centred care delivery models that are easily accessible, convenient, streamlined and improve the patient experience.
- Publication of transparent and accurate quality of care outcomes.
- Maintain and invest in the quality of our facilities and medical equipment.
- All risk mitigation measures for business risks 3, 4 and 5 (pages 70 to 72).

Related information

- **Our stakeholders:** PG 56.
- **Our patients:** PG 108.
- **Doctor partnerships:** PG 118.
- **Economic and healthcare system reform:** PG 130.
- **Our people:** PG 135.
- **Digital transformation and data:** PG 146.
- **Estate, medical equipment and 'green' infrastructure:** PG 155.
- **Environmental sustainability:** PG 161.

Outlook

Stable in the short to medium term

Capitals at risk

SRC HIC FC

Risk to strategy

Strategic pillars that mitigate this risk

Link to material matters

Link to operating environment

Critical shortage of specialists and nursing skills: PG 46.

Digitisation and its impact on healthcare delivery: PG 47.

Resource availability hampered by dysfunctional infrastructure and climate change: PG 49.

Quality of care in the context of SA's quadruple burden of disease: PG 50.

Governance and assurance

Board oversight

- Risk Committee.
- Consistency of Care Committee.

Non-independent assurance

- Executive Committee.
- Clinical Practice Committee.
- Clinical Data Council.
- Risk Management team.
- Internal quality team and associated governance structures.

Independent assurance

- Internal Audit team.
- British Standards Institution.
- Provincial Departments of Health.
- Office of Health Standards Compliance.
- Department of Employment and Labour.
- Medical schemes.
- Professional clinical associations.

1. *Safety, health, environmental and quality.*

Our risks and opportunities continued

9. Implementation of the digital and data strategies

Digitally transforming the Group's ecosystem of products and services is a large-scale undertaking, necessary to secure our competitive advantage in a rapidly changing healthcare environment. The key risks to our successful transformation are doctor and nurse adoption of our digital platforms, and disruption to stakeholders and our business operations. Projects of this size require disciplined capital investment, robust governance practices and new skill sets, among others. Rigorous control over data quality is critical. Clinical data modelling and the successful implementation of the CEM[1] platform to provide longitudinal representations of patients' full medical histories, all depend on the quality of data sourced from across the Netcare ecosystem.

Opportunities and mitigation

- Our digital transformation and data enablement strategies will support:
  - Accurate and relevant data to enhance clinical outcomes and patient safety.
  - Predictive analytic capability that supports anticipatory and proactive decision-making.
  - Virtual patient centred care delivery models that are easily accessible, convenient, streamlined and improve the patient experience.
  - Enhanced strategic engagement with doctors and funders.
  - The integration of Netcare's ecosystem.
  - Automated recordkeeping, removing repetitive and administration-heavy tasks for nurses.
  - Remote monitoring adding convenience for doctors and easing their burden.
- Change management interventions to support doctor and employee adoption.
- Engagement with doctors to gain their views on the development and updates of digital applications.
- Careful management of capital and operational expenditure to avoid cost overruns on digital projects.

Related information

- **Digital patient engagement:** PG 111.
- **Digital transformation and data:** PG 146.

Outlook

Stable in the short to medium term

Capitals at risk

SRC HIC FC

Risk to strategy

Strategic pillars that mitigate this risk

Link to material matters

Link to operating environment

Digitisation and its impact on healthcare delivery: PG 47.

Governance and assurance

Board oversight

- Audit Committee.
- Risk Committee.

Non-independent assurance

- Executive Committee.
- Finance and Investment Committee.
- CareOn Digitisation Project Steering Committee.
- IT Management Committee.
- Data Council.
- Risk Management team.
- External consultants.

Independent assurance

- Internal Audit team.

1. *Customer engagement model.*

10. Sector regulations

SA's private healthcare market is one of the most regulated in the world from hospital build specifications and the prohibition on employing doctors, to highly regulated medicine prices and caps on nursing education, among others. Adapting to regulatory changes can alter our business model and the way we operate, and may require changes to our processes. Failure to comply could undermine our reputation, and result in penalties and fines or loss of operating licences. In addition, sector regulations and healthcare policy uncertainty limit the delivery of organisational growth.

Passed by the National Council of Provinces in December 2023, the NHI[1] Bill is over the second hurdle towards becoming law. In its current, unamended form, the Bill proposes a single pool of healthcare funding from which to pay accredited private and public healthcare providers; on exactly the same basis and expecting the same standard of care. Medical aid schemes will not be able to offer any services that are offered by the NHI and will only be able to offer complementary or top-up cover. Indications are that NHI will be implemented in phases, with the Bill not explicitly catering for the contracting of private hospitals in its first phase. Outside of NHI contracting, private healthcare providers will be able to provide much-needed services to address public sector backlogs.

Proposed regulations relating to Certificates of Need introduce licences to establish, construct, modify or acquire a healthcare establishment as well as to increase the number of beds in an establishment. The regulations extend to requiring licences for the provision of certain prescribed health services, and imposing limits on where doctors and healthcare workers can practice. The High Court declared the proposed amendments to be unconstitutional. The NDoH's recission application will be heard in January 2024.

New regulations pertaining to low-cost benefit options and prescribed minimum benefits could impact the Group, as could the Board of Healthcare Funders' application to negotiate collectively, should it be successful. Collective funder negotiation will have longer-term repercussions in terms of funder buying power over healthcare providers.

Opportunities and mitigation

- Find ways to help alleviate public sector pressure and backlogs.
- 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.

Related information

- **Economic and healthcare system reform:** PG 130.

Outlook

Stable in the medium

Capitals at risk

SRC HIC MC FC

Risk to strategy

Strategic pillars that mitigate this risk

Link to material matters

Link to operating environment

A difficult social context plagued by poverty and inequality: PG 48.

Governance and assurance

Board oversight

- Audit Committee.
- Risk Committee.

Non-independent assurance

- Executive Committee.
- Compliance Committee.
- Risk Management team.
- External consultants and legal counsel.
- Hospital Association of South Africa.
- Business Unity South Africa.
- Public Private Growth Initiative.
- National Economic Development and Labour Council.

Independent assurance

- No independent assurance required.

1. *National Health Insurance.*

Our risks and opportunities continued

11. Competitor activity

Competition in the private healthcare sector remains rife across all areas of product development and service delivery, from hospital, cancer and mental health services to primary care, renal care and pre-hospital emergency services. However, the rate of bed growth is expected to slow in 2024. The Primary Care Division is contending with the introduction of nurse-led primary care and the entrance of large retail players into the market. Increasing competition impacts our ability to attract and retain scarce skills such as specialists and specialised nurses. If not managed and mitigated, this risk may result in decreased hospital occupancy and market share.

Opportunities and mitigation

- Our strategy which is designed to create sustainable competitive advantage.
- Our consistency of care strategy to deliver superior quality outcomes and enhanced patient safety, experience and engagement.
- Attract and retain doctors, providing them with quality nursing services and high-quality healthcare infrastructure, and increasing our participation in hospital networks.
- Our funder strategy to protect and grow our market share in hospital networks.
- Grow in new markets by:
  - Promoting inclusivity; increase our exposure to the uninsured but employed market.
  - Developing new products for the insured market (cover for non-network hospital co-payments).
  - Driving digital patient engagement to attract new patients and retain existing patients.
- Leverage digitisation, accurate data and best practice care interventions to:
  - Improve patient safety, our quality of care outcomes and patient experience.
  - Identify efficiencies to carefully manage the cost of delivering care.
- The Care4YOU programme to embed a culture of empathy and compassion that is positively felt by our patients.
- Maintain and invest in the quality of our facilities and medical equipment.
- Expand our mental healthcare offering.
- Optimise our capacity utilisation, including bed conversions from low demand to high demand disciplines.
- Our strategies to remain competitive.
- Increase the contribution of divisions to the Group.

Related information

- **Our strategy:** PG 16.
- **Our patients:** PG 108.
- **Doctor partnerships:** PG 118.
- **Private medical funders:** PG 123.
- **Our people:** PG 135.
- **Digital transformation and data:** PG 146.
- **New business development:** PG 152.
- **Estate, medical equipment and 'green' infrastructure:** PG 155.

Outlook

Stable in the medium to long term

Capitals at risk

SRC HIC FC

Risk to strategy

Strategic pillars that mitigate this risk

Link to material matters

Link to operating environment

The impact of increasing burdens of disease on healthcare affordability: PG 45.

Critical shortage of specialists and nursing skills: PG 46.

Digitisation and its impact on healthcare delivery: PG 47.

Governance and assurance

Board oversight	Non-independent assurance	Independent assurance
• Risk Committee.	• Executive Committee. • Finance and Investment Committee. • Risk Management team.	• No independent assurance required.

Overview of strategic progress

We are confident that our strategy positions us to benefit from the positive long-term dynamics driving growth in healthcare. Our strategy is capex light with a focus on person centred engagement and digitisation, and a commitment to realise growth opportunities, improve returns and create value for our stakeholders and society in the long term.

The Netcare strategy

Person centred health and care that is …	Empowered patients that participate in their health and care. A shift towards wellbeing and wellness and away from curative, episodic care. Ensuring the person is at the centre of all we do; convenient, transparent, personalised and continuous. The best quality and consistency of care.
… digitally enabled and …	An integrated delivery model across all Netcare divisions. Digitised patient touchpoints that support a unified experience. Digitised systems and processes; efficiency, safer clinical operations and optimised business operations. A platform that supports digital healthcare innovations.
… data driven.	A 360-degree view of patients for targeted clinical decision-making, patient engagement and informed business decisions.

Our strategy: PG 16.

Strategic projects

The strategic projects implemented over the past three years are critical to the operationalisation of our strategy, particularly the Hospital Division's EMR project, CareOn. Our key strategic projects remain in line with budget. Twelve of our 15 strategic projects are complete with the balance on schedule for completion by April 2024. Tangible benefits and savings are already being realised.
FY 2024 marks the year in which the business must transition from the development and implementation phase and embrace the operationalisation of these initiatives to realise the full benefits they are capable of delivering.

How we allocate financial capital

01 Investment strategy

- Invest in opportunities linked to the Group strategy.
- All opportunities must meet one or more criteria of the Netcare litmus test:
  - Grow above the market.
  - Differentiate the services we offer.
  - Grow margins and improve returns.

02 Deployment of capital

- Return on capital must safely exceed the cost of capital. This has been achieved for both phase one of the environmental strategy (IRR of 40%) and CareOn (IRR >21%).
- Invest in business enablers.
- Maintain and upgrade facilities and medical equipment (maintenance capex of 4.5% of revenue going forward).
- Expand Netcare Akeso.

03 Cash generation

- Target annual cash conversion ratio of 100%.

04 Capital distribution

- Dividend policy aims to return 50% to 70% of adjusted headline earnings to shareholders.
- In the absence of investment opportunities, excess capital will be returned to shareholders through share buybacks or special dividends.

Consistency of care

Capitals impacted

SRC HIC FC

Link to material matters

BSC weighting

10%

Our objectives

1. Improve patient satisfaction and perception of care delivered.
2. Demonstrate our ability to provide accurate and meaningful quality of care measures.
3. Manage the cost of delivering care and commercialise clinical quality.
4. Improve and strengthen the regulatory framework governing clinical practice.
5. Look after the health and wellness of our workforce, true to the philosophy of the ***Quadruple Aim***.

Status of strategic projects

Patient feedback survey: project completed
Care4YOU programme: project completed
Person centric communication (doctors): project completed
Person centric communication (patients): 30 April 2024
Summary of Care reports: 30 April 2024

Top ten highlights for FY 2023

1. Analysed the data received from the Hospital Division PFS[1] to identify areas for improvement.
2. Started the roll out of Modules 4 and 5 of the Care4YOU programme in the Hospital Division.
3. Launched an intense intervention when the nurse compassion score dipped below our threshold, demonstrating our commitment to meeting our compassion objectives.
4. Rolled out Summary of Care reports for Netcare 911, Netcare Cancer Care and National Renal Care, providing patients with digital discharge summaries including electronic prescriptions and care notes. Pilot Summary of Care reports are underway for Netcare Akeso and Netcare Medicross.
5. Learned a valuable lesson from the National Renal Care App on the need for health literacy to support patients in understanding their healthcare information.
6. Added 46 new measures to the Quality of Care Index, above our target of 41 new measures.
7. Extended the new Netcare clinical governance framework to four divisions, following its launch in the Hospital Division in FY 2022.
8. Developed two discipline-specific PCI[2] tools to engage more specifically with doctors practising in these medical disciplines, and initiated additional engagement mechanisms to share information with doctors.
9. Developed four risk-adjusted clinical and efficiency data models to inform quality improvements (includes one model for Nectare Akeso).
10. Continued to develop a more proactive approach to funder engagements on the technical elements of value-based care.

Challenges faced

- While improved, the average nurse compassion score was impacted by pressures in the working environment.
- Extended the roll out of Summary of Care reports into FY 2024.
- A low response rate to the doctor engagement survey due to technical difficulties.

Looking forward

- Improve the user-friendliness of the Hospital Division PFS to enhance patient engagement.
- Launch a Hospital Division-aligned PFS for Netcare Akeso and Netcare Medicross in FY 2024.
- Complete the roll out of Summary of Care reports for all divisions.
- Extend the digital doctor credentialing process, active in five divisions, to Netcare 911.
- Develop a digital patient safety incident management platform that integrates with EMRs.
- Continue to address the 'pain points' highlighted by doctors in the doctor engagement survey.
- Update and improve the doctor portal and increase face-to-face engagement between the Consistency of Care team and doctors.

1. *Patient feedback survey.*
2. *Personalised clinical information.*

Consistency of care continued

Positive outcome | Improved but below target | Neutral outcome | Negative outcome

BSC key performance indicators

	Measure	Weight	2023 target	Actual	
Consistency of care 10%	Patient experience: nurse compassion score of PFS for the Hospital Division (out of ten)	5.0%	8.26	8.18*	Improved but below target
	Doctor engagement: recommending Netcare as a workplace of choice (out of ten)	2.5%	7.75	6.99*	Improved but below target
	Specialists: gross number of new specialists granted admitting privileges in the Hospital Division	2.5%	80	143*	Positive outcome

* Assured by Internal Audit.

Supporting metrics

	2023 target	2023	2022	2021	
Hospital Division[1] patient reported experience measures (out of ten)					
Satisfaction with hospital stay score		7.93*	7.88	–	Positive outcome
Nurses' display of compassion when caring for patients	8.26	8.18*	8.11	–	Improved but below target
Nurses communicated in an understandable way when discussing aspects of a patient's care		8.00*	7.94[2]	–	Positive outcome
Overall satisfaction with nursing care received		8.07*	8.01	–	Positive outcome
Netcare Akeso patient reported experience measures					
Nurses always treat you with courtesy and respect (%)		86.7	83.8	79.9	Positive outcome
Nurses always listen carefully (%)		84.3	81.5	77.5	Positive outcome
Nurses always explain in a way you understand (%)		85.9	83.0	79.2	Positive outcome
Netcare Cancer Care[3] patient reported experience measures (out of ten)					
Radiation therapists display of kindness and compassion in response to your emotional and physical needs		9.87	–	–	Positive outcome
Radiation therapists communicated in an understandable way when discussing aspects of your care		9.83	–	–	Positive outcome
Radiation therapists greeted you with courtesy and respect		9.89	–	–	Positive outcome
Chemotherapy nurses display of kindness and compassion in response to your emotional and physical needs		9.72	–	–	Positive outcome
Chemotherapy nurses communicated in an understandable way when discussing aspects of your care		9.75	–	–	Positive outcome
Chemotherapy nurses greeted you with courtesy and respect		9.76	–	–	Positive outcome
National Renal Care patient reported experience measures					
Staff always show respect for what you had to say (%)		77.8	72.5	65.9	Positive outcome
Staff always listen carefully (%)		76.6	69.3	61.7	Positive outcome
Staff always explain in a way you can understand (%)		77.4	68.9	60.6	Positive outcome
Staff always care about you as a person (%)		78.1	67.3	64.2	Positive outcome

* Assured by Internal Audit.

Performance disclosure

Our patients: PG 108.
Doctor partnerships: PG 118.
Private medical funders: PG 123.
Our people: PG 135.

Quality report

1. *Hospital Division PFS was measured from November 2021. This is an average rating on a ten-point scale.*
2. *This result has been updated as more data became available after the close of the 2022 reporting period.*
3. *The new Netcare Cancer Care PFS was introduced in FY 2023.*

Overview of strategic progress continued

Disruptive innovation

Capitals impacted

SRC HIC FC

Link to material matters

BSC weighting

10%

Our objectives

1. Digitise the Netcare ecosystem and use the digital platforms to drive synergies and integration between divisions.
2. Enhance our data management and analytics capabilities to translate data into actionable knowledge.

Status of strategic projects

'ONE Netcare' website: project completed
Online pre-admissions: project completed
Hospital Division – CareOn EMR: 30 April 2024
Netcare Medicross – HEAL EMR: project completed
Netcare Akeso – Akeso CareOn EMR: project completed
National Renal Care – nephrOn EMR: project completed
Infection management tool: project completed
Customer engagement model: project completed
Wi-Fi upgrade for the Hospital Division: project completed
Netcare mobile application: project completed

Top ten highlights for FY 2023

1. CareOn realised gross financial benefits of R104 million in FY 2023, exceeding our expectations.
2. Rolled out CareOn to an additional 17 hospitals.
3. Online pre-admissions for non-emergency procedures increased from 38% in FY 2022 to 62%.
4. Additional implementation phases are underway for Netcare Akeso CareOn and Netcare Medicross HEAL, and the digital cancer module for chemotherapy will be completed in April 2024 alongside CareOn.
5. Improved the nephrOn summary report on the National Renal Care App, enabling patients to better understand the impact of their pathology results.
6. Completed the roll out of the infection management tool, our most complex clinical system development to date.
7. Continued to advance the CEM[1] platform, which now hosts 11 primary sources of data (from three in FY 2022).
8. Launched the Netcare App, with over 22 000 registered users to date.
9. Developed analytics models to measure the contribution of each part of the Netcare ecosystem to the Group.
10. Started developing analytics models to ensure that the data for the Summary of Care reports meet our quality standards.

Challenges faced

- CareOn experienced some downtime incidents in August and September 2023 after an extended period where no incidents were experienced. The impact was relatively minimal.
- All relevant privacy breaches were reported to the Information Regulator; none posed a material reputational threat.

Looking forward

- Complete the roll out of CareOn in the Hospital Division and all remaining strategic projects that depend on it.
- Identify further opportunities to grow and develop CareOn to reap its full benefits.
- Enhance the functionality of Netcare Medicross HEAL to drive deeper adoption by healthcare practitioners.
- Complete phase three of Care@Work, the digital platform for Netcare Occupational Health, covering absenteeism, disability and incapacity management.
- Roll out the ICU sepsis and blood infection detection tool in FY 2024.
- Enhance our procurement and legal contracting platforms.
- Continue to develop our data management and analytics capabilities.
- Review the Group's privacy strategy and privacy compliance framework in FY 2024.

1. *Customer engagement model.*

Disruptive innovation continued

Positive outcome | Improved but below target | Neutral outcome | Negative outcome

BSC key performance indicators

	Measure	Weight	2023 target	Actual	
Digitisation 10%	CareOn EMRs: additional beds digitised by September 2023	5.0%	**3 554**	**3 817***	Positive outcome
	CareOn doctor adoption: e-scripts (%)	2.5%	**80.0**	**82.4***	Positive outcome
	CareOn doctor adoption: clinical orders (%)	2.5%	**80.0**	**76.5***	Negative outcome

** Assured by Internal Audit.*

Supporting metrics

	2023 target	2023	2022	2021	
CareOn					
Number of hospitals with CareOn implemented (cumulative)	17	**38**	21	–	Positive outcome
e-scripts processed (million)		**>4.1***	>1.1	–	Positive outcome
Drug-to-drug alerts issued (million)		**>2.3**	>0.9	–	Positive outcome
Pathology and radiology results received (million)		**>5.8**	~1.0	–	Positive outcome
Data quality					
Combined data quality score across data domains (%)		**82.0**	81.3	–	Positive outcome

** Assured by Internal Audit.*

Performance disclosure

Our patients: PG 108.
Digital transformation and data: PG 146.

Overview of strategic progress continued

Transformation of our society

Capitals impacted

SRC HIC FC

Link to material matters

BSC weighting

10%

Our objectives

1. Drive a high-performance, inclusive and empowering organisational culture to attract and retain skills.
2. Retain nursing skills and lobby for the removal of barriers to nurse training numbers.
3. Improve our employment diversity profile, drive skills development and employment creation.
4. Diversify the supply chain.
5. Continue to position Netcare as a force for social good.

Key strategies and projects

Care4YOU programme
Digital gratitude platform
Retention strategies for talent and scarce skills
Talent management strategy
DEI[1] strategy including employment equity plan
Employee wellbeing programme
Employee medical surveillance programme
Comprehensive and relevant leadership development and learning programmes
Transformation plan aligned to the B-BBEE scorecard
YES4Youth programme
Netcare Ulusha YES Hub
Netcare Foundation and Health Partners for Life trusts
ESD[2] beneficiary support programme

Top ten highlights for FY 2023

1. Reviewed the impact of the Care4YOU programme across ten hospitals.
2. Implemented a number of action plans to respond to the feedback received from employees in the 2022 Voice of OUR Employees engagement survey.
3. Nurse turnover decreased for FY 2023, indicating that our retention strategies are having an impact.
4. Launched the third iteration of DEI training and awareness for employees.
5. Amended the seventh Netcare behaviour to communicate our intention to create spaces of safety and belonging for all employees.
6. Training spend on people with disabilities increased to R2 million from R345 000 in FY 2022.
7. 90% of the YES learners who participated in Netcare learnerships are formally employed.
8. Awarded selected formulary agreements to QSEs[3] and EMEs[4].
9. ESD beneficiary performance for the year was positive with good growth, a stabilising risk profile and compliance to loan repayment terms despite a challenging year (load shedding and higher operating costs).
10. The Netcare Foundation launched a male circumcision programme, the Mother and Child Trust approved funding to establish a human milk bank at the Rahima Moosa Mother and Child Hospital (public hospital) and we took the first steps towards implementing a gender-based violence programme with a particular focus on the deaf community in SA.

1. Diversity, equity and inclusion.
2. Enterprise and supplier development.
3. Qualifying small enterprises.
4. Exempted micro enterprises.

Transformation of our society continued

Challenges faced

- Training spend on nursing decreased due to SANC[1] restrictions, impacting our training spend on women and black women.
- Our formal appeal to the SANC to review the low allocation of student intake numbers remains unresolved.
- A nursing vacancy rate of around 24% at September 2023.
- Black representation at senior management level decreased.
- CSI spend decreased but still met the dtic[2] Code target of 1% of NPAT.

Looking forward

- Start the roll out of the Care4YOU programme for Netcare Medicross, head office and senior leadership in FY 2024, and integrate Care4YOU into the business, shifting towards a business-as-usual project phase.
- Increase the representation of black people and black women at Board and Executive Committee levels, and within senior management.
- Hold a mini engagement survey in FY 2024 to measure the impact of our action plans on the employee experience.
- Roll out the ICAS Hub App, making it easier for employees and their families to access wellbeing programmes.
- Enhance our engagement with unions to co-create solutions for matters of mutual interest.
- Maintain and deepen our transformation performance across the B-BBEE scorecard pillars.
- Review our ESD programme to understand how we can create development opportunities for more suppliers.
- Launch the Netcare Nursing Scholarship through the Physician Partnership Trust.
- Pilot a Universal Newborn Hearing Screening programme in the public health sector together with HI HOPES[3].
- Continue to engage with government through our sector and business forum memberships on solutions to achieve universal healthcare and address the nursing shortage.

Positive outcome | Improved but below target | Neutral outcome | Negative outcome

BSC key performance indicators

	Measure	Weight	2023 target	Actual	
Human capital and transformation 10%	Preferential procurement: improve procurement spend on ≥30% black women-owned and ≥51% black-owned enterprises, EMEs and QSEs with overall improvement on B-BBEE scorecard (%)	5.0%	**89.0**	**90.0***	Positive outcome
	Employee retention: reduction in voluntary employee turnover (%)	2.5%	**14.0**	**11.5***	Positive outcome
	Management diversity and inclusivity: increase in representation of black managers at middle management (%)	2.5%	**56.5**	**57.5***	Positive outcome

*Assured by Internal Audit.
Note: Black covers African, Coloured and Indian employees.

1. South African Nursing Council..
2. Department of Trade, Industry and Competition.
3. An early intervention partner for families of deaf and hard-of-hearing babies run through the Centre for Deaf Studies at Wits University.

Overview of strategic progress continued

Transformation of our society continued

✓ Positive outcome ☒ Improved but below target ◉ Neutral outcome ⊗ Negative outcome

Supporting metrics

	2023 target	2023	2022	2021	
Workforce					
Overall turnover (%)		**14.5**	17.2	16.6	✓
Training spend[1] (Rm)		**57**	51	49	✓
Number of employees who received training[1]		**18 565**	15 968	12 731	✓
Training spend directed to formal nurse training and pipeline development[1] (%)		**53**	68	89	⊗
Broad-based black economic empowerment					
B-BBEE rating		**Level 3***	Level 3	Level 4	◉
Procurement spend with ≥51% black-owned suppliers[2] (%)	48%	**52***	51	49	✓
Procurement spend with ≥30% black women-owned[2] suppliers (%)	26%	**32***	33	28	✓
Procurement spend with QSEs[2] (%)	10%	**9***	9	8	◉
Procurement spend with EMEs[2] (%)	9%	**8***	5	3	☒
Supplier development spend (% of NPAT)	2.0%	**2.1***	2.2	3.7	✓
Enterprise development spend (% of NPAT)	1.0%	**2.2***	1.7	1.0	✓

1. *Calculated for the skills period 1 April to 31 March as per the HWSETA measurement year.*
2. *Calculated as a percentage of measurable procurement spend.*

* *Empowerdex assured the Group's contributor rating according to the revised dtic Codes of Good Practice for B-BBEE. This includes the employment equity information in the table below.*

		2019	2020	2021	2022	2023	2023 target	
Senior management	Black	41.4	41.9	43.3	50.0	**45.7***	52.6	⊗
	Black women	24.1	25.8	23.3	25.0	**22.9***	28.9	⊗
Middle management	Black	45.2	48.9	52.9	53.1	**57.5***	56.5	✓
	Black women	25.1	27.6	30.6	32.4	**35.9***	34.5	✓
Junior management and skilled workers	Black	71.2	71.9	72.8	75.9	**77.4***	77.1	✓
	Black women	61.9	61.8	62.3	64.6	**65.3***	63.4	✓
Employees with disabilities	Overall	3.6	3.9	4.2	4.4	**4.6***	4.5	✓
	Black	2.3	2.6	2.8	3.0	**3.2***	3.3	☒
	Black women	1.6	1.8	1.9	2.1	**2.2***	2.3	☒

Note: excludes National Renal Care.

Performance disclosure

Doctor partnerships: PG 118.
Suppliers: PG 125.
Society: PG 128.
Our people: PG 135.

ESG report

Environmental sustainability

Capitals impacted

SRC MC NC FC

Link to material matters

BSC weighting

10%

Our objectives

1. Maintain global and local leadership in environmental sustainability in healthcare.
2. Drive the achievement of our 2030 environmental targets.

Key strategies and projects

LED lighting project
Renewable energy programme
Potable water risk-adjusted strategy
Water stewardship programme
Zero general waste to landfill project

Top ten highlights for FY 2023

1. The environmental sustainability projects continued to achieve greater savings than originally anticipated.
2. Operational savings for the year totalled R377 million.
3. Installed an additional 664 kWp of renewable solar energy and concluded a renewable energy supply arrangement.
4. The use of renewable energy resulted in an R34 million cost saving.
5. Completed a 20-year renewable energy supply arrangement.
6. Borehole feasibility studies are underway at 35 hospital sites.
7. Started converting our HVAC cooling towers to alternative energy efficient technologies that do not use water.
8. Established waste reduction targets for each hospital.
9. Rolled out the zero general waste to landfill project to all hospitals barring four (from eight piloted in FY 2022).
10. Investigated the feasibility of anaerobic biodigesters to transform organic waste into biogas.

Challenges faced

- Scope 1 emissions were negatively impacted by increased use of diesel generators to maintain operations during load shedding.
- We still await municipal approval to construct a greywater treatment plant at Netcare Alberton Hospital.

Looking forward

- Explore viable renewable energy wheeling solutions for municipal-connected facilities.
- Start phase two of our national LED programme.
- Improve our Scope 3 reporting both internally and across the supply chain.
- Complete a water risk assessment to quantify the financial impact of water-related risks and opportunities.
- Continue to investigate the feasibility of wastewater treatment plants.
- Improve our CDP reporting to an A rating for both climate and water.
- Roll out the clinical glass recycling initiative to additional hospitals in KwaZulu-Natal and all hospitals in the Western Cape in FY 2024.
- Extend our PVC recycling initiative to our KwaZulu-Natal facilities in FY 2024.

Environmental sustainability continued

Positive outcome | Improved but below target | Neutral outcome | Negative outcome

BSC key performance indicators

	Measure	Weight	2023 target	Actual	
Environmental sustainability 10%	Energy efficiency: additional year-on-year tCO_2e avoidance from energy efficiency projects	3.0%	**1 026**	**1 324***	Positive outcome
	Renewable energy: additional year-on-year tCO_2e avoided from renewable energy sources	3.0%	**1 072**	**1 081***	Positive outcome
	Water savings: reduction in overall water consumption per bed in use for the Hospital Division (%)	2.0%	**3.0**	**8.0***	Positive outcome
	General waste: reduction in waste to landfill as a percentage of Hospital Division waste (%)	1.0%	**40.0**	**44.0***	Positive outcome
	HCRW[1]: reduction in HCRW to landfill as a percentage of Hospital Division HCRW (%)	1.0%	**6.9**	**9.3***	Positive outcome

** Assured by Internal Audit.*

Supporting metrics

	Target	2023	Variance	Baseline	
Environment					
Energy (kWh/bed)	30% ▼ by FY 2023	**17 325***	39% ▼	28 442 (2013)	Positive outcome
Scope 1 and Scope 2 emissions (tCO_2e)	84% ▼ by FY 2030	**233 603***	13% ▼	269 804 (2013)	Positive outcome
Scope 2 emissions (tCO_2e)	Zero by FY 2030	**188 129***	19% ▼	231 467 (2013)	Positive outcome
Scope 3 emissions (tCO_2e)	6% ▼ by FY 2030	**108 118[1]***	158% ▲	41 961 (2013)	Negative outcome
Water (litres/bed/day)	20% ▼ by FY 2030	**426***	28% ▼	592 (2014)	Positive outcome
Waste to landfill (tonnes)	Zero by FY 2030	**7 989***	14% ▼	9 322 (2017)	Positive outcome

1. The Scope 3 emissions increase is mainly due to improvements in calculating and reporting these emissions by Netcare and our suppliers.
** Verify CO2 provided limited assurance on carbon emissions and energy and water usage.*

Performance disclosure

Renewable energy: PG 159.
Alternative water sources: PG 160.
Environmental sustainability: PG 161.

ESG report

1. Healthcare risk waste.

Organic growth, integration and investment

Capitals impacted

SRC HIC MC FC

Link to material matters

BSC weighting

60%

Our objectives

1. Retain existing market share with schemes.
2. Drive the recruitment of doctors to grow market share.
3. Increase ecosystem contribution (divisional revenue) to the Group.
4. Grow new market share by improving accessibility to Netcare.
5. Capitalise on the digital EMR backbone to attract new, and retain existing, patients.
6. Improve the overall patient experience with ongoing investment in facilities.
7. Maintain an optimal financial capital structure.

Key strategies and projects

Doctor recruitment strategy
Funder strategy
Expansion strategy
Netcare Diagnostics
NetcarePlus

Top ten highlights for FY 2023

1. Remained well represented in network options.
2. Revenue ahead of pre-pandemic revenue, and total patient days trending at 96.6% of pre-pandemic levels.
3. Higher occupancy levels and cost efficiencies continued to drive operational leverage. Occupancy in March 2023 was the highest since the pandemic.
4. Strong statement of financial position and cash generation.
5. Best performing year in Netcare Akeso's history with activity exceeding FY 2019.
6. Continued to optimise the utilisation of our estate, converting 27 beds to higher demand disciplines.
7. Installed an Xi Da Vinci robot, a multi-speciality surgical robot, at Netcare Pretoria East Hospital.
8. Opened the new 72-bed Netcare Akeso Gqeberha (mental health facility).
9. NetcarePlus added seven prepaid procedures to its product portfolio and GapCare attracted new corporate clients.
10. Netcare Diagnostics continued to roll out point-of-care devices and around 860 000 tests have been ordered to date, ahead of our expectations.

Challenges faced

- Structural changes in the market mean that on an inflation-adjusted basis EBITDA falls short of pre-pandemic levels despite key activity measures being close to or exceeding pre-pandemic levels.
- Tight cost control and austerity measures were needed to manage higher salary increases for nurses (driven by inflation, nurse shortages and retention strategies) and above inflation utility cost increases coupled with higher levels of load shedding (increased diesel costs[1]).
- Year-on-year decline in Netcare Medicross visits ascribed to higher patient visits during the Omicron wave in FY 2022.

Looking forward

- Continue to drive the doctor recruitment strategy for the Hospital Division, and implement a doctor recruitment strategy for the Primary Care Division.
- Open two Netcare Akeso facilities in FY 2025.
- Continue to convert Netcare Medicross centres to our new model that supports better financial performance (46.3% of centres converted at year-end) and drive Medicross Thrive, our coordinated care model with support from nurse practitioners for patients with chronic diseases (active at three sites).
- NetcarePlus will launch an additional five general surgery prepaid procedures and make product improvements to drive sales.
- Expand Netcare Diagnostics to support doctors with more specialised testing and to cater for both inpatients and outpatients, roll out pathology services and point-of-care testing to additional Netcare Medicross sites and commission two additional regional laboratories in FY 2024.
- Develop a new business model to secure our long-term position in oncology.

1. *The cost of running diesel generators is around 3.5 times higher than electricity sourced from the national grid.*

Organic growth, integration and investment continued

Positive outcome | Improved but below target | Neutral outcome | Negative outcome

BSC key performance indicators

	Measure	Weight	2023 target	Actual	
Financial 60%	EBITDA margin (%)	15.0%	**17.2**	**17.4***	Positive outcome
	Adjusted HEPS (cents)	15.0%	**97.8**	**105.7***	Positive outcome
	ROIC (measured over FY 2022 and FY 2023) (%)	15.0%	**9.8**	**9.8***	Neutral outcome
	Cash conversion (measured over FY 2022 and FY 2023) (%)	15.0%	**105.0**	**106.2***	Positive outcome

** Assured by Internal Audit.*

Supporting metrics

	2023 target	2023	2022	2021	
Activity measures					
Total full week occupancy[1,2] (%)		**64.4***	60.1	56.7	Positive outcome
– Netcare hospitals[2] (%)		**63.5***	59.3	56.2	Positive outcome
– Netcare Akeso (%)		**72.7***	68.1	62.1	Positive outcome
Total patient days (%)		**6.7*** ▲	5.4 ▲	6.9 ▲	Positive outcome
– Netcare hospitals[2] patient days (%)		**6.1*** ▲	4.8 ▲	6.4 ▲	Positive outcome
– Netcare Akeso patient days (%)		**12.7*** ▲	11.5 ▲	12.7 ▲	Positive outcome
Primary Care visits (%)		**3.1*** ▼[3]	4.3 ▲	1.7 ▲	Negative outcome
Financial measures					
EBITDA margin[4] (%)	17.2	**17.4***	16.2	15.2	Positive outcome
ROIC (%)		**10.8***	8.8	7.9	Positive outcome
Net debt to EBITDA (times)		**1.2**	1.4	1.7	Positive outcome
EBITDA to net interest[5] (times)		**4.5**	4.5	4.1	Neutral outcome
Cash conversion (%)		**100.5***	113.0	118.8	Positive outcome
Adjusted HEPS (cents)		**105.7***	83.2	67.4	Positive outcome

1. Occupancy measured on beds in use.
2. Excluding Netcare Bougainville and Netcare Ceres hospitals which were closed in the previous year.
3. Primary care activity in FY 2022 was boosted by higher visits during the Omicron-driven COVID-19 wave.
4. Excluding strategic costs and generator diesel costs.
5. Normalised to exclude impact of exceptional items.
** Assured by Internal Audit.*

Organic growth, integration and investment continued

Investment in key strategic projects (Rm)

FY 2023 marks the final year of major capex and operational expenditure on strategic projects.

	Capital expenditure			Operational expenditure		
	Up to 2022	2023	2024	Up to 2022	2023	2024
Digital platforms	306	91	40	187	113	57
Data management and analytics				127	48	
Patient-facing engagement		33		83	9	
New business	4		6	121	64	59
Environmental sustainability	585	39	77	99	24	16
Total	**895**	**163**	**123**	**617**	**258**	**132**

Performance disclosure

Doctor partnerships: PG 118.
Private medical funders: PG 123.
New business development: PG 152.
Estate, medical equipment and 'green' infrastructure: PG 155.
Financial capital: PG 170.

Shareholder report
Full annual financial statements

Outlook and key strategic trade-offs

Nearing the completion of our key strategic project implementations, we are now well placed to benefit from the rapidly changing dynamics driving demand in the healthcare sector. The operationalisation of our strategy will equip Netcare to achieve the interrelated objectives of the *Quadruple Aim* for healthcare system improvement and enable us to generate a long-term sustainable competitive advantage.

