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.

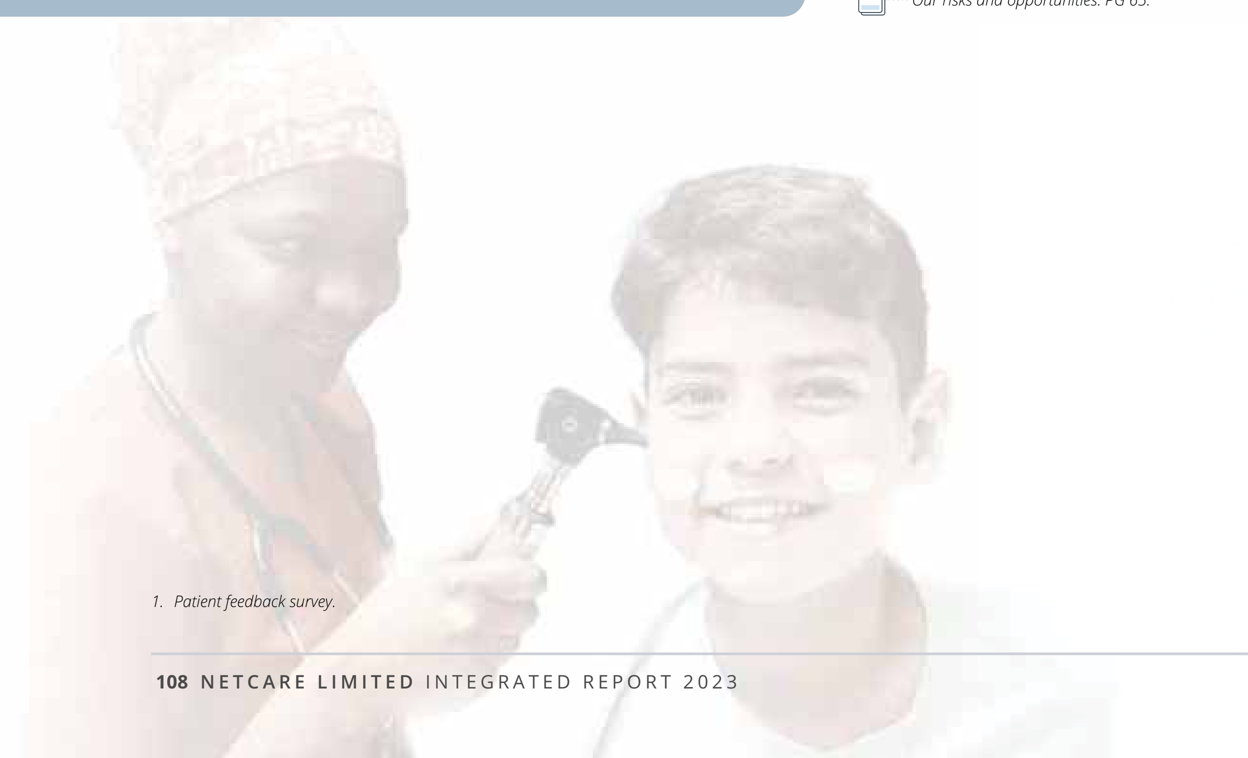
Key focus areas for FY 2023

- 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*

Social and relationship capital

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.