Our expectations	Outlook
Medical scheme membership to remain resilient (with limited growth) due to the sustainable demand for private healthcare driven by a growing disease burden and an aging insured population.	**For FY 2024** • Revenue growth of between 7.5% and 9.5%. • Total patient days to grow by between 2.5% and 3.5%. • Further EBITDA margin expansion, improved earnings and higher ROIC.
A challenging economic environment with continued pressure on disposable income, in turn driving growth in affordable restricted network plans.	• Our significant geographic footprint, coupled with NetcarePlus GapCare products, will support the retention of a portion of patients in restricted networks plans. • Our focus on driving efficiencies will mitigate the impact of the lower tariffs related to these restricted network contracts. • No material changes in designated service provider networks are expected in FY 2024.

The challenges we face in our operating environment and their associated risks demand balanced and defensible decisions in how we secure affordable resources, and how we allocate them between immediate necessities and longer-term strategic priorities. As we manage the inevitable strategic trade-offs, we will do so in a way that ultimately delivers positive outcomes – differentiated benefits for our patients, people and partners in the healthcare sector; growth in enterprise value for our shareholders; and effective investment in the common good of current and future South Africans.

There are many trade-offs we must make in the ordinary course of managing a comprehensive healthcare business. Beside these, we continue to face the same three key strategic trade-offs reported in FY 2022, which compete for our attention and investment.

Impact on capitals

▼ Negative impact on capital ▲ Positive impact on capital ■ Capital preserved

Protecting our human capital

Although securing the professional and personal resilience and future relevance of our workforce is a significant feature of our cost base (▼ FC), it generates returns across a number of capital stocks over the long term (▲ SRC, HIC, MC and FC). Key enhancements within social and relationship capital are patients who experience high-quality, safe and compassionate care, and doctors who are supported by a professional nursing capability able to apply our digitally enabled and data-led ways of working.

Our investment in human capital also strengthens our employee value proposition in the short to medium term (▲ HIC) in a highly competitive and shrinking market for scarce healthcare and digital skills. Key investments during FY 2023 included the recruitment, training and retention of nurses, the development of talent to secure a robust succession pipeline, creating an environment in which all employees feel a sense of belonging and our Care4YOU compassion training and wellbeing programmes that provide employees with psychosocial support.

Outlook

- Our digital implementations will, to an extent, shield the Group against staff constraints by improving the efficiency of available professionals.
- Our strategic choice to invest in the installed capacity of our existing acute facilities, rather than expand our bricks and mortar footprint, has proven prudent in the face of the current healthcare skills shortages.
- The nursing shortage is likely to remain challenging in the medium term. We will continue to employ our nurse retention strategy, which increases payroll costs. While some progress was made this year to identify potential solutions to curb the shortage of nurses, should no advances be made the threat to SA's healthcare system will increase.

Mitigating against interruptions in water and electricity supply

We spent R124 million – a 235% increase on FY 2022 – on diesel for generators this year, having a significant impact on our operating costs (▼ FC). Netcare had no choice but to invest in projects and infrastructure at significant cost (▼ FC) to secure access to electricity and water, and reduce our consumption. We invested capex of R39 million in our 2030 environmental sustainability strategy with operational expenditure amounting to R24 million. The result of these significant outflows of financial capital are that our patients continued to receive safe and effective medical care, and we met doctors' expectations in terms of optimal working environments free of disruptions in their treatment of patients (▲ SRC). However, our Scope 1 emissions increased 19.5% due to the increased reliance on diesel (▼ NC). Overall water consumption decreased year on year across the Group and the amount of water recycled increased to 63 345 kl from 27 043 kl in FY 2022 (▲ NC). Our environmental sustainability strategy realised R102 million in cash savings and avoided R275 million in costs (▲ FC).

Outlook

- South Africans will continue to be impacted by national power grid load shedding in FY 2024 and increasing utility services costs. We cannot realistically expect diesel costs to ease in the near term given the instability of the national grid. In addition, the availability of potable water and deteriorating potable water quality will remain challenges.
- The cost avoidance benefits of our environmental sustainability projects will continue to mitigate the significant escalation in utility and diesel costs.
- Our new 2030 environmental sustainability strategy is designed to address climate change-related risks, regulatory changes and the scarcity of resources. Further cost benefits and environmental improvement will be realised through our 20-year renewable energy supply arrangement with NOA Group Trading.

Outlook and key strategic trade-offs continued

Impact on capitals
▼ Negative impact on capital ▲ Positive impact on capital ■ Capital preserved

Maximising the benefits of our business strategy

The most cost intensive aspects of our strategy in FY 2023 remained the digital, data and environmental sustainability strategies (▼ FC), which will deliver both cost and care efficiency in the long term without affecting our ability to deliver outstanding care (▲ FC and SRC). The digitised and integrated ecosystem we are creating together with our investment in data competencies will contribute meaningfully to the wellbeing of our patients (improved quality of care), support innovation and grow balanced value for all our stakeholders over the medium to long term, particularly doctors and other healthcare practitioners, private medical funders and investors (▲ SRC). We will gain intellectual capital benefits from our digitised platforms, the re-engineering of our processes and a workforce with digital skills, and we will be able to leverage our data to offer digitally enabled products to extend our service range, ultimately driving market share gains and profitability (▲ HIC and FC). CareOn in the Hospital Division delivered R104 million in efficiency savings in FY 2023 as well as benefits for doctors and nurses in their everyday work (▲ FC and SRC).

Our manufactured capital remained in line with our capex-light strategy. The sale of property within the Primary Care Division realised a capital profit of R2 million (▼ MC and ▲ FC). We opened Netcare Akeso Gqeberha and will continue to explore opportunities to meet the demand for mental healthcare, including expanding Netcare Akeso's footprint with a further two facilities in FY 2025 (▲ MC). Increasing our portfolio of facilities has a general negative impact on the environment (▼ NC), which our environmental sustainability strategy aims to minimise by employing efficient natural resource use and curbing our waste to landfill.

The IRR for phase one of our environmental strategy is 40% and for CareOn is projected at >21% (▲ FC).

R1.1 billion was returned to shareholders in dividends and share buybacks in FY 2023 (▲ SRC).

Outlook

- Expenditure on strategic projects will decline in FY 2024 as we complete all strategic projects. Capex is forecast at R123 million and operational costs at R132 million. This includes R57 million final implementation costs and capex of R40 million for CareOn. CareOn will be earnings accretive from FY 2024 and we expect to realise gross savings of approximately R120 million.
- Other strategic costs of R75 million will be incurred in FY 2024 for environmental sustainability and NetcarePlus – both critical enablers of our strategy – reducing to approximately R60 million in FY 2025. NetcarePlus is expected to break even in four years. The combined capex for both projects is R83 million for FY 2024.
- We will continue to maintain an optimal capital structure and our strong statement of financial position will support growth and at the same time protect the Group against unexpected downside risks. This, together with the ongoing improvement in operational performance in the underlying businesses will continue to support dividend payments in line with our dividend policy.
- Total capital expenditure of R1.4 billion will be incurred in FY 2024.
- We remain confident that we have laid the foundations to achieve the expected benefits of our strategy of person centred health and care that is digitally enabled and data driven; to grow market share, differentiate the experiences of our patients and keep them in our ecosystem for life, and to grow margins and returns for our shareholders.

Remuneration overview

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

We aim to make Netcare's remuneration reporting straightforward, comprehensive and transparent, and recognise the need for continuous improvement.

We believe that our remuneration policy strikes a fair balance between rewarding executives for achieving stretching, but motivational short-term objectives linked to long-term strategy, talent retention and the delivery of shareholder value. The policy includes minimum shareholding requirements and malus and clawback provisions to mitigate the risk of adverse events that could materially harm the Group and/or its stakeholders.

The key decisions of the Remuneration Committee in FY 2023 are reported in the governance overview section (see page 41).

Shareholder engagement

Selected members of the Executive Committee met with shareholders in November 2022 on Netcare's newly implemented SIP[1]. During these meetings, and in subsequent engagements following the 2023 AGM, shareholders provided valuable feedback on our remuneration policy and implementation report.

Shareholders raised concerns regarding ROIC targets set at less than the WACC[2]. They suggested that we consider using a single-year measurement for ROIC[3] and cash conversion, rather than a trailing two-year metric.

ROIC, which was comfortably in excess of WACC prior to COVID-19, dropped significantly during the pandemic, as was the case with many listed peers. To incorporate a balance between short-term and medium-term performance, the committee determined that ROIC and cash conversion metrics should transition from a single-year metric in FY 2022 when the SIP was first introduced, to a two-year metric in FY 2023 and a three-year metric from FY 2024 onwards. Consequently, while ROIC targets for FY 2023 required a notable improvement year on year, they remained marginally below WACC. More significantly, the FY 2023 ROIC targets were weighed down by the lower performance achieved in FY 2022, which was severely impacted by the pandemic. Our engagements with shareholders revealed that the basis of measuring this metric over a two-year period was not well understood.

Taking feedback and advice from shareholders into account, our targets for FY 2024 for both ROIC and cash conversion have been formulated on single-year performance. In addition, FY 2024 targets for ROIC are set to at least meet WACC for threshold performance, and to exceed WACC for on-target and outperformance.

Shareholders asked for disclosure of peer groups used for benchmarking remuneration.

Comparator groups to benchmark the remuneration for the CEO and CFO included:
- **Healthcare:** Life Healthcare and Mediclinic.
- **Pharmaceuticals:** Adcock Ingram and Aspen.
- **Hospitality:** Sun International.
- **Property:** Vukile Property Fund.
- **Pharmaceuticals and retail:** Clicks and Dis-Chem.

No benchmarking was performed for non-executive director remuneration for FY 2023.

Shareholders asked us to consider including a comment on when the Remuneration Committee sets targets each year.

Targets are set at the start of each financial year when the Board approves the annual budget.

1. *Single Incentive Plan.*
2. *Weighted average cost of capital.*
3. *Return on invested capital.*

Remuneration overview continued

Shareholders requested disclosure on the on-target percentages post the catch-up awards.

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

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

Shareholders complimented our remuneration policy for including comprehensive ESG targets.

Our ESG targets are underpinned by long-term environmental sustainability, social transformation and governance plans that are reviewed regularly by the particular Board committees that oversee implementation. ESG targets will continue to form part of our BSC[1] going forward.

Shareholders queried why benchmarking had not been undertaken for the CEO and CFO.

CEO/CFO benchmarking was not undertaken in FY 2022 as the previous benchmark undertaken in FY 2021 showed that the CEO and CFO guaranteed packages aligned well with market trends. However, the CFO's guaranteed package was at the lower end of the market median. Additionally, the STIs were also lower than industry benchmarks (especially the CFO's). This was to be corrected by the allocation of SIP in December 2022. The committee engaged Bowmans to conduct the benchmarking exercise at the beginning of the calendar year to be tabled for consideration at its February 2023 meeting.

The findings of the benchmark showed that the CEO's 'on-target' total remuneration at the standard policy level, without catch-up awards, closely aligned to the market median at 99% of market and at 135% of the market inclusive of catch-up awards. The CFO's total 'on-target' remuneration on a normalised basis (excluding catch-up awards) fell below the tolerance band but aligned closer to the market median at 97% inclusive of catch-up awards. The committee therefore approved a higher salary adjustment for the CFO.

Netcare's non-executive directors are remunerated on a fixed fee basis. Certain shareholders suggested the basis should be meeting attendance.

A fixed fee structure takes into account a number of other ad hoc and unscheduled meetings that directors are required to attend at short notice, and accordingly we consider the current remuneration structure to be appropriate. The retainer only policy is the most common for JSE companies as well as in several global markets. A pay per meeting policy can encourage an excessive number of meetings.

Shareholders recommended the benchmarking of Board members' remuneration.

Board members' remuneration is externally benchmarked every two years and the findings inform the recommended fee increases submitted for shareholder approval. The last benchmarking exercise was conducted by PwC in FY 2022. Therefore, no benchmarking was performed in FY 2023.

The Remuneration Committee considered the outcome of the FY 2022 PwC benchmarking exercise together with the fact that since FY 2019, it has not awarded increases to non-executive directors, except for certain committees where fees benchmarked below the market median. The committee recommended a 6.0% fee increase for selected committees whose fees remained below the benchmark tolerance band and market median, as approved at the 2023 AGM.

For FY 2024, the committee is proposing a CPI-linked 5.0% adjustment in non-executive director fees. No fee increases for Board members and members of the Social and Ethics Committee have been proposed, as these are currently above the market median.

1. Balanced scorecard.

Shareholder voting

	2023			2022		
	Votes in favour	**Votes against**	**Abstentions**	Votes in favour	Votes against	Abstentions
Remuneration policy	**85.1%**	**14.9%**	**6.0%**	84.4%	15.6%	1.8%
Implementation report	**87.0%**	**13.0%**	**0.0%**	86.4%	13.6%	0.4%
Non-executive director remuneration	**97.2%**	**2.8%**	**0.0%**	94.6%	5.4%	0.2%

Both the remuneration policy and implementation report for FY 2023 will be presented for separate non-binding advisory votes from shareholders at the AGM on 2 February 2024. Should the remuneration policy and/or implementation report be voted against by 25% or more of the voting rights exercised at the 2024 AGM, we undertake to engage with shareholders to fully understand the reasons for dissenting votes and to address legitimate and reasonable objections raised.

Executive remuneration structure

The remuneration of Netcare executive directors, prescribed officers and senior executives comprises fixed remuneration (guaranteed package) and variable remuneration (STI[1] and LTI[2]) awarded in line with the SIP.

*Detailed disclosure on the structure of executive remuneration: PG 44 of the **shareholder report**.*

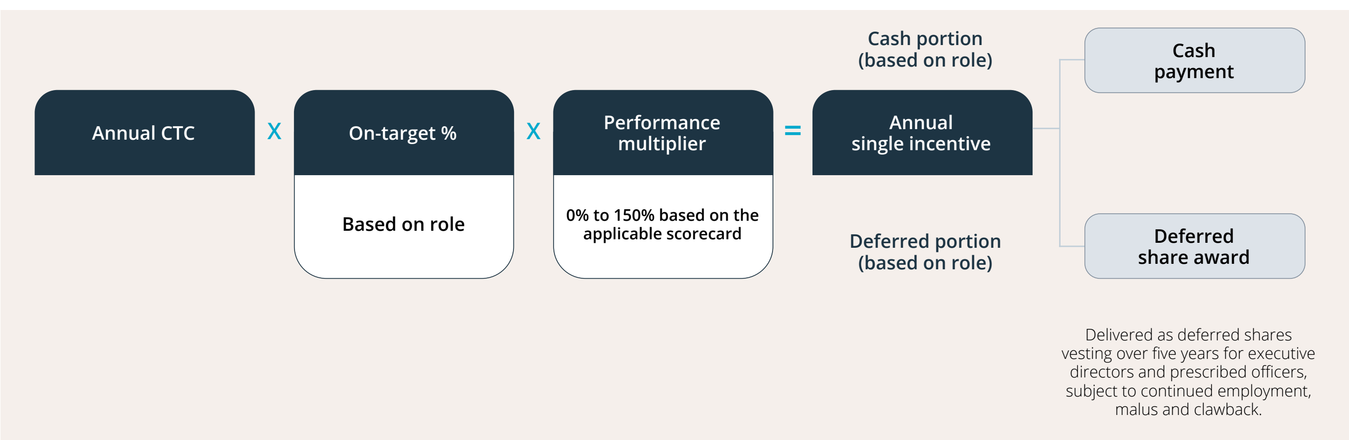
Single Incentive Plan

FY 2023 marked the second year of the SIP. The SIP creates flexibility in our compensation approach and ensures that 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. It responds to the difficulties of forecasting targets in a volatile market by ensuring that the Group sets stretching but realistic annual performance targets. The annual SIP targets are comprehensive and encompass both financial and non-financial objectives, creating alignment between our annual performance, executive incentives and shareholder and stakeholder expectations.

The externally benchmarked SIP offers a competitive value proposition for high-performing executives and senior managers by combining STIs and long-term value, and providing a retention mechanism via the earned deferred shares. It also ensures alignment with the 'pay for performance' principle and exposes executive directors to share price performance over a longer period.

The SIP awards for 2022, FY 2023 and FY 2024 include catch-up awards to address the gap created by the deferral and subsequent cancellation of FSP4[3] caused by the emergence of COVID-19. The catch-up awards ensure that the intended, market-aligned level of LTI awards are made on average over time, subject to the applicable performance conditions.

Basis of determination



The SIP is calculated by multiplying the individual's annual CTC[4] by an on-target percentage (this being the total incentive for which the individual qualifies when meeting objectives) and the performance multiplier based on BSC achievement for the measured period.

1. *Short-term incentives.*
2. *Long-term incentive.*
3. *Forfeitable Share Plan 4.*
4. *Cost-to-company.*

Remuneration overview continued

The on-target percentage for the catch-up period – FY 2022, FY 2023 and FY 2024 – for the various eligible participants is illustrated below.

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

The performance multiplier ranges from zero if none of the threshold levels are achieved to 100% for on-target performance, and up to 150% for outperformance:

- Below threshold – 0%
- Threshold – 50%
- On target – 100%
- Outperform – 150%.

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

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

CEO: Group BSC 100%
CFO: Group BSC 80% and divisional BSC 20%
Executives (F Band): Group BSC 60% and divisional BSC 40%

Each executive is required to achieve 60% of their divisional and/or individual BSC to qualify for an incentive.

Deferred shares vest over a five-year period for executives, with minimum shareholding requirements applicable. This is to ensure that executives are exposed to share price performance and are aligned to shareholder objectives, while offering them competitive remuneration.

Salient features of the deferred shares, minimum shareholding and malus and clawback : PG 52 of the shareholder report.

Group BSC FY 2024

	Measure	Weighting	Threshold	On-target	Outperform
Financial results 60%	EBITDA margin – growth on FY 2023	**15.0%**	17.4%+0.5%	17.4%+1.0%	17.4%+1.5%
	Adjusted HEPS – growth on FY 2023	**15.0%**	105.7 cents +CPI+GDP[1]+5%	105.7 cents +CPI+GDP+7%	105.7 cents +CPI+GDP+9%
	ROIC (measured over single year)	**15.0%**	WACC+0.0%	WACC+0.5%	WACC+1.0%
	Cash conversion (measured over single year)	**15.0%**	90.0%	100.0%	110.0%
Consistency of care 10%	**Patient experience:** continued improvement in the nurse compassion score of the PFS[2] for the Hospital Division	**5.0%**	8.21	8.25	8.36
	Specialists: gross number of new specialists granted admitting privileges in the Hospital Division	**2.5%**	97	102	120
	Summary of Care reports: implementation across all applicable divisions	**2.5%**	Pilot phase completed across all divisions by end April 2024	Full rollout across all divisions by end May 2024	Summary of Care reports available on Netcare App by end June 2024 for all divisions
Digitisation 10%	**CareOn EMRs:** additional number of beds in the Hospital Division linked to CareOn by April 2024	**2.5%**	678	849	943
	CareOn adoption by doctors: adoption of e-scripts	**2.5%**	80.0%	82.5%	84.0%
	CareOn adoption by doctors: adoption of clinical orders	**5.0%**	77.0%	79.5 %	81.50%
Environmental sustainability 10%	**Energy efficiency:** additional year-on-year tCO_2e avoidance as a result of energy efficiency projects implemented	**3.0%**	1 800	2 000	2 300
	Renewable energy: additional year-on-year tCO_2e avoided as a result of renewable energy generation projects	**3.0%**	1 700	1 900	2 275
	Water savings: reduction in overall water consumption per bed in use in the Hospital Division	**2.0%**	2.0%	2.3%	3.0%
	General waste: reduction in waste to landfill as % of Hospital Division general waste	**1.0%**	65.5%	68.5%	80.0%
	HCRW[3]: reduction in HCRW to landfill as % of Hospital Division HCRW	**1.0%**	12.1%	12.8%	13.6%
Human capital and transformation 10%	**Preferential procurement:** support small and medium enterprises through improved procurement spend on EMEs[4] and QSEs[5] with overall improvement on procurement rating as % of points available for procurement on B-BBEE scorecard	**2.5%**	91.0%	92.0%	93.0%
	Employee wellbeing: % of employees accessing/participating in mental, physical, financial and emotional wellbeing programmes measured against the total workforce	**5.0%**	60.0%	70.0%	80.0%
	DEI[6] and belonging: increased inclusion of black managers at middle management as a % of all middle managers	**2.5%**	58.5%	59.5%	60.5%
		100.0%			

1. *Gross domestic product.*
2. *Patient feedback survey.*
3. *Healthcare risk waste.*
4. *Exempted micro enterprises.*
5. *Qualifying small enterprises.*
6. *Diversity, equity and inclusion.*

Remuneration overview continued

Financial targets

Our FY 2024 financial targets reflect further improvement in underlying operational performance, notwithstanding the numerous challenges in the local economic environment. Targets set for EBITDA margin require continuing improvement and include residual costs of R132 million associated with the implementation of key strategic projects, most notably the CareOn digitisation project. The adjusted HEPS target reflects continued double-digit growth, while the ROIC metric moves ahead of WACC (which has increased from 10.7% in FY 2022 to 11.9% in FY 2023 and 12.3% for FY 2024 due to rising interest rates which are currently at a 14-year high), as returns continue to normalise from the impacts of COVID-19. The business is expected to continue generating strong cash flows and maintain a cash conversion ratio of 100%.

Non-financial targets

Consistency of care – our FY 2024 targets are heavily weighted towards harnessing the clinical data from our advanced and comprehensive digital strategy, aimed at informing clinical care at the bedside and leading to better quality and efficiency of care. Key focus areas in terms of the BSC are the delivery of Summary of Care reports and continued investment in compassion-based training programmes.

Digitisation – our FY 2024 targets reflect our commitment to driving higher CareOn adoption by our doctors and all healthcare practitioners to ensure the system is fully embedded, as this remains a key risk to benefit realisation.

Environmental sustainability – for FY 2024, we have retained the existing metrics linked to our 2030 environmental sustainability targets.

Human capital and transformation – our labour turnover rate has normalised and we are focused on driving initiatives aimed at improving lower-scoring aspects of employee engagement based on feedback from the survey conducted in FY 2022. For FY 2024, our BSC is structured to focus on employee wellbeing and advancing DEI and belonging with a sharp focus on middle management, as this level provides a pipeline of talent for senior leadership levels. We will also continue to support inclusive procurement.

Fair and responsible employee remuneration

Our remuneration decisions support our commitment to progressively narrow the income gap between highest and lowest income earners. We also empower our employees with the flexibility to structure their remuneration in a manner that suits their needs and lifestyle. We paid higher wage increases to employees at lower levels, and allowed them to access their variable (overtime) earnings ahead of pay day.

To ensure that our remuneration policy and practices are externally competitive, responsible and free of any unfair discrimination and prejudice, we use a reputable job grading system to ensure equal pay for work of equal value and benchmark the salaries we pay.

The 17th World Economic Forum's Global Gender Gap Report (2022) confirmed that women in SA earn between 23% and 35% less than men on average. The joint report published by the ILO and the WHO (2022) further confirms that women earn between 20% to 24% less than men in the healthcare sector despite constituting 67% of the global health and care workforce. Netcare is a gender empowered organisation with 81% of our workforce being women. Consequently, female earnings range between 8% to 25% higher than men in roles below junior management level, and marginally higher than men at junior management level. Men earn between 7% and 10% higher than women at senior and middle management levels, respectively.

We conduct an income differential analysis annually to ensure that there are no unfair pay differentials based on gender, race or any other social demographics. Our analysis shows that we do not have unfair race and gender pay gaps for work of equal value. Where differentials exist, we investigate the underlying reasons. Typically, these relate to educational levels, work experience and length of service in the role.

Our minimum wage is 50% above the legislated national minimum wage.

Our specific measures to narrow the income gap between the highest and the lowest earners: ESG report on PG 89 and shareholder report on PG 52.

Executive remuneration for FY 2023

Group balanced scorecard FY 2023

	Measure	Weighting	Threshold	On-target	Outperform	Achieved	Score
Financial results 60%	EBITDA margin – growth on FY 2022	**15.0%**	FY 2022 + 0.5% 16.7%	FY 2022 + 1.0% 17.2%	FY 2022 + 1.5% 17.7%	17.4%	**18.0%**
	Adjusted HEPS – growth on FY 2022 (cents)	**15.0%**	FY 2022 + CPI + GDP + 5.0% 93.6	FY 2022 + CPI + GDP + 10.0% 97.8	FY 2022 + CPI + GDP + 15.0% 101.9	105.7	**22.5%**
	ROIC (measured over a two-year period i.e. FY 2022 and FY 2023)	**15.0%**	WACC – 2.5% 8.8%	WACC – 1.5% 9.8%	WACC 11.3%	9.8%	**15.0%**
	Cash conversion (measured over a two-year period i.e. FY 2022 and FY 2023)	**15.0%**	100.0%	105.0%	110.0%	106.2%	**16.8%**
Consistency of care 10%	**Patient experience:** continued improvement in the nurse compassion score of the PFS for the Hospital Division	**5.0%**	8.16	8.26	8.36	8.18	**3.0%**
	Doctor engagement: improved likelihood of doctor recommendation of Netcare as the workplace of choice	**2.5%**	7.65	7.75	7.95	6.99	**0.0%**
	Specialists: gross number of new specialists granted admitting privileges in the Hospital Division	**2.5%**	75	80	85	143	**3.8%**
Digitisation 10%	**CareOn EMRs:** additional number of beds in the Hospital Division linked to CareOn by September 2023	**5.0%**	3 354	3 554	3 817	3 817	**7.5%**
	CareOn adoption by doctors: adoption of e-scripts	**2.5%**	75.0%	80.0%	85.0%	82.4%	**3.1%**
	CareOn adoption by doctors: adoption of clinical orders	**2.5%**	75.0%	80.0%	82.5%	76.5%	**1.6%**
Environmental sustainability 10%	**Energy efficiency:** additional year-on-year tCO_2e avoidance as a result of energy efficiency projects implemented	**3.0%**	923	1 026	1 077	1 324	**4.5%**
	Renewable energy: additional year-on-year tCO_2e avoided as a result of renewable energy generated	**3.0%**	965	1 072	1 126	1 081	**3.3%**
	Water savings: reduction in overall water consumption per bed in use in the Hospital Division	**2.0%**	1.5%	3.0%	5.0%	8.0%	**3.0%**
	General waste: reduction in waste to landfill as % of Hospital Division general waste	**1.0%**	35.0%	40.0%	50.0%	44.0%	**1.2%**
	HCRW: reduction in HCRW to landfill as % of Hospital Division HCRW	**1.0%**	6.3%	6.9%	7.2%	9.3%	**1.5%**
Human capital and transformation 10%	**Preferential procurement:** improved procurement spend with ≥30% black women-owned enterprises, ≥51% black-owned enterprises, EMEs and QSEs with overall improvement on procurement rating as % of points available for procurement on the B-BBEE scorecard	**5.0%**	86.0%	89.0%	93.0%	90.0%	**5.6%**
	Employee retention: reduction in voluntary labour turnover	**2.5%**	14.8%	14.0%	13.8%	11.5%	**3.8%**
	Management diversity and inclusivity: increase in overall representation of black managers at middle management as a % of all middle managers	**2.5%**	55.0%	56.5%	58.0%	57.5%	**3.3%**
		100.0%					**117.5%**

Remuneration overview continued

BSC performance for FY 2023

The FY 2023 BSC approved at the 2022 AGM factored in the adverse impacts of COVID-19 conditions on the FY 2022 results. However, recognising that trading conditions would normalise in the medium term, an improved financial performance was anticipated in FY 2023 and beyond. Accordingly, the medium-term performance target ranges below were published.

	Medium-term target			
Measure	**Lower threshold**	**Upper threshold**	**FY 2023 result**	**Outcome**
EBITDA margin (%)	FY 2022 + 2.5% 17.1%	FY 2022 + 4.0% 18.6%	17.4%	Achieved
Adjusted HEPS (cents)	FY 2022 CPI + GDP + 5.0% 70.3 cents	FY 2022 CPI + GDP + 10.0% 73.4 cents	105.7	Achieved
ROIC (%)	WACC + 2.0% 12.7%	WACC + 4.0% 14.7%	9.8%[1]	Not yet achieved
Cash conversion (%)	90%	110%	106.2%[1]	Achieved

1. Measured over two-year period (i.e. FY 2022 and FY 2023).

The Group delivered solid improvement in EBITDA, positive operating leverage and expanded EBITDA margins. Importantly, the financial growth targets achieved for FY 2023 were largely organic.

While ROIC remains below the medium-term target range, it has shown steady improvement from 7.9% in FY 2021 to 8.8% in FY 2022, increasing to 10.8% in FY 2023. Further improvements in ROIC are anticipated in FY 2024, such that the minimum threshold requires ROIC to meet WACC (which has subsequently increased from 10.7% in FY 2022 to 12.3% currently), with an on-target metric of WACC + 0.5%.

Financial targets	This report	Detailed disclosure online
	Chief financial officer's review: PG 170	*Annual financial statements*

Our deliverables in relation to our digital strategic projects, consistency of care, environmental sustainability and our people and transformation objectives were largely achieved, providing a sound platform for performance in FY 2024.

Detailed information	This report	Detailed disclosure online
Consistency of care	*Our patients: PG 108*	*Quality report*
	Doctor partnerships: PG 118	
Digitisation	*Digital transformation and data: PG 146*	
Environmental sustainability	*Environmental sustainability: PG 161*	*ESG report: PG 38*
Human capital and transformation of society	*Our people: PG 135*	*ESG report: PG 70*
	Suppliers: PG 125	*ESG report: PG 103*

Group BSC outcome

The Group achieved an overall performance score of 117.5% against the maximum 150.0% possible for outperformance. There were no adjustments to the formulaic outcome, which was based on previously approved performance conditions.

This result qualified for payment of the SIP, which inclusive of catch-up awards and the costs of the second year of deferred shares from FY 2022 performance, is equivalent to 8.3% of EBIT. Excluding the catch-up awards and inclusive of the costs of the second year of deferred shares from FY 2022 performance, the SIP incentive amounted to 6.5% of EBIT.

The incentive will be settled in cash (20%) and deferred shares (80%) in line with the SIP. The number of deferred shares awarded is below the 1% threshold of total issued shares.

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

Remuneration of executive directors and prescribed officers for FY 2023

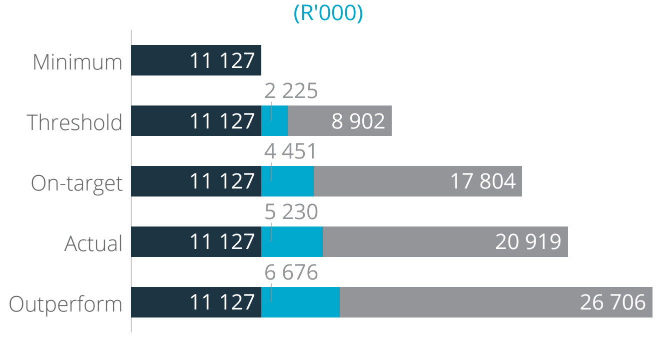
Based on this performance, potential eligibility and weighted BSC results for each director; the Board, on the recommendation of the Remuneration Committee, acknowledged the efforts of management and approved the payment of the SIP based on the formula below.

Annual CTC × On-target % × Performance multiplier 0% – 150% = Annual single incentive

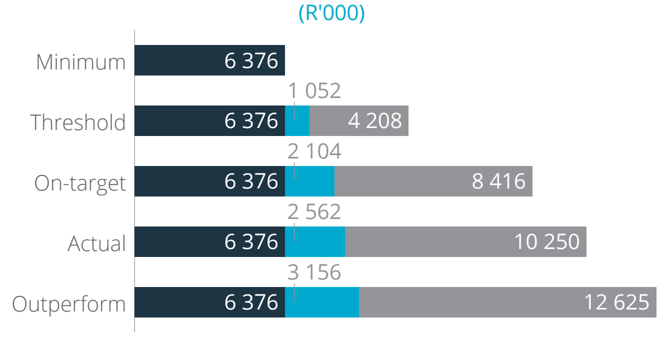
Name	Annual CTC (R)	On-target	Performance multiplier	Annual single incentive (R)	% Cash	Cash (R)	% Shares	Shares (R)	Vesting period
RH Friedland	11 127 306	200.00%	117.50%	26 149 169	20%	5 229 834	80%	20 919 335	5 years
KN Gibson	6 376 073	165.00%	121.78%	12 811 888	20%	2 562 377	80%	10 249 511	5 years
J du Plessis	5 419 925	165.00%	126.54%	11 316 316	20%	2 263 263	80%	9 053 053	5 years
T Akaloo	4 045 610	125.00%	104.50%	5 284 578	20%	1 056 916	80%	4 227 662	5 years
MFS Da Costa	4 995 783	125.00%	117.50%	7 337 556	20%	1 467 511	80%	5 870 045	5 years
CE Grindell	4 379 663	125.00%	120.90%	6 618 765	20%	1 323 753	80%	5 295 012	5 years
WN van der Merwe	4 542 025	125.00%	120.66%	6 850 509	20%	1 370 102	80%	5 480 407	5 years

Pay mix for the executive directors and prescribed officers as a percentage of guaranteed package

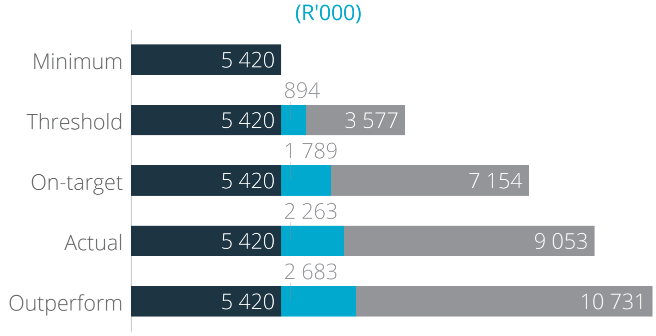
CEO
(R'000)



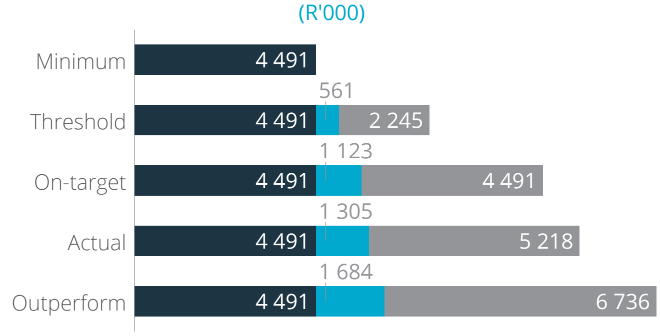
CFO
(R'000)



Managing director: Hospital Division
(R'000)



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



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

Remuneration overview continued

Total single-figure remuneration in FY 2023

	Annual guaranteed package			Single incentive			Total	Incentive paid in 2023	
Rand	Salary and benefits	Retirement fund savings and contributions	**Guaranteed package**	Cash portion	Deferred share portion	**Total single incentive**	**Total single-figure remune-ration**	Incentive paid in cash	Incentive paid in deferred shares
Executive directors									
RH Friedland	10 907 442	577 116	**11 484 558**	5 229 834	20 919 335	**26 149 169**	**37 633 727**	5 229 834	20 919 335
KN Gibson	6 052 367	343 407	**6 395 774**	2 562 377	10 249 511	**12 811 888**	**19 207 662**	2 562 377	10 249 511
	16 959 809	920 523	**17 880 332**	7 792 211	31 168 846	**38 961 057**	**56 841 389**	7 792 211	31 168 846
Prescribed officers									
T Akaloo	3 830 143	227 874	**4 058 017**	1 056 916	4 227 662	**5 284 578**	**9 342 595**	1 056 916	4 227 662
MFS Da Costa	4 735 686	260 097	**4 995 783**	1 467 511	5 870 045	**7 337 556**	**12 333 339**	1 467 511	5 870 045
J du Plessis	5 156 920	279 022	**5 435 942**	2 263 263	9 053 053	**11 316 316**	**16 752 258**	2 263 263	9 053 053
CE Grindell	4 155 114	245 206	**4 400 320**	1 323 753	5 295 012	**6 618 765**	**11 019 085**	1 323 753	5 295 012
WN van der Merwe	4 310 090	245 452	**4 555 542**	1 370 102	5 480 407	**6 850 509**	**11 406 051**	1 370 102	5 480 407
	22 187 953	1 257 651	**23 445 604**	7 481 545	29 926 179	**37 407 724**	**60 853 328**	7 481 545	29 926 179

Total single-figure remuneration in FY 2022

	Annual guaranteed package			Single incentive			Total	Incentive paid in 2022	
Rand	Salary and benefits	Retirement fund savings and contributions	**Guaranteed package**	Cash portion	Deferred share portion	**Total single incentive**	**Total single-figure remune-ration**	Incentive paid in cash	Incentive paid in deferred shares
Executive directors									
RH Friedland	10 327 566	661 739	**10 989 305**	5 804 469	23 217 877	**29 022 346**	**40 011 651**	5 804 469	23 217 877
KN Gibson	5 349 198	367 563	**5 716 761**	2 516 246	10 064 985	**12 581 231**	**18 297 992**	2 516 246	10 064 985
	15 676 764	1 029 302	**16 706 066**	8 320 715	33 282 862	**41 603 577**	**58 309 643**	8 320 715	33 282 862
Prescribed officers									
T Akaloo	3 621 971	257 351	**3 879 322**	1 129 833	4 519 331	**5 649 164**	**9 528 486**	1 129 833	4 519 331
MFS Da Costa	4 477 964	298 444	**4 776 408**	1 614 903	6 459 614	**8 074 517**	**12 850 925**	1 614 903	6 459 614
J du Plessis	4 880 584	315 611	**5 196 195**	2 225 235	8 900 938	**11 126 173**	**16 322 367**	2 225 235	8 900 938
CE Grindell	3 465 827	247 212	**3 713 039**	1 251 108	5 004 431	**6 255 539**	**9 968 578**	1 251 108	5 004 431
WN van der Merwe	4 072 272	282 936	**4 355 208**	1 433 918	5 735 672	**7 169 590**	**11 524 799**	1 433 918	5 735 672
	20 518 618	1 401 554	**21 920 172**	7 654 997	30 619 986	**38 274 983**	**60 195 155**	7 654 997	30 619 986

Single Incentive Plan

The following deferred shares were held by executive directors and prescribed officers at 30 September 2023.

Number of deferred shares	Grant date	1 Oct 2022	Granted	Shares forfeited during the year	Exercised (sold and retained)	30 Sep 2023
Executive directors						
RH Friedland	5 December 2022	–	1 584 514	–	–	**1 584 514**
KN Gibson		–	686 889	–	–	**686 889**
Prescribed officers						
T Akaloo		–	308 424	–	–	**308 424**
MFS Da Costa		–	440 839	–	–	**440 839**
J du Plessis		–	607 448	–	–	**607 448**
CE Grindell		–	341 529	–	–	**341 529**
WN van der Merwe		–	391 433	–	–	**391 433**
		–	4 361 076	–	–	**4 361 076**

Health Partners for Life

The following share options were held by directors and prescribed officers at 30 September 2023.

Number of options	Grant date	1 October 2022	Exercised	30 September 2023
Executive directors				
KN Gibson	2 Oct 2006	1 041	–	**1 041**
Weighted average exercise price		12.34		**12.34**
Prescribed officers				
CE Grindell	25 Oct 2006	1 200	–	**1 200**
Weighted average exercise price		6.42		**6.42**
		2 241	–	**2 241**

No share options were granted in FY 2023 (FY 2022: nil).

A total of 2 241 Health Partners for Life share options had vested as at 30 September 2023 (FY 2022: 2 241).

Remuneration of non-executive directors for FY 2023

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

Remuneration overview continued

Fees paid to non-executive directors

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

R'000	Board	Audit	Nomination	Risk	Remuneration	Social and Ethics	Consistency of Care	Finance and Investment	**2023 total**	2022 total
M Bower	1 236	201	134	144	186	95		294	**2 290**	1 452
T Brewer	355		44	36	31	31		85	**582**	2 159
B Bulo	685	245		174			186	211	**1 501**	1 243
L Human	685		126	144	126		223		**1 304**	1 133
I Kirk	513								**513**	–
D Kneale	228	59	43		68				**398**	1 185
M Kuscus	171			36		31	59		**297**	1 182
T Leoka	342	89		88		63			**582**	809
A Maditse	228					42			**270**	–
K Moroka	171		31			45			**247**	990
R Phillips	685		94			165	187		**1 131**	746
L Stephens	513	134			95				**742**	–
Total	5 812	728	472	622	506	472	655	590	**9 857**	10 899

Proposed non-executive directors' fees for FY 2024

The Remuneration Committee has proposed a variable increase in non-executive directors' fees (exclusive of VAT) for FY 2024 and subject to shareholder approval at the AGM to be held on 2 February 2024.

R'000	**Proposed 2024**	% Increase	Actual 2023
Board			
Chair	**1 491**	5%	1 420
Member	**685**	0%	685
Audit Committee			
Chair	**281**	5%	268
Member	**188**	5%	179
Nomination Committee			
Chair	**188**	5%	179
Member	**132**	5%	126
Risk Committee			
Chair	**215**	5%	205
Member	**151**	5%	144
Remuneration Committee			
Chair	**216**	5%	206
Member	**132**	5%	126
Social and Ethics Committee			
Chair	**188**	5%	179
Member	**126**	0%	126
Consistency of Care Committee			
Chair	**247**	5%	235
Member	**195**	5%	186
Payable per meeting			
Ad hoc committees (including the Finance and Investment Committee)	**44**	5%	42

Note: values exclude VAT.

How we performed

	Combined assurance level				
	1	2	3	4	5
Social and relationship capital					
108 Our patients	✓	✓	✓		
118 Doctor partnerships	✓	✓			
123 Private medical funders*	✓	✓	✓	✓	✓
125 Suppliers*	✓	✓	✓	✓	
128 Society	✓	✓	✓		
130 Economic and health system reform	✓	✓			
131 Transformation*	✓	✓	✓		✓
133 Corporate social investment*	✓	✓			✓
Human and intellectual capital					
135 Our people*	✓	✓	✓		✓
146 Digital transformation and data*	✓	✓	✓		
152 New business development	✓	✓			
Manufactured capital					
155 Estate, medical equipment and 'green' infrastructure	✓	✓	✓		
Natural capital					
161 Environmental sustainability	✓	✓	✓		✓
Financial capital					
170 Chief financial officer's review*	✓	✓	✓	✓	✓
178 Five-year review	✓	✓			
184 Summarised Group annual financial statements*	✓	✓	✓	✓	✓

* *Certain information disclosed in these sections was assured by level 4 and certain level 5 assurance providers as part of their scope of work on other engagements and not specifically in terms of this report.*

Combined assurance model: PG 66.

Social and relationship capital

Our patients

Netcare creates value for most stakeholders when we improve clinical outcomes, reduce costs and maximise a patient's positive experience of their health and care at our facilities. Person centred health and care is tailored to an individual, recognising and respecting their autonomy and involving them as an active participant in decisions about their care. Our consistency of care strategy strives for excellence both in quality and safety of care in a way that promotes and upholds person centredness, and is achieved using the data derived from our digital platforms to inform our clinical and strategic decision-making.

Quality of our relationship

We measure the quality of our relationships with our patients using the results from our patient feedback surveys (see page 113). As we progress our vision of a digital healthcare experience across our ecosystem that is tailored to a patient and their specific health and care needs, and entrench compassion as a way of working at Netcare, we expect to see improvements in patient experience.

Key focus areas for FY 2023

- Continuing our investment in the Care4YOU programme to embed compassion and improve the patient experience (see page 140).
- Achieving the targeted outcomes of our consistency of care BSC.
- Analysing the data received from the Hospital Division PFS[1], now in its second year of use.
- Advancing our digital engagement with patients.
- Developing and rolling out Summary of Care reports, which provide patients with their discharge summaries and electronic prescriptions.

This section responds to the following risks and opportunities:

- **2** Funder regime.
- **8** Delivering consistently outstanding person centred health and care.
- **9** Implementation of the digital and data strategies.
- **11** Competitor activity.

Our risks and opportunities: PG 65.

1. *Patient feedback survey.*

Value delivered in FY 2023

Value created | Value created but below target | Value preserved | Value eroded

124	**NET GAIN OF SPECIALISTS** The net gain of specialists in acute hospital and mental health facilities.	FY 2022: 88 FY 2021: 10	Value created
17 out of 17	**PATIENT REPORTED EXPERIENCE MEASURES** PREMs improved during the year[1].	FY 2022: 12 FY 2021: 14	Value created
8.18	**NURSE COMPASSION SCORE** Average nurse compassion score for the year against a FY 2022 baseline score of 7.92.	2023 BSC target: 8.26 FY 2022: 8.11 FY 2021: different measure	Value created but below target
7.93	**SATISFACTION WITH HOSPITAL STAY SCORE** Average patient overall satisfaction with hospital stay score for the year.	FY 2022: 7.88 FY 2021: not measured	Value created
83	**QUALITY OF CARE MEASURES PUBLISHED** Quality of care measures published in our quality report – four new measures, seven replaced and two retired. 82 measures were reported on the 'ONE Netcare' website (FY 2022: 80).	FY 2022: 81 FY 2021: 85	Value created
Achieved	**ISO CERTIFICATION** The prestigious international ISO 9001:2015 certification.	FY 2022: achieved FY 2021: achieved	Value preserved
R204m	**INVESTMENT IN DIGITISATION** Invested in digitising the Netcare ecosystem (capital and operating expenditure).	FY 2022: R156m FY 2021: R120m	Value created
89 479	**NETCARE APPOINTMED™ CALLS[2]** Calls to Netcare **appoint**med™ facilitating approximately 20 819 appointments (FY 2022: 15 800 appointments).	FY 2022: 73 174 FY 2021: 60 777	Value created
62%	**NON-EMERGENCY ONLINE PRE-ADMISSIONS** Of non-emergency admissions were online pre-admissions.	FY 2022: 38% FY 2021: not reported	Value created
22 770	**NETCARE MOBILE APP REGISTRATIONS** Registered users on the Netcare App.	Launched in FY 2023	Value created
2 605	**NATIONAL RENAL CARE MOBILE APP REGISTRATIONS** Registered users on the National Renal Care App.	FY 2022: launched	Value created
R63m	**INVESTMENT IN ENVIRONMENTAL SUSTAINABILITY** Invested in environmental sustainability, securing a more stable supply of energy and water for our facilities (capital and operational expenditure).	FY 2022: R58m FY 2021: R39m	Value created

1. *Excludes the six PREMS for Netcare Cancer Care where no comparatives are available as a new PFS for patients receiving radiotherapy and chemotherapy was implemented in FY 2023.*
2. *A free telephonic appointment booking service for patients and GPs to find doctors and specialists at Netcare hospitals, Netcare Akeso facilities and Netcare Medicross medical and dental centres.*

Detailed information

This report	Online
Doctor partnerships: PG 118	*Quality report*
Our people: PG 135	*ESG report: PG 70*
Digital transformation and data: PG 146	
NetcarePlus: PG 153	
Environmental sustainability: PG 161	*ESG report: PG 38*

Our patients continued

Consistency of care balanced scorecard

Our consistency of care strategy is designed to realise the Netcare promise for every patient who trusts us with their care.

Pillar	Overall objective	Focus areas	Reported on
Perception of care	Improve patient satisfaction and perception of care delivered	• Patient experience – Improve nurse compassion through the Care4YOU programme. – Understand the factors that have the greatest impact on a patient's overall satisfaction with their hospital stay. – Implement interventions to improve.	PG 113
		• Doctor experience – Enhance the doctor experience at Netcare to attract and retain doctors within the Netcare ecosystem.	PG 120
Quality of care	Demonstrate ability to provide accurate and meaningful quality of care measures	• Continue to develop and implement the Quality of Care Index.	PG 115
		• Implement Summary of Care reports across our divisions.	PG 115
		• Develop risk-adjusted clinical data and efficiency models to inform focused improvements.	PG 124
Clinical commercial	Manage the cost of delivering care and commercialise clinical quality	• Develop a model to measure hospital efficiency.	PG 124
		• Develop strategic differentiation models for facilities in terms of selected clinical service offerings.	PG 124
		• Develop focused PCI[1] tools that support one-on-one engagements with doctors.	PG 121
Clinical governance and patient safety – clinical governance	Improve and strengthen the regulatory framework governing clinical practice	• Implement the Netcare clinical governance framework across our divisions.	PG 116
		• Automate the reporting of patient safety incidents.	PG 117
		• Develop a comprehensive patient safety governance framework for the Group.	PG 117
		• Credential independently contracted healthcare practitioners in line with the Netcare governance framework.	PG 116
Clinical governance and patient safety – SHEQ[2]		• Achieve internal quality review scores that meet Netcare's standard across divisions.	PG 117
		• Retain the Group's ISO 9001:2015 certification.	PG 109
		• Complete medical surveillance for all employees.	PG 142
		• Reduce overall HCRW[3] volumes per patient day through better segregation at source for the Hospital Division.	PG 167
#WeCare	Look after the health and wellness of our workforce, true to the philosophy of the *Quadruple Aim*	• Digitise the content for the Living and Working Compassionately Journey.	PG 140
		• Leverage our investment in the Stanford University's Applied Compassion Training programme, including exploring a compassion-based programme for doctors.	Future goal

1. *Personalised clinical information tools.*
2. *Safety, health, environment and quality.*
3. *Healthcare risk waste.*

Digital patient engagement

As the physical roll out of digital platforms and EMRs nears completion the shift to external patient engagement is beginning to gain focus and momentum.

We are building a digital ecosystem that is engaging and transactional across key touchpoints to attract and engage new and existing patients and convert them into longstanding customers. MyNetcare Online, our patient portal, and the Netcare App will in time aggregate all aspects of a patient's healthcare data from across our ecosystem to provide a personalised, intuitive and user-centric digital healthcare experience.

During the year, we enhanced MyNetcare Online and Netcare **appoint**med™ to simplify the user journey, and added web pages to the Hospital Division tab. National Renal Care launched a refreshed website in March 2023.

Introducing the Netcare App

We launched the Netcare mobile app[1] in July 2023, a key step in our digital engagement with stakeholders, providing the public with access to our healthcare services across our ecosystem, and giving patients easy, trustworthy and convenient access to their healthcare information.

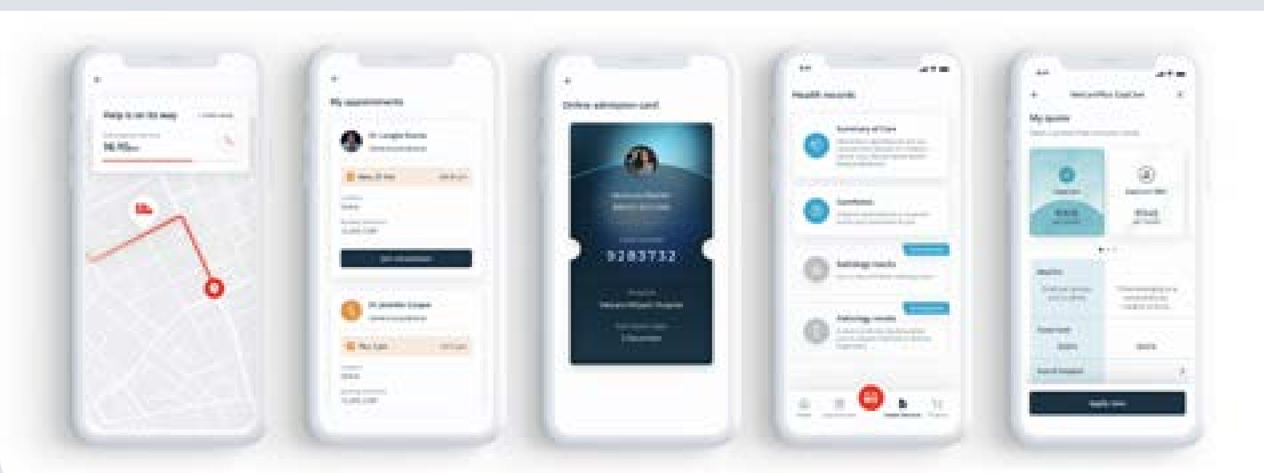
Downloads and users

31 528 Netcare App downloads.

22 770 Netcare App users.

Key features

Netcare 911	Appointments and consultations	Online pre-admission	Summary of Care reports	NetcarePlus
• Netcare 911 emergency medical services at the touch of a button. • Instant geolocation of a caller in an emergency. • Ambulance tracking showing estimated arrival time.	• Online appointment bookings. • Virtual consultations.	• Seamless and convenient online pre-admission process, providing a paperless experience and avoiding queues at the hospital.	• Patient access to Summary of Care reports – already implemented for Netcare 911, Netcare Cancer Care and National Renal Care.	• Ability to purchase NetcarePlus products, starting with GapCare.



1. *Available in the Apple App Store, Google Play Store and Huawei AppGallery.*

Social and relationship capital

Our patients continued

One year on from the launch of the National Renal Care App and the power of health literacy

The National Renal Care App, launched in FY 2022, is integrated with the division's EMR platform, nephrOn, allowing National Renal Care to provide patients with their treatment records after each dialysis session as well as up-to-date information on blood tests and other clinical information. This access, together with dietary and other holistic lifestyle advice, allows renal patients to become decision-makers in the management of their care, improving their quality of life and increasing their longevity.

However, initial uptake was poor with less than 10% of patients engaging with the app. A key lesson learnt was that we needed to educate patients on how to understand the impact of their pathology results on clinical outcomes, and what they could do to improve their results to live longer and have a better quality of life. We identified seven key markers that patients can easily monitor using the app, which positively impact their health and wellness, ultimately resulting in better clinical outcomes. Patients are made aware of the effects associated with any of their markers that are not within the required ranges.

Positive impacts are already emerging when comparing patients who actively download, engage with and act on the information we give them and those who do not. Engagement on the app is now around 70%.

The app was further updated in FY 2023 with new features including a compliments and complaints function, a virtual tour of the app for new users, a new landing page, 12 months of historical clinical data for each patient and a function to find a National Renal Care facility. Enhancements in the pipeline include multiple device usage, booking of holiday dialysis sessions, ordering of meals and dietary advice.

In November 2023, we launched National Renal Care's Summary of Care report, available on MyNetcare Online and the Netcare App. These PDF reports are issued monthly and provide patients with their comprehensive medical information over and above the seven key markers.

Registered patients

80%

of National Renal Care's patients.

Perception of care

It is important to Netcare that each patient's voice is heard in their journey to health.

The validated Hospital Division PFS aligns to our core values and the behaviours we seek to encourage in our people and see reflected in the patient experience. PFS responses are tracked for each hospital so that we can quickly identify and assist hospitals that are underperforming, and recognise and learn from those that are performing well.

PFS responses	PFS completion rate	PFS response rate	
52 237 responses received.	**91% completion rate**.	**12% response rate** of surveyable discharges[2].	**16% response rate** to email invitation.
FY 2022: 42 758[1]	FY 2022: 91%	FY 2022: 13%	FY 2022: 18%
FY 2021: launched			

General note: metrics are for the Hospital Division.
Note 1. Measured from November 2021 to September 2022.
Note 2. An average survey response rate of between 10% and 30% is considered acceptable (PeoplePulse).

Our investigations show that nursing performance and the hospital environment (level of comfort, facilities and cleanliness) have the greatest impact on a patient's overall satisfaction with their stay at a Netcare hospital.

Nursing performance

Over the past two years, we have focused on the nurse compassion score of the Hospital Division PFS given the impact that nurse performance has on a patient's overall satisfaction. Operational pressures such as the OHSC[1] audits and the simultaneous deployment of many projects across hospitals led to a decline in the nurse compassion score in the second quarter of FY 2023. Following a period of intense intervention (see page 140) and the increased visibility of nurse leaders in units and wards, the nurse compassion score reached an all-time high of 8.33 in July 2023 and settled at an average 8.23 in the final quarter of the year.

July 2023 marked a spike in many PFS metrics across the board, including a score of 8.21 for overall satisfaction, the highest score we have achieved for this metric. This indicates that our compassion work has far-reaching impact. We believe that with continued effort, investment and support, our focus on compassion will deliver tangible results that positively impact patience experience.

Nurses display of compassion when caring for patients	Nurses communicate in an understandable way when discussing a patient's care	Overall satisfaction with nursing care received
8.18	**8.00**	**8.07**
FY 2022: 8.11	FY 2022: 7.94[1]	FY 2022: 8.01

General note: metrics are for the Hospital Division and are measured out of ten.
Note 1. Results have been updated as more data became available after the close of the 2022 reporting period.

1. *Office of Health Standards Compliance.*

Social and relationship capital

Our patients continued

PREM results for remaining divisions

Netcare Akeso improved across all nurse dimensions to above pre-COVID results: nurses always treating patients with courtesy and respect at 86.7% (FY 2022: 83.8%), nurses always listening carefully at 84.3% (FY 2022: 81.5%), and nurses always explaining things in a way that patients understand at 85.9% (FY 2022: 83.0%). This pleasing performance is attributed to the roll out of Care4YOU and a programme to manage burnout.

Reported from January to September 2023, our teams of radiation therapists and chemotherapy nurses achieved outstanding PREM scores – all above 9.7 out of ten.

National Renal Care's compassion training continues to reflect in its PREM scores, achieving 77.8% (FY 2022: 72.5%) for dialysis staff showing respect for what patients had to say, 76.6% (FY 2022: 69.3%) for staff listening carefully to patients, 77.4% (FY 2022: 68.9%) for staff always explaining things in ways patients can understand, and 78.1% (FY 2022: 67.3%) for 'staff always care about patients as persons'.

Doctor care

Patient feedback results relating to doctors perform consistently well.

	Hospital Division[1]		Netcare Akeso
Doctors' display of kindness and compassion when caring for patients	**8.91** FY 2022: 8.84 FY 2021: different measure	Doctors always treating patients with courtesy and respect	**94.6%** FY 2022: 93.8% FY 2021: 93.8%
Doctors communicate in an understandable way	**8.89** FY 2022: 8.82[2] FY 2021: different measure	Doctors always listen carefully	**93.6%** FY 2022: 92.9% FY 2021: 92.8%
Doctors keep patients informed about their care	**8.65** FY 2022: 8.56 FY 2021: different measure	Doctors always explain in an understandable way	**93.0%** FY 2022: 92.3% FY 2021: 92.1%

Note 1. Score out of ten.
Note 2. Result updated as more data became available after the close of the 2022 reporting period.

Additional measures in the Hospital Division PFS

We scored well for pain management and the purpose of medication being explained; however, the score for patients being advised on the possible side effects of their medication continues to be an area for improvement. We are exploring a solution to assist doctors, nurses and pharmacists to effectively address this concern. The scores relating to how our patients experience our facilities continued to be pleasing, with cleanliness and comfort being stand out performers. The discharge process scored just below seven; however, we expect this to improve in FY 2024 as we complete the roll out of the Summary of Care reports. Another focus area for the Consistency of Care team is to extract insights from the free text responses captured in the Hospital Division PFS.

Quality of care

Our quality of care measures are transparent, align with international and local standards and use good data science practice.

Our quality of care measures add value for patients and funders. For the Group, they provide a baseline for understanding the efficacy of our initiatives and treatments over time and a benchmark against which to compare our performance. They also encourage teams to address negative deviations and engender pride when outstanding results are achieved.

Benchmarks are used when there is sufficient information and context to support valid comparisons. Our internal processes are overseen by Consistency of Care Committees at Board and divisional levels. The Clinical Data Council collects data from across all divisions and ensures the accuracy and completeness of all datasets.

A set of quality of care measures, which we are contractually bound to provide, are reported quarterly to private medical funders (see page 123) and other sets are published in our quality report, starting on page 16, and on the '**ONE Netcare**' website. Included in our website reporting are the patient feedback results per hospital for a rolling 12-month period which are updated monthly.

Quality of Care Index

The Quality of Care Index is an automated dashboard of quality measures for the Hospital Division, Netcare Akeso and Netcare Medicross, and is updated monthly. It supports the standardisation and governance of our measures for public reporting and reporting to funders. We require 55 new quality of care items to be added to the index, 24 of these required for reporting to medical schemes. A total of 46 new items were completed by year-end, above our target of 41, with all obligations to funders met.

The Quality of Care Index was verified by Internal Audit.

Summary of Care reports

Our Summary of Care reports are constructed within regulatory guidelines and comprise minimum criteria that have been benchmarked against patient and doctor expectations to ensure that they are of value to both stakeholder groups. Summary of Care reports have been implemented for Netcare 911, Netcare Cancer Care and National Renal Care, available on MyNetcare Online and the Netcare App. The pilots of the Netcare Akeso and Netcare Medicross Summary of Care reports are underway, and the pilots for the Hospital Division and emergency departments will start in February 2024. Implementations are supported by change management initiatives to prepare divisions and doctors for the roll out.

Detailed reporting on our quality of care performance: quality report.

Social and relationship capital

Our patients continued

Clinical governance

The Netcare clinical governance framework identifies, manages and minimises operational and clinical risks impacting patient safety.

The Netcare clinical governance framework regulates the relationship between Netcare and the independently contracted healthcare practitioners who provide clinical services to our patients. The governance framework, implemented in the Hospital Division in FY 2022, was extended to cover Netcare Akeso, Netcare Medicross, Netcare Cancer Care and National Renal Care. This included a review of the terms of reference of the clinical governance committees for Netcare Akeso and Netcare Medicross to ensure alignment with the framework.

Credentialing

Our credentialing processes ensure that all healthcare practitioners practising at Netcare are suitably qualified and registered with the HPCSA[1] or relevant regulatory body. The new digital credentialing process was extended beyond the Hospital Division in FY 2023 to include Netcare Akeso, Netcare Medicross, Netcare Cancer Care and National Renal Care. For FY 2023, 92% of healthcare practitioners across the five divisions were credentialled. The quality of this data is monitored monthly. The recredentialing of all healthcare practitioners will take place annually, and digital credentialing for Netcare 911 will commence in FY 2024.

Clinical governance committees

Our clinical governance committees (see page 39) ensure that healthcare practitioners practise within their regulatory and legislative framework, and are held accountable to the highest professional, ethical and legal standards. The Hospital Division, Netcare Akeso, Netcare Medicross and Netcare Cancer Care all have their own clinical governance committees.

At the Group level, the Netcare Clinical Practice Committee reviews matters related to the conduct, impairment and credentials of healthcare practitioners and oversees the suspension and revocation of privileges, should this be necessary. An independent multi-disciplinary panel of 11 experts in various fields of clinical medicine supports the committee, advising on matters related to clinical practice, conducting peer reviews and making recommendations regarding evidence-based clinical guidelines, policies and protocols.

Netcare Clinical Practice Committee

73 cases reviewed by the Netcare Clinical Practice Committee with most cases resolved.

FY 2022: 49[1]

FY 2021: 37

Independent panel

Eight cases referred to the independent panel for peer review.

FY 2022: 3

FY 2021: 1

Privileges revoked

Five healthcare practitioners' privileges revoked for unsafe clinical practice and conduct not in keeping with Netcare's values.

FY 2022: 1

FY 2021: 0

Note 1. Restated to rectify a reporting error.

1. *Health Professions Council of South Africa.*

Safety, health, environmental and quality

Obtaining the OHSC certificate of compliance is the first hurdle to becoming eligible to participate in the NHI Fund.

Ten inspectors conduct the OHSC inspections over a three- to -four-day period, depending on the size of the facility. During these audits, 28 inspection tools are applied covering thousands of criteria. A total of 11 Netcare hospitals were audited in FY 2023; all rated as compliant with an excellent grading (the highest grade possible). Certificates of compliance are valid for four years.

Internal quality reviews were conducted in 275 (FY 2022: 295) facilities across all divisions with a compliance target of 90%. Quality management was supported by formal training across all divisions on implementing quality improvement programmes.

Internal quality reviews (compliance scores)	**2023**	2022	2021
Hospital Division (%)	**96**	90	89
Netcare 911 (%)	**95**	94	93
Netcare Cancer Care (%)	**97**	94	92
Netcare Akeso (%)	**94**	80[1]	–
Netcare Medicross (%)	**89**	89	90
National Renal Care (%)	**94**	95	96

Note 1. Baseline for Netcare Akeso established in FY 2022.

Patient safety framework

We have implemented a patient safety framework to standardise the reporting, management and monitoring of patient safety incidents across the Group. We have completed a comprehensive review of our patient safety governance structures, policies, procedures and reporting at Group, regional and facility levels. This will inform the design requirements for an appropriate digital platform that will automate the reporting of patient safety incidents.

Doctor partnerships

Doctors are pivotal partners in the delivery of best and safest care, having a direct impact on patient experience, the cost of care and clinical outcomes. They are also the largest driver of patient volumes, with specialists in particular, enabling our expansion into higher demand disciplines.

Quality of our relationships

We partner with a large and broad array of doctors and allied healthcare professionals in mutually beneficial relationships. Our doctor engagement survey allows us to assess the quality of our doctor partnerships (see page 120) with the FY 2022 survey as the baseline from which to measure improvements. A strategy has been formulated to address the 'pain points' identified in the doctor engagement survey, which will require the concerted efforts of multiple departments and divisions. A large focus of our work for FY 2024, will be to identify the tools that have the greatest impact and provide the most value when engaging with doctors. Once our interventions have been entrenched, we expect further improvements in the survey outcomes.

Key focus areas for FY 2023

- Fostering collaborative partnerships based on person centric engagement with doctors.
- Driving the Hospital Division's and Netcare Akeso's doctor recruitment strategy.

This section responds to the following risks and opportunities:

2	Funder regime.
4	Availability and quality of skills.
8	Delivering consistently outstanding person centred health and care.
11	Competitor activity.

Our risks and opportunities: PG 65.

Value delivered in FY 2023

Value created | Value created but below target | Value preserved | Value eroded

6.99	**DOCTORS WHO WOULD RECOMMEND NETCARE** Our score for doctors who would recommend Netcare to a colleague as a workplace of choice.	2023 BSC target: 7.75 FY 2022: 6.79 FY 2021: not measured	Value created but below target
1 992	**PERSONALISED CLINICAL INFORMATION** PCI reports released to doctors.	FY 2022: 1 839 FY 2021: 1 867	Value created
38	**DIGITISATION** Hospitals digitised to date, providing doctors with remote access to patients as well as one source of patient information to aid shared decision-making within multi-disciplinary teams. As we advance our digitisation, medicolegal risk and savings on medical malpractice insurance premiums will be realised based on availability and application of data, with some headway already made in FY 2023. In time, doctors will have a longitudinal view of their patient's medical history across the Netcare ecosystem.	FY 2022: 21 FY 2021: 1	Value created
54%	**DOCTOR PROFILE**[1] Of doctors with admission privileges are black.	FY 2022: 52% FY 2021: 50%	Value created
741	**PROFESSIONAL DEVELOPMENT** Initiatives held to support the continuous professional development of doctors.	FY 2022: 516 FY 2021: 431	Value created
R9m	**DOCTOR SCHOLARSHIPS** Invested in doctor development scholarships with a further R8 million set aside for FY 2024 (to fund those still completing degrees).	FY 2022: R8m FY 2021: R7m	Value created
R733m	**MEDICAL EQUIPMENT** Invested in new medical equipment.	FY 2022: R702m FY 2021: R408m	Value created
R136m	**EXPANSIONARY PROJECTS** Invested in expansionary projects.	FY 2022: R369m FY 2021: R460m	Value created
R564m	**REPAIRS AND MAINTENANCE** Spent on repairs and maintenance.	FY 2022: R501m FY 2021: R469m	Value preserved
R18m	**CSI IN DOCTOR TRAINING** Of our CSI was invested in entities that train and develop doctors.	FY 2022: R18m FY 2021: R5m	Value created

1. *Data for doctors with billed revenue above R300 000.*

Detailed information

This report

Digital transformation and data: PG 146

Estate, medical equipment and 'green' infrastructure: PG 155

Online

ESG report: PG 119

Social and relationship capital

Doctor partnerships continued

Recruitment

The Hospital Division PFS shows that 44%[1] (FY 2022: 47%) of our patients are admitted at a Netcare facility because their doctor (specialist and/or GP) is based there. This result has been fairly consistent over the past two years.

Overall recruitment

160 doctors were granted admitting and practising privileges at our acute and mental facilities, equating to a **net gain of 124 doctors**.

FY 2022: 146; 88 (net gain)

FY 2021: 71; 10 (net gain)

Hospital Division

143 new specialists (gross) were granted admitting privileges in the Hospital Division.

2023 BSC target: 80

FY 2022: 137

FY 2021: 68

63% of the doctors onboarded for the Hospital Division practise in **surgical disciplines**.

FY 2022: 69%

FY 2021: 65%

Average age

The average age of the doctors onboarded for the Hospital Division is **41**.

FY 2022: 41

FY 2021: 40

Note: additional new doctors have been recruited but are yet to start practising and/or do not meet the revenue threshold (billed revenue in excess of R300 000) to be included in the number of net new doctors.

Doctor engagement

The convenience of our sites, our standards of clinical excellence and the career opportunities associated with practising at Netcare are highly rated as the reason for choosing Netcare.

The response rate for the 2023 doctor engagement survey was 6.7%, below 10% to 15% which is considered suitable for this type of survey. The low response rate is due to technical difficulties experienced with the digital survey and a larger denominator which includes the credentialing process (see page 116). Nevertheless, as we do for patient feedback, we adopt the principle of 'every response counts'.

The survey focused on two areas; the strength of our doctor relationships and whether doctors would recommend Netcare as a workplace of choice (see page 119).

Strength of our doctor relationships

A score of 3.02 for doctors likely to move their practice from Netcare, influenced by increasing competitor activity (a lower score is better).

FY 2022: 3.10

Overall improvement

Overall we **improved in four** out of 18 constructs of the doctor engagement survey.

Initiatives to improve doctor engagement in FY 2023 included:
- Increased resourcing to support one-on-one doctor engagement.
- 'Waxing Clinical' events to discuss nursing, quality of care and various topics on a broad range of clinical disciplines.
- Doctor engagement sessions on the Summary of Care implementations.
- Various structures to share information on the quality of care and support continuous professional development.

1. This metric increases to 69% (FY 2022: 69%) when the results are filtered for those who selected only one option.

Physician Advisory Boards

169 PAB meetings (hospital governance structures) that serve as advisory and communication forums between healthcare practitioners and hospital management.

FY 2022: 166

FY 2021: 143

Emergency and trauma

214 emergency and trauma morbidity and mortality meetings.

FY 2022: 152

FY 2021: 194

322 emergency and trauma medical education meetings.

FY 2022: 160

FY 2021: 80

Other

Five Waxing Clinical events.

FY 2022: 2

FY 2021: not launched

39 CareOn awareness sessions.

FY 2022: 38

FY 2021:not launched

We are using the data from the credentialing process to build a comprehensive and accurate central database of healthcare practitioners practising at Netcare, and will use this information in the future to market doctors and their services. We will also grow the 'Waxing Clinical' events platform to engage on topics relevant to doctors and Netcare.

Personalised clinical information tool

The PCI tool provides doctors with their personal quality information, patient experience scores and elements contributing to total cost of an admission (length of stay, medical and surgical consumables, theatre utilisation, prostheses etc.). With this information we can effectively engage with doctors on enhancing efficiencies through data driven decision-making and provide doctors with insight into where patient experience can be improved.

In FY 2023, we developed two focused PCI prototypes for selected procedures. The focused PCI tool compares a doctor's performance on key quality and efficiency measures against that of their peers practising in the same discipline as well as targeted feedback from patients. The focused approach and more granular information supports more meaningful comparisons, truer identification of outliers and will deepen our engagements with doctors on our efficiency and quality imperatives. With this focused approach, we aim to gain doctor support in partnering with us to enhance our clinical and efficiency data models (see page 124) to ultimately inform improvement initiatives and commercial contracting.

Netcare Medicross

Netcare Medicross rolled out a number of engagement initiatives in FY 2023 to strengthen its stakeholder relationships. A forum was held for managing practitioners from all clinical departments to share information on the health landscape, the Netcare ecosystem and Netcare Medicross as well as to provide a better understanding of NHI. Throughout the year, operational and clinical newsletters, clinical guidance documentation and quarterly meetings were used to share information on business initiatives, address doctor concerns and gain doctor support for our business strategy. We also conducted monthly CPD[1] accredited webinars that addressed various topics.

A doctor engagement survey across both our medical and dental practices achieved an average response rate of 32%. The survey revealed that the majority of doctors are interested in growing their practice and expanding their scope of expertise; an area to which the Group will lend its support going forward. The average doctor recommend score was 7.1 out of ten. The 'Netcare Medicross nursing and dental staff contribution to best patient care' construct scored 8.4; the most important administrative support provided according to the doctors surveyed. Partnership collaboration and communication are areas for improvement.

1. *Continuous professional development.*

Social and relationship capital

Doctor partnerships continued

Diversity

Given the increasingly diverse profile of our patients, we have been intentional in bringing about greater diversity to the profile of doctors with admission privileges at Netcare.

Recruitment

71% of the 143 doctors recruited for the Hospital Division are black doctors.

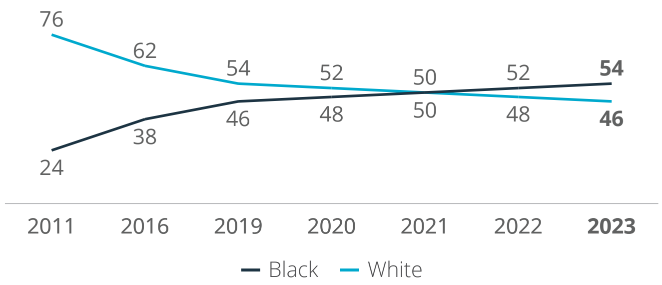
FY 2022: 69%

FY 2021: not reported

Support

45 black doctors received ESD[1] support (subsidised rental space, practice setup and office refurbishments etc.).

Representation of black doctors (%)



Note: data for doctors with billed revenue in excess of R300 000.

Scholarships

The Physician Partnerships Trust grants doctoral scholarships at local and international universities.

The Physician Partnership Trust funds black clinical scholars; selected by a panel of professors from various medical schools in SA. Scholarship recipients are required to provide their services to the public sector as their investment back into communities.

Progress of recipients

14 scholars have completed their doctoral theses (two graduating this year), and ten are conducting research and writing their dissertations. Two scholarships were awarded in FY 2023.

Doctoral scholarships

Since inception in 2007, **R65 million has been disbursed to fund 24 doctors[1]**.

Note 1. Last year, we reported a total spend of R63 million at date of publication. This year, we have reverted to reporting at financial year end to align with the reporting of other metrics.