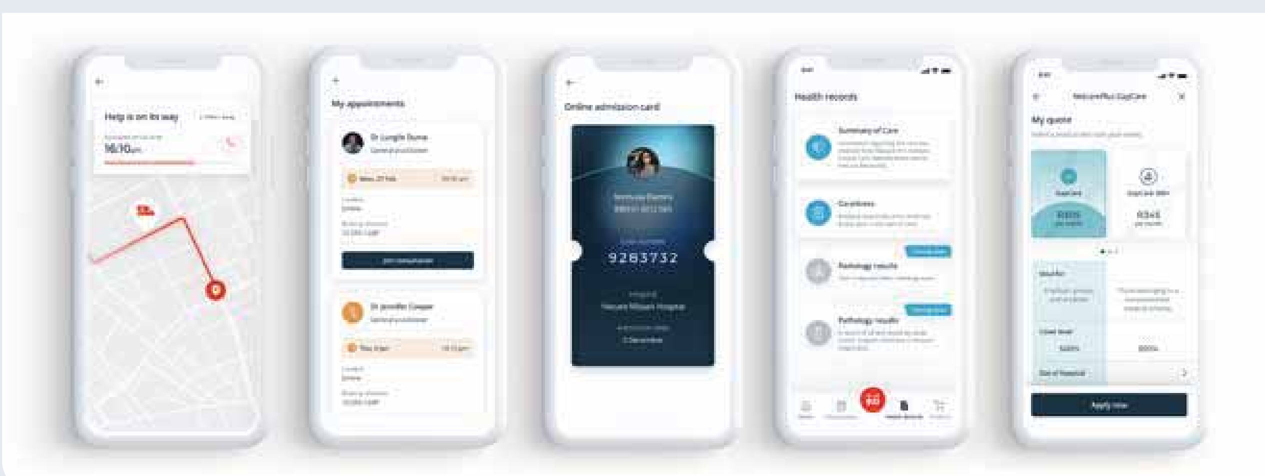
Downloads and users

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

52 237 responses received.

FY 2022: 42 758[1]

FY 2021: launched

PFS completion rate

91% completion rate.

FY 2022: 91%

PFS response rate

12% response rate of surveyable discharges[2].

FY 2022: 13%

16% response rate to email invitation.

FY 2022: 18%

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

8.18

FY 2022: 8.11

Nurses communicate in an understandable way when discussing a patient's care

8.00

FY 2022: 7.94[1]

Overall satisfaction with nursing care received

8.07

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.*

How we performed

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.

How we performed

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.

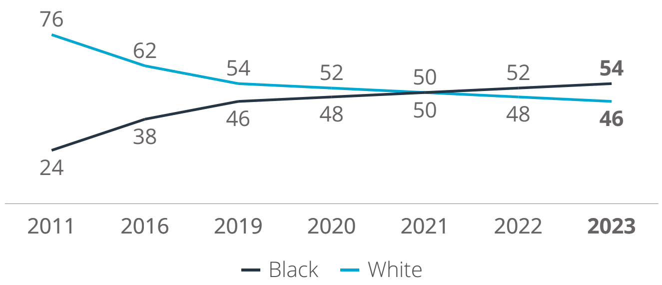
FY 2022: 69%

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

Online
Quality report

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		Doctor		Hospital
Implementing efficiency interventions across our facilities for selected clinical service lines.	+	Using the PCI tool to engage with doctors one-on-one on how to address inefficiencies. PG 124	+	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.

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.

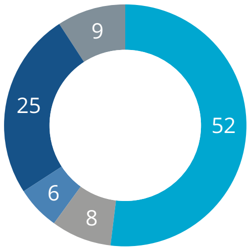
Initiatives implemented in FY 2023 to drive spend with QSEs and EMEs included:

- 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

Social and relationship capital

Society continued

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.

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.

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.

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%

How we performed

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

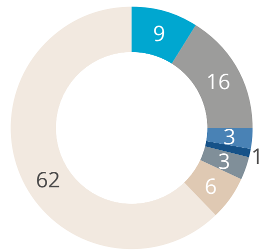
FY 2022: 242

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.

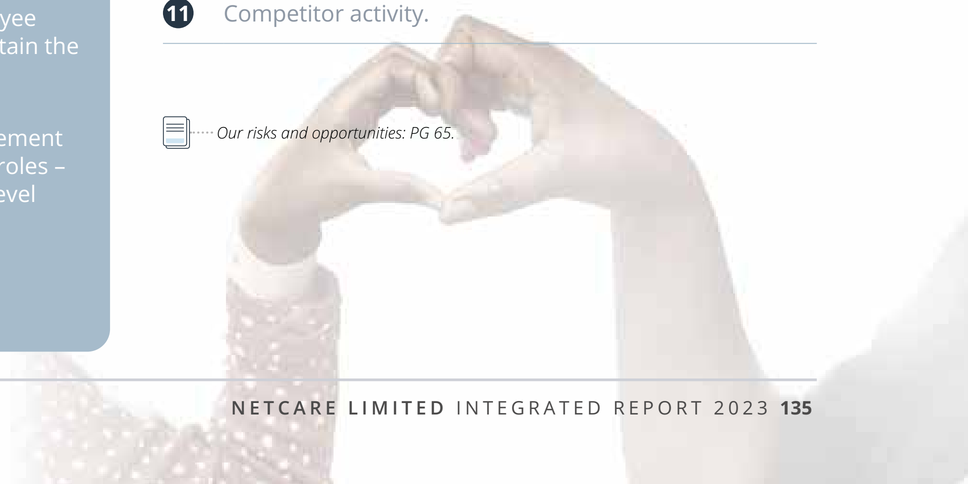
This section responds to the following risks and opportunities:

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	Online
Remuneration overview: PG 95	*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%

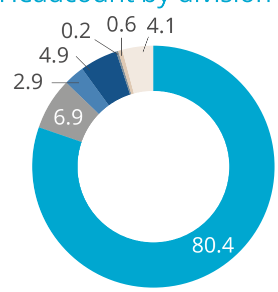
Overall turnover **decreased to 14.5%**.

FY 2022: 17.2%[1]

FY 2021: 16.6%[1]

Our nursing vacancy rate at September 2023 was around **24%**.

Headcount by division (%)



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

77%

Relationships with management

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).

74%

Sense of achievement

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.

Human and intellectual capital

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.

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).

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

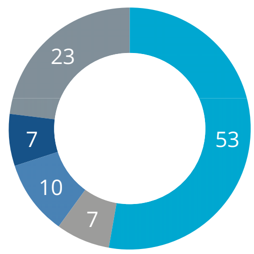
SDP 2021: 354

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) (%)

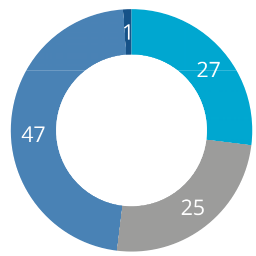


- Formal nursing training (SDP2022: 68%)
- Emergency and critical care training (SDP2022: 9%)
- CPD programmes (SDP2022: 16%)
- Management and leadership development (SDP2022: 7%)
- Other training

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%**.

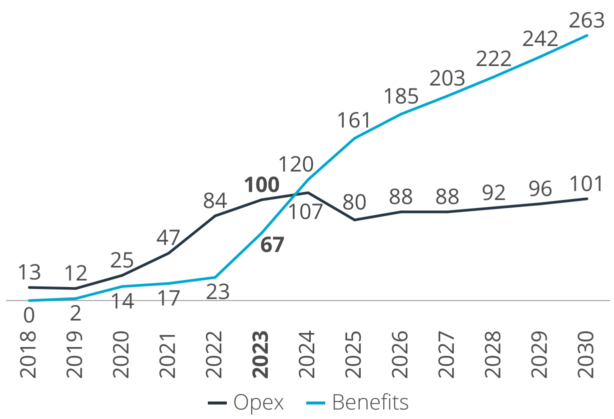
Operating costs

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 (Rm)



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.

askafrika ORANGE INDEX 2023/2024 TOP 3 ACHIEVEMENT

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.

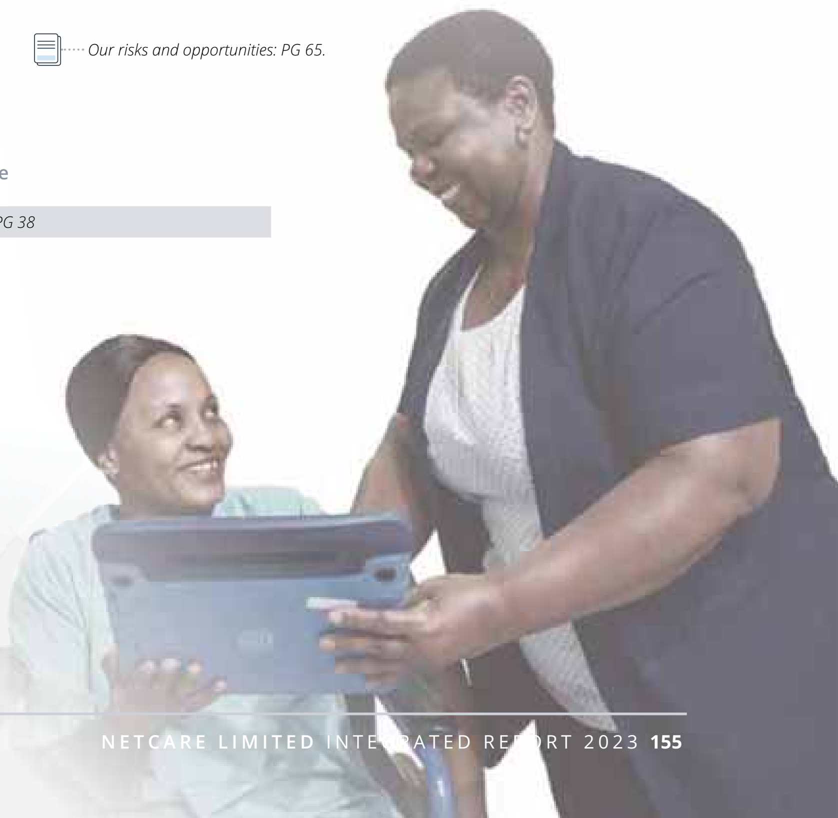
8 Delivering consistently outstanding person centred health and care.

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.

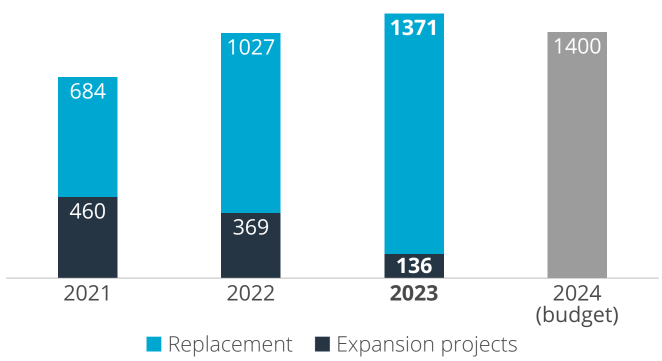
Return on environmental sustainability projects

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.

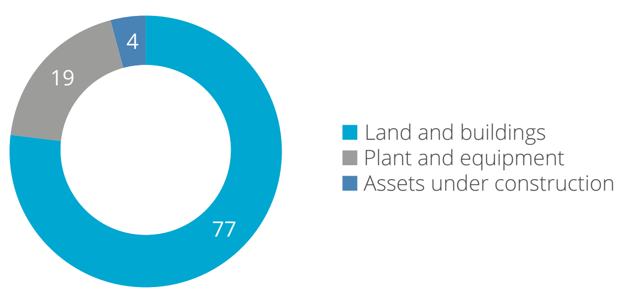
The **internal rate of return** for our environmental sustainability programme is **40%**.

Chief financial officer's review: PG 170.

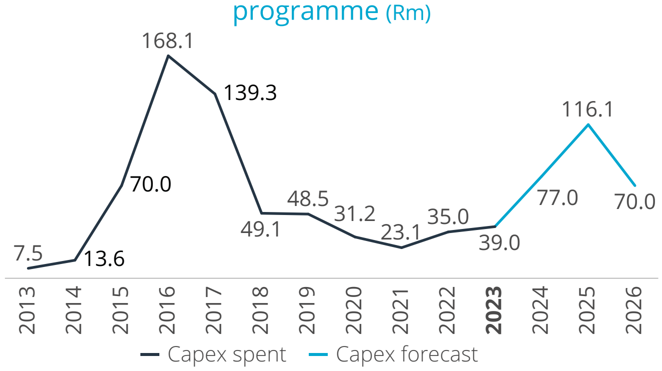
Capital expenditure (Rm)



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.