1. *Enterprise and supplier development.*

Private medical funders

The Hospital Division PFS[1] indicates that medical aid cover is the third top reason for choosing Netcare. Our funder strategy is to deliver patient centric cost-effective care, develop competitive hospital network proposals and collaborate on improvement opportunities.

Quality of our relationships

Our ability to leverage our analytical and clinical expertise and measurable quality of care outcomes stands us in good stead when engaging with medical schemes.

Our relationships with medical schemes are well established and mutually beneficial; however, a natural tension exists with schemes wishing to contain utilisation and cost. This is further exacerbated with the ongoing deterioration in medical scheme risk pools (discussed on pages 45 and 69). As a result, we continue to experience an arbitrage between the annual escalation in tariffs[2] versus operating expenses, most of which rise significantly above CPI, placing pressure on our EBITDA margins.

Key focus areas for FY 2023

- Driving efficiency improvement.
- Enhancing our value-based care offering to enhance our private medical funder value proposition.

This section responds to the following risks and opportunities:

- 1 Economic environment and demand for private healthcare.
- 2 Funder regime.
- 8 Delivering consistently outstanding person centred health and care.
- 11 Competitor activity.

Our risks and opportunities: PG 65.

Value delivered in FY 2023

Value created | Value created but below target | Value preserved | Value eroded

23	**QUALITY OF CARE MEASURES** Quality of care measures were reported in our automated quality report to medical funders, released quarterly. In FY 2023, funders required additional measures for mental health and day theatres, and for the first time received a mental health readmissions report.	FY 2022: 16 reported FY 2021: 18 reported	Value created
Four[1]	**CLINICAL AND EFFICIENCY DATA MODELLING** Risk-adjusted clinical data and efficiency models developed for specific conditions to inform focused improvements.	FY 2022: 1 FY 2021: 0	Value created

1. *Includes one clinical framework for Netcare Akeso.*

Detailed information

This report	Online
Our patients: PG 108	*Quality report*
Digital transformation and data: PG 146	

1. *Patient feedback survey.*
2. *Tariffs have not aligned with CPI since 2019.*

Social and relationship capital

Private medical funders continued

Quality measures and efficiencies

A concerted effort is made to shift the efficiency dial for the Group.

Cost efficiency is a priority for all medical schemes in tariff negotiations and when selecting hospitals for network plans. To some extent, efficiency mitigates the lower tariffs associated with restricted provider network arrangements. In FY 2023, we established the Efficiency Committee with representatives from across the Hospital Division to drive nine workstreams to shift the efficiency dial for the Group. Clinical frameworks, incorporating quality and efficiency data models for three clinical conditions which are widely represented across our hospitals were developed during the year, adding to our first data model implemented last year. These models are also being used to inform funder contracting.

Our three-level approach to efficiency

System
Implementing efficiency interventions across our facilities for selected clinical service lines.

+

Doctor
Using the PCI tool to engage with doctors one-on-one on how to address inefficiencies.

PG 124

+

Hospital
Leveraging our data to identify outlier hospitals and address their inefficiencies.

In time, the digitisation of our hospitals, mental health facilities, medical and dental centres and renal care facilities will address the fragmentation of care – minimising the duplication of tests and diagnostic procedures, especially in the referral from primary to tertiary care. Digitisation will improve our delivery of high-quality cost-effective care based on completeness of data and big data analytics.

Clinical and efficiency data modelling

Our digitally enabled and data driven strategy is already positively contributing to Netcare's years of investment in measuring quality outcomes. We aim to show intellectual leadership in the measurement of quality of care, applying rigorous modelling methodologies, reporting results transparently and continuing to improve and develop our data collection processes. Our newly developed risk-adjusted clinical and efficiency data models will enable us to identify areas of excellence, measure and track quality outcomes, and better understand the drivers of costs for each condition. Building on these models, together with efficiency and cost analytics, we are developing strategies to inform system-wide interventions at our facilities for the selected clinical offerings. The next step will be to automate data extraction, risk modelling and the production of the clinical and efficiency data model outputs.

Value-based care

We adopt a proactive approach to value-based care.

Measuring the three elements of value-based care (efficiency, patient experience and quality) ensures that our healthcare interventions, treatments and services are effective, efficient and person centred. Drawing on our clinical and efficiency data models and international and local experience, we enhanced our value-based care competency in FY 2023 to support more focused and proactive engagements with medical schemes.

Network participation

Netcare remains well-represented in network options.

We review and evaluate all available provider network opportunities, and are intentional in targeting anchor partner status for some networks and greater participation in others. Our proposals are carefully considered against retaining doctors and balancing patient volumes against Group profitability and margin. The Tariff Committee assesses the proposals, ensuring that they are commercially viable.

In FY 2023, we were successfully appointed as co-anchor on one of the two major tenders up for renewal in restricted provider network arrangements, where previously we had filler status. While we were not given anchor status in the remaining value network tender, we were granted filler status at six hospitals. Our geographic footprint coupled with the NetcarePlus GapCare products, enables us to retain a steady portion of patients in these types of networks.

Suppliers

Managing and mitigating supply chain-related risk is a key part of our quality management framework as the goods and services we procure impact directly on patient safety as well as the delivery of the highest quality and cost-effective person centred health and care.

Suppliers must comply with Netcare's standard terms and conditions of trade, which cover good industry practice and ESG considerations. We regularly review the ethics and labour standards of suppliers, particularly those who provide cleaning, catering and security services, given the potential risk of industrial action and the associated negative impact on care delivery.

Quality of our relationships

Our strong relationships with our suppliers are crucial to ensuring that we are able to secure the products and product volumes we need when we need them, and to finding solutions when supply is at risk so that the provision of high-quality care is not disrupted.

How we performed

Key focus areas for FY 2023

- Increasing our procurement from black-owned and black women-owned enterprises with a particular focus on black-owned, women-owned and youth-owned QSEs[1] and EMEs[2] with high growth potential.
- Implementing initiatives to make it easier for divisions to identify high-performing suppliers.

This section responds to the following risks and opportunities:

1 Economic environment and demand for private healthcare.

6 Failing state and civil unrest.

8 Delivering consistently outstanding person centred health and care.

Our risks and opportunities: PG 65.

Value delivered in FY 2023

Value created | Value created but below target | Value preserved | Value eroded

>4 000	**SUPPLIER BASE** Suppliers who benefit from our business.	FY 2022: >4 000 FY 2021: >4 000	Value preserved
33%	**BLACK-OWNED SUPPLIER REPRESENTATION** Of our supplier base comprises ≥51% black-owned businesses.	FY 2022: 27% FY 2021: not reported	Value created
R13.8bn	**PROCUREMENT SPEND** Total procurement spend.	FY 2022: R12.9bn FY 2021: R12.3bn	Value created
92%	**MEASURABLE PROCUREMENT SPEND** Of total procurement spend, or R12.7 billion, qualified as measurable for B-BBEE purposes under the dtic Codes[3].	FY 2022: 89% FY 2021: 93%	Value created
114%	**SPEND WITH B-BBEE COMPLIANT SUPPLIERS** Of our measurable procurement spend was with B-BBEE compliant suppliers, totalling R12.4 billion (FY 2022: 13.2 billion).	2023 target: 99% dtic target: 80% FY 2022: 114% FY 2021: 108%	Value created
R72m	**ENTERPRISE AND SUPPLIER DEVELOPMENT** Invested in our ESD programme.	FY 2022: R62m FY 2021: R62m	Value created

Detailed information

This report: *Third-party data use: PG 151*

Online: *ESG report: PG 119*

1. *Qualifying small enterprises.*
2. *Exempted micro enterprises.*
3. *Department of Trade, Industry and Competition's Broad-based Black Economic Empowerment Codes of Good Practice.*

Social and relationship capital

Suppliers continued

Preferential procurement

We continue to diversify our supply chain to promote inclusive economic growth, entrepreneurship and job creation.

B-BBEE compliance is integrated into our tender process, sharing equal weight with the highest weighted variable. We actively engage with non-compliant suppliers to influence improvements in their B-BBEE ratings, with overall feedback in FY 2023 being positive. Engagements were held with pharmacy, health technology and dental suppliers, among others. We are intentional in shifting procurement spend away from non-compliant and poorly rated B-BBEE vendors.

During the year, we improved our monitoring and reporting of preferential procurement to provide the business with relevant data that supports timeous decision-making. Approval has been received to develop a digitised supplier management platform, providing a central location to manage the supply chain, enabling improved spend analyses and monitoring of suppliers. The system will include a supplier portal, available from FY 2024, providing suppliers with access to information they need as well as supplier development programmes.

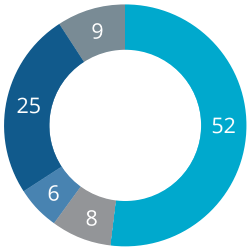
Initiatives implemented in FY 2023 to drive spend with QSEs and EMEs included:

- Tracking procurement spend monthly.
- Awarding formulary status on certain goods and services to QSEs and EMEs.
- Longer-term agreements with high-performing QSEs and EMEs.

Internal workshops and an analysis of our upcoming tenders have identified opportunities to improve our procurement spend with SMMEs in FY 2024. Upcoming tenders will be shared with the dtic who, as part of its Black Industrialist Scheme, may be able to assist the Group to source potential SMMEs for the coming year.

Measurable procurement spend

(%)



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

B-BBEE score

Achieved **26.14 points** for preferential procurement, equating to 90% of the available 29 points.

2023 BSC target: 89%

FY 2022: 25.07 points

FY 2021: 24.12 points

Supply chain diversity

R6.6 billion spend with **≥51% black-owned** suppliers (52% of measurable spend).

2023 internal target: 48%

dtic target: 50%

FY 2022: R5.9 billion (51%)

FY 2021: R5.6 billion (49%)

R4.1 billion spend with **≥30 black women-owned** suppliers (32% of measurable spend).

2023 internal target: 26%

dtic target: 12%

FY 2022: R3.7 billion (33%)

FY 2021: R3.2 billion (28%)

R407 million[1] spend with **black designated group owned** suppliers (3% of measurable spend).

2023 internal target: 2%

dtic target: 2%

FY 2022: R514 million (5%)

FY 2021: R1.3 billion (12%)

Procurement spend with small businesses

R1.2 billion spend with **QSEs** (9% of measurable spend).

2023 internal target: 10%

dtic target: 15%

FY 2022: R1.0 billion (9%)

FY 2021: R914 million (8%)

R1.0 billion spend with **EMEs** (8% of measurable spend).

2023 internal target: 9%

dtic target: 15%

FY 2022: R543 million (5%)

FY 2021: R355 million (3%)

Note 1. Decrease due to loss of the black designated group owned status of one supplier.

Enterprise and supplier development

Our ESD initiatives aim to integrate SMMEs into our supply chain to support their sustainable growth.

The beneficiaries of our formal ESD support programme receive financial assistance and are supported by Galelo[1], who provide financial management advice and guidance to help the businesses become operationally and financially sustainable. Risk measures and/or systems assess the challenges faced by each ESD beneficiary and the support they need to overcome these risks. Key risks faced in FY 2023 were the elevated levels of load shedding and increasing inflation. Overall, ESD beneficiary performance for the year was positive with good growth, a stabilising risk profile and compliance to loan repayment terms. As outstanding loan amounts reduce and businesses become less dependent on Netcare, this creates the opportunity for the Group to onboard new beneficiaries.

Enterprise and supplier development

R42 million invested in supplier development, of which 67% or R28 million was measurable under the dtic Codes, equating to 2% of NPAT.

dtic target: 2% of NPAT

FY 2022: R36 million

FY 2021: R45 million

R30 million invested in enterprise development, of which 97% or R29 million was measurable under the dtic Codes, equating to 2% of NPAT.

dtic target: 1% of NPAT

FY 2022: R26 million

FY 2021: R17 million

ESD beneficiaries

64 beneficiaries supporting **468** jobs. **162 new jobs** were created in FY 2023.

FY 2022: 15; 220 jobs

FY 2021: 15; 204 jobs

Nine of these beneficiaries are enrolled on our structured ESD beneficiary support programme, with **eight being black women-owned businesses**.

R16 million in outstanding loan balances for supplier development and **R1 million** for enterprise development (not yet due).

Other ESD initiatives

105 SMMEs are enrolled on our **early payment terms programme** with their invoices paid within 15 days, supporting their cash flow.

FY 2022: 94

FY 2021: 92

In total, we have invested **R246 million in ESD** since FY 2017.

Leveraging our ESD strategy to achieve our strategic priorities

We support more than 100 SMMEs across various commodity lines (medical consumables, construction, linen and apparel manufacturers and medical devices, logistics etc.); positively impacting local manufacturing and production. A 100% black women-owned beneficiary is on track to complete its loan repayments in 2024, and has recently been awarded two three-year contracts, one with another major hospital group in SA and the other with government.

Outside of the formal ESD programme, we provided operational support to a 100% black-owned enterprise to enable it to meet its contracted timelines and quality standards to manufacture uniforms for Netcare Akeso. Our support included an introduction to the largest uniform manufacturer in SA, which provided further guidance.

Dr Esihle Nomlomo Inc., a black woman-owned pathology practice, is a key driver of the new revenue stream created through Netcare Diagnostics (see page 154).

We use a 100% black-women owned business, Odire, to enhance our OHS processes, and our frontline workers have access to the counselling services of Dube and Pottas (51% black owned). In FY 2023, Dube and Pottas registered as a service provider for another healthcare group, and we provided Odire with a R2 million interest-free loan to help it secure a large public contract.

We have also aligned our ESD programme with our environmental sustainability strategy. Five beneficiaries assist our effort to achieve our zero waste to landfill objective, up from three in FY 2022. Four are HCRW[2] management service providers and one is an electronic waste recycler.

ESG report: PGs 103 and 104.

1. *A trusted investment group specialising in economic inclusion and transformation.*
2. *Healthcare risk waste.*

Social and relationship capital

Society

Netcare stands ready to work together with policymakers, government and the public healthcare system and healthcare associations to find solutions that address the systemic and structural inequalities in SA, including designing and delivering sound and workable solutions that serve the health needs of all South Africans. Our transformation plan and sector initiatives are grounded in our commitment to be a force for social good, and direct our contribution to SA's socioeconomic priorities that improve human lives and support social cohesion.

Quality of our relationships

Policy uncertainty and the failure to resolve the structural challenges plaguing SA that impede economic activity detract from stakeholder relationships. In particular, uncertainty around the implementation and impact of the newly adopted NHI[1] Bill, have dampened sentiment across the private healthcare sector and many stakeholders. Finding a way forward requires authentic and trustworthy collaboration and shared responsibility between the private healthcare sector, government and other stakeholders, such as local academics and international experts, to find a solution that enables sustainable universal access to healthcare in SA. COVID-19 and other recent partnerships have clearly demonstrated the benefits of working collaboratively to stimulate productivity and economic growth in SA.

We have strong and mutually beneficial relationships with the sector and business associations in which we are members. In addition, the Netcare Foundation has strong partnerships with government, corporates, suppliers, doctors, healthcare practitioners and our employees in its work to extend healthcare services to indigent patients.

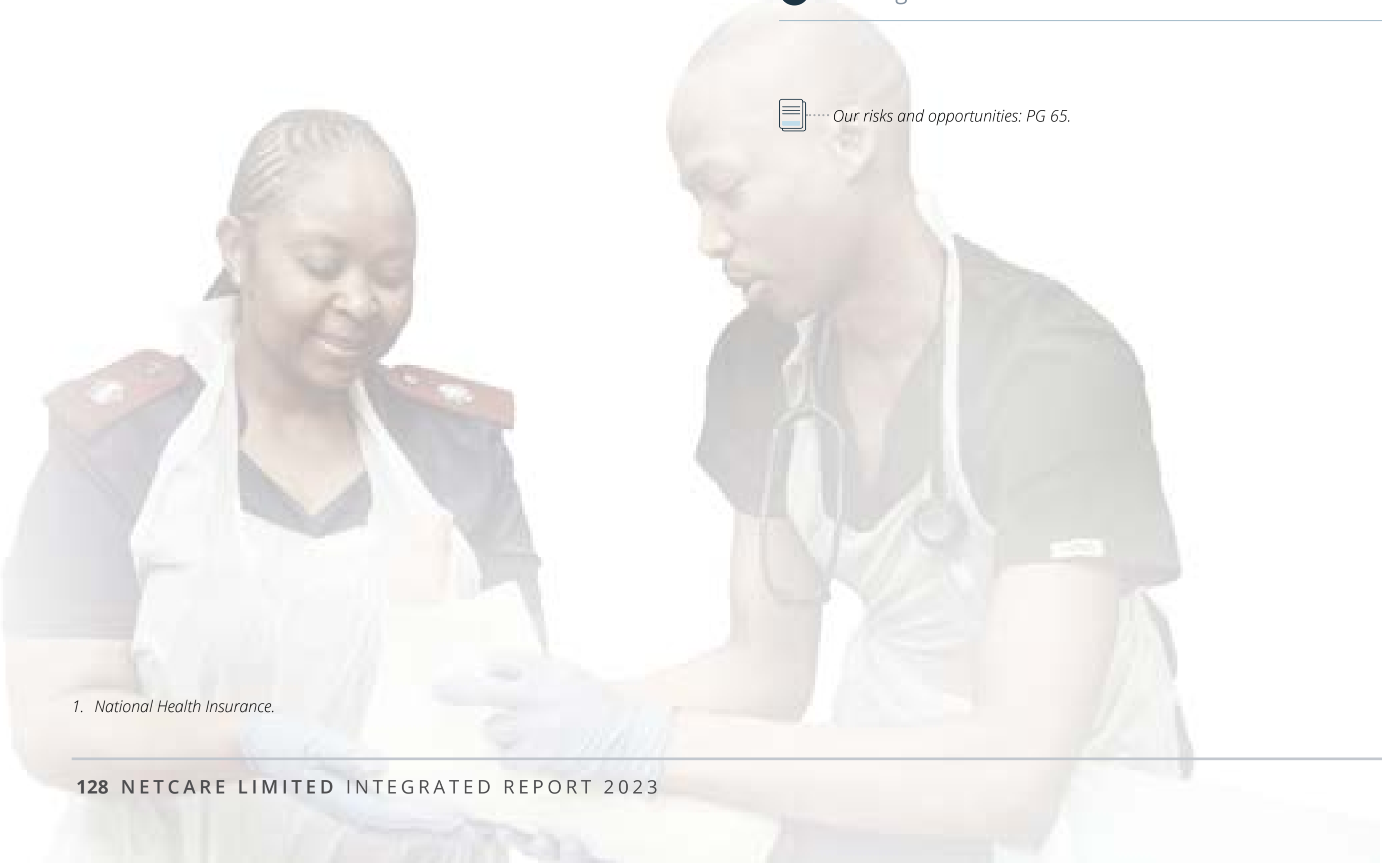
Key focus areas for FY 2023

- Collaborating in our sector and business associations and engaging with government on the sustainability of the healthcare system and innovations to increase access to quality healthcare for all.
- Improving across all five pillars of our B-BBEE scorecard.

This section responds to the following risks and opportunities:

1. Economic environment and demand for private healthcare.
3. Availability of electricity supply.
4. Availability and quality of skills.
6. Failing state and civil unrest.

Our risks and opportunities: PG 65.



1. *National Health Insurance.*

Value delivered in FY 2023

Value created | Value created but below target | Value preserved | Value eroded

18 568	**PEOPLE EMPLOYED AT NETCARE[1]** People employed who pay personal tax and contribute to the economies of the communities where they live and work.	FY 2022: 18 245 FY 2021: 18 346	Value created
R374m	**TAXES PAID[2]** Taxes paid to government.	FY 2022: R439m FY 2021: R618m	Value created
90.97	**B-BBEE SCORECARD** Achieved on our B-BBEE performance scorecard out of 100 points, maintaining our Level 3 B-BBEE rating.	2023 target: 91.18 FY 2022: 90.13 FY 2021: 88.09	Value created but below target
R6m	**HEALTH PARTNERS FOR LIFE TRUSTS** Distributed to beneficiaries through the HPFL trusts.	FY 2022: R8m FY 2021: R1m	Value created
~1 250	**NETCAREPLUS NETWORK** Trusted healthcare practitioners in the NetcarePlus network, providing inclusive, affordable and quality private healthcare services that are accessible to the under-served market.	FY 2022: ~1 100[3] FY 2021: not in place	Value created
468	**JOBS SUPPORTED** Jobs supported by our ESD beneficiaries.	FY 2022: 220 FY 2021: 204	Value created
101	**YES4YOUTH LEARNERS** Young people enrolled in a YES4Youth learnership or internship.	FY 2022: 58 FY 2021: 225	Value created
R29m	**CORPORATE SOCIAL INVESTMENT** Invested in CSI initiatives with 87% (FY 2022: 91%) of beneficiaries being black people. We met the dtic target of 1% of NPAT.	FY 2022: R35m FY 2021: R31m	Value preserved
338	**INDIGENT PATIENTS** Indigent patients treated at a cost of R4 million (FY 2022: R5 million).	FY 2022: 150 FY 2021: 130	Value created
341 721 tCO_2e	**CARBON EMISSIONS** Scopes 1, 2 and 3 emissions. Scope 1 and Scope 2 emissions increased 3.5% year on year, adversely impacted by increased levels of load shedding.	FY 2022: 283 102 FY 2021: 306 304	Value eroded
7 989 tonnes	**WASTE SENT TO LANDFILL** Waste sent to landfill, a year-on-year decrease of 1.5%.	FY 2022: 8 110 FY 2021: 9 277	Value eroded
1.7m kl	**WATER CONSUMED** Water consumed, a year-on-year decrease of 15.0%.	FY 2022: 2.0m kl FY 2021: 1.9m kl	Value eroded

1. *Excludes National Renal Care.*
2. *Reflects the change in the statutory tax rate from 28% in 2022 to 27% with effect from FY 2023.*
3. *Restated due to reporting error.*

Detailed information

This report	Online
Suppliers: PG 125	*ESG report: PG 103*
Workplace diversity, equity and inclusion: PG 138	*ESG report: PG 99*
	ESG report (CSI): PG 108
NetcarePlus: PG 153	

How we performed

Economic and healthcare system reform

Our strategic relationship building and collaboration ensure that we are a trusted partner in debates aimed at shaping national policy and determining the strategic direction of healthcare in SA.

Employment equity sector targets

While the targets of our 2026 employment equity plan put us ahead of our peers and the average private sector performance, factors such as the throttled nurse training numbers and the skewed gender profile worldwide towards women in healthcare, may hinder the achievement of certain of the proposed sector targets of the amended Employment Equity Act[1]. Through HASA[2] and BUSA[3], we have submitted our concerns to the DoEL[4], and will continue to engage with all relevant stakeholders to ensure that the risk to the Group is appropriately managed.

Just Energy Transition Plan

Cabinet approved the Presidential Climate Commission's JET IP in September 2022, which signals a period of intensified climate action for SA. We fully support these initiatives and our environmental sustainability strategy (see page 161) is well aligned with the JET IP's goals. The JET IP's proposed legislative changes and policies will further enable our transition to renewable energy sources.

Load shedding

HASA has engaged with the Minister of Health and the Director General of the NDoH[5] to request that municipalities make the necessary changes to exempt private hospitals from load shedding (see page 158). In addition, our engineering teams are engaging directly with municipalities on the matter.

Nursing skills shortage

The Future of Nursing Project (initiated by Netcare through HASA in 2016 to train and employ 50 000 nurses) is now coordinated through the PPGI[6], on behalf of the presidency and several stakeholders[7]. SANC's 2022 statistics indicate a national nurse-to-patient ratio of 1:224[8]. The Future of Nursing Workforce Planning Report published in 2020 reports a nurse shortage of between 26 000 to 62 000 nurses across both the public and private sector. A further study to precisely understand the supply of, and demand for, nursing resources in SA has since been conducted with findings presented in June 2023. The study covers the national annual intake of nursing students on the new undergraduate nursing qualifications and whether this is sufficient to meet current and future demand. The findings have been accepted by all relevant parties, and the NDoH and PPGI are engaging with the National Treasury and other regulatory bodies on the results. We await further feedback.

HASA engaged with the NDoH, SANC, Council on Higher Education, Department of Higher Education and Training, among other stakeholders, to facilitate a speedy resolution to the restricted nursing student intakes, given the increasing nurse vacancies among the private hospital groups and the dwindling nursing pipeline.

We have continued with our formal appeal to the SANC Appeal Committee to review the low student numbers approved for enrolment at Netcare Education (lodged in 2021).

Universal healthcare

SA urgently needs healthcare system reform and strengthening. We fully support the extension of universal healthcare and stand ready to collaborate on designing and delivering sound and workable solutions that serve the health needs of all South Africans.

We support a multi-fund system that will allow people with the means to pay mandatory taxes as well as fund their healthcare privately to do this, ensuring the public health Rand is dedicated to the most vulnerable in our society. We believe that a sustainable and affordable NHI is possible only if small but critical changes – that allow both the public and private sectors to work together to achieve its objectives – are made to the Bill.

The following risks are inherent in the newly adopted NHI Bill (see page 77) – the key driver to achieve universal health coverage:

- A single-payer model is solely dependent on tax collection which SA can ill afford.
- An unknown impact on the fiscus.
- Uncertainty around the Bill's implementation and how this will impact doctor sentiment.
- Uncertainty around any tax changes made to fund the Bill and their impact on medical scheme membership.
- A lack of clarity on the long-term risks and opportunities of implementing the Bill due to its lack of detail.

The Bill was adopted by the National Council of Provinces on 6 December 2023. Busa and B4SA[9] have submitted a formal petition to President Ramaphosa, requesting that he refer the NHI Bill back to the National Assembly for amendment (see page 24).

1. *The phasing in of the new sector targets and certificates of compliance introduced in the amendments to the Employment Equity Act will become effective once a proclamation date is announced by the President of SA.*
2. *Hospital Association of South Africa.*
3. *Business Unity South Africa.*
4. *Department of Employment and Labour.*
5. *National Department of Health.*
6. *Public Private Growth Initiative.*
7. *Stakeholders include NDoH, South African Nursing Council (SANC), Department of Higher Education and Training, Council on Higher Education and Training, HWSETA, organised labour and healthcare business including BUSA and HASA, among others.*
8. *SANC time series statistics: Growth in registers and rolls, 2013 to 2023.*
9. *Business for South Africa.*

Transformation

Our transformation plan defines our commitment to contributing to inclusive societal, economic and labour markets that support human dignity, equality and fairness.

Our Level 3 B-BBEE rating ensures that Netcare is competitive, particularly in terms of securing business from state-owned enterprises, mining organisations, government and other stakeholders. It is worth noting that if it were not for the continued restrictions imposed on the nursing student intakes, that the Group would have achieved a Level 1 B-BBEE rating.

In FY 2023, improvements were achieved in skills development, preferential procurement, ESD and socioeconomic development. Maintaining and deepening our transformation performance will remain a key priority for the Group with particular focus on improving racial and gender diversity at Board, executive and senior leadership levels.

Ownership

The Health Partners for Life trusts comprise the four trusts below, each with its own board of trustees. The trusts are linked to our share price performance, ensuring that beneficiaries benefit when Netcare performs well. The ownership of Netcare shares by black people and black women compares well to the prescribed dtic thresholds and JSE-listed entities as published by the B-BBEE Commission in 2021.

Employee share ownership scheme

The Patient Care and Passionate People Trust

- The scheme established in 2019 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.

Contribution to skills development and our CSI initiatives

Physician Partnership Trust

Supports black PhD clinical candidates wanting to pursue research studies (see page 122).

Healthy Lifestyle Trust

Focuses on mental health and wellness in communities and schools and supports various Netcare Foundation health programmes.

Mother and Child Trust

Funds impactful initiatives aimed at uplifting women and children, our Sexual Assault Crisis Centres, our new gender-based violence programme and various Netcare Foundation health programmes.

Black voting rights

28% black voting rights.

dtic target: 25%+1 vote
FY 2022: 29%
FY 2021: 26%

16% black women voting rights.

dtic target: 10%
FY 2022: 16%
FY 2021: 15%

Social and relationship capital

Society continued

YES4Youth

Netcare has participated in YES4Youth – SA's largest private sector job creation initiative – since 2018, providing workplace experience learnerships and internships to develop technical and artisan skills, and preparing unemployed youth for the labour market. We analyse the opportunities available at Netcare and link these to the YES enrolments to ensure a high permanent employment conversion rate. Some learners have been permanently employed before they completed their programme due to their outstanding performance and available placement opportunities. The Sinako programme for learners with disabilities (see page 145) adopts a similar approach.

Enrolled

1 249[1] enrolled on YES learnerships and internships at Netcare to date, with a further 250 planned for FY 2024.

Completion

954 learners successfully completed their learnerships and internships at Netcare since 2018, with 286 completions in the reporting year.

Employed

855 (90%) learners are gainfully employed with **525 (61%) employed at Netcare**.

Target: 90% gainfully employed whether at Netcare or elsewhere

Note 1. Recalculated to exclude learners who were erroneously enrolled into these programmes prior to 2018.

Netcare Ulusha YES Hub

Netcare sponsored the construction of the Netcare Ulusha YES Hub in Alexandra, Gauteng, connecting young people to training in various fields, work opportunities and assistance with career guidance or new business ideas, and providing SMMEs with access to networks, markets and partner support. The hub includes a YES4Youth enrolment centre, various training centres and an SMME entrepreneurship centre.

YES4Youth enrolment centre

>11 000 unemployed youths enrolled at November 2023.

Employed or supported

255 young people are employed or receive stipends through programmes based at the hub.

Small businesses

Two small businesses hosted by the hub are sponsored by Netcare.

Corporate social investment

We leverage our resources and organisational capabilities to provide access to quality medical care for the most vulnerable members of society who cannot afford health insurance.

Our CSI strategy, governance and activities are coordinated by the Netcare Foundation, and our initiatives are carefully selected and managed to achieve maximum positive impact. The Netcare Foundation receives funding from Netcare, the HPFL trusts and third parties. The funding that the Foundation receives is strictly used for CSI initiatives with the Group covering administrative costs. In total, Netcare and the trusts provided funding of R22 million (FY 2022: R 23 million) and R4 million (FY 2022: R1 million), respectively, to various CSI programmes in FY 2023.

Human milk bank for Rahima Moosa Mother and Child Hospital

The Mother and Child Trust approved funding to establish a human milk bank at the Rahima Moosa Mother and Child Hospital (public hospital). Initially, the hospital will use the donated breastmilk from its patients for babies in its neonatal ICU. It is hoped that in time, the hospital's milk bank will receive donated breastmilk from other public sector hospitals to feed more public sector babies. We aim to finalise the contractual agreement in the coming year.

Universal Newborn Hearing Screening programme

In collaboration with HI HOPES[1], the Mother and Child Trust will provide funding for home-based early intervention for families of deaf and hard-of-hearing babies in the public sector.

Organ transplant

Netcare supports all public sector transplant programmes, ensuring that organs are distributed equally between the public and private sectors. We cover all public sector costs related to these organs, which totals R3.2 million since 2019. Further collaboration is planned with the public sector in Pretoria and the Eastern Cape to enhance transplant activity.

Male circumcision

We introduced a male circumcision programme this year at Netcare Vaalpark Hospital in partnership with the NDoH. A total of 77 young African boys and men, aged between nine and 17, have received safe medical circumcision, reducing the risks of infection and of HIV transmission in later years. Surgeons and anaesthetists operate pro bono and nurses work on their off days. The programme will be extended to Netcare Pholoso Hospital in FY 2024 and other Netcare hospitals that reach rural areas over the short to medium term.

Mental health

With Netcare-funded counselling containers, SADAG[2] provided 3 310 community members with face-to-face counselling, including members of Ivory Park and Diepsloot. Over 30 000 learners and 3 459 educators, district officials, learner support agents, parents and other stakeholders were reached in FY 2023 through SADAG talks, workshops and webinars relating to preventing teen suicide.

Sign language

Four managers from four Netcare Sexual Assault Crisis Centres participated in an online basic sign language programme offered by the Wits Centre for Deaf Studies. The programme teaches deaf culture awareness, basic sign language to communicate with deaf or hard-of-hearing patients who report to our emergency departments and interpreter engagement. We are exploring how to take these skills into more of our facilities, and have approved funding to introduce 50 frontline workers to South African Sign Language in FY 2024. Phase two of the initiative will be to enlist medically and ethically safe sign language interpreters from the broader community and train them to communicate with deaf and hard-of-hearing survivors of sexual assault and gender-based violence.

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.

Society continued

Corporate social investment

R15 million or 52% of our CSI **qualified for B-BBEE purposes,** equating to 1.1% of NPAT.

dtic target: 1% of NPAT

FY 2022: R12 million

FY 2021: R17 million

34% of FY 2023 funding was allocated to **health**, with 62% supporting ***education*** and 1% supporting **disaster relief**.

Public sector babies fed

192 public sector babies fed through the Netcare Ncelisa Human Milk Bank programme (see page 53), equating to 29% of all babies fed free of charge with donated breastmilk in FY 2023. The programme enhances neonatal care for premature and sick babies.

Target: 33% to public sector

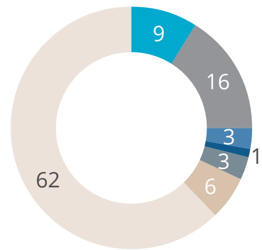
FY 2022: 242

FY 2021: 151

893 public sector babies fed through the programme since its inception (2017).

CSI breakdown

(%)



- Emergency medical services (indigent patients)
- Access to medical procedures
- Sexual assault programme
- Disaster management
- Community sponsorship
- Discretionary spend
- Bursaries

Cataract surgery

149 beneficiaries received cataract surgery through the Gift of Sight programme – our health programme with the largest reach.

FY 2022: 155

FY 2021: 47

5 359 cataract surgeries since inception (2005).

Sexual assault survivors treated

771 sexual assault survivors provided with free and compassionate care and counselling at our 38 Sexual Assault Crisis Centres. 93% (FY 2022: 94%) were women and 40% (FY 2022: 37%) were younger than 18. The programme now includes patients who have experienced gender-based violence.

FY 2022: 757

FY 2021: 484

>16 000 sexual assault survivors treated since 2002.

Other programmes

Cochlear implant programme: **96 beneficiaries** since inception (2007).

Netcare cleft lip and pallet programme: **450 beneficiaries** since inception (2007).

Elephantiasis programme: **22 beneficiaries** on lifelong programmes since inception (2011).

Craniofacial programme: **118 beneficiaries** since inception (2008).

Paediatric cardiac programme: **16 beneficiaries** since inception (2021).

Recycled school shoes

167 220 pairs of school shoes manufactured by the **My Walk Made with Soul initiative** since its inception in February 2020 with **144 490 pairs donated to underprivileged children**.

Target: 1 million pairs of shoes

16 jobs supported by the factory and entrepreneurial businesses involved in the initiative.

Overall winner of the 2023 Green Economy Award for NPOs.

The shoes are made from recycled single-use high-quality intravenous PVC drip bags, **diverting 89 tonnes of PVC waste from landfill** since 2018[1].

Note 1. For each tonne of PVC repurposed, 1.5 tonnes of GHG emissions are abated.

Human and intellectual capital

Our people

Better health and care outcomes depend on the professional and personal resilience of healthcare practitioners. Engendering a culture that promotes meaningfulness, connectedness and belonging for our people is a key element of our work to remain an employer of choice and in turn bolsters loyalty, productivity and organisational growth. Strategic interventions are implemented to support diversity and inclusion, help employees manage change and to deliver a harmonious, fair and equitable working environment based on trust and cooperation.

Quality of our relationships

We place considerable importance on employee engagement as understanding and providing for the needs of our people is central to our success. We measure the quality of our workforce relationships using employee engagement surveys. Good progress was made this year in actioning responses to our areas of improvement (areas that lagged the overall average score of 7.9) identified in the FY 2022 Voice of OUR Employees engagement survey (our most recent survey). We believe that our initiatives will impact positively on employee sentiment.

We hold open and transparent relationships with our employees' chosen representatives.

Response rate

70%

Average score

7.9

out of ten.

75% of employees with disabilities felt protected at Netcare.

Score out of ten

Pillar 1: Compassion at work	✓	8.5
Pillar 2: Fairness at work		7.4
Pillar 3: Trust and integrity at work		7.3
Pillar 4: Workplace diversity, equity and Inclusion		7.5
Pillar 5: Relationship with management		7.7
Pillar 6: Teamwork and collaboration	✓	8.3
Pillar 7: My personal wellbeing	✓	7.9
Pillar 8: Sense of achievement		7.4
Pillar 9: My personal boundaries	✓	8.2

Key focus areas for FY 2023

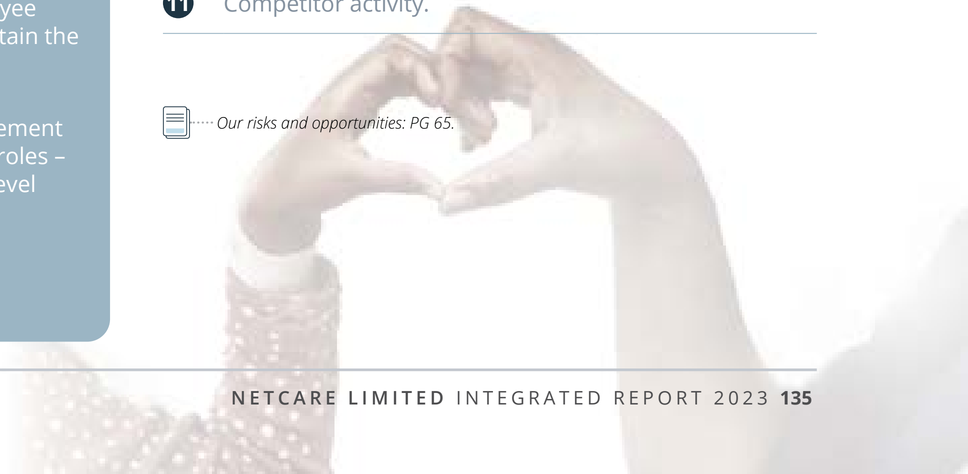
- Embedding compassion as day-to-day practice in the Hospital Division to deliver sustainable long-term impact, and rolling out the Care4YOU programme – focused on compassion and a key underpin to achieving our strategic priorities – to our remaining divisions.
- Implementing action plans to enhance our employee value proposition and our ability to attract and retain the best-in-class talent, ultimately measured through voluntary employee turnover.
- Improving black representation at middle management level (increased 4%) – our pipeline for leadership roles – and male representation at junior management level (increased 0.6%).
- Investing in the development of our people.