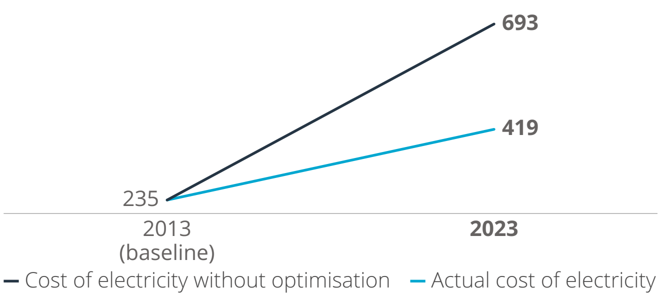
	Scope 2 emissions	Scope 1 and 2 emissions
Targets	Achieve **100% renewable energy by 2030**	Reduce both **by a combined 84% by 2030** (from FY 2023 baseline going forward[1])
Scope	Group	Group
Performance against targets, including BSC targets	**Renewable energy** Currently, we use around 195 GWh of 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.

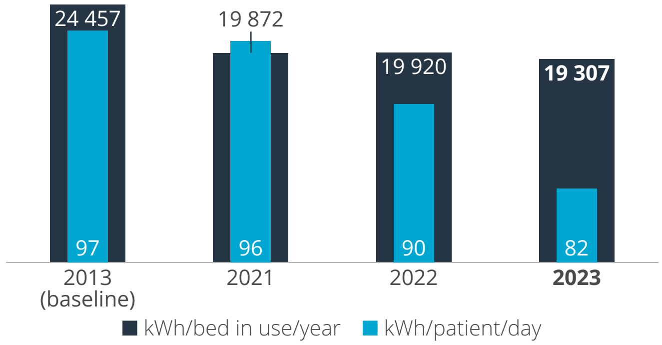
Natural capital

Environmental sustainability continued

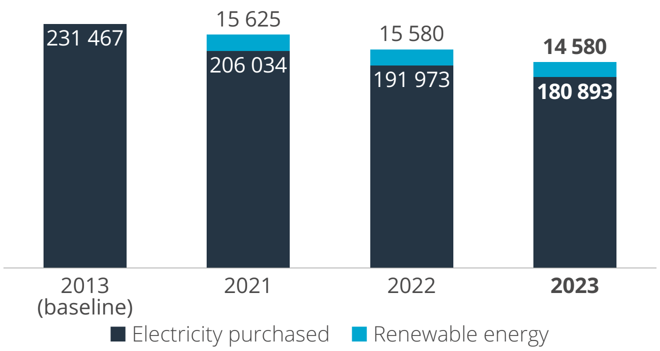
Optimisation impact from energy saving initiatives (Rm)



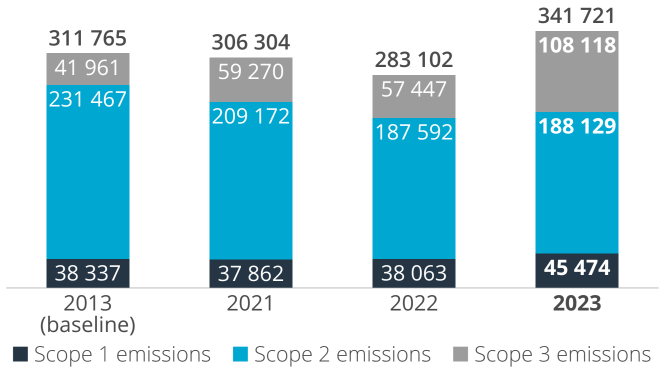
Group energy intensity on monitored facilities (kWh)



Group energy consumption (MWh)



Group carbon emissions (tCO_2e)



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)

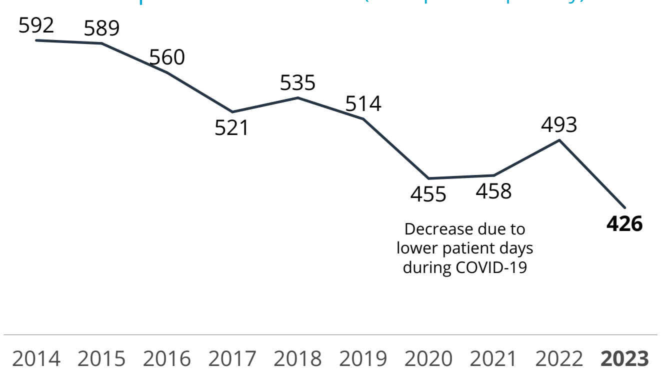
63 345 kl of water recycled.