This section responds to the following risks and opportunities:

4 Availability and quality of skills.

8 Delivering consistently outstanding person centred health and care.

11 Competitor activity.



Our risks and opportunities: PG 65.

Human and intellectual capital

Our people continued

Value delivered in FY 2023

Value created | Value created but below target | Value preserved | Value eroded

R8 861m	**SALARIES PAID**[1] Salaries paid to our employees.	FY 2022: R8 015m FY 2021: R7 570m	Value created
12 208	**COMPASSION TRAINING** Care4YOU sessions rolled out. Since the programme's inception in September 2021, 41 209 permanent employees and contract workers have been reached. Compassion training is grounded in the embodied practices and teachings from the Stanford University's Applied Compassion Training programme, and is delivered using a blended learning approach of theoretical content, experiential workshops and toolbox talks. Over 40 900 interventions have been rolled out to date.	FY 2022 and FY 2021: 28 787	Value created
83%	**BLACK PEOPLE**[2] The representation of black people within the workforce against a national EAP[3] of 92%. Foreign nationals comprised 2% of the workforce (FY 2022: 2%).	FY 2022: 81% FY 2021: 80%	Value created
81%	**WOMEN**[2] The representation of women within the workforce against a national EAP of 46%. 66% of the workforce are black women (FY 2022: 65%).	FY 2022: 81% FY 2021: 81%	Value preserved
4.6%	**PEOPLE WITH DISABILITIES**[2] The representation of people with disabilities within the workforce exceeding the national target of 2%. Of these employees 68% are black, 73% are women and 48% are black women.	2023 target: 4.5% FY 2022: 4.4% FY 2021: 4.2%	Value created
2 303	**UPTAKE OF COUNSELLING INTERVENTIONS** Employees and their immediate family members were provided with counselling interventions.	FY 2022: 2 243 FY 2021: 2 810	Value created
56 428	**TRAINING AND DEVELOPMENT INTERVENTIONS**[4] Training interventions delivered, with 18 565 (SDP 2022: 15 968) employees participating in a training and/or development programme. This includes 1 219 (SDP 2022: 256) current and future leaders.	SDP 2022: 56 067 SDP 2021: 25 335	Value created
R57m	**TRAINING AND DEVELOPMENT SPEND**[4] Invested in training and development and reported to the HWSETA. This together with clinician development bursaries, nursing gratuities and student loans of R8 million equates to 1% of payroll, meeting the 1% prescribed by the Skills Development Act.	Planned spend: R39m SDP 2022: R51m SDP 2021: R49m	Value created
26	**EMPLOYEE GRIEVANCES** Employee grievances reported relating to labour practices, all of which had been resolved at the time of reporting.	FY 2022: 17 FY 2021: 8	Value eroded

1. *Excludes public private partnerships and includes agency costs.*
2. *These metrics exclude the renal care operation. National Renal Care's workforce comprises 972 permanent employees, 94% being black people, 71% being women and 4% being people with disabilities.*
3. *Economically active population.*
4. *Calculated for the skills development period (SDP) 1 April 2022 to 31 March 2023 as legislated by the Skills Development Act.*

Detailed information

This report: *Remuneration overview: PG 95*

Online: *Shareholder report: PG 38*; *ESG report: PG 70*

Headcount and retention

Retention mechanisms are implemented for specialised skills in a highly competitive and scarce skills environment.

We benchmark our nurse offering to ensure it is competitive. Higher salary increases were awarded to nursing staff, and in certain instances retention allowances were approved. Nurses also received additional increases on skills allowance and we paid the professional practising fees for specialised nurses and pharmacist assistants. Netcare 911 approved the payment of annual HPCSA[1] practising certificate fees for selected categories of permanent employees, and Netcare Medicross made similar arrangements for all permanent dental assistants. The average cost-to-company for registered nurses increased by 9.1% against the annual increase of 7.1%.

Movement in headcount

Headcount increased by 1.8% to 18 568 permanent employees. There were no material retrenchments.

FY 2022: 18 245

FY 2021: 18 346

New employees

2 842 new employees joined the Group.

FY 2022: 2 969

FY 2021: 2 058

Employee turnover rate

Voluntary employee turnover **improved steadily over the year** to 11.5% against the global benchmark for most organisations of 10%. Nurse turnover also decreased.

2023 BSC target: 14.0%

FY 2022: 14.8%

FY 2021: 15.9%

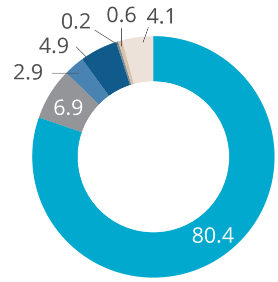
Overall turnover **decreased to 14.5%**.

FY 2022: 17.2%[1]

FY 2021: 16.6%[1]

Our nursing vacancy rate at September 2023 was around **24%**.

Headcount by division (%)



- Hospital Division including Pharmacy
- Netcare 911
- Netcare Akeso
- Primary Care Division
- NetcarePlus
- Netcare Diagnostics
- Head office

General note: permanent employees only. Excludes National Renal Care.
Note 1: restated due to change in calculation methodology.

Fairness at work and trust and integrity at work

74%

73%

Much effort has been put into driving a consistent approach to our management of human capital.

Our analysis indicates that these scores achieved in the employee engagement survey are linked to the inconsistent application of HR rules, policies and procedures, whether perceived or real. We have since reviewed and standardised all HR policies, to ensure that we are consistently adopting best practice across the Group. Workshops have been held for line managers to ensure that our HR rules, policies and procedures are uniformly understood and consistently applied.

Started in July 2022, and continuing into FY 2023, is our Group-wide training for line managers and HR practitioners on fair disciplinary management and the consistent application of our industrial relations policies. The workshops prepare delegates for crucial conversations that precede a formal process. Across the 55 workshops held, 671 line managers and 100 HR practitioners have attended this training to September 2023.

Meetings were held with divisions and regional operations to present their individual employee engagement survey feedback reports and identify improvement plans for FY 2023. Each facility's leadership team shared this information with their employees. A mini employee engagement survey will be held in June 2024 to measure our progress in terms of DEI[2] and employee experience.

1. *Health Professional Council of South Africa.*
2. *Diversity, equity and inclusion.*

Our people continued

Workplace diversity, equity and inclusion

75%

We are a gender-empowered organisation with a workforce comprised mostly of women.

Given our strong culture of driving fair and equitable race and gender representation across the Group, we interpret the employee engagement survey outcome as a need for more meaningful conversations (beyond employment equity targets and transformation-related legislation) to drive real change that engenders a greater sense of belonging among our employees and empowers them to contribute positively towards delivering our strategic priorities. To create an inclusive organisational culture we have prioritised employee engagement, employee wellbeing, compassion training, DEI training and workshops, gender-based violence awareness sessions, talent management and ensuring competitive, responsible, fair and equitable pay.

Key actions taken in FY 2023

01

Launched the Diversity, Inclusion and Belonging eLearning programme[1] for leaders and divisional Workplace Transformation Committee members, with 693 participants in FY 2023. The programme teaches the knowledge, skills and tools needed to have meaningful conversations appropriately and sensitively. Based on their learning, Transformation Committees are required to drive specific DEI interventions within their respective workplaces. This work will continue into FY 2024.

02

Implemented a tool that monitors vacancies and tracks gender and race diversity at middle management, and held regular engagements across the Group on the appointment of candidates for middle management roles. All appointments and promotions at this level are approved by the Group director of HR and transformation, and diversity at middle management was included in the Group's BSC.

03

Amended and re-launched our seventh Netcare behaviour – **I always embrace diversity to strengthen inclusivity and belonging**. The change is designed to communicate our intent to create spaces of safety and belonging for every employee.

Employment equity

While the Group has made significant strides in driving DEI at all managerial levels since 2007, more work is needed to advance transformation at middle management. The Group's five-year employment equity plan to 2026 sets out how we intend to close this gap.

Senior management

45.7% black managers.

2023 target: 52.6%

FY 2022: 50.0%

FY 2021: 43.3%

51.4% women.

FY 2022: 53.1%

FY 2021: 60.0%

PSR[2]: 41.6% black and 35.8% women representation at senior management level.

Middle management

57.5% black managers.

2023 BSC target: 56.5%

FY 2022: 53.1%

FY 2021: 52.9%

61.4% women.

FY 2022: 60.8%

FY 2021: 59.7%

PSR: 57.6% black and 42.4% women representation at professionally qualified level.

Junior management and skilled workers

77.4% black employees.

2023 target: 77.2%

FY 2022: 75.9%

FY 2021: 72.8%

84.7% women.

FY 2022: 85.3%

FY 2021: 85.9%

PSR: 77.1% black and 41.9% women representation at skilled worker level.

Note 1. SA's private sector representation. Data from the 23rd Commission for Employment Equity Annual Report (2022-2023).

Employment equity scorecard: PG 86.

1. *This is our third iteration of DEI training and awareness.*

Recruitments and promotions

88% of all recruitments and promotions went to black people with **66% being black women**.

FY 2022: 87% overall; 69% black women

FY 2021: 85% overall; 68% black women

Male nursing students

10% of nursing students enrolled at Netcare Education at September 2023 are men, as part of our efforts to increase the representation of men in junior management.

FY 2022: 10%

FY 2021: not reported

Training spend by race and gender (March 2023) (%)

R2 million (4% of training spend) invested in advancing **people with disabilities**.

SDP 2022: 1%

SDP 2021: 1%

R50 million (88% of training spend) invested in advancing **black people**.

SDP 2022: 86%

SDP 2021: 91%

R47 million (82% of training spend) invested in advancing **women** with 81% supporting black women.

SDP 2022: 87%; 75% black women

SDP 2021: 86%; 82% black women

Relationships with management

77%

Employee feedback indicates that our leadership capability could benefit from a more compassionate approach.

This is being addressed through Leading with Compassion, a tailored Care4YOU programme for leaders that helps them create spaces of psychological safety where employees feel supported to speak and think openly. ICAS also provides a manager support programme, assisting managers to effectively engage with their teams, deal with and resolve conflict, and identify and support employees experiencing specific challenges. A total of 378 managers made use of this service in FY 2023 (FY 2022: 328).

Sense of achievement

74%

It is important to us that our people receive positive feedback from their colleagues and patients.

The digital gratitude card platform is a powerful motivator that reinforces compassionate behaviours, positively impacting patient and employee experiences. We are enhancing the gratitude platform dashboard, integrating it with other digital systems, and have started devising a solution to drive gratitude flows between managers and employees. We also held appreciation events to acknowledge the important work of our compassion ambassadors. Netcare Akeso has begun the roll out of the gratitude programme, leveraging the lessons learnt from the Hospital Division's implementation.

Gratitude platform

36 555 gratitude cards received by employees from patients, their family members, visitors and colleagues with 95% of the messages thanking them for their acts of compassion and expressing positive sentiments[1].

FY 2022 and FY 2021: 17 242; 96% positive

Note 1. Negative sentiments are managed through our complaints management processes.

Our people continued

Compassion at work

The Living and Working Compassionately Journey is active in the Hospital Division, Netcare 911 and Netcare Akeso, and will be rolled out in the Primary Care Division in FY 2024.

The Care4YOU programme aims to embed compassion in our organisational culture. It supports employee wellbeing, provides the tools to practice compassion for oneself and others, enables our employees to make compassion a way of living and working, and recognises those who live and work with compassion. The ultimate objective is to improve the patient experience; therefore, we use the nursing compassion score for the Hospital Division (see page 109) as a measure of Care4YOU's success.

Care4YOU = Living and Working Compassionately Journey + Gratitude platform

	Modules 1 and 2	Module 3	Module 4
The Living and Working Compassionately Journey	Introduces the principles and practices of compassion.	Focuses on self-compassion and Ubuntu (humanity to others) and embodied practices of compassion.	Teaches how to exercise the principles of compassion and humanity in relationships where there is an imbalance of power.
Divisional roll out	Hospital Division Netcare 911 Netcare Akeso	Netcare Hospital Division	Netcare Hospital Division

Facility-based and trained compassion ambassadors

354 compassion ambassadors partner with the facilitators who deliver face-to-face Care4YOU sessions, provide overall support in driving compassionate behaviour and report on how employees are experiencing the programme.

FY 2022: 385 (inception of the initiative)

In FY 2024, we will roll out the remaining two Care4YOU modules in the Hospital Division; Module 5 develops skills to build and maintain compassionate relationships, and Module 6 teaches how to deal with conflict in a civil, respectful and dignified manner. We will also continue to roll out the earlier Care4YOU modules to Netcare Akeso, Netcare 911, Netcare Medicross, Netcare Occupational Health, at head office and for our senior leadership.

Pause and reflect

In November and December 2022, we reviewed the impact of Care4YOU across ten hospitals at different stages of implementation. The assessment comprised a short digital survey of 5 857 individuals (39% response rate) and 19 focus groups run by an independent facilitator and attended by 200 employees. The results showed that employees experience the Care4YOU programme positively, and feel empowered to act and lead with compassion. Almost 60% of those surveyed found the programme to be beneficial both at work and in their personal lives. Recommendations for improvement included additional support for compassion ambassadors and digitising the training content.

Our response to these findings included:

- The recruitment and training of new compassion ambassadors to ease the burden on existing teams and additional support for ambassadors (support groups and monthly compassion and mindfulness sessions), helping them to better cope with the emotive discussions emerging from their facilitated sessions.
- Targeted interventions at hospitals experiencing delays in the roll out of Care4YOU and whose nurse compassion scores were lagging. Once 'pain points' were identified, the hospitals were tasked with developing key action plans to regain momentum. Progress is reported regularly.
- The digitisation of all compassion training content, providing employees with easy and convenient access, and assisting the replication of the programme for other divisions. Digital training was launched at four sites.

Employee wellbeing

Our people's psychosocial wellbeing is at the forefront of our human capital initiatives; we strive to ensure that they feel safe and cared for at work, and have resilience in an emotionally demanding sector.

Bullying, discrimination and harassment

The Care4YOU assessment identified burnout and emotional exhaustion as well as workplace bullying and incivility towards nurses as factors that detract from the nursing compassion score. Our zero-tolerance approach to bullying, discrimination and harassment applies to our employees, contractors, doctors and partners as well as our patients and their families. The confidential SHOUT Line enables us to identify discriminatory behaviours and practices and we take decisive action whenever such cases emerge.

Module 4 of our compassion training supports employee wellbeing and teaches how bullying, discrimination and harassment become barriers to compassion, social cohesion and belonging. In addition, mini seminars were held for line managers and HR practitioners on our updated harassment, discrimination and workplace bullying standard and SA's Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace.

Incidents of unacceptable behaviour

Six incidents of unfair discrimination, racism and/or workplace bullying were reported through the SHOUT Line. Investigations were conducted in cases where employees gave their consent and appropriate corrective action was taken.

FY 2022: 3

FY 2021: 4

Training and awareness

2 730 new employees received **awareness training on our zero-tolerance approach** to discrimination, harassment and bullying.

FY 2022: 2 057

FY 2021: 710

Wellness

Our people have access to a number of wellness tools, as well as onsite social workers and an ICAS-managed wellbeing programme, which offers professional counselling services for employees and their immediate family members, managerial support programmes and wellness training events.

ICAS usage

The **overall ICAS engagement rate was 16.3%** compared to the average engagement rate of ICAS' client base, which was 15.2%.

FY 2022: 15.7%

FY 2021: 18.4%

Problem categories

70.6% of ICAS engagements related to **professional counselling** (the most accessed service) with mental health presenting as the most common category.

FY 2022: 69.1%

FY 2021: 62.3%

Referrals

9.0% of ICAS engagements were formally referred for assistance.

FY 2022: 6.6%

FY 2021: 4.8%

Additional initiatives implemented in FY 2023 to support employee wellbeing included:

- Webinars on family support through divorce, managing disability in the workplace and gender-based violence as well as workshops on work stressors and trauma management. In total, 1 699 employees were reached through these initiatives.
- Information sessions on the importance of retirement funding, reaching 3 346 employees.
- Wellness days providing access to a range of wellness service providers and reaching around 8 700 employees and contractors. The Abby device, capable of conducting over 20 non-invasive health checks in around five minutes, was piloted at the head office wellness day with 500 assessments conducted.
- Netcare Diagnostics, Dr Esihle Nomlomo Inc. and Netcare Cancer Care provided free prostate cancer screening for male employees over the age of 40.

Human and intellectual capital

Our people continued

Occupational health and safety

We continued to implement the comprehensive medical surveillance programme, which is based on occupational risk exposure profiles for different job categories and assesses fitness for duty against identified risks. It also implements mitigation strategies for employees at risk. Our goal is to have all employees included in the programme by FY 2025 or earlier. Next year, we will implement Netcare Occupational Health's Care@Work system to digitise all medical surveillance records, which will enable us to introduce lost time injury frequency rate and employee incident rate reporting.

Absenteeism

947 437 hours of absenteeism from work (illness, injury, other etc.).

FY 2022: 1 101 865

FY 2021: 1 118 679

Medical surveillance

10 236 medicals conducted.

2023 target: 7 900

FY 2022: 6 111

FY 2021: programme was not in place

OHS incidents

976 OHS incidents recorded with 80% reported for the Hospital Division.

FY 2022: 2 940; 84%

FY 2021: system not digitised

Less than 1% of incidents were categorised as **high to major risk** and **21% as moderate risk**.

FY 2022: 2% high; 32% moderate

OHS training

5 235 employees received **OHS training**.

FY 2022: 4 823

FY 2021: 1 500

OHS compliance self-assessments

Self-assessments conducted for the Hospital Division, Netcare Medicross, Netcare Akeso, and National Renal Care, achieving an **average score of 88%[1]**.

FY 2022: 86%

FY 2021: no self-assessments conducted

Note 1. Comprises peer reviews at 38 hospitals to evaluate legislative compliance and prepare for OHSC inspections (average score of 83%), and for the remaining divisions, self-assessments and/or peer reviews were conducted against Netcare's internal quality criteria (average score: 88%).

Leadership and succession

Our leadership programmes are designed to develop the key behavioural traits and abilities we expect of our current and future leaders, and build scarce and core skills to support a diverse succession pipeline.

We are working to streamline our talent management and succession planning, with our processes to identify talent, plan succession and compile individual development plans under review. We are also investigating best practice tools and talent management frameworks to identify and develop talent. During the year, we extended our talent mapping strategy to include employees in junior management positions.

We invested 7% of our training spend in developing talent through our management and leadership development programmes with 85% benefiting black people. In total, 533 managers were enrolled in a development programme, of whom 83% are black, 81% are women and 67% are black women (SDP 2022: 256).

Leadership Development Journey

73 top-performing leaders (38% are black and 51% are women) have been enrolled on the Leadership Development Journey across two cohorts. The bespoke coaching programme builds executive bench strength and the talent pipeline.

Netcare Leadership Programme

19 middle managers[1] (89% are black and 53% are women) started the Netcare Leadership Programme in September 2023 – a 14-month health systems management programme.

SDP 2022: 13

SDP 2021: not in place

Management Development Programme

128 delegates enrolled in the MDP, with a 96% throughput rate, of which a 100% pass rate was achieved. 207 delegates have been enrolled in the MDP for the new skills period.

SDP 2022: 81

SDP 2021: 93

Leading the Netcare Way

58 nursing and other managers enrolled on *Leading the Netcare Way*, assisting them to manage high-performance nursing teams. Four programmes are planned for SDP 2024.

SDP 2022: 57

SDP 2021: 53

Note 1. Delegates include hospital manager designates and nursing, finance, pharmacy and operations managers. The Netcare Leadership Programme is delivered in partnership with the University of Pretoria's Business School and is a blend of learning, encompassing financial management skills, leadership skills (critical thinking and problem solving) and personal attributes (self-awareness, resilience and integrity).

Human and intellectual capital

Our people continued

Learning and development

We have a strong culture of people development that builds clinical competencies, develops leaders and addresses youth unemployment.

With no change to the regulated restrictions on the enrolments in formal nursing programmes, our training spend remains below pre-COVID levels and our training spend on women has been adversely impacted. National Renal Care faces the same challenges with the suspension of the SANC accredited nephrology course and the lengthening of the curriculum for clinical technicians. Netcare's 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 despite the formal nurse training restrictions. National Renal Care has developed a six-month nephrology course for registered nurses together with Netcare Education which will be rolled out in FY 2024.

Nurse training

632 nurses enrolled in formal nursing programmes accredited by SANC with 176 being new intakes.

SDP 2022: 595

SDP 2021: 1 025

421 nurses enrolled on a six-month in-service programme.

SDP 2022: 439

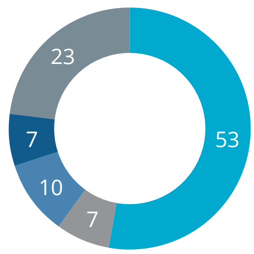
SDP 2021: 354

The **first cohort of 49 students** qualified as general nurses on the SANC's new qualification.

~50 000 nurses trained by our five Nursing Education Campuses since 1999.

Training spend by category

(March 2023) (%)

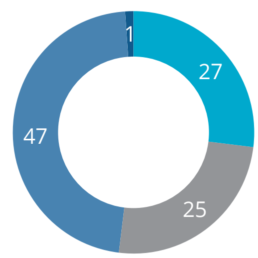


- Formal nursing training (SDP2022: 68%)
- Emergency and critical care training (SDP2022: 9%)
- CPD programmes (SDP2022: 16%)
- Management and leadership development (SDP2022: 7%)
- Other training

Note: the SDP 2022 breakdown included other training and CPD[1] programmes in one category.

Training spend by occupational level

(March 2023) (%)



- Unskilled workers (SDP2022: 29%)
- Semi-skilled workers (SDP2022: 25%)
- Skilled technical and qualified workers, junior managers, supervisors, foremen and superintendents (SDP2022: 43%)
- Professionally qualified and experienced specialists and middle managers (SDP2022: 3%)

1. *Continuous professional development.*

Highlights for SDP 2023 included:

- Our training spend for the year aligned favourably to the demographic representation of our workforce and closely to the national EAP. African and Coloured men are under-represented, reflecting the under-representation of these groups in the healthcare sector overall.
- Of the 43 unemployed learners with disabilities who completed the 2022 Sinako programme, 18 were hired as permanent Netcare employees. An additional 57 unemployed learners, all with disabilities, began their Sinako learnership in October 2023. Learners have been placed across all Netcare divisions to gain workplace experience, improving their opportunities to become gainfully employed.
- Netcare 911 launched a training programme for emergency call takers with a second intake of interns underway, and introduced an Emergency Operations Centre coordinator internship programme.
- Bursaries were awarded to 45 high-performing employees and students in line with their career development objectives (funded by the HWSETA[1]) (FY 2022: 41).
- 54 pharmacy interns and 26 students were enrolled on pharmacy assistant learnerships.

Our planned training spend for the skills period April 2023 to March 2024 is R45 million. Key programmes will be our diploma in general nursing, six-month in-service programmes, management development programmes, and emergency services courses. We will also launch a Designate Pharmacy Manager programme in FY 2024 and a Netcare Nursing Scholarship through the Physician Partnership Trust.

Employment relations

Trade unions

At September 2023, union membership was at 49.0% (FY 2022 48.6%). Wage negotiations were successfully concluded for FY 2023/24 with all three recognised trade unions within the Hospital Division and the two recognised trade unions at Netcare Medicross. 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. The FY 2021/22 wage dispute with one trade union was amicably resolved. The labour court ruling was in Netcare's favour, and we extended the same wage increase offered to other trade unions in FY 2021 to members of the said trade union as full and final settlement of the dispute.

Shareholder report: PG 142.

1. Health and Welfare Sector Education and Training Authority.

Human and intellectual capital
Digital transformation and data

The digitisation of the Group's entire ecosystem is reshaping our care offering. For our patients, it is starting to support the delivery of superior quality outcomes, enhanced patient safety and the best clinical and operational governance alongside the best healthcare providers in the world. For Netcare, our digital transformation responds to global healthcare mega trends, provides a platform from which to drive efficiencies and will provide a long-term sustainable competitive advantage.

Netcare's digital platforms and real-time mobile-enabled clinical data + Real-time Summary of Care reports = Integration of healthcare delivery

Key focus areas for FY 2023

- Furthering the implementation of CareOn in the Hospital Division.
- Enhancing our HR management platforms.
- Advancing the CEM platform across all divisions.
- Delivering data and data analytics solutions to support clinical and operational decision-making.
- Completing the roll out of the infection management tool (antibiotic stewardship and infection prevention surveillance) to monitor and control the spread of micro-organisms in hospitals.

This section responds to the following risks and opportunities:

2 Funder regime.

4 Availability and quality of skills.

7 Cybercrime and cybersecurity.

8 Delivering consistently outstanding person centred health and care.

9 Implementation of the digital and data strategies.

11 Competitor activity.

Related information

This report

Our strategic journey over the last six years: PG 18

Digital patient engagement: PG 111

Our risks and opportunities: PG 65.

Investment

The cost of moving from being totally paper-based and manual to being fully digitised and mobile.

	Capital expenditure			Operational expenditure		
Digital projects (Rm)	**Up to 2022**	**2023**	**2024[1]**	**Up to 2022**	**2023**	**2024[1]**
Hospital Division CareOn	199	82	40	183	108	57
EMR in other divisions	29	9		4	5	
Wi-Fi infrastructure	78					
CEM platform, website and apps		33		83	9	
Azure Cloud and ongoing analytics				127	48	
Total	**306**	**124**	**40**	**397**	**170**	**57**

Note 1. Forecast spend.

EMR projects

We are nearing the completion of the digital foundation which will underpin our strategy to deliver person centred health and care that is digitally enabled and data driven.

HOSPITAL DIVISION

Hospital CareOn

38 hospitals digitised – **90% of total beds** at November 2023. For FY 2023, **3 817 additional beds** were digitised.

FY 2023 BSC target: 3 554 additional beds

Project completion on track for April 2024 – **another seven hospitals** (943 beds).

e-script adoption was 82%.

FY 2023 BSC target: 80%

Clinical orders adoption was 77%.

FY 2023 BSC target: 80%

Project on track

NETCARE 911

Digitised from FY 2010 with various enhancements since then

Netcare 911 operates a **highly advanced Emergency Operations Centre** capable of locating people in distress, tracking vehicles and providing paramedics with real-time support using video streaming. Telemetry enabled monitors across the Netcare 911 fleet transmit a patient's vital statistics to the receiving facility, preparing emergency department teams in advance of a patient's arrival.

Project implemented

PRIMARY CARE DIVISION

Netcare Medicross HEAL

Implemented in **all targeted** Netcare Medicross centres.

Integration with service providers is underway.

Care@Work

Live at **multiple Netcare Occupational Health client sites.**

Implemented at all participating designated service providers.

First of its kind to market.

Additional implementation phases have been added to both projects which will continue into FY 2024, delivering time and cost efficiencies.

Project implemented

NETCARE AKESO

Akeso CareOn

14 facilities (1 007 beds) digitised – **100% of Netcare Akeso**.

Integration with service provider complete.

Project implemented

NATIONAL RENAL CARE

nephrOn

73 facilities digitised (996 dialysis machines) – **100% of National Renal Care**.

Project implemented

NETCARE CANCER CARE

Cancer modules

Radiotherapy complete.

Chemotherapy implementation underway and will complete with the CareOn roll out (April 2024).

Project on track

How we performed

Digital transformation and data continued

CareOn

The digitisation of the Hospital Division is the largest and most transformative implementation ever undertaken by Netcare, and is already delivering tangible benefits for patients.

CareOn integrates all aspects of healthcare delivery involving our doctors, nurses, pharmacists, allied healthcare professionals, and all hospital clinical infrastructure, clinical equipment, pharmacy, radiology, blood services, renal care, blood gas and pathology. There has been a fundamental shift in the perception of CareOn; the now established foundation provides comfort for new users who are willing to trust and embrace this new way of working. Doctor adoption is measured by monitoring the percentage of e-scripts issued and the percentage of orders initiated on the system; both measures are included in the Group's BSC.

Financial performance

CareOn efficiencies

R104 million (gross) efficiency savings achieved exceeding our budgeted expectations for FY 2023 of R95 million.

FY 2022: R37 million savings

The **internal rate of return** for CareOn is **projected at over 21%**.

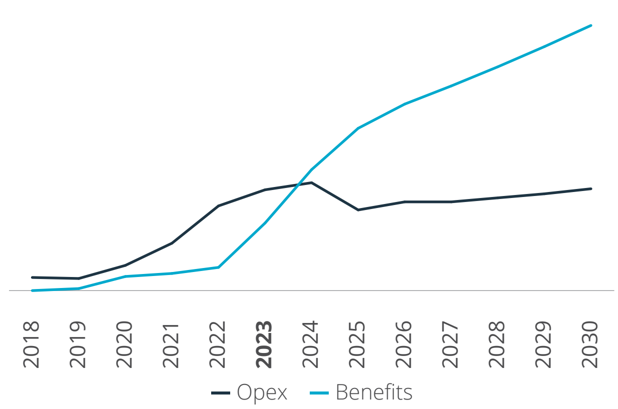
Operating costs

R108 million for FY 2023, **falling below the FY 2023 budget** of R129 million.

The CareOn implementation remains **within budget and timelines**.

CareOn will be **earnings accretive from the second half of FY 2024** (net of expenses). Operational expenses of R57 million are expected in FY 2024.

CareOn trajectory of planned benefits



Scale of implementation

At 1 November 2023

Devices connected

>13 000 medical devices connected to EMRs.

FY 2022: >7 000

>11 250 iPads in use.

FY 2022: >5 800

FY 2021: metrics were not tracked as the project was in its initial implementation phase.

Users

28 516 active users[1].

FY 2022: >13 700

>4 100 concurrent users of live EMR data.

FY 2022: >1 900

Adoption

>4.1 million e-scripts processed.

FY 2022: >1.1 million

>2.3 million drug-to-drug alerts issued.

FY 2022: >900 000

>5.8 million pathology and radiology results received.

FY 2022: ~1.0 million

Data

28 GB of clinical data generated per day – benefiting our patients and healthcare professionals as predictive analytics becomes a reality.

FY 2022: 8 GB

Note 1. Doctors, nurses, allied healthcare professionals, pharmacists and administration personnel.

Customer engagement management

We are moving towards an ongoing engagement-led model of care spanning a person's lifetime.

As the digital foundation of our ecosystem nears completion, the next phase of our journey will be to deliver a digitally integrated patient experience with improved access, ease of use and engagement across our ecosystem.

The CEM platform will maintain consistent and accurate personal information and, once complete, will amalgamate and merge all data elements for a patient across the Netcare Group and, where appropriate, external sources. Our patients will have access to a single and full view of their interaction within our ecosystem – a unified electronic health record that is a longitudinal representation of their full medical history at Netcare. They will be able to access this unified record through the Netcare App and the MyNetcare Online patient portal (see page 111).

Good progress continues to be made in terms of onboarding and enabling new systems on the CEM platform, with Medicross HEAL and the infection management tool completed in FY 2023, bringing the total number of systems onboarded to 11.

Data science and analytics

Deriving maximum insight from effective use of our data is the backbone to successfully delivering our business strategy.

Together with the digitisation strategy, our data strategy is evolving from viewing data as a means of improving our business efficiency to encompassing data as a key competitive advantage and the means to fundamentally redesign the way healthcare is delivered.

Machine learning

An example of the benefits that our data can provide is the tool we are developing, for implementation on CareOn, which uses machine learning to detect the risk of sepsis in ICU patients. Sepsis or blood stream infections carry a high risk of death. Early intervention can reduce this mortality by between 5% to 20%[1]. The tool will be able to predict which ICU patients are at-risk and require additional monitoring and investigation, eight to ten hours before clinical onset. The tool will use four clinical variables sourced from data that is collected automatically and in real time; with limited manual intervention from doctors. This advanced warning system will support doctor decision-making and greatly enhance patient safety. The tool will be rolled out in FY 2024.

Data science and analytics

Developed in FY 2023

A risk-adjusted machine learning model to measure the readmission rate of Netcare Akeso patients.

Various analytics solutions and a machine learning model to improve the efficiency and accuracy of hospital billing.

An analytics tool to extract insights from the free text responses captured in the Hospital Division PFS[2].

A solution to identify the constructs that have the greatest impact on patient satisfaction.

Currently working on

A consolidated and reliable source of data to enable the delivery of various analytics solutions.

Models to assess the effectiveness of treatment for Netcare Akeso patients.

Data and analytic solutions to analyse the digital data from our various patient-facing digital platforms.

Additional measures for the Quality of Care Index.

Research, develop and test various tools, techniques and use cases that utilise machine learning, generative AI and large language models.

Future work

Predictive analytics to support clinical decision-making.

A personalised digital engagement model.

Real-time data streaming to enable real-time analytics.

1. *Impact of the timeliness of antibiotic therapy on the outcomes of patients with sepsis and septic shock. Asner SA, Desgranges F, Schrijver IR, Calandra T. Journal of Infection. Vol 82; Issue 5, May 2021; p.g.125-134.*
2. *Patient feedback survey.*

Human and intellectual capital

Digital transformation and data continued

MyNetCareer

We are empowering our people to take ownership of their career journeys at Netcare seamlessly and digitally.

MyNetCareer is a project to modernise and enhance the way we manage our human capital. We intend to optimise, digitise and integrate our key HR systems and processes to enable data driven decision-making, accurate workforce planning, enhanced budgeting and the ability to monitor our recruitment and placement processes relative to organisational demands. The project is designed to place our people's needs and experiences at the centre of our HR processes and, when completed, will provide them with a seamless, digital experience.

Prior to digitising our HR processes, we have thoroughly evaluated them to identify and address inefficiencies (duplication within processes, redundant information etc.). Four areas of optimisation were prioritised for FY 2023 – workforce planning and talent acquisition, onboarding and orientation, termination processes, and human capital training and development. The optimisation of business intelligence reporting will start in FY 2024. We are also updating our internal employee portal, enabling our employees to easily access the information relevant to them.

Data management

Our datasets are vast with a great deal of personal information. Various data stewardship forums manage the quality and governance principles applied to our data.

In this data-rich landscape, it is imperative that we safeguard personal information as well as cultivate superior data quality to ensure accuracy and completeness. At the same time, we must ensure that data is accessible to the healthcare facilities and healthcare practitioners who need it to deliver the best and safest care.

The following are some of our initiatives to further embed data governance and management principles within the Group from the moment data is created:

- An initiative to understand how data is structured and organised across the Group (to continue into FY 2024).
- Establishing the process to embed data quality as part of specific business initiatives, such as the Summary of Care reports, to drive various remediation actions.
- The drafting of a data management policy, which will support the Group in extracting the maximum value from our data.
- A project to ensure we effectively manage and comply with applicable legislation relating to stakeholders' rights from a consent and communication perspective.
- Unannounced POPIA[1] effectiveness walkthroughs undertaken at randomly selected hospitals to assess levels of compliance. Remediation plans were put in place where shortcomings were found and the lessons learnt were shared across the Hospital Division. The new controls will be monitored quarterly and the findings reported to the POPIA Steering Committee.

POPIA assessments

22 internal POPIA assessments undertaken across divisions.

FY 2022: 10

Six assessments against the **European Union General Data Protection Regulations**.

FY 2022: 6

79 third-party assessments.

FY 2022: 213

An **independent ISO 27001/2 readiness assessment** was completed to ensure that we satisfy our POPIA and cybersecurity obligations.

Note: not reported in FY 2021.

POPIA training

18 243 (96%) employees have completed POPIA training.

All new employees receive privacy training.

Privacy training was provided to **80 external Property Division consultants** with training for an additional **100** consultants planned for February 2024.

POPIA compliance

An overall privacy **compliance posture of 97%** at September 2023 – a measure of compliance to our privacy compliance framework.

Privacy breaches

34 privacy breaches were reported to the Information Regulator of which 19 have been closed. None of these cases pose a material reputational threat to Netcare.

Netcare's privacy policy.

1. *Protection of Personal Information Act.*

In FY 2024, we will review the Group's privacy strategy and privacy compliance framework, focusing on third-party contract reviews and risk-ratings for providers and externally processed information; developing dedicated privacy risk registers for each division; developing manuals for our personal information and information security management systems; privacy related training materials and awareness initiatives; and conducting quarterly privacy assessments with employees in head office and the Hospital Division.

Access to our data and systems is appropriately governed and only granted to suppliers who need access to meet their contractual obligations. In such cases the following controls are in place:

- Governed vendor identity and access management with approvals, regular reviews and audits. Vendors must record their activity.
- Critical 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 to ensure that personal information is processed in accordance with applicable data protection and privacy laws.

A dedicated team and established processes govern instances of non-compliance with our privacy policies and procedures, ensuring they are documented, reported and, where required, corrective measures are taken.

Cybersecurity

Our approach to cybersecurity is one of 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 and defences, and level of protection, that must be applied to our digital assets, mitigating risks in the right places at the appropriate times. Our controls are regularly verified internally and externally to ensure their effectiveness, and we regularly assess and test our internet-facing services and sites.

Our hybrid approach to cybersecurity applies the experience and knowledge of our internal cybersecurity team, as well as the expertise and market knowledge of external service providers.

Our cybersecurity and data protection awareness initiatives, training and simulated phishing emails empower our employees and the Board to meet their POPIA obligations and work in a safe manner.

Breaches

There were **no incidents of material data loss** from a cybersecurity event.

FY 2022: 0

FY 2021: 0

Self-assessment

The cyber risk self-assessment to understand the impact of the control enhancements we have made showed a **significant improvement in our cybersecurity performance** compared to FY 2022, and again achieved a **higher performance rating** than both the sector and global averages.

Enhancements

Added more services and data sources to the new Security Operations Centre and Security Incident and Event Management Platform that was implemented in FY 2022.

Contracted professional services to continually monitor and assess external-facing services and sites.

Human and intellectual capital
New business development

Our product development focuses on differentiating Netcare and diversifying our products and services to reach new market segments; ultimately creating a sustainable competitive advantage for the Group. We carefully monitor the performance of our new business initiatives – NetcarePlus and Netcare Diagnostics – so that any necessary adjustments are quickly identified and implemented to ensure that solid platforms are laid to realise the longer-term benefits we believe these businesses can deliver.

Key focus areas for FY 2023

- Driving growth in NetcarePlus sales (new prepaid procedures and enhanced healthcare insurance products).
- Establishing a comprehensive network of point-of-care pathology devices across the Hospital Division.

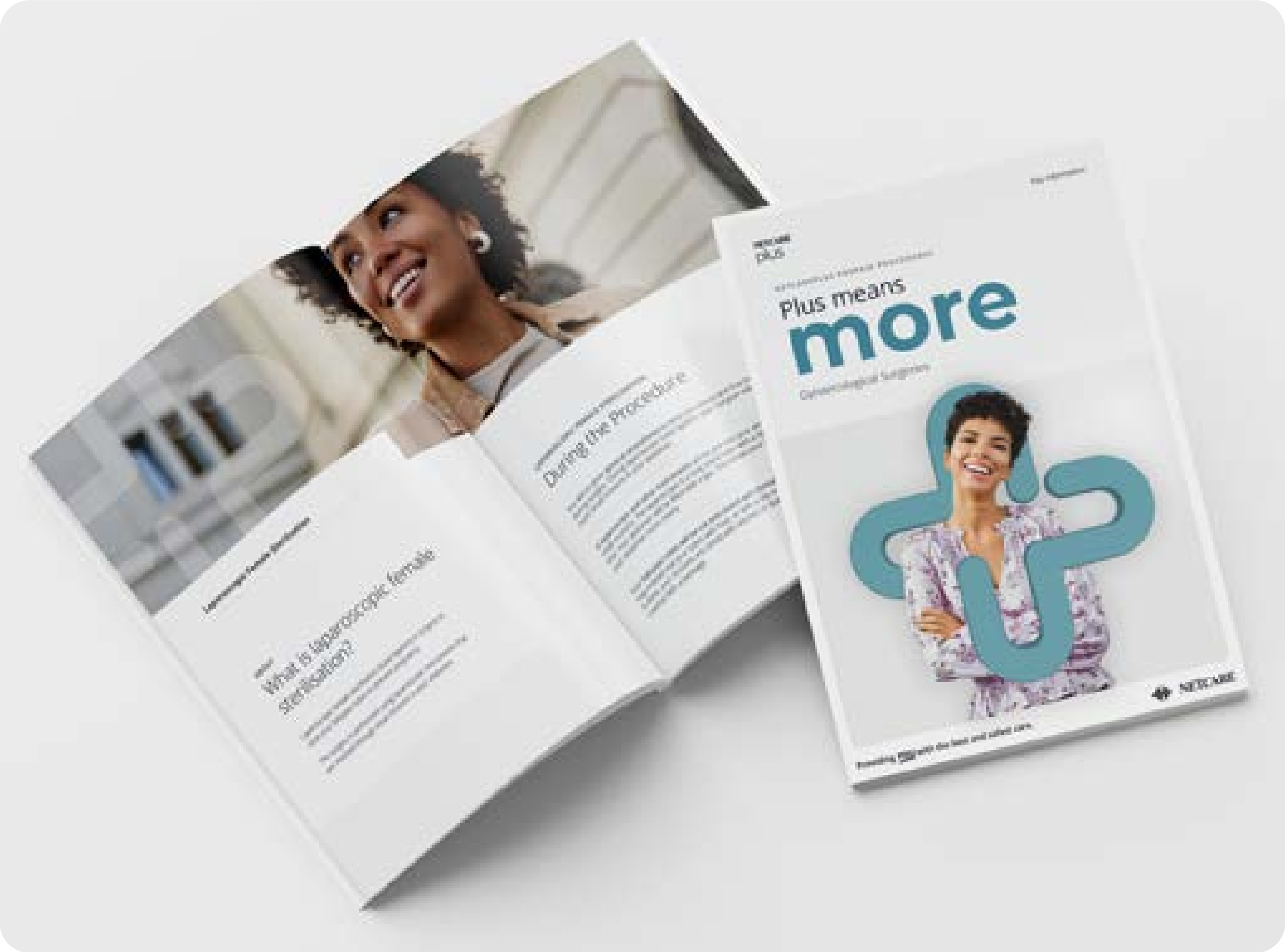
This section responds to the following risks and opportunities:

1 Economic environment and demand for private healthcare.

2 Funder regime.

11 Competitor activity.

Our risks and opportunities: PG 65.



NetcarePlus

NetcarePlus reaches new markets with innovative quality private healthcare products and funding solutions that provide affordable access to Netcare's ecosystem.

NetcarePlus provides a new and affordable way for those who are employed but not adequately covered by insurance or medical aid to access private healthcare. Our products are accessible through multiple channels and can be purchased in under five minutes. The predetermined price for surgical procedures and vouchers removes uncertainty for clients as there are no hidden costs. NetcarePlus products are sold on the 'ONE Netcare' website and the Netcare App, and through corporate intermediaries, four outsourced call centres (between 40 and 50 agents) and retail partners.

For the Group, NetcarePlus mitigates some of the impact of medical scheme members 'buying down' to cheaper medical aid options.

Product offering

Medical insurance and other solutions

Primary care[1]

A primary healthcare insurance solution (in partnership with Universal Healthcare and underwritten by Mutual & Federal).

Emergency care

Quality emergency medical treatment at the nearest private hospital (policies for accident and trauma cover underwritten by Hollard).

Prepaid surgical procedures

Eye procedures, ear, nose and throat procedures, gynaecological procedures[1], orthopaedic procedures[1] and urology procedures.

Vouchers

A range of GP vouchers (face-to-face and virtual consultations), dental vouchers and optometry vouchers.

Medical scheme cover

GapCare

Supplementary cover to a medical aid when the cover is not sufficient to cover all healthcare costs.

NetcarePlus was voted as 2nd best medical insurance brand at the Ask Afrika Orange Index Awards.

NetcarePlus also placed in the Top 10 for consistent client experience.

1. Added to our portfolio in FY 2023. The primary care insurance product predominantly covers GP, dentistry and optometry.

Compliance

NetcarePlus integrates multiple financial services licences. The business' employees are trained on our policies relating to compliance and treating customers fairly, among others, and our risk and compliance management programme to ensure that we meet our regulatory requirements as a financial services provider.

Person centred care

NetcarePlus prepaid procedures are based on gold standard clinical pathways that consider best use of resources and best outcomes. Pathways are tested with doctors before the products are implemented. All clients receive a care note for the procedure they are undergoing to educate them on the best before and aftercare to maximise their recovery. For those covered by our emergency care products, the NetcarePlus case manager follows up with all admitted clients daily to ascertain their needs and offer support to both them and their family.

The emergency care products include a premium waiver if admission extends beyond ten days and the patient is unable to afford payment due to loss of income, and GapCare offers premium waiver and payment of medical scheme premiums if the main insured dies or becomes permanently disabled. Both products offer trauma counselling for patients involved in a traumatic experience.

Driving sales

During FY 2023, we enhanced the accident cover product and extended our GapCare product to cover the shortfalls related to the use of an emergency department. The enhancements have received positive feedback, particularly from corporates clients.

Other initiatives implemented to grow NetcarePlus included:
- Furthering our digital and advertising campaign initiatives.
- Social media awareness initiatives.
- Enhancing the NetcarePlus website (content and performance).
- Introducing WhatsApp functionality.
- Employing a full-time call centre channel manager and further expanding our distribution team.

Human and intellectual capital

New business development continued

GapCare

Attracted new corporate clients and **sales increased** due to GapCare's availability on the Netcare App and our in-hospital marketing awareness campaigns.

Emergency care

Achieved **good growth** across our retail channels.

Operational costs

Operational costs totalled **R64 million** and are forecast to be approximately R59 million for FY 2024.

FY 2022: R53 million

NetcarePlus operates in a highly competitive market segment, therefore we expect the business to **break even in the next four years**.

Claims paid

91% of claims relating to emergency care benefitted the Netcare ecosystem.

65% of GapCare co-payments benefitted the Netcare ecosystem.

FY 2022: not reported

In the coming year, we will launch an additional five general surgery prepaid procedures, make improvements to drive the sales of our prepaid procedure and insurance products, set up an internal sales call centre capability, and continue to explore opportunities to make primary care accessible to more South Africans.

Netcare Diagnostics

Netcare Diagnostics is gaining traction with a positive contribution made to Group EBITDA.

As part of our ESD[1] strategy, Netcare Diagnostics supports Dr Esihle Nomlomo Inc. – a black woman-owned pathology practice that offers a broad range of pathology testing services to doctors across SA through four regional laboratories located in Gauteng, Kwazulu-Natal, the Eastern Cape and the Western Cape. The state of the art equipment used in the laboratories has undergone stringent validation processes using international guidelines.

The digitised and integrated point-of-care testing offered includes routine diagnostic profiles in the form of general biochemistry, endocrinology, immunology, serology, haematology and coagulation. The validated and quality assured point-of-care devices are installed in our ICUs, high care units, theatres and emergency departments, and some Netcare Medicross centres. This service offering aligns with evidence-based medicine, which highlights the growing need for early disease diagnosis, improved patient outcomes and reduced waiting times for pathology results in busy medical units.

Netcare Diagnostics provides the resources for the pathology laboratories, finance and operational support and manages all administrative functions, including logistic services, information systems, materials management and maintenance services.

Point-of-care analysers

122 blood gas analysers installed across the **Hospital Division**.

70 point-of-care analysers installed in **ten emergency departments**.

Blood gas analysers rolled out to **11 Netcare Medicross centres**.

Point-of-care tests

~860 000 tests conducted, **ahead of expectations**.

Award

Dr Nomlomo received a **SHERO Award** from Gagasi FM, recognising her excellent work in the field of science and technology.

In the coming year, the following initiatives will be implemented to support the pathology business:

- Expanding pathology services to support doctors with more specialised testing and to cater for both inpatients and outpatients.
- Rolling out pathology services to additional Netcare Medicross sites.
- Commissioning of two additional regional laboratories in FY 2024.

1. *Enterprise and supplier development.*

Manufactured capital

Estate, medical equipment and 'green' infrastructure

Our facilities, infrastructure and medical equipment give us unparalleled reach, scale and ability to serve South Africans. A large proportion of our capex is allocated towards upgrading, replacing and maintaining our estate and medical equipment, as a cornerstone of our value proposition to patients, doctors and funders.

Netcare depends particularly on SA's national water, energy and sanitation infrastructure and, for Netcare 911 in terms of its response times, SA's road infrastructure. The declining state of SA's infrastructure means that we must allocate capex to sustainable and resilient sources of energy and water to ensure the continuous delivery of quality patient care. This investment also supports the objectives of our environmental sustainability strategy.

Key focus areas for FY 2023

- Investing in projects that drive revenue growth and secure the utilities needed to provide high-quality care.
- Optimising the utilisation of our existing estate.
- Ensuring that our plant and medical equipment deliver optimal sustainable performance.
- Completing an agreement to purchase renewable energy.

This section responds to the following risks and opportunities:

3 Availability of electricity supply.

4 Availability and quality of skills.

5 Water security.

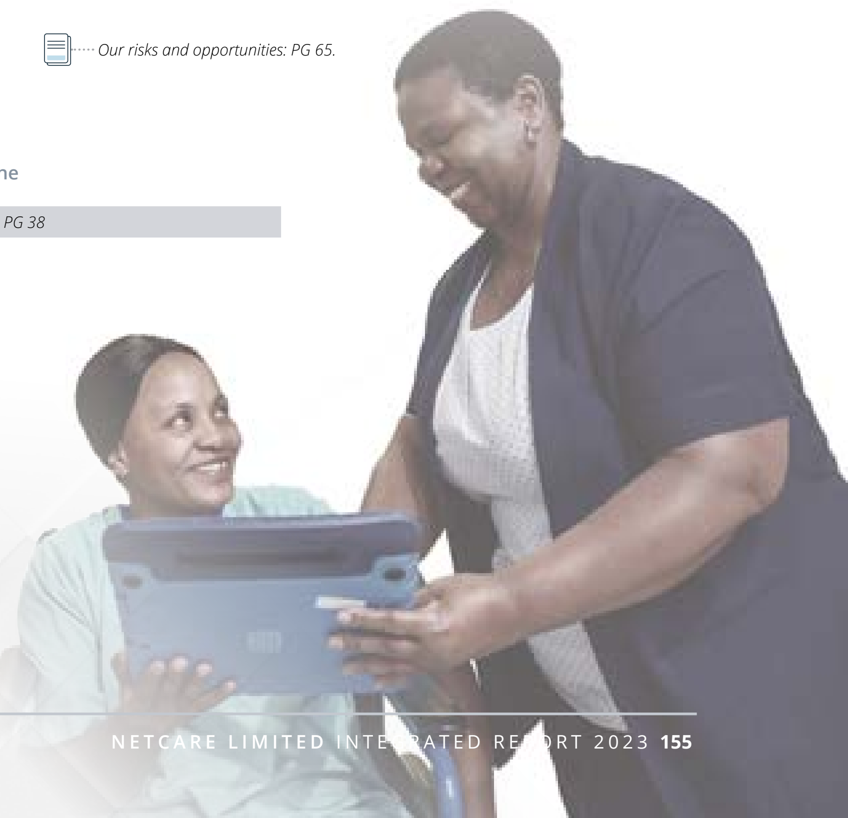
8 Delivering consistently outstanding person centred health and care.

11 Competitor activity.

Our risks and opportunities: PG 65.

Related information

This report	Online
Environmental sustainability: PG 161	*ESG report: PG 38*



Manufactured capital

Estate, medical equipment and ‘green’ infrastructure continued

Capital expenditure

Expansionary capex is expected to decrease going forward as our strategic projects come to completion and a capex-light strategy is maintained.

Our established long-term capital management policies ensure a disciplined approach to financial investment. Financial models stress test our operating and financial assumptions to inform decision-making related to additions, upgrades and replacements of our asset base. Board approval is required for projects exceeding R50 million.

Capex is sensitive to the rate of exchange and almost 100% of our medical equipment is imported. In the current environment, this means that it is difficult to maintain the historical benchmark of 4.3% of revenue reserved for maintaining our facilities. For FY 2024, this is likely to be closer to 4.5%, which is considered reasonable.

Capital expenditure

R1.5 billion capex for FY 2023, **meeting budget**. Key projects included expanding Netcare Akeso, refurbishments that were delayed during the pandemic and strategic projects (CareOn, the Netcare App and robotics upgrade etc.).

FY 2022: R1.4 billion

FY 2021: R1.1 billion

Capex guidance

R1.4 billion capex budgeted for FY 2024.

Key projects for FY 2024 include strategic projects, digitisation, new doctors’ rooms, the conversion of beds, improving the look and feel of our facilities and maintaining the quality of our medical equipment as well as **R77 million for environmental sustainability** projects.

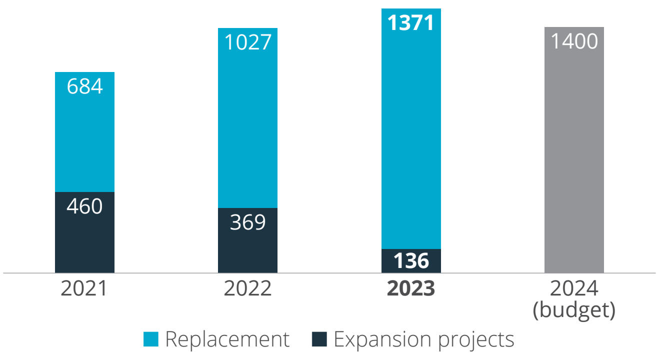
Return on environmental sustainability projects

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 expectations. Reviews have been conducted on projects with a cumulative capex of R443 million. The net present value for the projects is R141 million against a predicted net present value of R119 million, demonstrating that our projects are **achieving greater savings than originally anticipated**. Payback periods continue to shorten as utility costs increase.

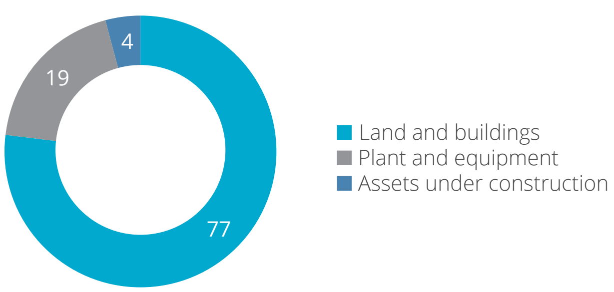
The **internal rate of return** for our environmental sustainability programme is **40%**.

Chief financial officer’s review: PG 170.

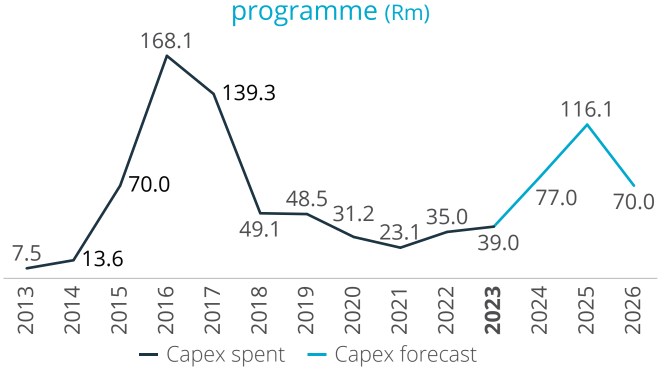
Capital expenditure (Rm)



Carrying value of property, plant and equipment (%)



Capex for the environmental sustainability programme (Rm)



Replacement and maintenance

Capex to maintain our hospital estate totalled R1.0 billion in FY 2023.

FY 2023 projects

Hospital Division

Projects completed

- Upgraded selected medical wards at Netcare Kuilsriver, Netcare Linmed, Netcare Parklane, Netcare Rosebank and Netcare The Bay hospitals.
- Upgraded the high care and paediatric wards at Netcare Cuyler Hospital, the emergency department at Netcare Ferncrest Hospital, the spine theatre and ICU at Netcare Kuilsriver Hospital and a theatre at Netcare Sunninghill Hospital.

Projects started

- Phase one of the Netcare St Anne's Hospital refurbishment.
- Upgrading the ICU and a medical ward at Netcare Garden City Hospital, the surgical ward at Netcare Pretoria East Hospital and selected theatres at Netcare Parklands, Netcare St Augustine's and Netcare Sunninghill hospitals.
- The relocation of consulting suites at Netcare Sunninghill and Netcare Unitas hospitals.
- Construction of a new oncology bunker at Netcare Alberton Hospital, decant wards at Netcare Sunninghill and Netcare Unitas hospitals, a paediatric ward at Netcare Alberlito Hospital and a new MRI unit at the Netcare Kingsway Hospital.

Hospital bed conversions

- A new 20-bed ICU at Netcare Garden City Hospital.
- An additional seven high care beds at Netcare Cuyler Hospital.

Hospital medical equipment

- Installed an Xi Da Vinci robot, a multi-speciality surgical robot, at Netcare Pretoria East Hospital.
- Replacement of medical equipment.

Netcare Akeso

- Completed compliance projects at Netcare Akeso Alberton and Netcare Akeso Kenilworth.
- Started the upgrade of Netcare Akeso Pietermaritzburg.

Netcare Medicross

- Currently refurbishing Netcare Medicross centres (which will continue into FY 2024).

Pipeline projects

Hospital Division

- Upgrade selected wards at Netcare Ferncrest, Netcare Garden City, Netcare Milpark, Netcare Parklane, Netcare St Augustine's, Netcare The Bay and Netcare Unitas hospitals.
- Upgrade the catheterisation laboratories of Netcare Linksfield and Netcare Sunward Park hospitals, and the emergency departments at Netcare Milpark, Netcare Olivedale and Netcare Sunward Park hospitals.
- Upgrade the pharmacy and surrounding areas at Netcare Milpark Hospital.

Hospital bed conversions

- Eight ICU beds at Netcare Blaauwberg Hospital.
- Five high care and five ICU beds at Netcare Christiaan Barnard Memorial Hospital.
- 19 adult surgical beds at Netcare Pinehaven Hospital.
- A new 11-bed haematology ward at Netcare Kuilsriver Hospital.

Hospital medical equipment

- Install three Xi Da Vinci robots: Netcare Greenacres, Netcare Milpark and Netcare Waterfall hospitals in FY 2024.
- Replace a Linac device at Netcare Unitas Hospital and install a new Linac device at Netcare Alberton Hospital in FY 2024.

Netcare Akeso

- Open a six-bed involuntary ward at Netcare Akeso Milnerton (subject to approval).
- Upgrade projects at Netcare Akeso Kenilworth, Netcare Akeso Montrose Manor, Netcare Akeso Randburg and Netcare Akeso Stepping Stones.

Manufactured capital

Estate, medical equipment and 'green' infrastructure continued

Expansion

Our expansion projects align to the growing mental healthcare needs in SA and opportunities to provide renal care.

Netcare Akeso

Opened the **72-bed Netcare Akeso Gqeberha** facility in the Eastern Cape in May 2023.

National Renal Care

Three facilities opened in Gauteng (Midvaal, Morningside and Pretoria North).

Projects in the pipeline include:

- Greenfield expansion of Netcare Akeso to add 164 beds to the portfolio in FY 2025:
  - 87-bed Netcare Akeso Polokwane in Limpopo, with a 14-month construction period commencing in FY 2024 and anticipated to open in September 2025 (delayed from the date reported in FY 2022).
  - 77-bed Netcare Akeso Ballito in KwaZulu-Natal, located at the Netcare Alberlito Hospital, with a 12-month construction period commencing in FY 2024 and anticipated to open in April 2025.

Load shedding

Our environmental sustainability strategy has played a pivotal role in reducing our exposure to the instability of SA's national grid, ensuring that we deliver safe, sustainable care without disruption.

We experienced an average of Stage 3.6 load shedding across our facilities during the year. A total of 5 501 hours of load shedding took place between January and September 2023[1] compared to 1 949 over the same period in 2022. The impact on our operations was well contained; our electrical backup capacity consists of a fleet of 192 diesel generators that support all facilities across the portfolio. The majority of acute, day and mental healthcare hospitals are equipped with full island generation capacity, and more than half of all acute and day hospitals are equipped with additional generation capacity that provides dual redundancy[2] for critical care functions. Nineteen Netcare hospitals have either full or partial load shedding exemption.

Our energy efficiency projects have mitigated to some degree the significant escalation in costs associated with increased reliance on diesel-powered generators during sustained load shedding periods. Even so, the levels of load shedding experienced in FY 2023 combined with the higher price of diesel, resulted in generator diesel costs increasing 235% to R124 million (FY 2022: R37 million).

In the coming year, we aim to pilot a battery energy storage system for Netcare Blaauwberg Hospital as a broader solution to power hospitals during load shedding and as an alternative to diesel generators. These systems can also provide cost savings by storing energy in off-peak periods for use during in-peak periods. We will also roll out the Netcare Medicross inverter project, following a successful pilot at Medicross Krugersdorp.

1. *Eskom se Push.*
2. *Equipment operates using two or more physical power supplies with each power supply able to run the device on its own.*

Renewable energy

Over the past ten years we have invested in a sizeable solar power base – the largest solar fleet among SA's hospital groups.

Solar PV systems

Capex for solar PV systems in FY 2023 totalled R20 million.

Size of solar fleet

72 sites have solar PV systems, which together are capable of **generating 14.2 MWp**.

Completed in FY 2023

664 kWp installed in total.

Netcare Alberton Hospital
354 kWp

Netcare Akeso Kenilworth
65 kWp

Netcare Parklands Hospital
165 kWp

Netcare Akeso Gqeberha
80 kWp

Still to come on line

1 994 kWp still to come on line.

Netcare Alberton Hospital rooftop
846 kWp

Netcare Pretoria East Hospital carports
978 kWp

Netcare St Augustine's Hospital
170 kWp

Purchase agreement for renewable energy

Phase one of Netcare's renewable energy strategy is to convert five hospitals and the Group's head office, all of which are supplied directly by Eskom, to renewable energy produced by wind turbine and solar, and to wheel[1] it to our facilities using the national grid. The 20-year renewable energy supply arrangement with NOA Group Trading has been completed with oversight and approval by the Netcare Procurement and Finance and Investment Committees and the Board. No capital expenditure is required from the Group. The tariff is at a discount to the Eskom tariff with increases linked to CPI. The arrangement will increase the proportion of Netcare's total energy consumption derived from renewable sources to around 26%. We are exploring viable grid-wheeling solutions for municipal-connected facilities (between 12 to 15 sites) to potentially increase our renewable energy sourcing to around 40%.

Site coverage

The six sites represent around **11% (or 22 GWh) of our annual electricity usage.** The purchased renewable energy will cover up to 100% of the energy consumption for all six sites largely through wind turbines.

Construction

Construction of the renewable energy plant is expected to be completed **18 months from financial close** with renewable energy supply expected to be available from FY 2026 (delayed from FY 2024 as reported last year), depending on site construction.

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.*

Manufactured capital

Estate, medical equipment and 'green' infrastructure continued

Alternative water sources

Wastewater treatment is the most comprehensive and beneficial solution for supplementing and securing our water supply, while also reducing both our environmental impact and demand on the national water supply.

We have initiated a potable water risk-adjusted strategy for the Hospital Division to secure our ability to continue operating should a water-related disaster occur. The division mostly uses municipal water 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 Hospital is able to operate completely independently from the municipal water network. In FY 2023, we approved a national borehole strategy that complies with national and municipal by-laws to reduce our reliance on municipal infrastructure. Feasibility studies were completed for 35 hospital sites and we are implementing new boreholes where yields have proven to be feasible, aiming to add around 20 boreholes.

It should be noted that while boreholes represent an immediate solution to our short-term water supply concerns, they are not sustainable solutions for climate change and environmental challenges. We must also implement other initiatives to reduce our water consumption and increase water recycling.

Boreholes and filtration plants

We currently have **16 boreholes with seven filtration plants**. We plan to install meters on our boreholes so that we have an accurate view of the water consumed from groundwater sources.

Reverse osmosis

National Renal Care operates **74 indirect feed reverse osmosis plants,** which save 30% of water[1].

Desalination plant

The desalination plant at Netcare Christiaan Barnard Memorial Hospital is capable of **providing up to 100%** of the hospital's water need and can also supply water to all our facilities in the Western Cape in emergencies.

Note 1: these plants store unused water in the dialysis process. The 30% saving is below our initial reported estimations, however, this remains a significant water conservation initiative.

Wastewater treatment plants

We await municipal approval to construct an onsite greywater treatment plant at Netcare Alberton Hospital, where the recycled water will be treated to the purity and quality standards of drinking water, meeting approximately 60% of the hospital's water demands. Looking ahead, we plan to implement wastewater recycling plants for selected hospitals with feasibility studies already underway for two Johannesburg-based hospitals over and above Netcare Alberton Hospital.

The feasibility analysis on constructing a wastewater treatment plant at the Netcare Greenacres Hospital, mentioned in last year's report, was completed and proved that the project was not feasible in terms of financial returns.

Natural capital

Environmental sustainability

Our ambitious and bold 2030 environmental sustainability strategy will continue to set us apart as a leader in healthcare sustainability and is designed to drive further financial savings, while getting us closer to our long-term 2050 net zero strategy (aligned to the 1.5 degree pathway of the Paris Accord). We aim to complete the bulk of our carbon neutrality work by FY 2030. Not only does the strategy positively contribute to the environment but it is also a key aspect of our efforts to enhance efficiencies across our facilities, and will help to de-risk the Group from the impacts of climate change and resource scarcity.

Key focus areas for FY 2023

- Implementing initiatives to meet our FY 2023 BSC targets as interim steps to our 2030 targets.
- Closing gaps in our monitoring capabilities by installing meters on our smaller plantrooms that were previously excluded from our meter projects[1], and integrating our medical air compressors and vacuum pumps into our plantroom monitoring platform to gain better data on these energy-intensive assets.
- Developing an action plan to improve our CDP reporting with the aim of improving to an A rating for both climate change and water over the next two years.

This section responds to the following risks and opportunities:

3 Availability of electricity supply.

5 Water security.

Our risks and opportunities: PG 65.

Related information

This report	Detailed disclosure online
Estate, medical equipment and 'green' infrastructure: PG 155	*ESG report: PG 38*

1. Over 95% of the Group's energy, water and waste consumption is monitored by a fully digital enterprise sustainability platform.

Natural capital
Environmental sustainability continued

Environmental sustainability programme

Africa's largest healthcare environmental sustainability programme.

Since implementation in FY 2013, our environmental sustainability programme, comprising 255[1] projects with 97% relating to energy efficiency, has reduced absolute Scope 1 and Scope 2 emissions by 13% and Scope 1 and Scope 2 emissions per bed by 36%. Energy intensity per bed has reduced by 39%, surpassing our ten-year stretch target of 30% set in FY 2013. To date, our projects have yielded cumulative benefits equating to 234% of the capex invested.

Cumulative financial results (Rm)	Capex to 2023	Operational savings to 2023	Cash saving	Cost avoidance
Energy (since FY 2013)	608	1 275	**328**	**947**
Waste (since FY 2017)	14	58	**10**	**48**
Water (since FY 2014)	2	130	**53**	**77**
Total	624	1 463	**391**	**1 072**

For FY 2023, capex of R39 million (FY 2022: R35 million) and operational expenditure of R24 million (FY 2022: R23 million) were allocated towards achieving the targets of our 2030 environmental sustainability strategy. Operational savings for the year totalled R377 million, comprising cash savings of R102 million and cost avoidance of R275 million (FY 2022: R265 million).

Cost per patient day (Hospital Division)	Actual cost 2023	Cost in absence of optimisation 2023	Actual cost 2022
Electricity (R)	**171**	283	168
Water (R)	**55**	76	41
Medical waste disposal (R)	**23**	27	23
General waste disposal[1] (R)	**9**	9	9
Total cost per patient day	**258**	395	241

Note 1. There is no significant saving in terms of general waste as the cost to recycle is almost equivalent to the cost to landfill.

Shift in focus

Until recently the environmental sustainability programme was primarily focused on capital-intensive initiatives to achieve significant savings and return on investments. While we will continue to pursue capital-intensive projects where necessary, we have prioritised operational efficiency; optimally managing available resources while still achieving the same outcomes of reduced costs and lower impact on the environment.

Sustainability-linked bond

In FY 2021, we entered into a sustainability-linked bond which raised R1 billion. The bond was linked to a reduction in total electricity consumption by source, total renewable energy procured, an absolute reduction in Scope 2 emissions and the amount of greywater recycled. At the end of FY 2022, all targets had been met, resulting in the margins of the bond reducing from March 2023 to March 2024, representing a R1 million saving.

1. 56 projects in our environmental sustainability programme are still active.

Carbon footprint and energy efficiency

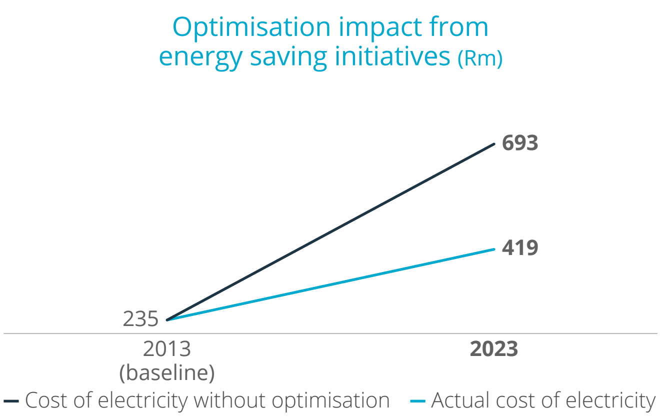
To achieve our net zero ambitions, the Group will need to be agile; adapting programmes when challenges are met, evaluating and piloting new technologies, and implementing solutions that deliver accurate and reliable data, particularly from within the value chain.

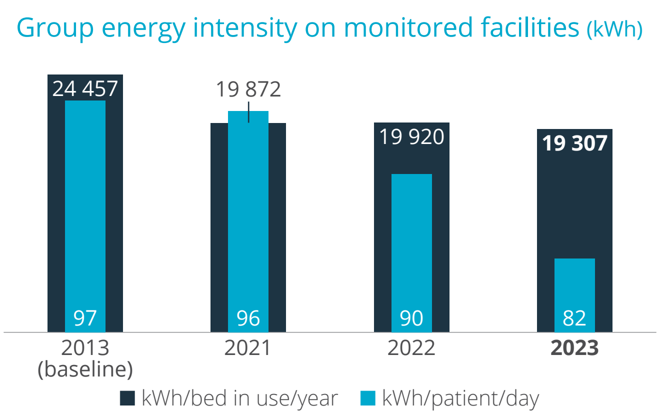
	Scope 2 emissions	Scope 1 and 2 emissions
Targets	Achieve **100% renewable energy by 2030**	Reduce both **by a combined 84% by 2030** (from FY 2023 baseline going forward[1])
Scope	Group	Group
Performance against targets, including BSC targets	**Renewable energy** Currently, we use around 195 GWh of electricity a year. For FY 2023 **14.6 GWh (8%) was generated from our solar PV fleet** across SA. **1 081** additional year-on-year **tCO_2e avoided** from renewable energy sources. 2023 BSC target: 1 072 tCO_2e FY 2022: 861 tCO_2e FY 2021: not reported The use of renewable energy resulted in a **R34 million cost saving**. FY 2022: R28 million FY 2021: R26 million	**Intensity ratio: Scope 1 and Scope 2 emissions to beds (Group)** **2.8% year-on-year increase[2]** in Scope 1 and Scope 2 emissions to **21.41 tCO_2e/bed**. FY 2022: 20.82 tCO_2e/bed FY 2021: 21.82 tCO_2e/bed FY 2013 baseline: 33.56 tCO_2e/bed **Intensity ratio: Scope 1 and Scope 2 emissions to revenue (Group)** **5.5% year-on-year decrease** in Scope 1 and Scope 2 emissions to **9.86 tCO_2e/Rm**. FY 2022: 10.43 tCO_2e/Rm FY 2021: 11.65 tCO_2e/Rm FY 2013 baseline: 20.09 tCO_2e/bed **Energy efficiency** **1 324** additional year-on-year **tCO_2e avoided** from energy efficiency projects. 2023 BSC target: 1 026 tCO_2e FY 2022: 1 480 tCO_2e FY 2021: not reported
Key initiatives for FY 2023	• Increased our solar PV footprint. • Entered an agreement with an energy trader to purchase grid-wheeled renewable energy for six sites. *Renewable energy: PG 159.*	• Generator load curtailment to reduce diesel consumption during load shedding, for example, reducing the use of high-consumption and non-critical equipment. • Fully automated the laundry boiler system. • Ensuring that unoccupied theatres, wards and units do not draw unnecessary power. • Procuring energy efficient equipment and new technologies, for example, fresh air pre-treatment units to pre-treat the air in plantrooms, reducing energy consumption. • A number of natural gas initiatives, saving around R3 million.

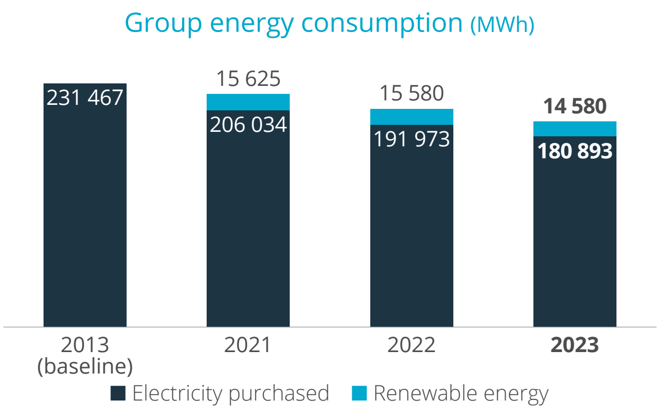
1. Originally reported as FY 2020. Due to the impact of COVID-19 on the business over 2020 to 2022 and our current business recovery, FY 2023 will establish a more representative baseline.
2. Impacted by load shedding.