FY 2022: 27 043 kl
FY 2021: not reported

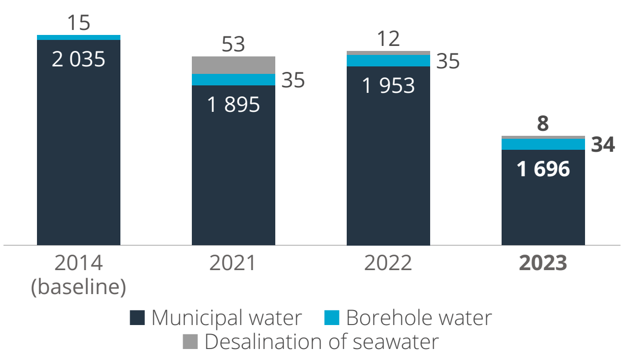
Natural capital

Environmental sustainability continued

Group water reduction (litres per bed per day)

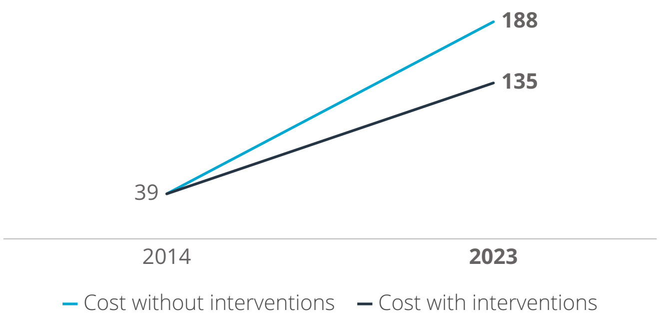


Water consumption (megalitres)



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.

Optimisation impact from water saving initiatives (Rm)



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.

	Waste	
Target	Achieve **zero waste to landfill by 2030**	
Scope	Group (Hospital Division is being rolled out first)	
Performance against target, including BSC targets	**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.*	**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%

Key initiatives for FY 2023	• 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.	

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)

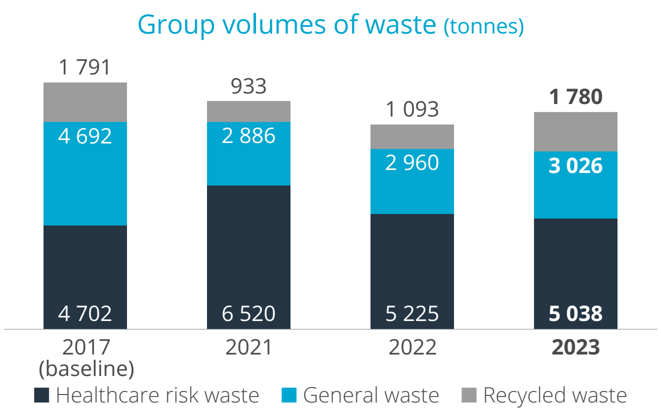
31% decrease in total waste generated from 491 kg/Rm in FY 2017 (baseline) to **340 kg/Rm**.

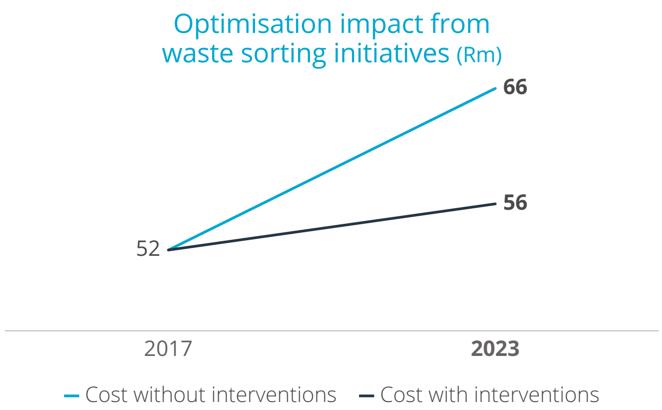
FY 2022: 378 kg/Rm
FY 2021: 444 kg/Rm

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





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.*

How we performed

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.

Application:

- 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.

Development of capital 02

Using decision models to select investments with highest NPV.

Application:

- 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.

Cash generation 03

Measuring performance through ROIC and economic profit.

Application:

- 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.