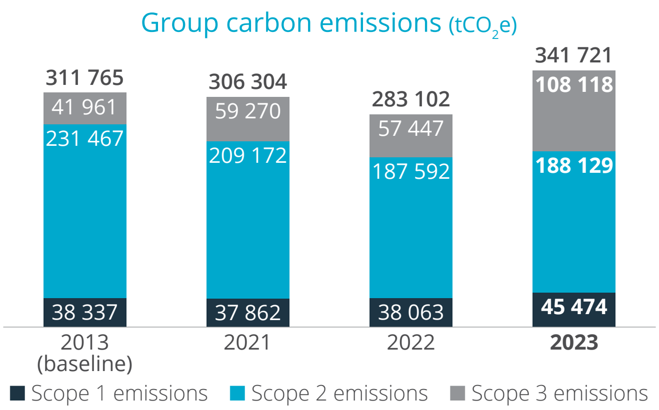
Natural capital

Environmental sustainability continued









FY 2023 performance

Total energy consumed increased 9.3% to 1.0 million gigajoules as a result of the increase in patient days for the Hospital Division and Netcare Akeso. Excluding renewable energy, direct energy use, which includes diesel consumption, increased 53.7% and electricity purchased decreased by 5.8% mostly due to our sustainability efforts but also impacted by load shedding. The cumulative electricity tariff increase since FY 2013 is 146%, meaning that had we continued with business as usual our electricity cost per bed per year would have been R66 382 compared to our current electricity cost per bed of R40 151.

Scope 1 emissions increased 19.5%, negatively impacted by the need to use diesel-operated generators during significantly increased levels of load shedding in FY 2023. Unlike FY 2022[1], we did not purchase renewable energy in FY 2023, resulting in our Scope 2 emissions increasing marginally year on year by 0.3%. Scope 3 emissions increased 88.2% to 108 118 tCO_2e in FY 2023, largely attributable to improvements in Scope 3 reporting by the Group and our suppliers. Water and waste (which contribute to these emissions) decreased during this period.

Note: all energy and emissions data reported covers SA and Lesotho up to FY 2021 and thereafter only covers SA. Electricity meters cover more than 100% of the hospital network, 75% of Primary Care and 100% of Netcare Akeso electricity expenses.

Beyond shifting towards renewable energy and implementing energy efficiency projects, initiatives to achieve net zero by 2050 will include:

- Establishing a carbon offset programme to offset unavoidable carbon emissions.
- Closing gaps in our emissions data; currently our Scope 3 emissions reporting is limited and is calculated using various assumptions. Accurately quantifying Scope 3 emissions is a key step towards setting science-based emissions reduction targets. We have set a target to reduce Scope 3 emissions by 6% by FY 2030.
- Regular engagement to drive supplier awareness around climate change, influencing them to reduce their carbon emissions in line with 1.5 degree pathways.
- Developing a plan to align the Group's business strategy with a 1.5 degree Celsius world.
- Exploring ways to reduce the emissions of Netcare 911's emergency ambulance fleet (electric ambulances and biofuel[2]).

1. 15 GWh of renewable energy purchased in FY 2022.
2. This initiative remains in its very early stages and implementation is likely to commence in the medium to long term.

Water

We have introduced a water stewardship programme to raise awareness within the Group on best practice in terms of water management, water conservation and our water initiatives as we work towards establishing a more solid water baseline against which to benchmark our performance.

	Water consumption	
Target	Reduce our water consumption (fresh and treated water) **from 500 litres per bed per day to 400 by 2030** (a 20% reduction)	
Scope	Group	
Performance against target, including BSC targets	Litres per bed per day (Group) **14% year-on-year decrease** in litres per bed per day to **426** litres per bed per day. FY 2022: 493 l/bed/day FY 2021: 458 l/bed/day FY 2014 baseline: 592 l/bed/day	Water savings (Hospital Division) **8% reduction** in overall water consumption to **1 411 369 kl**. 2023 BSC target: 3% FY 2022: 1 533 526 kl FY 2021: not reported
Key initiatives for FY 2023	• Exploring the feasibility of wastewater treatment plants at certain facilities (see page 160). • Engaged on water initiatives at facility level and with cleaning and catering suppliers. • Harvesting rainwater for irrigation. • Efficient management of onsite laundry facilities and recycling initiatives at our central laundry facility. • Renewed focus on operational efficiencies. • Converting our HVAC cooling towers to alternative energy efficient technologies that do not use water.	

Key priorities for our water stewardship programme are to close gaps in our water data and complete a water risk assessment to quantify the financial impact of water-related risks and opportunities on the business, including from within the value chain. This will provide the foundation to develop a capex programme to implement sustainable water sources and reduce our water demand. We will also introduce water policies aligned to international best practice and set facility-level water targets.

Intensity ratio: total water to revenue (Group)

42% decrease in overall water consumption from 125 kl/Rm in FY 2014 (baseline) to **72 kl/Rm**.

FY 2022: 90 kl/Rm

FY 2021: 89 kl/Rm

Intensity ratio: total water to beds (Group)

28% decrease in overall water consumption from 216 kl/bed in FY 2014 (baseline) to **155 kl/bed**.

FY 2022: 180 kl/bed

FY 2021: 167 kl/bed

Water recycled (Group)

63 345 kl of water recycled.

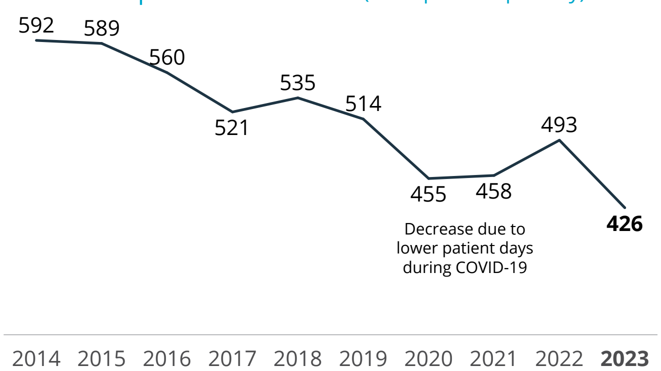
FY 2022: 27 043 kl

FY 2021: not reported

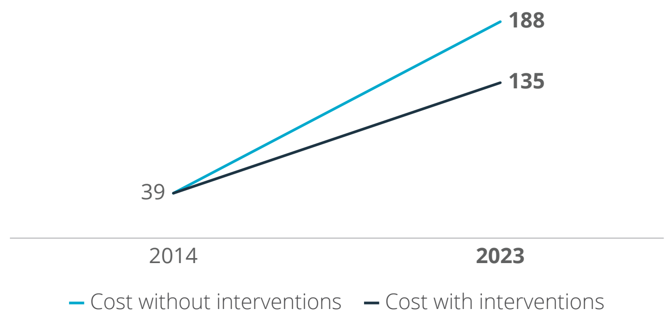
How we performed

Environmental sustainability continued

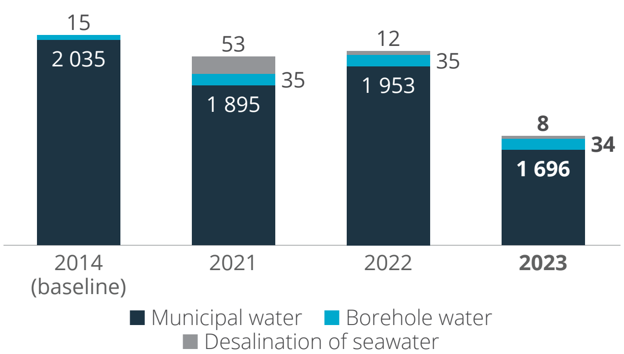
Group water reduction (litres per bed per day)



Optimisation impact from water saving initiatives (Rm)



Water consumption (megalitres)



General note: FY 2014 borehole consumption is estimated due to limited metering capacity at the time of programme inception. All water data reported covers SA and Lesotho up to FY 2021 and thereafter only covers SA. Any reference to total water consumption excludes recycled water and borehole water. Water meters cover all hospitals and from FY 2024 will cover all Netcare Akeso facilities.

FY 2023 performance

The Group's overall municipal water consumption decreased 13% with an 8% decrease for the Hospital Division due to our operational efficiency drives and water saving initiatives, which offset increases in patient days as business recovery continues. Water recycling increased 134% year on year.

The costs associated with water however increased year on year by 42% due to inflation and cost-corrections applied by the municipalities; some facilities were underbilled for a number of years and others received credits in FY 2022, lowering their costs. Accrual provisions were made for these facilities.

Waste

We are targeting zero general waste certification for the Group by FY 2027[1] provided logistical and legal factors do not cause delay.

<table>
<tr><th></th><th colspan="2">Waste</th></tr>
<tr><td>Target</td><td colspan="2">Achieve
zero waste to landfill by 2030</td></tr>
<tr><td>Scope</td><td colspan="2">Group
(Hospital Division is being rolled out first)</td></tr>
<tr><td>Performance against target, including BSC targets</td><td>Group waste to landfill
7 989 tonnes of waste to landfill.
FY 2022: 8 110 tonnes
FY 2021: 9 277 tonnes

Hospital Division general waste
3 759 tonnes generated.
FY 2022: 4 446 tonnes

2 089 (56%) tonnes to landfill.
FY 2022: 3 484 tonnes; 78%

1 667 (44%) tonnes of waste reused or recycled.
FY 2023 BSC target: 40%
FY 2022: 403 tonnes; 28%

Note: FY 2021 not reported for Hospital Division.</td><td>Hospital Division HCRW[2]
4 881 tonnes generated.
FY 2022: 5 126 tonnes

2.07 kg of HCRW waste per patient day.
FY 2023 target: <2.21 kg/ppd
FY 2022: 2.36 kg/ppd
FY 2021: 3.31 kg/ppd

9.3% (452 tonnes) of HCRW diverted from landfill.
FY 2023 BSC target: 6.9%
FY 2022: 6.0%</td></tr>
<tr><td>Key initiatives for FY 2023</td><td colspan="2">
• Established waste reduction targets for each hospital.

General waste
• Appointed general waste service providers for all Netcare facilities (effective February 2023). These service providers have agreed to specified targets for waste diversion, which will improve our reporting of general waste data going forward.
• Rolled out the zero general waste to landfill project to all hospitals barring four (from eight piloted in FY 2022).
– Added the recycling of electronic waste to the zero general waste strategy.
– All participating hospitals divert their organic waste from landfill, converting it to compost for sale or donation to small-scale farmers.
• Investigated the installation of two anaerobic biodigesters (Netcare Milpark and Netcare Alberton hospitals) to ascertain the feasibility of transforming organic waste into biogas for cooking or water heating in hospital kitchens. The biodigesters will be installed in FY 2024 as pilot projects.

Healthcare risk waste
• Implemented an HRCW waste project in the Hospital Division, where hospitals identified as major waste generators were required to monitor their waste segregation practices, train their employees to segregate waste at source, and monitor the waste generated by their various units. A comprehensive HCRW dashboard was developed for each hospital concerned.
• Four hospitals are participating in an HRCW beneficiation project run in partnership with the Council for Scientific and Industrial Research and Tech4Green (an SME supplier to the Group). 212 tonnes of HCRW was diverted from landfill through this initiative in FY 2023.
• Extended the clinical glass recycling initiative to all inland hospitals and five hospitals in KwaZulu-Natal (from three piloted in FY 2022). Roll out to additional hospitals in KwaZulu-Natal and all hospitals in the Western Cape will take place in FY 2024.
</td></tr>
</table>

1. Extended by a year on what we reported last year.
2. Healthcare risk waste, which includes sharps, gloves, used medical items like bandages and infectious waste (including highly infectious or isolation waste) as well as anything anatomical. Legislative requirements and our focus mean that this waste stream is accurately reported.

Natural capital
Environmental sustainability continued

Intensity ratio: total waste generated to revenue (Group)

31% decrease in total waste generated from 491 kg/Rm in FY 2017 (baseline) to **340 kg/Rm**.

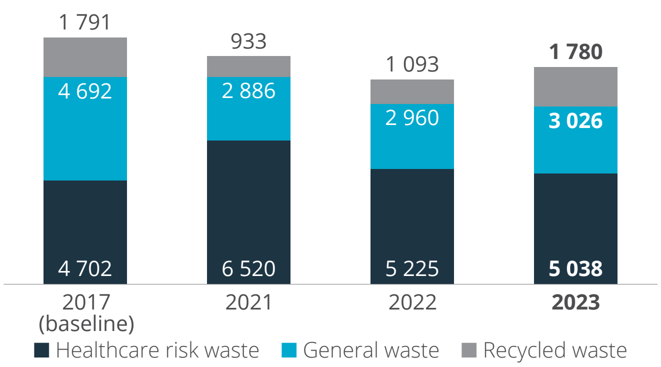
FY 2022: 378 kg/Rm
FY 2021: 444 kg/Rm

Intensity ratio: total waste generated to beds (Group)

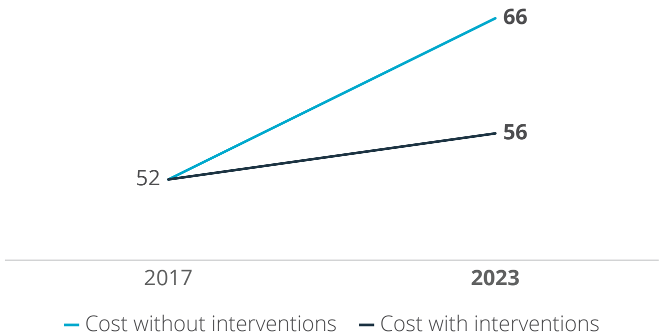
17% decrease in total waste generated from 886 kg/bed in FY 2017 (baseline) to **739 kg/bed**.

FY 2022: 755 kg/bed
FY 2021: 831 kg/bed

Group volumes of waste (tonnes)



Optimisation impact from waste sorting initiatives (Rm)



FY 2023 performance

The total volume of waste generated during the year was 8 064 tonnes (FY 2022: 8 185), of which 75 tonnes (FY 2022: 75) was incinerated. The volume of general waste diverted from landfill increased 63% and diverted HCRW increased 159%, resulting in the total volume of waste sent to landfill decreasing 1.5% year on year to 7 989 tonnes (FY 2022: 8 110 tonnes). Waste recycled increased 63% to 1 780 tonnes as a result of our waste programmes and better segregation at source. The Hospital Division diverted 109 tonnes of clinical glass, 26 tonnes of PVC, 26 tonnes of freeflex material, eight tonnes of endurocide[1] and 289 tonnes of treated infectious waste.

Note: all waste data reported covers SA and Lesotho for FY 2020 and FY 2021, and only SA for FY 2017 and FY 2022. Any reference to total waste volumes excludes recycled waste.

1. *Disposable curtains used in hospital wards.*

Financial capital

Keith Gibson

"The business continued to deliver steady growth, as the operating environment largely normalised from the impacts of COVID-19, along with resilient demand for private healthcare services. Higher occupancy levels and tight control of costs in a high inflationary environment delivered excellent operating leverage."

Keith Gibson, Chief Financial Officer

Value delivered in FY 2023

Value created | Value created but below target | Value preserved | Value eroded

R23 699m	REVENUE ▲ 9.5%	FY 2022: R21 636m FY 2021: R21 005m	Value created
R4 115m	EBITDA[1] ▲ 17.7%	FY 2022: R3 496m FY 2021: R3 193m	Value created
17.4%	EBITDA MARGIN[1] ▲ 120 bps	FY 2022: 16.2% FY 2021: 15.2%	Value created
100.5%	CASH CONVERSION RATIO	FY 2022: 113.0% FY 2021: 118.8%	Value created
R808m	DIVIDEND DISTRIBUTED TO PROVIDERS OF CAPITAL Interim dividend – 30 cents, final dividend – 35 cents, total divided – 65 cents	FY 2022: R728m FY 2021: Rnil	Value created
R321m	SHARE BUYBACK Returned to providers of capital in the FY2023 share buyback. A further 9.3 million shares were purchased post year-end.	Not applicable	Value created
105.7 cents	ADJUSTED HEADLINE EARNINGS PER SHARE ▲ 27.0%	FY 2022: 83.2 cents FY 2021: 64.7 cents	Value created
10.8%	RETURN ON INVESTED CAPITAL	FY 2022: 8.8% FY 2021: 7.9%	Value created
R5 028m	NET DEBT Net debt with a net debt to EBITDA ratio of 1.2 times (FY2022: 1.4 times).	FY 2022: R4 875m FY 2021: R5 331m	Value created
AA-	GLOBAL CREDIT RATINGS CO. GCR investment grade credit rating retained at AA- in the long term and A1+ in the short term.	FY 2022: AA- FY 2021: AA-	Value preserved

1. Normalised to exclude exceptional items comprising property impairments in FY 2022 and FY 2023, and corporate tax rate change in FY 2022.

Related information

This report

Our strategy: PG 16
Overview of strategic progress: PG 79

Overview

Normalising operating environment and resilient demand for private healthcare services supported the Group's continuing growth trend. Revenue for FY 2023 grew by 9.5% to R23 699 million.	Normalised EBITDA strengthened by 17.7% to R4 115 million and normalised operating profit improved by 23.9% to R2 841 million, demonstrating pleasing operating leverage.	The Group's net debt was R4.9 billion at September 2022, and increased marginally to just over R5.0 billion by March 2023; notwithstanding the share buybacks effected in H2 2022, it remained at a similar level at 30 September 2023.	The business maintained its healthy statement of financial position and generated strong cash flows, with a cash conversion ratio of 100.5% (2022: 113.0%).

Our focus will remain steadfast on maintaining an optimal capital structure, supported by disciplined capital allocation and measurement of returns, in full view of the considerations required to deliver financial returns and achieve balanced value creation for all our stakeholders.

Shareholder returns

We distributed R808 million in ordinary dividends to external shareholders, representing cash paid out in respect of last year's final dividend and this year's interim dividend. A final dividend of 35.0 cents per share was declared subsequent to financial year end. The total dividend for FY 2023 amounted to 65.0 cents per share, representing a 30.0% increase on the total dividend of 50.0 cents per share declared in respect of the previous financial year.

In addition, Netcare embarked on a share buyback programme in H2 2023. By financial year-end, we had acquired 24.4 million shares at an average price of R13.11 per share. After financial year-end the programme continued, with a further 9.3 million shares acquired at an average price of R13.19 per share. In total, 33.7 million shares were bought back for R444 million.

With the FY 2022 final dividend and the FY 2023 interim dividend, and shares bought back to 30 September 2023, Netcare returned R1.1 billion to shareholders in the year under review.

Netcare seeks to generate sustainable income for investors with a dividend policy to distribute between 50% to 70% of earnings to shareholders. The Group's strong cash generation and conservative gearing enabled the Board to approve a total dividend for the year towards the mid-range of the policy, at 61.5% of adjusted headline earnings.

Chief financial officer's review continued

Disciplined capital management approach

Our ambition is to remain a world class provider of healthcare. This requires disciplined capital allocation to strategic initiatives that will drive Netcare's ability to compete, innovate and grow. At the same time, we maintain an optimal capital structure through diligent application of our capital management framework. We have applied the framework over several years and continue to refine and embed it in the way we operate and measure enterprise value.

Our policy

Netcare's policy on capital structure is to maintain a strong statement of financial position and to retain an investment grade credit rating while reducing the cost of capital with a safe level of debt.

Investment strategy

01

Identifying opportunities linked to Group strategy.

Development of capital

02

Using decision models to select investments with highest NPV.

Cash generation

03

Measuring performance through ROIC and economic profit.

Capital distribution

04

Maintaining optimal capital structure and returning surplus capital to shareholders.

Application

01 Investment strategy

- Digitisation
- New business lines

Our investment strategy guides the search for new growth opportunities aligned to the Group strategy. All opportunities must meet one or more of the Netcare litmus test criteria, namely: growth above the market; differentiating our patient experience; and growing margins and improving returns.

02 Development of capital

- Expand and digitise business
- Maintain and upgrade operations

We apply robust decision models to evaluate and select capital investments with the highest expected NPV. Financial discipline when allocating capital requires that return on capital must safely exceed the cost of capital. We disinvest where returns do not meet our hurdle rates.

03 Cash generation

- Strong cash generation target of 100% cash conversion

Sound capital investments decisions drive good cash generation. We use economic profit and ROIC as key metrics to monitor and drive Netcare's intrinsic value. These measures have been implemented at hospital level to ensure behaviours that will ultimately increase long-term cash generation.

04 Capital distribution

- Dividend policy to return 50%-70% of adjusted headline earnings to shareholders
- Share buybacks

Capital distribution employs decision analysis to determine the optimal capital structure for the Group and payout policies. If we do not have sufficient NPV-positive investment opportunities, we return surplus capital to our shareholders.

As our operating environment normalises, we continue to advance our asset light strategy, favouring investments in strategic projects that will drive revenue growth, operational excellence and cost efficiency. During the year, the Group invested capex of R163 million (FY 2022: R159 million) and incurred operational costs of R258 million (FY 2022: R249 million) on our strategic projects.

We strive to find the right balance between investing in the long-term health of the Group and achieving our medium-term financial targets. ROIC is our preferred metric as it is a key driver of economic profit.

ROIC, devastated by the impact of COVID-19, recovered to 10.8% (FY 2022: 8.8%) in the year. With activity not yet fully recovered to pre-pandemic levels, it remains below historical levels. Costs related to the Group's strategic projects also impact ROIC. As we move forward, increased activity and realising the benefits of our strategic projects will drive further margin expansion, generating improved earnings and higher ROIC in the medium term. The financial targets in the FY 2024 BSC (refer to page 99 of the remuneration overview) reflect this expectation, with on-target performance for ROIC set at a premium of 0.5% to the weighted average cost of capital.

Analysis of financial performance

To aid comparability, the commentary that follows excludes exceptional items (comprising property impairments in FY 2023 and FY 2022, and the change in corporate tax rate in FY 2022), unless otherwise indicated.

Rm	2023	2022	%
Revenue	**23 699**	21 636	9.5
EBITDA[1]	**4 115**	3 496	17.7
Operating profit[1]	**2 841**	2 293	23.9
Other net financial expenses	**(464)**	(358)	
Interest on lease liabilities	**(454)**	(411)	
Earnings of associates and JVs	**40**	21	
Impairment: long-term interests and investment in associates	**(31)**		
Profit before taxation[1]	**1 932**	1 545	25.0
Taxation[1]	**(504)**	(460)	
Profit after taxation[1]	**1 428**	1 085	31.6
Exceptional items:			
Impairment of properties	**(125)**	(11)	
Corporate tax rate change		(24)	
Taxation on exceptional items	**33**		
Profit for the year	**1 336**	1 050	27.2

Note 1. Normalised to exclude impact of exceptional items.

- Normalised Group revenue for FY 2023 increased by 9.5% to R23 699 million (FY 2022: R21 636 million) and normalised Group EBITDA improved by 17.7% to R4 115 million (FY 2022: R3 496 million).
- The higher activity levels, coupled with ongoing efficiencies, resulted in strong operating leverage and an improvement in Group EBITDA margins of 120 basis points to 17.4% from 16.2% in FY 2022.
- In FY 2023 the Group incurred operational costs relating to strategic projects of R258 million (FY 2022: R249 million). Pleasingly, normalised EBITDA margins excluding these strategic costs improved by 120 basis points from 17.3% to 18.5%.
- With an average of Stage 3.6 load shedding across our facilities during the year, we recorded a sharp increase in generator diesel costs to R124 million from R37 million in FY 2022. Underlying EBITDA margins, excluding strategic costs and generator diesel costs, increased by 150 basis points from 17.5% to 19.0%.
- Normalised operating profit increased by 23.9% to R2 841 million (FY 2022: R2 293 million).
- Net interest paid, excluding interest on lease liabilities, increased to R466 million (FY 2022: R359 million) reflecting the higher average cost of debt of 8.9% (FY 2022: 7.7%).
- The contribution to earnings from associates and joint ventures increased from R21 million in FY 2022 to R40 million, primarily due to a stronger performance from a number of the associate entities.
- Normalised profit before taxation increased by 25.0% to R1 932 million (FY 2022: R1 545 million). The normalised taxation charge amounted to R504 million (FY 2022: R460 million), reflecting an effective tax rate of 26.1% (FY 2022: 29.8%). The lower tax rate is attributable to the change in the statutory tax rate from 28% in FY 2022 to 27% with effect from FY 2023, as well as the partial utilisation of tax losses within the Group.
- Exceptional items amounted to R125 million (R92 million net of tax), comprising provisions for impairment of property assets.
- Profit after tax and exceptional items increased by 27.2% to R1 336 million (FY 2022: R1 050 million) and adjusted HEPS increased by 27.0% to 105.7 cents (FY 2022: 83.2 cents).

Chief financial officer's review continued

Hospital and emergency services

Rm	2023	2022	%
Revenue	**23 050**	21 024	9.6
EBITDA[1]	**3 947**	3 333	18.4
Operating profit[1]	**2 759**	2 221	24.2
EBITDA margin (%)	**17.1**	15.9	
Operating profit margin (%)	**12.0**	10.6	

Note 1. Normalised to exclude impact of exceptional items.

The segment delivered a steady performance in FY 2023, driven by continued recovery in demand and further normalisation of the post COVID-19 operating environment.

Revenue for the segment increased by 9.6% to R23 050 million (FY 2022: R21 024 million) and total patient days increased by 6.7% to 2 447 494 days in FY 2023 (FY 2022: 2 293 344 days). The steady increase in activity contributed to higher occupancy levels, with total occupancy of 64.4% (FY 2022: 60.1%).

Notwithstanding the changes in some funder networks, effective from January 2023, a milder flu season and extended vacations by specialists, acute hospital patient days increased by 6.1%, equating to 95.1% of FY 2019 activity levels, with ICU and high care patient days being 10.1% higher than pre-pandemic levels.

Growth in medical patient days of 8.5% continued to outpace surgical patient day growth of 3.9%. Medical patient days recovered to 99.0% of 2019 levels. Surgical patient days continue to be impacted by sector trends, *inter alia,* declining maternity cases and outmigration of lower margin day cases, and recovered to 91.7% of pre-pandemic levels. Total surgical cases comprised 51.5% of patient days (FY 2022: 52.6%; pre-pandemic levels: 53.4%) and medical cases 48.5% (FY 2022: 47.4%; pre-pandemic levels: 46.6%). Surgical cases continue to contribute more than 70% of revenue.

Acute revenue per patient day for FY 2023 increased by 2.9% compared to FY 2022. The first half of the year reflected the ongoing recovery in post-pandemic case mix, which resulted in acute revenue per patient day increasing by 0.7%. This stabilised in the second half with growth in acute revenue per patient day of 4.9%.

The higher complexity cases in both categories is reflected in an increased length of stay of 4.4 days (FY 2022: 4.3 days).

Full week occupancy for FY 2023 in acute hospitals increased to 63.5% from 59.3% in FY 2022 (FY 2019: 66.3%), with weekday occupancy increasing to 68.3% from 63.9% in FY 2022 (FY 2019: 71.8%).

Demand for mental healthcare remains strong. Mental health patient days increased by 12.7% compared to FY 2022. The newly opened Netcare Akeso Gqeberha facility contributed 2.3% of this growth. Activity surpassed pre-pandemic levels by 5.4% (same store) and 11.6% inclusive of the 36-bed Netcare Akeso Richard's Bay facility (commissioned in May 2022) and the 72-bed Netcare Akeso Gqeberha facility (commissioned in May 2023).

The strong increase in mental healthcare activity resulted in occupancies improving to 72.7% (73.5% excluding Netcare Akeso Gqeberha) in FY 2023 from 68.1% in FY 2022 (FY 2019: 71.6%).

Normalised EBITDA for the segment increased by 18.4% to R3 947 million from R3 333 million in FY 2022.

The normalised EBITDA margin, which increased from 15.9% to 17.1%, reflected improved activity levels and ongoing efficiencies. Underlying EBITDA margin (excluding operational costs of R253 million (FY 2022: R245 million) related to strategic projects, and generator diesel costs of R117 million (FY 2022: R36 million)) continued to improve, strengthening to 18.7% in FY 2023 from 17.2% in FY 2022.

Primary Care

Rm	2023	2022	%
Revenue	**663**	634	4.6
EBITDA[1]	**168**	163	3.1
Operating profit[1]	**82**	72	13.9
EBITDA margin (%)	**25.3**	25.7	
Operating profit margin (%)	**12.4**	11.4	

Note 1. Normalised to exclude impact of exceptional items.

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

Total GP and dental visits decreased by 3.1% in FY 2023 compared to FY 2022. The decline in visits was predominantly attributable to the higher base in FY 2022, which was boosted by higher GP visits during the Omicron-driven fourth wave of COVID-19.

Notwithstanding the decline in visits, revenue increased by 4.6% to R663 million from R634 million in FY 2022.

Normalised EBITDA for FY 2023 of R168 million increased by 3.1% and normalised EBITDA margin decreased marginally from 25.7% to 25.3%. This was despite R7 million of generator diesel costs spent in the year, offset by a R2 million capital profit on the sale of property.

Statement of financial position

Rm	30 September 2023	30 September 2022
Assets		
Property, plant, equipment, goodwill and intangible assets	**15 760**	15 312
Right of use assets	**4 073**	3 770
Deferred tax assets	**854**	1 040
Other non-current assets	**688**	710
Current assets	**4 149**	3 939
Cash and cash equivalents	**2 279**	1 499
Total assets	**27 803**	26 270
Equity and liabilities		
Total shareholders' equity	**11 041**	10 944
Borrowings	**7 307**	6 374
Lease liabilities – long and short term	**4 992**	4 488
Deferred tax liabilities	**254**	319
Other liabilities	**4 209**	4 145
Total equity and liabilities	**27 803**	26 270

At 30 September 2023, total assets increased to R27 803 million from R26 270 million in the prior year.

Total shareholders' equity increased to R11 041 million from R10 944 million, notwithstanding the payment of ordinary and preference dividends totaling R858 million, and share buybacks to 30 September 2023 of R321 million. The Group's ROIC improved to 10.8% (FY 2022: 8.8%).

Total capex, including strategic projects, amounted to R1.5 billion for the year. Of the total, R136 million related to expansionary projects, including the completion of construction of the Netcare Akeso Gqeberha facility, and R82 million invested in the CareOn hospital digitisation project.

Chief financial officer's review continued

Net debt

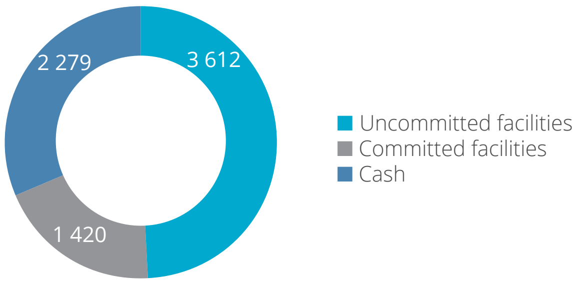
Rm	30 September 2023	30 September 2022
Gross debt[1]	**7 307**	6 374
Cash	**(2 279)**	(1 499)
Net debt	**5 028**	4 875
Net debt to EBITDA[2] (times):		
Bank debt only	**1.2**	1.4
Bank debt and IFRS 16 lease liabilities	**2.4**	2.7
Cost of debt (%)	**8.9**	7.7
EBITDA[2]/net interest (times)	**4.5**	4.5
Interest cover[2] (times)	**3.1**	3.0

Note 1. Excluding IFRS 16 lease liabilities.
Note 2. Normalised to exclude impact of exceptional items.

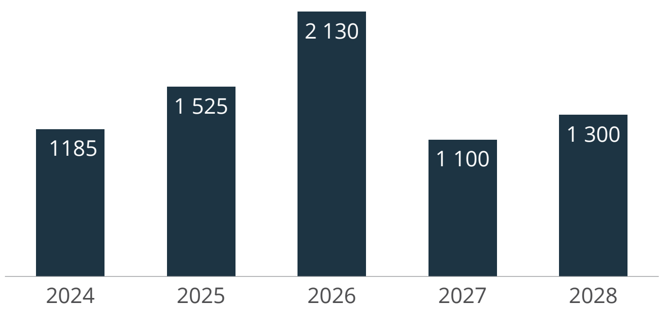
At 30 September 2023, the Group's cash resources and available undrawn committed facilities amounted to R3.7 billion. Group net debt (exclusive of IFRS 16 lease liabilities) increased marginally to R5.0 billion from R4.9 billion at 30 September 2022.

The increase in net debt during FY 2023 was due to ongoing capex, the payment of ordinary and preference dividends and share buybacks, partially offset by higher operating profit. The net debt to EBITDA ratio at 30 September 2023 was 1.2 times, improving from 1.4 times at 30 September 2022. EBITDA/net interest cover remains strong at 4.5 times (FY 2022: 4.5 times).

Cash and debt facilities (Rm)



Debt maturity profile[1] (Rm)



1. Promissory notes, commercial paper and bank loans.

Statement of cash flows

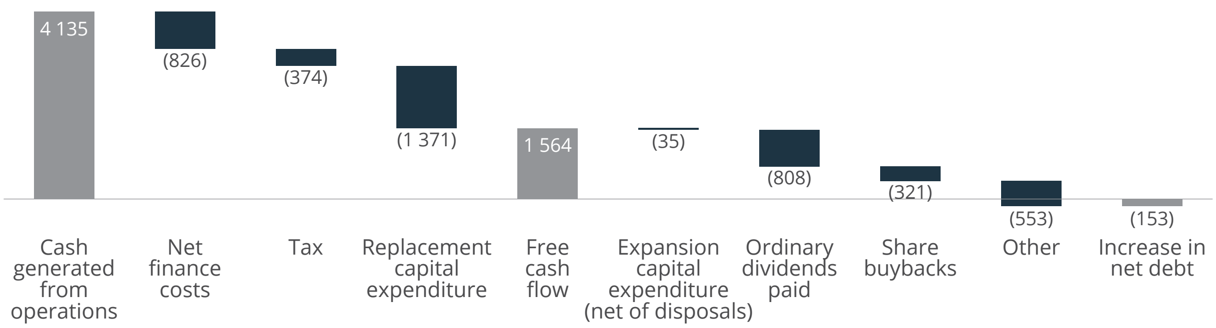
Rm	2023	2022
Cash generated from operations	**4 135**	3 950
Interest paid on debt	**(516)**	(419)
Interest paid on lease liabilities	**(454)**	(409)
Taxation paid	**(374)**	(439)
Ordinary dividends paid by subsidiaries	**(47)**	(25)
Ordinary dividends paid	**(808)**	(728)
Preference dividends paid	**(50)**	(38)
Distribution paid to beneficiaries of the HPFL B-BBEE[1] trusts	**(6)**	(8)
Net cash from operating activities	**1 880**	1 884
Net cash from investing activities	**(1 306)**	(1 248)
Net cash from financing activities	**209**	(597)
Net increase in cash and cash equivalents	**783**	39
Cash and cash equivalents at the beginning of the year	**1 495**	1 456
Cash and cash equivalents at the end of the year	**2 278**	1 495

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

Cash generated from operations increased to R4 135 million (FY 2022: R3 950 million).

The cash conversion ratio amounted to 100.5% (FY 2022: 113.0%).

Analysis of cash flows (Rm)



Outlook

We are confident that our strategy remains relevant and we remain committed to the successful completion and execution of our key strategic projects, realising growth opportunities and improving returns. Notwithstanding the fluid economic environment, we expect ongoing improvements in the operational and financial performance of the business in FY 2024 and beyond.

Although national power grid instability, global supply chain constraints, a constrained consumer, and high levels of unemployment will continue to impact the macroeconomic environment, we have measures in place to mitigate these challenges. In sum, we will remain focused on optimising the progress made in the last year. Furthermore, our environmental sustainability projects will continue to mitigate the significant escalation in costs associated with higher reliance on diesel powered generators.

The weak macroeconomic environment and increased pressure on disposable income are driving funders to expand affordable restricted network plans. Our broad geographic footprint, coupled with NetcarePlus GapCare products, enable us to retain a steady portion of patients in these networks. We remain focused on driving efficiencies to mitigate the impact of the lower tariffs related to these contracts.

In addition, although there has been limited growth in medical scheme membership, the pool of covered lives remains resilient and underscores sustainable demand for quality private healthcare. SA's growing disease burden and aging insured population will continue to exacerbate this demand.

For FY 2024, we expect revenue growth of between 7.5% and 9.5%, with total patient days growing by between 2.5% and 3.5% off a largely normalised base. Increased activity will drive further EBITDA margin expansion, improved earnings and higher ROIC.

We will maintain an optimal capital structure. The Group's strong financial position and ongoing improvement in operational performance will support dividend payments in line with our dividend policy, to return at least 50% to 70% of adjusted headline earnings to shareholders.

Appreciation

I extend my gratitude to our finance staff across the Group for their skill and dedication in ensuring we are able to produce quality management and stakeholder reporting in a challenging environment.

Keith Gibson
Chief Financial Officer

Financial capital

Five-year review

Rm	2023	2022	2021	2020	2019
Summarised statement of financial position					
Assets					
Property, plant and equipment	**13 887**	13 469	12 915	12 665	12 541
Right of use assets	**4 073**	3 770	3 600	3 755	–
Goodwill and intangible assets	**1 873**	1 843	1 806	1 804	1 781
Deferred taxation	**854**	1 040	987	812	512
Other non-current assets	**688**	710	718	858	1 057
Total non-current assets	**21 375**	20 832	20 026	19 894	15 891
Total current assets[1]	**6 428**	5 438	5 595	6 050	5 524
Total assets	**27 803**	26 270	25 621	25 944	21 415
Equity and liabilities					
Total shareholders' equity	**11 041**	10 944	10 589	9 799	10 235
Long-term debt	**6 057**	5 265	4 936	6 761	5 061
Long-term lease liabilities	**4 334**	3 906	3 588	3 546	–
Financial liabilities	**–**	–	32	64	44
Deferred taxation	**254**	319	309	288	238
Other non-current liabilities	**514**	555	545	469	541
Total non-current liabilities	**11 159**	10 045	9 410	11 128	5 884
Total current liabilities	**5 603**	5 281	5 622	5 017	5 296
Total equity and liabilities	**27 803**	26 270	25 621	25 944	21 415
Summarised statement of cash flows					
Cash generated from operations before working capital changes	**4 365**	3 723	3 560	2 887	4 516
Working capital changes	**(230)**	227	234	(1 395)	372
Cash generated from operations	**4 135**	3 950	3 794	1 492	4 888
Interest paid on debt	**(516)**	(419)	(441)	(580)	(602)
Interest paid on lease liabilities	**(454)**	(409)	(371)	(367)	–
Taxation paid	**(374)**	(439)	(618)	(601)	(967)
Ordinary dividends paid by subsidiaries	**(47)**	(25)	(19)	(11)	(21)
Ordinary dividends paid	**(808)**	(728)	–	(860)	(1 454)
Special dividends paid	**–**	–	–	–	(542)
Preference dividends paid	**(50)**	(38)	(39)	(54)	(54)
Distributions to beneficiaries of the HPFL[2] trusts	**(6)**	(8)	(1)	(11)	(26)
Net cash from operating activities	**1 880**	1 884	2 305	(992)	1 222
Net cash from investing activities	**(1 306)**	(1 248)	(1 026)	58	(1 125)
Net cash from financing activities	**209**	(597)	(1 269)	653	265
Increase/(decrease) in cash and cash equivalents	**783**	39	10	(281)	362
Cash and cash equivalents at beginning of year	**1 495**	1 456	1 446	1 727	1 365
Cash and cash equivalents at end of year	**2 278**	1 495	1 456	1 446	1 727

1. *Includes assets held for sale.*
2. *Health Partners for Life.*

	2023	2022	2021	2020	2019
Summarised income statement					
Revenue	**23 699**	21 636	21 200	18 843	21 589
Operating profit before items listed below	**2 716**	2 282	2 076	1 393	3 640
Profit on disposal of investment in associate	**–**	–	–	522	–
Share-based payment expense on B-BBEE transaction	**–**	–	–	(348)	–
Realisation of foreign currency translation reserve	**–**	–	–	–	128
Operating profit	**2 716**	2 282	2 076	1 567	3 768
Net financial expenses	**(918)**	(769)	(786)	(893)	(486)
Attributable earnings/(losses) of associates and joint ventures	**40**	21	(114)	56	75
Impairment of long-term interests and investments in associates	**(31)**	–	–	–	–
Profit before taxation	**1 807**	1 534	1 176	730	3 357
Taxation	**(471)**	(484)	(416)	(291)	(879)
Profit for the year	**1 336**	1 050	760	439	2 478
Attributable to:					
Owners of the parent	**1 271**	975	730	392	2 393
Preference shareholders	**50**	38	39	54	54
	1 321	1 013	769	446	2 447
Non-controlling interests	**15**	37	(9)	(7)	31
	1 336	1 050	760	439	2 478
Divisional analysis					
Revenue					
Hospitals and emergency services	**23 050**	21 024	20 617	18 250	20 904
Primary Care	**663**	634	595	611	701
Inter-segment elimination	**(14)**	(22)	(12)	(18)	(16)
	23 699	21 636	21 200	18 843	21 589
Operating profit					
Hospitals and emergency services	**2 641**	2 210	2 040	1 403	3 577
Primary Care	**75**	72	36	(10)	63
Operating profit before items below	**2 716**	2 282	2 076	1 393	3 640
Profit on disposal of investment in associate	**–**	–	–	522	–
Share-based payment expense on B-BBEE transaction	**–**	–	–	(348)	–
Realisation of foreign currency transaction reserve	**–**	–	–	–	128
	2 716	2 282	2 076	1 567	3 768

Financial capital

Five-year review continued

		2023	2022	2021	2020	2019
Key performance indicators						
Ratios						
EBITDA margin[1]	%	**17.4**	16.2	15.2[2]	13.6	20.3
Operating profit margin[1]	%	**12.0**	10.6	9.6[2]	7.4	16.9
Interest cover[1]	times	**3.1**	3.0	2.6	1.6	7.5
Effective tax rate[1]	%	**26.1**	29.8[2]	29.6[2]	43.7	27.2
Return on invested capital[1]	%	**10.8**	8.8	7.9	5.6	20.1
Current ratio	:1	**1.1**	1.0	1.0	1.2	1.0
Invested capital						
Property, plant and equipment		**13 887**	13 469	12 915	12 665	12 541
Right of use assets		**4 073**	3 770	3 600	3 755	–
Intangible assets		**267**	237	200	198	175
Deferred lease assets		**19**	17	12	32	28
Deferred taxation		**854**	1 040	987	812	512
Current assets		**4 107**	3 878	4 003	4 446	3 444
Inventories		**556**	562	640	1 206	564
Trade and other receivables		**3 542**	3 288	3 251	3 102	2 837
Taxation receivable		**9**	28	112	138	43
Current liabilities		**(3 683)**	(3 570)	(3 225)	(3 291)	(3 485)
Trade and other payables		**(3 657)**	(3 521)	(3 207)	(3 230)	(3 462)
Taxation payable		**(26)**	(49)	(18)	(61)	(23)
		19 524	18 841	18 492	18 617	13 215
Shareholder returns						
Basic earnings per share	cents	**94.5**	72.3	54.6	28.3	176.7
Headline earnings/(loss) per share	cents	**101.0**	74.0	61.5	(3.6)	165.9
Adjusted headline earnings per share	cents	**105.7**	83.2	67.4	32.5	171.2
Ordinary dividends per share	cents	**65.0**	50.0	34.0	–	111.0
Dividend cover[3]	times	**1.6**	1.7	2.0	–	1.5
Net asset value per share	cents	**846**	818	792	733	761
Ordinary share statistics						
Shares in issue	million	**1 439**	1 439	1 439	1 439	1 452
Shares in issue net of treasury shares	million	**1 305**	1 338	1 337	1 335	1 345
Weighted average number of shares	million	**1 330**	1 338	1 336	1 336	1 345
Diluted weighted average number of shares	million	**1 345**	1 348	1 344	1 343	1 358
Market capitalisation[4]	R million	**19 427**	19 743	23 312	18 592	25 483
JSE statistics						
Market price per share						
at 30 September	cents	**1 350**	1 372	1 620	1 292	1 755
highest	cents	**1 633**	1 730	1 738	2 132	2 762
lowest	cents	**1 262**	1 276	1 130	1 154	1 481
weighted average	cents	**1 430**	1 506	1 416	1 676	2 123
Number of share transactions		**364 011**	318 239	508 997	730 041	761 431
Value of share transactions	R million	**14 919**	15 117	17 076	30 711	26 233
Volume of shares traded	million	**1 043.1**	1 003.5	1 205.7	1 832.5	1 235.5
Volume traded to issued	%	**72.5**	69.7	83.8	127.3	85.1
Market performance ratios						
Earnings yield	%	**7.5**	5.4	3.8	(0.3)	9.5
Distribution yield	%	**4.8**	3.6	2.1	–	6.3
Price:earnings ratio	times	**13.4**	18.5	26.3	(358.9)	10.6

1. Normalised the exclude exceptional items.
2. Restated to exclude exceptional items.
3. Adjusted headline earnings per share divided by total dividends per share.
4. Based on shares in issue.

		2023	2022	2021	2020	2019
Key performance indicators continued						
Operational performance indicators						
Acute hospitals						
Number of hospitals[1]		**49**	49	53	53	55
Registered beds		**9 903**	9 903	10 005	9 986	10 046
Theatres		**343**	343	349	349	350
Hybrid theatres, catheterisation and electrophysiology laboratories		**34**	34	34	34	33
Day clinics		**12**	12	12	15	–
Patient days[2]		**2 193 598**	2 068 040	1 972 996	1 854 961	2 305 883
Average length of stay	days	**4.4**	4.3	4.8	4.3	3.9
Mental health						
Number of facilities		**14**	13	12	12	12
Registered beds		**1 007**	935	891	891	891
Patient days		**253 896**	225 304	202 091	179 280	227 575
Average length of stay	days	**11.86**	12.09	12.64	12.22	12.23
Emergency services						
Netcare 911 sites		**92**	87	82	82	83
Cancer Care						
Number of cancer care centres providing radiation treatment		**8**	9	9	9	9
Number of haematology centres		**8**	8	8	8	8
National Renal Care						
Renal dialysis facilities		**73**	71	69	68	67
Renal dialysis stations		**996**	971	956	979	936
Primary Care						
Primary healthcare centres and travel clinics		**63**	65	67	68	75
Sub-acute facilities		**1**	1	1	2	2
Registered sub-acute beds		**30**	30	31	46	46
Day clinics		**–**	–	–	–	15
Total number of visits	millions	**1.6**	1.7	2.1	2.1	2.7

1. Owned and managed entities.
2. Excludes Netcare Bougainville, Netcare Ceres, Netcare Optiklin, Netcare Port Alfred and Netcare Settlers hospitals.

Financial capital

Five-year review continued

		2023	2022	2021	2020	2019
Key performance indicators continued						
Social performance indicators						
Total permanent employees[1]		**18 568**	18 245	18 346	19 214	20 193
Employee turnover[2]		**14.5**	17.2	16.6	13.7	14.7
Gender split						
Male	%	**19.4**	19.2	18.8	18.4	17.9
Female	%	**80.6**	80.8	81.2	81.6	82.1
Employees trained		**18 565**	15 968	12 731	15 276	16 314
Training costs	Rm	**57**	51	49	66	84
Black (African, Coloured and Indian) employee representation	%	**82.7**	81.3	79.7	79.0	78.3
Unionised employees	%	**49.0**	48.6	50.9	52.8	52.7
Corporate social investment[3]	Rm	**29**	35	31	18	31
Environmental performance indicators						
Energy usage	gigajoules	**1 011 723**	925 719	954 692	956 560	983 418
Water usage	kilolitres	**1 695 949**	1 953 678	1 895 020	1 878 400	2 132 022
CO_2e[4] emissions	tonnes	**341 721**	283 102	306 304	272 920	275 613
Scope 1 and Scope 2 CO_2e per R1 million revenue		**9.86**	10.43	11.65	12.73	11.36

1. *Includes PPPs.*
2. *Restated due change in calculation methodology.*
3. *Inclusive of bursaries.*
4. *Carbon dioxide equivalent.*

Summarised Group annual financial statements

for the year ended 30 September 2023

These summarised Group annual financial statements comprise a summary of the complete audited Group annual financial statements for the year ended 30 September 2023 that were approved by the Netcare Board on 16 November 2023. The summarised Group annual financial statements do not contain sufficient information to allow for a complete understanding of the results of the Group, as would be provided in the complete audited Group annual financial statements. These summarised Group financial statements, and the audited Group financial statements from which they have been derived, were compiled under the supervision of KN Gibson CA(SA), Chief Financial Officer of the Group.

The summarised consolidated annual financial statements comprise:

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

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

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

Operating activities

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

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

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

Going concern

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

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

Accounting policies

The accounting policies and methods of computation applied in the preparation of the Group and Company annual financial statements are in accordance with IFRS. All policies are consistent in all material respects with those applied in the audited consolidated financial statements for the year ended 30 September 2022.

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

Report of the independent auditor's

These summarised Group annual financial statements for the year ended 30 September 2023 have been extracted from the complete audited Group annual financial statements on which the auditors, Deloitte & Touche, have expressed an unmodified audit opinion and communication of a key audit matter.

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

Financial capital

Summarised Group annual financial statements continued

Summarised Group statement of profit or loss

for the year ended 30 September

Rm	2023	2022
Revenue[1]	**23 699**	21 636
Cost of sales	**(11 937)**	(11 085)
Gross profit	**11 762**	10 551
Other income	**466**	435
Administrative and other expenses	**(9 371)**	(8 524)
Impairment of financial assets	**(141)**	(180)
Operating profit	**2 716**	2 282
Investment income	**144**	115
Finance costs	**(1 064)**	(885)
Other financial gains – net	**2**	1
Attributable earnings/(losses) of associates	**2**	(23)
Attributable earnings of joint ventures	**38**	44
Impairment of long-term interests and investment in associates	**(31)**	—
Profit before taxation	**1 807**	1 534
Taxation	**(471)**	(484)
Profit for the year	**1 336**	1 050
Attributable to:		
Owners of the parent	**1 271**	975
Preference shareholders	**50**	38
	1 321	1 013
Non-controlling interests	**15**	37
	1 336	1 050
Cents		
Basic earnings per share	**94.5**	72.3
Diluted earnings per share	**93.5**	71.7

1. Refer to segment report on page 194 for detail on the disaggregation of revenue

Strategic costs of R258m (FY 2022: R249m) and generator diesel costs of R124m (FY 2022: R37m)

Increased financial expenses reflective of higher cost of debt

Lower effective tax rate of 26.1% (FY 2022: 29.8%) attributable to change in statutory tax rate and partial utilisation of tax losses within the Group

Summarised Group statement of comprehensive income

for the year ended 30 September

Rm	2023	2022
Profit for the year	**1 336**	1 050
Items that will not subsequently be reclassified to profit or loss	**53**	(21)
Remeasurement of post employment benefit obligation	**72**	—
Fair value adjustment on equity investments	**—**	(21)
Taxation on items that will not subsequently be reclassified to profit or loss	**(19)**	—
Items that may subsequently be reclassified to profit or loss	**(6)**	62
Effect of cash flow hedge accounting	**(8)**	85
Amortisation of the cash flow hedge accounting reserve	**(27)**	43
Change in the fair value of cash flow hedges	**19**	42
Taxation on items that may subsequently be reclassified to profit or loss	**2**	(23)
Other comprehensive income for the year	**47**	41
Total comprehensive income for the year	**1 383**	1 091
Attributable to:		
Owners of the parent	**1 318**	1 016
Preference shareholders	**50**	38
Non-controlling interests	**15**	37
	1 383	1 091

Summarised Group statement of financial position

at 30 September

Rm	2023	2022
ASSETS		
Non-current assets		
Property, plant and equipment	**13 887**	13 469
Right of use assets	**4 073**	3 770
Goodwill	**1 606**	1 606
Intangible assets	**267**	237
Equity-accounted investments, loans and receivables	**606**	594
Financial assets	**63**	99
Deferred lease assets	**19**	17
Deferred taxation	**854**	1 040
Total non-current assets	**21 375**	20 832
Current assets		
Loans and receivables	**27**	59
Financial assets	**15**	2
Inventories	**556**	562
Trade and other receivables	**3 542**	3 288
Taxation receivable	**9**	28
Cash and cash equivalents	**2 279**	1 499
Total current assets	**6 428**	5 438
Total assets	**27 803**	26 270
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary share capital	**4 297**	4 297
Treasury shares	**(3 926)**	(3 504)
Other reserves	**526**	473
Retained earnings	**9 479**	8 980
Equity attributable to owners of the parent	**10 376**	10 246
Preference share capital and premium	**644**	644
Non-controlling interests	**21**	54
Total shareholders' equity	**11 041**	10 944
Non-current liabilities		
Long-term debt	**6 057**	5 265
Long-term lease liabilities	**4 334**	3 906
Post-employment healthcare benefit obligations	**495**	533
Deferred taxation	**254**	319
Provisions	**19**	22
Total non-current liabilities	**11 159**	10 045
Current liabilities		
Trade and other payables	**3 657**	3 521
Short-term debt	**1 249**	1 105
Short-term lease liabilities	**658**	582
Financial liabilities	**12**	20
Taxation payable	**26**	49
Bank overdrafts	**1**	4
Total current liabilities	**5 603**	5 281
Total equity and liabilities	**27 803**	26 270

Summarised Group statement of cash flows

for the year ended 30 September

Rm	2023	2022
Cash flows from operating activities		
Cash received from customers	**23 338**	21 522
Cash paid to suppliers and employees	**(19 203)**	(17 572)
Cash generated from operations	**4 135**	3 950
Interest paid on debt	**(516)**	(419)
Interest paid on lease liabilities	**(454)**	(409)
Taxation paid	**(374)**	(439)
Ordinary dividends paid by subsidiaries	**(47)**	(25)
Ordinary dividends paid	**(808)**	(728)
Preference dividends paid	**(50)**	(38)
Distribution paid to beneficiaries of the HPFL B-BBEE[1] trusts	**(6)**	(8)
Net cash from operating activities	**1 880**	1 884
Cash flows from investing activities		
Advances to associates	**(25)**	(30)
Advances (to)/from joint ventures	**(20)**	17
Payments for acquisition of property, plant and equipment	**(1 443)**	(1 382)
Payments for additions to intangible assets	**(64)**	(14)
Proceeds on disposal of property, plant and equipment and intangible assets	**101**	35
Payments for investments and loans	**(45)**	(8)
Interest received	**144**	115
Dividends received	**46**	19
Net cash from investing activities	**(1 306)**	(1 248)
Cash flows from financing activities		
Proceeds on disposal of treasury shares	**49**	29
Acquisition of treasury shares	**(510)**	(29)
Debt raised	**2 080**	1 903
Debt repaid	**(1 174)**	(2 325)
Payments for equity interests in subsidiaries	**(8)**	—
Payment for acquisition of non-controlling interests	**(2)**	—
Proceeds from issue of shares to non-controlling interests	**—**	2
Payment of principal elements of lease liabilities	**(226)**	(177)
Net cash from financing activities	**209**	(597)
Net increase in cash and cash equivalents	**783**	39
Cash and cash equivalents at the beginning of the year	**1 495**	1 456
Cash and cash equivalents at the end of the year	**2 278**	1 495
Consisting of		
Cash on hand and balances with banks	**2 279**	1 499
Bank overdrafts	**(1)**	(4)
	2 278	1 495

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

Financial capital

Summarised Group annual financial statements continued

Summarised Group statement of changes in equity

for the year ended 30 September

Rm	Ordinary share capital	Treasury shares	Cash flow hedge accounting reserve
Balance at 1 October 2021	4 297	(3 557)	(31)
Sale of treasury shares	—	82	—
Purchase of treasury shares	—	(29)	—
Acquisition of subsidiaries	—	—	—
Transfer[1]	—	—	—
Share-based payment reserve movements	—	—	—
Preference dividends paid	—	—	—
Ordinary dividends paid	—	—	—
Other reserve movements	—	—	—
Distributions to beneficiaries of the HPFL B-BBEE[2] trusts	—	—	—
Tax recognised in equity	—	—	—
Changes in equity interests in subsidiaries	—	—	—
Total comprehensive income for the year	—	—	62
Profit for the year	—	—	—
Other comprehensive income	—	—	62
Balance at 1 October 2022	**4 297**	**(3 504)**	**31**
Sale of treasury shares	**—**	**78**	**—**
Purchase of treasury shares	**—**	**(510)**	**—**
Transfer[1]	**—**	**10**	**—**
Share-based payment reserve movements	**—**	**—**	**—**
Preference dividends paid	**—**	**—**	**—**
Ordinary dividends paid	**—**	**—**	**—**
Other reserve movements	**—**	**—**	**—**
Distributions to beneficiaries of the HPFL B-BBEE[2] trusts	**—**	**—**	**—**
Tax recognised in equity	**—**	**—**	**—**
Changes in equity interests in subsidiaries	**—**	**—**	**—**
Total comprehensive income for the year	**—**	**—**	**(6)**
Profit for the year	**—**	**—**	**—**
Other comprehensive income	**—**	**—**	**(6)**
Balance at 30 September 2023	**4 297**	**(3 926)**	**25**

1. *Transfer of treasury shares and share-based payment reserve in respect of vested shares*
2. *Health Partners for Life Broad-based Black Economic Empowerment*

Share-based payment reserve	Retained earnings	Equity attributable to owners of the parent	Preference share capital and premium	Non-controlling interests	Total share-holders' equity
444	8 780	9 933	644	12	10 589
—	(53)	29	—	—	29
—	—	(29)	—	—	(29)
—	(1)	(1)		17	16
(42)	42	—	—	—	—
41	—	41	—	—	41
—	—	—	(38)	—	(38)
—	(728)	(728)	—	(25)	(753)
(1)	8	7	—	—	7
—	(8)	(8)	—	—	(8)
—	(2)	(2)	—	—	(2)
—	(12)	(12)	—	13	1
—	954	1 016	38	37	1 091
—	975	975	38	37	1 050
—	(21)	41	—	—	41
442	**8 980**	**10 246**	**644**	**54**	**10 944**
—	**(29)**	**49**	**—**	**—**	**49**
—	**—**	**(510)**	**—**	**—**	**(510)**
(39)	**29**	**—**	**—**	**—**	**—**
98	**—**	**98**	**—**	**—**	**98**
—	**—**	**—**	**(50)**	**—**	**(50)**
—	**(808)**	**(808)**	**—**	**(47)**	**(855)**
—	**(8)**	**(8)**	**—**	**—**	**(8)**
—	**(6)**	**(6)**	**—**	**—**	**(6)**
—	**(3)**	**(3)**	**—**	**—**	**(3)**
—	**—**	**—**	**—**	**(1)**	**(1)**
—	**1 324**	**1 318**	**50**	**15**	**1 383**
—	**1 271**	**1 271**	**50**	**15**	**1 336**
—	**53**	**47**	**—**	**—**	**47**
501	**9 479**	**10 376**	**644**	**21**	**11 041**

Headline earnings

for the year ended 30 September

Rm	2023	2022
Reconciliation of headline earnings		
Profit for the year	**1 336**	1 050
Adjusted for:		
Dividends paid on shares attributable to the Forfeitable Share Plan, Single Incentive Plan and HPFL B-BBEE[1] Trust units	**(14)**	(8)
Preference shareholders	**(50)**	(38)
Non-controlling interest	**(15)**	(37)
Profit for the purposes of basic and diluted earnings per share	**1 257**	967
Adjusted for:		
Profit on disposal of property, plant and equipment and intangible assets	**(23)**	(2)
Loss on disposal of property, plant and equipment and intangible assets	**9**	9
Recognition of impairment of property, plant and equipment in operating profit and equity accounted earnings	**130**	13
Recognition of impairment of investment in associate	**2**	3
Tax effect of headline adjusting items	**(32)**	—
Headline earnings	**1 343**	990

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

Headline earnings continued

for the year ended 30 September

Rm	2023	2022
Adjusted headline earnings		
Headline earnings	**1 343**	990
Adjusted for:		
Amortisation of cash flow hedge accounting reserve	**3**	8
Fair value gains on derivative financial instruments	**—**	(2)
Modification loss	**7**	—
Impairment of financial assets	**27**	40
De-designation of portion of hedging instrument	**(2)**	—
Ineffectiveness losses on cash flow hedges	**—**	2
Impairment of loan to joint venture	**—**	1
Restructure costs	**—**	2
Impairment of associate loans	**31**	48
Tax rate change	**—**	24
Tax effect of headline adjusting items	**(3)**	—
Adjusted headline earnings	**1 406**	1 113
Cents		
Headline earnings per share	**101.0**	74.0
Diluted headline earnings per share	**99.9**	73.4
Adjusted headline earnings per share	**105.7**	83.2
Diluted adjusted headline earnings per share	**104.5**	82.6

Adjusted headline earnings per share is a measurement used by the chief operating decision-maker as a key measure of sustainable earnings from trading operations. The calculation of adjusted headline earnings per share excludes non-trading and/or non-recurring items, and is based on the adjusted profit attributable to ordinary shareholders, divided by the weighted average number of ordinary shares in issue during the year. The presentation of adjusted headline earnings is not an IFRS requirement, nor a JSE Listings Requirement.

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

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

Summarised Group annual financial statements continued

Summarised segment report

for the year ended 30 September

Hospital and emergency services

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

Primary Care

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

Rm	Hospital and pharmacy operations	Non-acute services	Hospital and emergency services	Primary Care	Inter-segment elimination[1]	Total
30 September 2023						
Statement of profit or loss						
Revenue	**21 472**	**1 578**	**23 050**	**663**	**(14)**	**23 699**
EBITDA[2]	**3 661**	**168**	**3 829**	**161**		**3 990**
Depreciation and amortisation	**(1 046)**	**(142)**	**(1 188)**	**(86)**	**—**	**(1 274)**
Operating profit	**2 615**	**26**	**2 641**	**75**	**—**	**2 716**
Additional segment information						
Impairment of property, plant and equipment	**(118)**	**(5)**	**(123)**	**(7)**	**—**	**(130)**
30 September 2022						
Statement of profit or loss						
Revenue	19 733	1 291	21 024	634	(22)	21 636
EBITDA[2]	3 211	111	3 322	163	—	3 485
Depreciation and amortisation	(929)	(183)	(1 112)	(91)	—	(1 203)
Operating profit/(loss)	2 282	(72)	2 210	72	—	2 282
Additional segment information						
(Impairment)/reversal of impairment of property, plant and equipment	(13)	2	(11)	—	—	(11)

1. *Relates to revenue earned in the Hospital and emergency services segment*
2. *Earnings before interest, tax, depreciation and amortisation*

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.

UN SDGs

Good health and well-being	**Decent work and economic growth**
Quality education	**Industry, innovation and infrastructure**
Gender equality	**Responsible consumption and production**
Clean water and sanitation	**Climate action**
Affordable and clean energy	**Peace, justice and strong institutions**

AGM:	annual guaranteed meeting
AI:	artificial intelligence
app:	application
B4SA:	Business for South Africa
B-BBEE:	broad-based black economic empowerment
BFHI:	Baby Friendly Hospital Initiative
Board:	the Board of directors
bps:	basis points
BSC:	balanced scorecard
BSI:	British Standards Institution
BUSA:	Business Unity South Africa

Capex:	capital expenditure
CDP:	formerly the Carbon Disclosure Project
CEM:	customer engagement model
CEO:	chief executive officer
CFO:	chief financial officer
CPD:	continuous professional development
CPI:	consumer price index
CSI:	corporate social investment
CTC:	cost-to-company
DEI:	diversity, equity and inclusion
Dividend cover:	adjusted headline earnings per share dividend by total dividends per share
DoEL:	Department of Employment and Labour

Glossary continued

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
EBITDA margin:	EBITDA expressed as a percentage of revenue
Effective tax rate:	taxation expressed as a percentage of profit before taxation
EMEs:	exempted micro enterprises
EMR:	electronic medical record
EMS:	emergency medical services
ESD:	enterprise and supplier development
ESG:	environmental, social and governance

FC:	financial capital
FSP:	Forfeitable Share Plan

GB:	gigabytes
GDP:	gross domestic product
GHG:	greenhouse gas
GJ:	gigajoules
GPs:	general practitioners
GRI:	Global Reporting Initiative
GWh:	gigawatt hours

HASA:	Hospital Association of South Africa
HCRW:	healthcare risk waste
Headline earnings:	this comprises the earnings attributable to owners of the parent after adjusting for specific re-measurements as defined in Circular 2/2013 issued by the South African Institute of Chartered Accountants
Healthcare provider:	Netcare and our peers
HEPS:	headline earnings per share
HHSW:	Human Health and Social Work
HIC:	human and intellectual capital
HPCSA:	Health Professions Council of South Africa
HPFL:	Health Partners for Life
HR:	human resources
HVAC:	heating, ventilation and air-conditioning
HWSETA:	Health and Welfare Sector Education and Training Authority

ICAS:	Independent Counselling and Advisory Services
ICHW:	independent contracted healthcare workers
ICU:	intensive care unit
IFRS:	International Financial Reporting Standards
IIA:	Institute of Internal Auditors
ILO:	International Labour Organization
IMF:	International Monetary Fund
Interest cover:	operating profit divided by net interest paid
IoDSA:	Institute of Directors South Africa
IRR:	internal rate of return
ISO:	International Organization for Standardization
ISS:	injury severity score

JET IP:	Just Energy Transition Plan
JSE:	JSE Limited
JV:	joint venture

King IV:	King Report on Corporate Governance for South Africa (2016)
kg:	kilograms
kl:	kilolitres
KPIs:	key performance indicators
kWh:	kilowatt hours
kWp:	kilowatt peak

LED:	light-emitting diodes
LTI:	long-term incentive

MBFI:	Mother Baby Friendly Initiative
MC:	manufactured capital
MDP:	Management Development Programme
MRI:	magnetic resonance imaging
MWh:	megawatt hour
MWp:	megawatts peak
NC:	natural capital
NDoH:	National Department of Health
NEC:	necrotising enterocolitis
Net debt:	long-term debt, short-term debt and bank overdrafts net of cash and cash equivalents
Net debt to EBITDA:	net debt divided by EBITDA
NGOs:	non-governmental organisations
NHI:	National Health Insurance (South Africa)
NPAT:	net profit after tax
NPV:	net present value
NPOs:	non-profit organisations
NQF:	National Qualifications Framework
NRC:	National Renal Care
OHS:	occupational health and safety
OHSC:	Office of Health Standards Compliance
P1:	trauma patients with the most severe physical injuries
PABs:	Physician Advisory Boards
PCI:	personalised clinical information
PFS:	patient feedback survey
POPIA:	Protection of Personal Information Act
PPGI:	Public Private Growth Initiative
PPPs:	public private partnerships
PREMs:	patient reported experience measures
PV:	photovoltaic
PVC:	polyvinyl chloride
QSEs:	qualifying small enterprises

Return on equity:	profit for the year divided by average total shareholders' equity
ROCE:	return on capital employed
ROIC:	return on invested capital
SA:	South Africa
SADAG:	South African Depression and Anxiety Group
SAICA:	South African Institute of Chartered Accountants
SANC:	South African Nursing Council
SARB:	South African Reserve Bank
SDP:	skills development period (March to March)
SETA:	Sector Education and Training Authority
SHEQ:	safety, health, environment and quality
SIP:	Single Incentive Plan
SMMEs:	small, medium and micro enterprises
SRC:	social and relationship capital
STI:	short-term incentive
TCFD:	Task Force on Climate-related Financial Disclosures
tCO_2e:	tonnes of carbon dioxide equivalent
UN:	United Nations
UNHS:	Universal Newborn Hearing Screen
VLBW:	very low birthweight babies
VON:	Vermont Oxford Network
YES:	Youth Employment Service
WACC:	weighted average cost of capital
WEF:	World Economic Forum
WHO:	World Health Organization

Shareholder analysis

Shareholder analysis

	Number of shareholders	Percentage of shareholders	Number of shares in issue[1]	Percentage of issued share capital
Shareholder spread				
1 – 1 000	16 789	56.51	2 601 389	0.20
1 001 – 50 000	11 805	39.74	87 758 961	6.72
50 001 – 100 000	367	1.24	26 161 638	2.00
100 001 – 10 000 000	733	2.47	635 608 679	48.68
10 000 001 and above	14	0.05	553 431 817	42.39
Total	29 708	100.00	1 305 562 484	100.00
Distribution of shareholders per category				
Individuals	25 311	85.20	84 357 413	6.46
Private companies	548	1.84	21 337 210	1.63
Nominees and trusts	1 636	5.51	28 577 502	2.19
Banks and brokerage firms	57	0.19	65 197 801	4.99
Sovereign Wealth Funds	9	0.03	16 633 605	1.27
Insurance companies	94	0.32	65 482 626	5.02
Pension Funds and medical aid schemes	1 514	5.10	473 423 477	36.26
Collective investment schemes and mutual funds	539	1.81	550 552 850	42.17
Total	29 708	100.00	1 305 562 484	100.00
Public and non-public shareholdings				
Public	29 706	99.99	1 304 768 337	99.94
Non-public	2	0.01	794 147	0.06
Directors[2]	2	0.01	794 147	0.06
Total	29 708	100.00	1 305 562 484	100.00
Beneficial shareholders 5% or more				
Public Investment Corporation on behalf of Government Employee Pension Fund			350 436 896	26.84
Capital Research Global Investors on behalf of American Funds SMALLCAP World Fund			73 590 762	5.64
Total			424 027 658	32.48
Investment manager Top 10				
Public Investment Corporation (SOC) Limited			282 777 259	21.66
Ninety One SA Pty Ltd.			94 599 353	7.25
Capital Research Global Investors			82 408 850	6.31
Templeton Asset Management Ltd.			75 104 453	5.75
The Vanguard Group, Inc.			55 751 852	4.27
Old Mutual Investment Group (South Africa) (Pty) Limited			53 421 150	4.09
Schroder Investment Management Ltd. (SIM)			40 212 107	3.08
Mergence Investment Managers (Pty) Ltd			33 324 340	2.55
Wellington Management Company, LLP			27 142 317	2.08
Foord Asset Management (Pty) Limited			25 923 994	1.99
Total			770 665 675	59.03

1. *Number of shares in issue net of treasury shares.*

	Number of shareholders	Percentage of shareholders	Number of shares in issue[1]	Percentage of issued share capital
Beneficial owner Top 10				
Public Investment Corporation Limited			342 795 422	26.26
American Funds SMALLCAP World Fund			73 590 762	5.64
Alexforbes Investments Solution Limited			29 499 752	2.26
Old Mutual Life Assurance Company SA			24 610 476	1.89
Templeton Emerging Markets Investment Trust Plc			23 809 698	1.82
Eskom Pension and Provident Fund			23 552 207	1.80
Vanguard Emerging Markets Stock Index Fund (US)			19 813 625	1.52
Vanguard Total International Stock Index Fund			19 571 106	1.50
Hartford International Value Fund			16 344 802	1.25
Templeton Developing Markets Trust			10 545 093	0.81
Total			584 132 943	44.74
Geographic ownership				
South Africa			912 359 782	69.88
International			393 202 702	30.12
Total			1 305 562 484	100.00

Breakdown

Non-public		
Directors		
Gibson, K	499 190	0.04
Friedland, RH	294 957	0.02
Total	**794 147**	**0.06**

Public Investment Corporation breakdown	**342 795 422**	**26.26**
Government Employees Pension Fund (Public Investment Corporation (SOC) Limited)	273 118 657	20.92
Government Employees Pension Fund (Mergence Investment Managers (Pty) Ltd)	21 386 869	1.64
Government Employees Pension Fund (Argon Asset Management (Pty.) Ltd.)	10 783 231	0.83
Government Employees Pension Fund (Perpetua Investment Managers (Pty) Ltd)	7 164 864	0.55
Compensation Commissioner Pension Fund (Public Investment Corporation (SOC) Limited)	5 657 169	0.43
Government Employees Pension Fund (Mianzo Asset Management (Pty) Ltd)	5 055 008	0.39
Government Employees Pension Fund (ALUWANI Capital Partners (Pty) Ltd.)	5 012 248	0.38
Unemployment Insurance Fund (Public Investment Corporation (SOC) Limited)	3 749 630	0.29
Government Employees Pension Fund (All Weather Capital (Pty) Ltd)	3 450 659	0.26
Unemployment Insurance Fund (Mergence Investment Managers (Pty) Ltd)	2 039 173	0.16
Government Employees Pension Fund (Coronation Fund Managers Limited)	1 399 029	0.11
Government Employees Pension Fund (Lima Mbeu Investment Managers (Pty) Ltd)	1 382 294	0.11
Government Employees Pension Fund (Benguela Global Fund Managers (Pty) Ltd)	1 133 512	0.09
Government Employees Pension Fund (Excelsia Capital Proprietary Limited)	816 327	0.06
Government Employees Pension Fund (Differential Capital Pty Ltd)	394 949	0.03
Public Investment Corporation (SOC) Limited (Public Investment Corporation (SOC) Limited)	251 803	0.02

Corporate information

Company registration number
Registration number 1996/008242/06

Business address and registered office
Netcare Limited
76 Maude Street (corner West Street),
Sandton 2196

Private Bag X34,
Benmore 2010

Company secretary
Charles Vikisi
tel no: +27 (0) 11 301 0265
charles.vikisi@netcare.co.za

Investor relations
ir@netcare.co.za

Customer call centre
0860 NETCARE (0860 638 2273)
customer.service@netcare.co.za

Fraud line
0860 fraud 1 (086 037 2831)
fraud@netcare.co.za

JSE information
JSE share code: NTC (Ordinary shares)
ISIN code: ZAE000011953
JSE share code: NTCP (Preference shares)
ISIN code: ZAE000081121

Sponsor
Nedbank Corporate and Investment Banking, a division of Nedbank Limited
Third floor, F Block, Nedbank 135 Rivonia Campus
135 Rivonia Road
Sandown, Sandton, 2196

Transfer secretaries
CTSE Registry Services
Cape Town Stock Exchange
5th Floor, 68 Albert Road
Woodstock, Cape Town
7925
netcare@4axregistry.co.za
Tel no: +27 11 100 8352

Auditors
Deloitte & Touche

Principal bankers
RMB Private Bank
Nedbank Limited

Selected websites
www.netcare.co.za
www.nrc.co.za

Shareholders' diary

Annual general meeting	2 February 2024	
Reports		
Interim results announcement	May	
Final results announcement	November	
Dividends		
Ordinary dividends	Declared	Paid
Interim	May	June
Final	November	January
Preference dividend		
Interim	April	May
Final	October	November

Disclaimer

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

Any forward-looking information contained in this notice has not been reviewed or reported on by the Company's external auditors.

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 JSE Listings Requirements respectively to update or revise any statement, whether as a result of new information, future events or otherwise.

NETCARE