Capital distribution 04

Maintaining optimal capital structure and returning surplus capital to shareholders.

Application:

- 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).

Financial capital

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.

Financial capital

Chief financial officer's review continued

Net debt

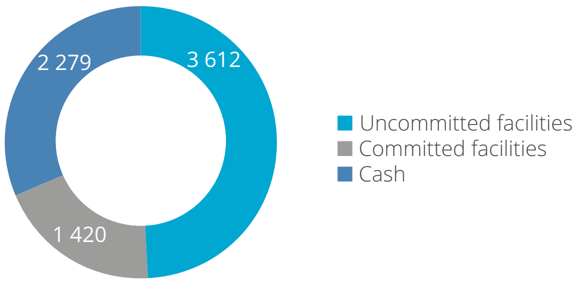
Rm	30 September 2023	30 September 2022
Gross debt[1]	**7 307**	6 374
Cash	**(2 279)**	(1 499)
Net debt	**5 028**	4 875
Net debt to EBITDA[2] (times):		
Bank debt only	**1.2**	1.4
Bank debt and IFRS 16 lease liabilities	**2.4**	2.7
Cost of debt (%)	**8.9**	7.7
EBITDA[2]/net interest (times)	**4.5**	4.5
Interest cover[2] (times)	**3.1**	3.0

Note 1. Excluding IFRS 16 lease liabilities.
Note 2. Normalised to exclude impact of exceptional items.

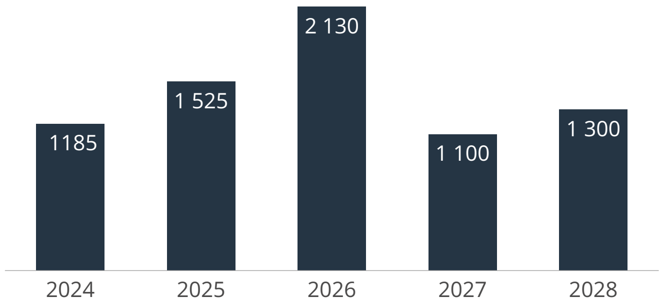
At 30 September 2023, the Group's cash resources and available undrawn committed facilities amounted to R3.7 billion. Group net debt (exclusive of IFRS 16 lease liabilities) increased marginally to R5.0 billion from R4.9 billion at 30 September 2022.

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

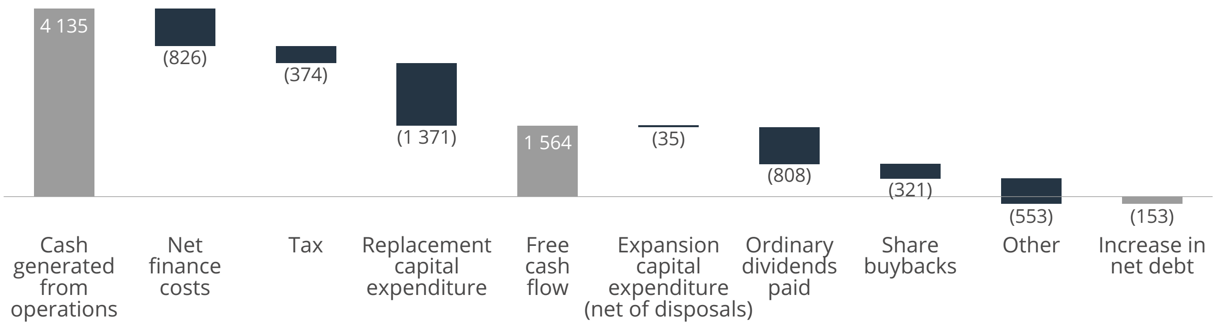
Rm	2023	2022
Cash generated from operations	**4 135**	3 950
Interest paid on debt	**(516)**	(419)
Interest paid on lease liabilities	**(454)**	(409)
Taxation paid	**(374)**	(439)
Ordinary dividends paid by subsidiaries	**(47)**	(25)
Ordinary dividends paid	**(808)**	(728)
Preference dividends paid	**(50)**	(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.

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 annual financial statements continued

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

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 shareholders' 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**

Financial capital

Summarised Group annual financial statements continued

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